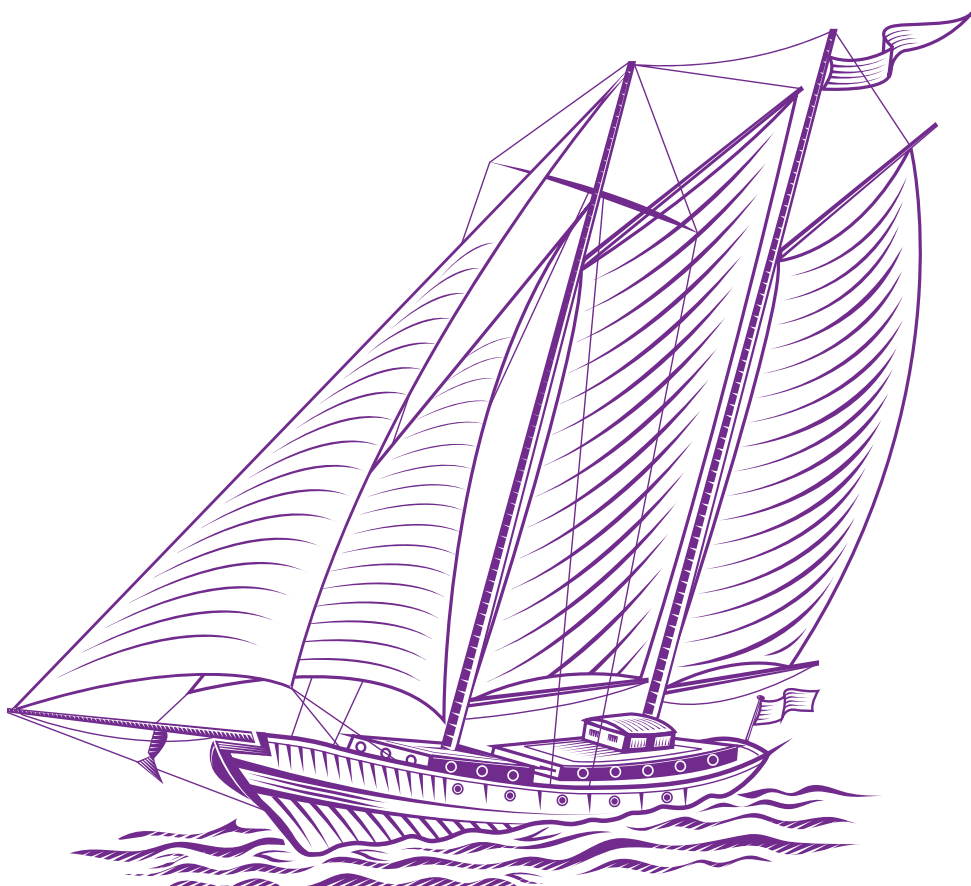




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INDEPENDENT REVIEW OR AUDIT? THE SME IMPLICATIONS WORTH PONDERING

FRANÇOIS COETZEE¹, PIETER BUYS²

ABSTRACT. SME accessibility to finance is widely regarded as a crucial contributing factor to sustainability. It is also generally accepted that access to finance is considerably more difficult for SMEs than for larger corporations. The statutory audit of financial statements for qualifying SMEs in South Africa has been abolished and replaced with the option to do an independent review of the financial statements. This paper considers this abolishment from two perspectives. Firstly, the problem being investigated in this study is whether the lack of audited financial statements has negatively affected SME access to bank financing. This is done by testing the perspectives of SME owners/managers in this regard. A further problem looks at mitigating action SMEs can take to improve their risk profile during a banks assessment of a loan application. Knowledge of basic accounting principles has been identified as a potential mitigating factor by various researchers. This study gains insight into the views and perceptions of SME owners/managers pertaining to their perceived accounting knowledge and or skillsets.

Key words: accounting proficiency, audit, independent review, SME finance, SME sustainability

JEL Classification: M13, M41, M42, M48

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1. Introduction

"It's a troublesome world. All the people who are in it, are troubled with troubles almost every minute." (Geisel, 2016)

Although the above quote by 'Dr Seuss' may have been directed at a younger audience, it does encapsulate the day to day strife of the contemporary small and medium enterprise to become sustainable. The concept of a *Small and Medium Enterprise* (SME) is globally recognized, denoting business entities that are not classified as big (corporate-type) business organisations. Although there are various opinions as to the defining characteristics of what constitutes an SME, Mahembe (2011) expresses the view that it is practical to define an SME by its relative small number of employees, or by its relative small annual turnover, or by a combination of the two. Surveys done by World Bank (2015) have found that SMEs play a definitive role in many global economies, but more so in developing economies - taking only formal SMEs into account, they contribute up to 33% of GDP in such developing economies. If one was to add informal SME statistics to these numbers, the SME contributions to GDP would be substantially higher.

Furthermore, according to the World Bank (2015) most jobs (approximately 80%) in emerging markets are created by SMEs. From a South African perspective, SMEs constitute as much as 91% of formal businesses and further contribute roughly 57% to the local GDP and 61% to the domestic workforce (Abor & Quartey, 2010). With contributions as significant as these, it is imperative that the SME sector is nurtured and supported by all and sundry in order to sustain and enhance their economic and societal impact globally.

Notwithstanding its importance, there is a myriad of problems facing SMEs on a daily basis, such as inaccessibility to external financing, a competitive business environment, a lack of technical, financial and managerial skills, a lack of research and development infrastructure, an unskilled labour force, many tax and statutory administrative burdens, and various other internal and external factors (Yoshino & Taghizadeh-Hesary, 2016; IRMSA, 2015). As daunting as all these challenges may seem, various authors have found that one of the greatest obstacles to

SME sustainability, is its struggle to obtain bank finance (Malhotra *et al.*, 2007; Wattanapruttipaisan, 2003; Ayyagari *et al.*, 2012; Beck *et al.*, 2005; World Bank, 2013).

Without finance availability, SMEs cannot be innovative and expansive and will remain stagnant and even unsustainable. In this regard, Mills and McCarthy (2014) found that bank loans are a crucial method of finance utilized by many SMEs. In fact, more than 80% of SMEs consider banks as a key source of business funding (NFIB, 2012; Mahembe, 2011). With this in mind it is disconcerting, from an SME perspective at least, to note that only approximately 30% of SMEs that apply for bank loans, are eventually approved (Mazanai & Fatoki, 2012; Mahembe, 2011; Turner *et al.*, 2008).

To complicate matters somewhat more, the success of a bank loan application has historically been dependent on the submission of audited financial statements, which banks relied upon during the application review process (Grant Thornton, 2008; Pitcher Partners, 2010). Access to finance has been made difficult by the fact that banks have historically regarded SMEs as a greater risk than big corporations as far as debt is concerned (The Conversation, 2012; Haynes *et al.*, 1999). To mitigate this risk, banks would put SMEs through a more rigorous screening process, which included the requirement for audited financial statements (Accountancy Asia, 2011; SAICA, 2010; Pitcher Partners, 2010). However, in South Africa, a new Companies Act, No. 71 of 2008 (referred to the Act hereafter), brought about the abolishment of the *statutory audit* requirement for qualifying companies in favour of the so-called *independent review* alternative thereto (Act, 2008).

A similar fate has befallen statutory audits in countries such as the USA, the UK, Australia, Canada and Singapore where mandatory audits are no longer required for all companies (Salleh *et al.*, 2008; Abdul Aziz, 2002). With the advent of these *lesser requirements*, SMEs (including South African SMEs) are left with a difficult decision. Do they keep on doing an audit (at a higher cost) and improve their chances at obtaining bank finance, or do they opt for the cheaper independent review and run the possible risk of having their loan applications rejected?

2. Research Problem and Methodology

As stated above, the implementation of the Act in South Africa led to a conundrum for SMEs in that audits are no longer required for qualifying companies, while banks in fact have historically placed substantial reliance on audited financial statements to aid in evaluating loan applications. Therefore, this article takes a closer look at the views and perceptions of SMEs pertaining to the choice the new Act has laid before their door, i.e. that of the audit versus independent review.

In order to come to a holistic understanding of the issue, a mixed method research approach was followed. First, a literature review considers i) the development and importance of accounting and ii) the potential shortcomings and benefits of an audit versus an independent review. Secondly, the literature study is supplemented with empirical surveys from i) a bank perspective on bank finance approval requirements for SMEs, via surveys of the four largest SME finance providers in South Africa, and ii) an SME perspective on bank finance approval requirements from banks, via surveys of 60 SME entities throughout South Africa. The article is ended with some concluding remarks and final comments.

3. Development and Importance of Accounting

3.1. A Historic Overview

A glance at the historic development of accounting when trying to gauge the effect of an *audit* versus an *independent review* engagement may seem rather counterintuitive, but it does provide a good foundation into the realities of SMEs. From an accounting perspective, the decision an SME has to make between an audit or an independent review is more far reaching than just the access to finance quandary. It cuts into the very fabric of the value accounting offers to SME sustainability and growth. In this regard, Buys (2011) views accounting as more than just a *bookkeeping activity* or the *application of accounting standards*, but rather as a value adding necessity. Emphasizing this very viewpoint, Warren Buffet holds accounting, and the knowledge thereof, in such high esteem that he refers to accounting as *the language of business* and a discipline that every shrewd business person should *understand* (Buffet & Clark, 2008).

Accounting developed because there was a specific need that was present at the right time in the right place (Edwards, 1960). Effectively we can say that accounting developed and evolved because commerce developed a specific need that kept on evolving. Edwards (1960) also theorizes that accounting didn't develop randomly, but rather in logical and consecutive phases. These phases were:

1. record keeping, i.e. preserving of documents to substantiate transaction legality;
2. bookkeeping, i.e. progression of record keeping in the sense that transactions are recorded and reported;
3. accounting, i.e. progression of bookkeeping in the sense that transactions are substantiated, recorded, reported, summarized and subjected to control mechanisms.

The theory that the accounting developmental process can be equated to a specific need that developed and evolved, correlates nicely with the opinion raised by Sangster (2010) when he says that the double entry accounting system was necessitated (*need*) by the fact that Italy's commerce (*specificity*) had developed (*development*) into a system where business people started using agents and partnerships to trade with (*evolution*). The evolution of accounting theorem didn't stop with Luca Pacioli, often considered as *the father* of double entry accounting (ten Have, 1976), when he published his book *Summa de Arithmetica, Geometria, Proportioni et Proportionalita* (roughly translated as *Everything About Arithmetic, Geometry and Proportion*) in 1494 (Alexander, 2002). This publication has been regarded as the basis for modern day accounting theory for many decades (Fogo, 1905; McCarthy *et al.*, 2008). As specific needs developed, accounting adapted and improvised. Warsono-bin-Hardono (2013) argues that accounting's initial purpose was to provide and reproduce reliable information, originally, to be of value to all relevant stakeholders.

This purpose may unfortunately have left the initial premise of *reliable information for all* in the past. Currently, the reliability extracted from accounting is very much dependent on the user's understanding of complex accounting standards and principles. For SME owners therefore, the choice between audit or independent review should start with the question: "Where do I get the most useful, reliable and helpful information?"

3.2. *Audit versus Independent Review*

The implementation of the *Act* in South Africa had very good intentions in that its objectives included the creation of flexibility in the organisation of companies, a less burdensome regulatory environment, the promotion of efficiency and transparency in corporate governance, and bringing the local company legislation in line with international developments.

Significant to auditors, accountants and SMEs alike was the introduction of the *independent review* as an alternative to a *statutory audit*, which can bring about a potential cost saving in auditor fees, i.e. in preparing and maintaining audit files, and in administrative fees i.e. company regulatory requirements (Othman *et al.*, 2013). Nevertheless, there have been reservations as to the trade-off between helping SMEs save costs and burdensome administrative compliances and the value an audit may hold (Othman *et al.*, 2013), including the following:

- Third parties such as banks, taxation authorities and shareholders may still require audited financial statements as a means of acquiring the necessary assurance as to the reliability of assertions made in the financial statements.
- Furthermore, where an SMEs owner is also the manager, the manager would essentially be reporting to himself. Valuable third party insight and advice into the SME's dealings, which could have been gleaned from an audit, may now fall by the wayside.

Qualifying SMEs, in terms of the new Act, now have to choose between staying with a statutory audit or having an independent review done. The following table gives a systematic comparison to high-light key differences between the two engagement types.

Table 1. Audit versus Independent Review

(Adapted from: AICPA, 2015; Kennelly, 2012; Mann Weitz & Associates, 2012)

Attribute	Audit	Independent review
Assurance level	Reasonable assurance about the absence of material misstatements.	Limited assurance about the absence of material misstatements.

INDEPENDENT REVIEW OR AUDIT? THE SME IMPLICATIONS WORTH PONDERING

Attribute	Audit	Independent review
Objective	Reasonable assurance about the fair presentation and absence of material misstatements. An audit opinion is provided regarding the level of assurance.	Limited assurance enabling a basis for reporting whether any material issues arose from the procedures conducted.
Internal control investigation	Yes	No
Test internal control effectiveness	Dependent on audit strategy and risk assessment	No
Third party verification	Yes	No
Procedures in support of assurance requirements	Yes	No
Financial statement preparation is a management responsibility	Yes	Yes
Fraud investigation	No	No
Performs inquiry and analytical procedures.	Yes	Yes
Perform verification and substantive procedures.	Yes	No
Practitioner credentials	Registered public auditor	Lesser requirement of being a registered accountant
Cost implications	Involves the most work and risk and thus the cost is substantially higher.	Not as labour or risk intensive and thus a substantially lower cost implication.

Based on the above, it is obvious that an independent review is not only a cheaper alternative, but is less intrusive into the operations and activities of the entity.

In the South African context therefore, consideration is now given to the specific requirements that would allow an entity to qualify for an independent review as opposed to an audit. Regulation 26 of the Act prescribes the method that should be used to determine whether a statutory audit is still mandatory or whether an independent review may be used. Shev (2012) explains that the method by which this determination is made is based on calculating the entity's so-called *Public Interest Score* (PIS), which is essentially calculated by allocating points in the following manner:

- One point for each employee (based on the average number of employees as defined in the Labour Relations Act No. 66 of 1995) that worked at the company during the financial year under review.
- One point for every ZAR 1 million³ (or portion thereof) in turnover generated during the financial year under review.
- One point for every ZAR 1 million (or portion thereof) of third party liability the company had at yearend of the financial year under review.
- One point for every individual who directly or indirectly held a beneficial interest in the issued shares of the entity during that year.

Using the above points calculation, further inter-related criteria points are considered to determine whether an entity is considered a qualifying entity for an independent review, or whether it should still conduct an audit, as illustrated in the table below:

Table 2. Summarized audit versus independent review requirements
(Adapted from: SAICA, 2012; CQS, 2012)

Public Interest Score	Management structure	Accounting record compilation	Audit vs Independent Review
< 100	Owner	(Not Applicable)	None
< 100	Non-owner	(Not Applicable)	Independent review

³ ZAR (or South African Rand) is the local currency. At the time writing the exchange rate was approximately ZAR 13.20 to USD 1.00.

Public Interest Score	Management structure	Accounting record compilation	Audit vs Independent Review
100 to 349	Owner	Internal	Independent review
100 to 349	Owner	Independently	None
100 to 349	Non-owner	Internally	Audit
100 to 349	Non-owner	Independently	Independent review
350 +	<i>(Not Applicable)</i>	<i>(Not Applicable)</i>	Audit required.

What further complicates the decision to choose between an audit or an independent review for SMEs, is the fact that the PIS calculation may fluctuate from year to year (Shev, 2012), which will result in the auditing requirements in terms of the Act also potentially changing from year to year. In instances such as these, the initial cost saving benefits of not performing an audit may be negated. With no continuity in the audit engagements, it may be difficult for auditors to place reliance on previous financial statements and thus verifying the opening balances may require more time and effort from auditors, thereby making the audit even more expensive than what a continuous engagement might have been. Some of the major benefits and disadvantages between the two options that are important for SMEs to consider, are provided in the table below:

Table 3. Audit versus independent review considerations
(MacIntyre, 2015)

Audit	Independent review
Audit work is more rigorous and contains more in-depth procedures which may provide management with valuable information that can contribute to the SMEs sustainability efforts.	It is less rigorous and thus substantially cheaper than a statutory audit and is less administratively burdensome.
It gives a higher level of assurance that the financial statements are a fair reflection of the business.	It is an easier process, thus saving the SME time spent with the reviewer.
The requirement to review internal controls can provide useful recommendations to management.	Gives a moderate form of assurance to stakeholders and third parties that the financial statements have been reviewed by an independent person.

Audit	Independent review
More onerous process which can be time consuming and can place a large administrative burden on the SME.	Less depth of work. Thus not producing as much value to management in the form of feedback and recommendations.
Much costlier than an Independent review.	No requirement to review internal controls or produce a management letter.

Based on the above therefore, the audit exemption decision is an important consideration in an SME's sustainability consideration. Careful thought and contemplation is required from SME owners to choose what is best in terms of their company's vision and mission.

4. Bank Perspective on SME Audited Financial Statements

As much as access to finance is regarded as a key threat to SME sustainability, banks are not too keen to take the blame for the lack of finance availability. Wiersch and Shane (2013) found that banks attribute the perception that banks aren't lending money to factors such as a lack of demand for credit from SMEs, asymmetric information from SMEs and the inability to show how loans were going to be repaid. According to OECD (2009) tougher regulations are often imparted on banks, which then gets passed on to clients, while Berger and Udell (2006) also found that banks often use *financial statements* when considering loan applications. The question that needs answering therefore is whether *audited* financial statements improve the chances of SMEs getting loan applications approved.

To answer this question in a South African context, the applicable requirements from the four largest banks, which, according to the Banking Association of South Africa (2014) represent approximately 82% of the banking market share, were obtained and analysed. The relevant loan application information was collected from their websites, supplemented by hard copy applications available from the banks themselves. Finally, the information requirements were also clarified by discussions with loan officers at the different banks. The research found that the South African

banks have essentially adapted to the new *Act* by no longer requiring SMEs to submit audited financial statements, but that statements such as (and confirmation of) the i) cash flow statements, ii) management statements, iii) business plans and iv) the provision of security are currently of more importance in evaluation loan applications. Therefore, the conclusion that can be drawn is that historical financial information, such as audited financial statements, is becoming of lesser importance compared to more current information, such as cash flow statements, business plans, management accounts, and especially some form of security, all indicating the SMEs' ability to make the required repayments.

5. SME Perspective on Accounting and Audited Financial Statements

Based on the research done as referred to in the previous section concerning the importance banks place on audited financial statements, further research was conducted to gauge the view of SMEs pertaining to the same scenario, in other words what the SMEs' perceptions are regarding the importance of audited financial statements. In doing so, the SME database of a (registered) external auditing firm with a countrywide footprint was used to withdraw the sample from, resulting in 60 participants spanning the country and covering various industries.

The research indicated that the SME owners concurred with the finding that South African banks no longer insist on audited financial statements when assessing loan applications. The research further indicated that SME owners/managers believe surety (95% of participants) and current management statements, including cash flow statements (88% of participants) are of more importance to bank loan approval processes than the availability of audited financial statements.

This leads us to the inevitable question of how SMEs can improve their chances of having loan applications granted by banks. With audited financial statements no longer required, and banks circumspect of asymmetrical information, it stands to reason that the more 'reasonable' information SMEs can present to banks, the more likely banks will be to accept such information as reliable. This in turn should improve a SMEs chances of

convincing banks of their sustainability and lower risk assessments during loan applications. Sian and Roberts (2009), Chimucheka and Rungani (2011) and Haron *et al.* (2013) all agree that SMEs, more often than not, lack basic accounting knowledge.

This lack of accounting acumen can lead to asymmetric information being produced and supplied by SMEs, as a lack of understanding and value attribution leads to an indifferent attitude towards accounting. The following table is an extract of some of the more relevant statistical effects with medium to high correlations as per Pearson's statistical analysis.

Table 4. Pearson's correlation analysis

Pearson's Correlation		Understanding Accounting	Importance of Accounting	Accounting is a necessary evil
Understanding Accounting	Pearson Correlation Sig. (2-tailed) N	1 60		
Importance of Accounting	Pearson Correlation Sig. (2-tailed) N	.597** .000 60	1 60	
Accounting is a necessary evil	Pearson Correlation Sig. (2-tailed) N	-.477** .000 60	-.664** .000 60	1 60
Accounting is valuable for management purposes	Pearson Correlation Sig. (2-tailed) N	.547** .000 60	.768** .000 60	-.490** .000 60

** Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed)

The following statistically significant correlations found using Pearson's correlation analysis, include i) the SME owner/managers with a basic understanding of accounting correlate positively to the view that accounting is important to their business sustainability, ii) that SME owner/managers with a basic understanding of accounting correlate positively to the view that accounting can play an important managerial role in their

business, iii) that SME owner/managers with little or no understanding of accounting correlate negatively to the views on the importance of accounting, the important for business sustainability and the possibility that accounting can contribute to business management, and iv) that SME owner/managers who understand the importance of accounting correlate positively with the view that accounting can have a valuable contribution as a management tool.

The research indicates that the value of accounting as a managerial tool and as a contributor to SME sustainability is directly correlated with the SMEs understanding of accounting and of the perception of its importance. Likewise, the lack of basic accounting knowledge is directly, although negatively correlated with the perception that accounting can add value to SME sustainability.

6. Conclusion

The value the SME sector contributes to national GDP and job creation globally is irrefutable. As such, it is in the best interest of worldwide economic welfare for SMEs to be sustainable, progressive and economically viable. These goals, however, are constantly being challenged due to the very competitive and unforgiving milieu in which SMEs operates.

They are faced with various challenges ranging from exchange rate pressures, employment requirements, keeping abreast of technological advances to competing against big corporate role-players. Among all the adversities SMEs face however, few have a more direct and prolific influence on SME sustainability than access to finance.

The research conducted corroborated the findings from earlier research that held that banks no longer require SMEs to submit audited financial statements, when applying for loans. At first glance, this may seem to be a positive development for SMEs. The initial thought would be that SMEs will shake off a costly and administratively burdensome requirement. As banks abandon the requirement of audited financial requirements, and the accompanying reasonable assurance of accurate financial information, banking regulations are continuously tightening in terms of stringent loan processes. SMEs are however not helpless in these

times. Research from various sources found that SMEs often do not have a basic grasp of accounting principles and methodologies. The research conducted in this study confirms this conclusion. Most SMEs are trying to survive in a financial arena, without having any financial acumen. Various researchers have suggested that by abridging shortfalls in basic accounting knowledge, banking fears concerning sustainability and affordability may very likely be appeased.

SMEs can learn from these results. Empowering themselves with knowledge, in this case the language of business – accounting, purports to hold significant advantages for their business sustainability and expansion. As Rohn (2016) said:

“You must either modify your dreams or magnify your skills.”

In terms of limitations, this research did not test the accounting knowledge of SME participants in depth. Perceptions were rather tested. Further research as to the level of actual skillsets is required. Further research into the basic accounting skills SMEs will find useful in their daily business dealings will be of great value as well.

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FOREIGN ENTRY MODES OF HIGH-TECH FIRMS IN POLAND¹

NELLY DASZKIEWICZ²

ABSTRACT. Objective: The main objective of the article is to present the role and importance of foreign entry modes in internationalization process and their key determinants. **Research design and methods:** A quantitative research design was used. A survey was conducted on the sample of 263 firms operating in high-tech industries in the territory of Poland. To verify the assumed hypotheses the statistical instruments were used including Chi-Square test and Cramer's V contingency coefficient. **Findings:** The investigated high-tech firms adopt a whole range of entry modes in their internationalization process. However, research results show that the choice of foreign entry modes is determined by the size of the company, pace of internationalization and internationalization intensity (measured by TNI index), namely bigger firms, born global and firms with high internationalization index are more likely to use more advanced and entry modes characterized by high-control. **Implications and recommendations:** Polish high-tech companies use more advanced entry modes in comparison with whole business population. Foreign entry mode choice is a multilevel phenomenon and it is influenced by a multiplicity of factors. Thus, it is also difficult to investigate empirically. However, it provides significant future opportunities for further studies that bring us closer to understanding the phenomenon of entry mode choice decision. **Contribution and Added Value:** The research results presented in this article are one of the first in Poland investigating internationalization and foreign entry modes of firms operating in high-tech industries. The obtained results remain in line with the majority of empirical evidence world-wide.

Key words: internationalization of firms, born global, high-techs

JEL Classification: F23, D21

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Introduction

Foreign entry mode adopted by a firm is its strategic choice. It has significant influence on firm performance on international markets as it determines the level of resource commitment to the foreign market, the risk of a firm in the host country and the nature of control a firm has over its foreign activities (Arregle et al., 2006). SMEs usually choose different, i.e. less advanced foreign entry modes than big businesses and multinationals (MNEs). SMEs face different challenges during their expansion to foreign market and so they tend to choose cooperative entry modes, while large firms will rather choose independent entry modes (Bruneel, De Cock, 2016).

The industry in which a firm operates can also influence its entry-mode decisions (Gabrielsson et al., 2008). According to various research results *high-technology-based firms (high-techs)* may use a combination of different market entry modes through strategic alliances to enter foreign markets. Moreover, *high-techs* often develop different solutions for different markets at the same time (Daszkiewicz, 2016).

The main objective of the article is to present the role and importance of foreign entry modes in internationalization process and their key determinants. The article consists of three sections. In the first section it presents the literature review on the foreign entry modes and their role in internationalization process of firms. The second section includes the basic description of the material and methods used in empirical research. In the third section the discussion on empirical results is carried out. The empirical results were obtained on the sample of 263 firms operating in *high-tech* industries in Poland.

Literature Review

The discussion on the role and importance of entry mode in the process of internationalization of firms belongs to the key issues of research in the field of business research and internationalization. Internationalization

decision of a firm includes the choice of foreign markets and the structural nature of its activities in those markets (Carazo and Lumiste, 2010). Brouthers and Hennart (2007) define entry mode as the operational form used to enter foreign markets. Thus, firms may enter foreign markets i) alone, i.e. through direct exports, ii) in partnership with other firms via contracts with distributors, iii) by making a direct investment in a foreign country (FDI).

When a firm decides to invest equity it has at least two strategically important choices. It must choose the mode; either establish a foreign operation from scratch (invest in a greenfield facility) or to engage in an acquisition (buy equity share in an existing foreign entity) (Dikova and van Witteloostuijn, 2007). Internationalization literature provides much evidence that foreign entry mode choice is a very important strategic decision for an internationalizing company. It determines the level of its resource commitment, the risk in the host country and the nature of control it has over its foreign activities (Arregle et al., 2006). Brouthers and Hennart (2007) argue that once established, the mode of entry is difficult to change, because it has long-term consequences for a firm.

Particular modes of internationalization differ in many ways. Wach (2012) identifies differences in: (i) scope of capital commitment, (ii) scope of management commitment, (iii) scope of control, (iv) scope of risk, (v) scope of potential profits and (vi) scope of input costs. The author also stresses that generally, the higher the extent of management involvement is, the higher the scope of control and risk. In addition, the increasing of invested capital involves the increasing of the management on foreign markets. On the other hand, the lower the entry costs are, the lower the profitability of carried out transactions.

Also Anderson and Ganington (1986) focus on firms' control of resources when it enters foreign markets. Thus, resources may be located domestically or in a foreign market and a firm may fully control them or through export contract agreement. The scholars define "control" as the ability to influence systems, methods and decisions. Generally, high control modes increase both profitability and risk.

Hollenses (2010) identifies three categories of foreign entry modes according to level of control criteria:

1. High control modes: (i) foreign direct investment (FDI) in form of wholly owned subsidiaries (WOS), (ii) direct selling to big customers (OEMs). Both entry modes are equal to full control with activities in foreign markets.

2. Intermediate modes: (i) strategic alliances (SA), (ii) joint ventures (JV). These entry modes are located in-between high and low control modes; partners usually share resources, technology, profits, and jobs (usually, the local partner provides market-specific knowledge).

3. Low control modes: (iii) indirect export, (iii) direct export. In case of indirect export the level of control is the lowest. It is when a parent company uses independent organizations located in the parent company's own country or third country. In case of direct export the parent firm sells directly to an agent, distributor or importer located in the foreign market which provides a higher degree of control than with indirect export. However, still direct export belongs to the low control modes.

There are numerous reasons for firms to enter international markets, but the level of technological development is considered to be its key determinants, especially of FDI (Dikova and van Witteloostuijn, 2007). It is because, firms operating in high-technology industries frequently enter foreign markets to cover their costly R&D investments or prevent product obsolescence and gain new market share. Moreover, through FDI, MNEs transfer and share their proprietary knowledge, skills and knowledge with local organizations in order to gain additional profit or amortize R&D costs.

According to various research results, high-technology-based firms (high-techs) may start their expansion into foreign markets shortly after their creation. Firms internationalized early and fast are those which do not follow the traditional (stage-based) internationalization path, and whose internationalization begins shortly after their establishment. These firms are called born global. At the beginning of the 90ties it was believed that the phenomenon of born global primarily concerned firms operating in the high-tech and high-tech-related sectors. Later, however, numerous subsequent research led to finding born global also among firms operating in traditional (low-tech) industries. Yet, it is still in high-tech industries where we find more born global firms than in traditional industries (Daszkiewicz, 2016).

Gabrielsson et al. (2008) found that born global commonly use a combination of different market entry modes through strategic alliances to enter new markets. Moreover, born global often develop different solutions for different markets at the same time. Thus the scholars suggest that the role of industry in which a firm operates can influence its entry-mode decisions.

In addition, SMEs usually choose different, i.e. less advanced foreign entry modes than big businesses and multinationals (MNEs). It is so, because SMEs face different challenges during their expansion to foreign market and so they tend to choose cooperative entry modes, while large firms will rather choose independent entry modes (Bruneel, De Cock, 2016).

Theoretical Perspectives and Research

A number of theories have been so far used to explain the entry mode choice decision (Canabal and White, 2008). Brouthers and Hennart (2007) argue that the most commonly used are:

1. Transaction cost analysis (TCA, Williamson, 1985) – the theory is based on the assumption that managers suffer from bounded rationality, whereas potential partners may opportunistically act if given the chance. Three TCA factors are hypothesized to influence decisions: asset specificity, uncertainty (both internal-behavioural and external-market specific), and frequency.

2. The resource-based view (RBV) – firms develop unique resources that they can exploit in foreign markets or use foreign markets as a source for acquiring or developing new resource-based advantages. Firms develop resource-based advantages by acquiring or developing a set of firm-specific resources and capabilities that are valuable, rare and imperfectly imitable and for which there are no commonly available substitutes (Barney, 1991).

3. Institutional theory - a country's institutional environment affects firm boundary choices because the environment reflects the "rules of the game" by which firms participate in a given market. Research in this area has tended to concentrate on host country institutional environments or differences between home and host country (Brouthers and Hennart, 2007).

4. Dunning's eclectic framework - eclectic (OLI -ownership, location, internalization) framework link concepts that earlier research has shown influence the mode choice decision (Dunning, 1993). The three components of Dunning's framework are ownership or firm-specific advantages, location advantages (Daszkiewicz, 2016).

Recently, Bruneel and De Cock (2016) investigated the state of the SME entry mode literature by conducting a systematic literature review of 47 articles. The review showed that the most entry mode approaches, including RBV are embedded in TCE and OLI theories. Thus, TCE and OLI are the most frequently used theoretical perspectives, followed by RBV and NA (network approach). Many research results show that networks have a significant impact on the internationalization processes – its pace, pattern, market selection and entry mode. Networks trigger and motivate firms' internationalization intention and influence firms' market – selection and entry mode decisions (Daszkiewicz, 2014). Moreover, network relationships enable SMEs to move quickly to high entry modes such as sales subsidiaries. Thus, network also enables them to leapfrog stages in the internationalization process (Bell, 1995; Coviello and Munro, 1997).

Material and Methods

The research into the internationalization of high-tech firms has been carried out at the end of 2015 operating in the territory of Poland with the use of Computer Assisted Telephone Interviewing (CATI). Random sampling has been selected according to the following criteria (Daszkiewicz, 2016):

1. Conducting international activities (at least export activities)³.
2. Belonging to one of the classes of activity (PKD - Polish Classification of Activities), namely "high-tech" or "medium-high-tech".

³ In the literature of the subject and numerous research also importers are considered internationalised firms. Since, at this level of the development of international connections, adopting import as the criterion of internationalisation, almost every firm could be regarded internationalised (they would only differ with the internationalisation level). Therefore, export was adopted as the internationalisation criterion in the research.

3. The necessity of fulfilling minimum one of the three following criteria by the firm:

- obtaining patents or signing licensing agreements in the areas considered high-tech.
- employing personnel with high scientific and technical qualifications.
- conducting industrial research or developmental works, as well as activities preparing the results of this research or works to be implemented in economy.

The target population was selected on the basis on the above criteria and the survey questionnaire was directed to 4075 businesses from the database. However it turned out that 857 firms in the database were not eligible for the investigation, or did not have the current phone number. Thus, the net population was 3218 of internationalized high-tech firms. During the survey we obtained 263 fully completed questionnaires (the return rate was 8.2%), relevant for further statistical processing.

Both, the literature studies, and especially the review of various empirical studies resulted in the following hypothesis to be testes:

H1: *The size of the firm is positively correlated with the use of high control modes (bigger firms are more likely to use high control modes).*

H2: *Belonging to the group of born global is positively correlated with the use of high control modes (born global are more likely to use high control modes).*

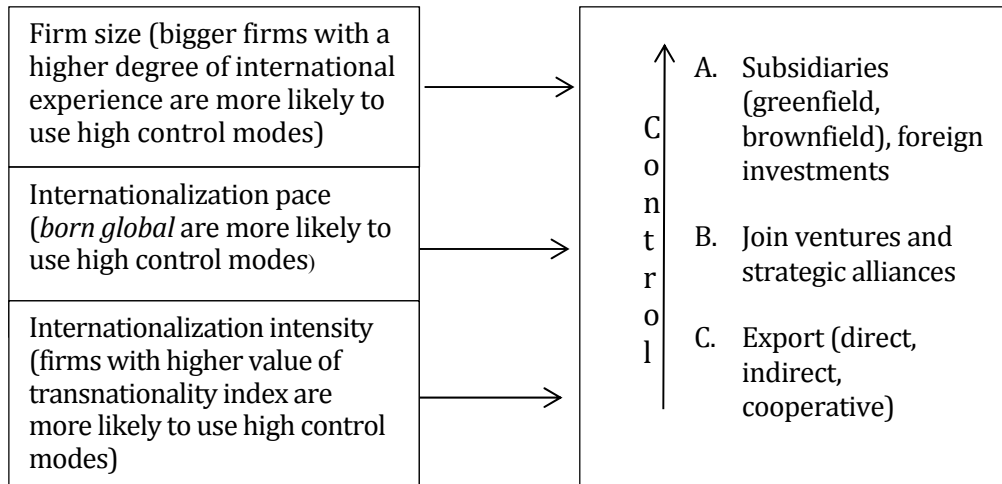
H3: *Internationalization intensity is positively correlated with the use of high control modes (firms with higher internationalization intensity measured by TNI index are more likely to use high control modes).*

The following research model (figure 1) presents the supposed relationships between the choice of entry mode (dependent variable) and the independent variables represented by hypothesis H1-H3.

The calculations with the use of the obtained survey results were made with the use of *Statistica*® PL v. 10 software. In the survey, the level of statistical significance was established on the basis of Pearson's χ^2 and Cramer contingency coefficient. It is because most of the used variables are dichotomous (that is, there are only two variants: 0 and 1) and because of such a small number of variants, rank correlation coefficients can be heavily biased. In such cases, the quota coefficients are

Figure 1. Research Model

Source: adapted from Boyd, B., Dyhr Ulrich, A. M., and Hollensen, S., 2012, p.8



much better, and chi-square statistics are used to measure their significance. Based on the obtained statistics, level p was doubled to obtain a significant level α (Creswell, 2014, p. 169). Broadly understood interpretation of level p assumes that:

- $p < 0.05$ – means strong rejection of the null hypothesis,
- $0.05 < p < 0.1$ – means weak rejection of the null hypothesis,
- $p > 0.1$ – means no rejection of the null hypothesis.

Results and Discussion

Among the surveyed firms 99.2% use low control modes in their internationalization process. Up to 60.8% of businesses use medium control modes and only 6.9% high control entry modes.

Size and Choice of Entry Mode

The research sample includes firms of every size class: micro, small, medium and large. The share of enterprises belonging to the SME sector among the surveyed firms is 82% (216 companies), while the share of large enterprises is 18% (47 firms). In the analysed research sample we are dealing with overrepresentation of both large and medium enterprises as compared to the whole population of enterprises in Poland.

Table 1. Size of firms
Source: Daszkiewicz (2016, p. 127) (N=263)

Size class	Number	Cumulative number	Percent	Cumulative percent
Micro-enterprises (1-9 employees)	24	24	9	9
Small enterprises (10-49 employees)	68	92	26	35
Medium enterprises (50-249 employees)	124	216	47	82
Large enterprises (> 250 employees)	47	263	18	100

The statistical analysis that has been carried out shows that there is a statistically significant relationship of moderate force between the size of the firm and the choice of entry modes ($\chi^2=16,59486$, $df=3$, $p=0,00086$, Cramer's V contingency coefficient = 0,2511939).

Thus, the first hypothesis that bigger firms are more likely to use high control modes is confirmed.

Pace of Internationalization and Entry Mode

In the sample of surveyed firms, 44.49% according to the adopted classification can be classified as *born global*, i.e. they are firms that have taken first actions on foreign markets less than 3 years after the foundation. In the case of 53.99% of the surveyed firms, the first expansion took place after more than 3 years after the establishment of the firm, which was a traditional one. The remaining 1.52% of companies did not respond.

There is a statistical relationship of weak force between the internationalization pace and the choice of entry modes ($\chi^2=9,594462$, $df=4$, $p=0,04784$, Cramer's V contingency coefficient $=0,1924689$). Thus, the second hypothesis that *born global* are more likely to use high control modes is confirmed.

TNI and Choice of Entry Mode

The transnationality index (TNI) was calculated as the average of foreign assets, sales and employment to the total ones and being expressed as a percentage according to the following formula:

$$TNI = \frac{\frac{A_F}{A_T} + \frac{S_F}{S_T} + \frac{E_F}{E_T}}{3} \times 100 [\%]$$

where:

- A_t - total assets;
- A_f - foreign assets;
- S_t - total sale;
- S_f - foreign sales;
- E_t - total employment;
- E_f - foreign employment

The average value of the transnationality index (TNI) for the whole research sample ($N = 263$) is 20.6, the median is 13.33, and the standard deviation is equal to 19.48. It means that on average, in a continuum from 0 to 100, the level of the internationalization of the studied firms is low, that is, a great majority of the firms in the sample are poorly internationalised.

There is a statistically significant relationship of moderate force between the transnational index value and the choice of entry mode ($\chi^2=37,89869$, $df=18$, $p=0,00399$, Cramer's V contingency coefficient $=0,2704875$).

Thus, the third hypothesis that firms with higher internationalization intensity measured by TNI index are more likely to use high control modes is partially confirmed (firms with higher internationalization intensity measured by TNI index are more likely to use medium control modes).

Conclusions

The presented research is not without considerable limitations. The most important is the lack of the representativeness of the sample, therefore, the study results cannot be generalized to other high-tech and medium-high-tech firms in Poland. In spite of this, the research sample can be regarded large as for Polish conditions. It should be also stressed that the survey was conducted all over the country and it includes all industries, i.e. firms representing each industry are present in the research sample.

Based on the carried out analysis, the following conclusions can be drawn:

1. The investigated high-tech firms adopt a whole range of entry modes in their internationalization process.
2. The size of the firm is positively correlated with the use of high control modes; bigger firms are more likely to use high control modes.
3. Belonging to the group of *born global* is positively correlated with the use of high control modes; *born global* are more likely to use high control modes.
4. Internationalization intensity is positively correlated with the use of high control modes; firms with higher internationalization intensity measured by TNI index are more likely to use medium and high control modes.

Foreign entry mode choice is a multilevel phenomenon and it is influenced by a multiplicity of factors. Thus, it is also difficult to be investigated empirically. However, it provides significant future opportunities for further studies that bring us closer to understanding the phenomenon of entry mode choice decision.

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SIGNIFICANCE OF SUCCESSION COMPETENCIES IN THE MANAGEMENT OF SILESIAN FAMILY BUSINESS IN THE SECTOR OF SMALL AND MEDIUM ENTERPRISES

MARIOLA DŻWIGOŁ-BAROSZ¹

ABSTRACT. This article presents the issues concerning the competence of successors of modern family businesses. Particular attention was paid to the importance of leadership competences in managing a modern enterprise. The role of emotional intelligence is emphasized as an important part of the successor competencies and competences related to education and socialization. This research focused on the importance of competence of successors in the area of emotional intelligence in Silesian family enterprises in the sector of small and medium enterprises. The completion of reflections is the author's model of competence of successors, which deals with the competencies governing the efficient management of modern family enterprises.

Keywords: family business, successor, competences, emotional intelligence

JEL Classification: L00, M12

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Introduction

As the market economy relies, to a considerable extent, on family firms, the succession problem has become common and pressing (Bracci and Vagnoni, 2006, p. 8). The experience shows that 50% of family firms

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will be able to deal with succession-related problems, whereas as few as 15% of companies will manage to hand the company over to the third generation (Sułkowski and Mariański, 2009, p. 39). The unique character of family companies may transpire from their prevalence, the latter resulting from a long-term vision, an ability to take prompt decisions and ability to behave in accordance with trust, loyalty and personal relationships.

The fact that numerous Polish companies are now facing key decisions related to the transfer of power, knowledge and property is getting more and more obvious. The first wave of succession is coming. Therefore, the company founders – the ones who took risks, sacrificed their work, energy and money to establish their business – are about to hand their companies over to their successors. The first intergenerational change is connected with the necessity to define by a senior member and the family, a new vision of the company, as well as to establish new systems of values and formal regulations as to the property and power in the family firm.

However, under the highly undetermined conditions, the managers of contemporary companies have to adopt the roles of change leaders, knowledge managers, managers-entrepreneurs, team managing managers, decision-makers willing to take risks, analysts, coaches and masters looking after the development of their own competencies. It is one of the signs proving that the business environment is undergoing significant changes, and that the executives are about to face more and more daunting tasks.

The concept of management in family businesses requires a different approach to functions executed by contemporary managers and their successors. Moreover, it requires to elaborate new models of education, “tailored” to the needs of family businesses, which, in the larger extent, will take into consideration the following aspects: development of leadership skills, development and improvement of employees’ competencies, practical motivation skills. In the family businesses, one can combine business and their family by shaping entrepreneurial values during the upbringing of the generation of successors, the latter regarded as future managers (Więcek-Janka, 2014, pp. 139-155).

Owners of family businesses require from their successors to have numerous multi-discipline skills, the acquisition of which is a highly time- and work-consuming process. The acquisition and use of the skills are to ensure that the family-run enterprise will continue to develop in compliance with a determined strategy.

Competencies of successors are subject to studies by numerous members of the scientific community. Elaborating a set of competencies for successors, necessary to run a family business, is a complex and ambiguous process. Family enterprises which, under the long-term strategy, anticipate succession processes, should take into account the successors' competence profiles. Taking into account the complexity of the business environment, it seems to be rightly justified to determine the essential competencies, allowing to cope with challenges imposed on successors in the contemporary family businesses.

The aim of the paper is to draw the readers' attention to the significance of competencies of successors in contemporary family firms, with a particular emphasis on the leadership competencies, emotional intelligence and competencies related to the upbringing and socialisation.

1. Importance of Leadership Competencies in the Modern Company

Having a strong leadership background is a basic condition for the development of each company. This truth was confirmed by a research on "Leadership competencies" conducted by Deloitte. In the research 172 managers from the largest Polish companies were asked about roles of leaders. Then, in April 2014, the same question was posed on a nation-wide scale to a representative sample of 1,110 Poles. As a result, a new model of leadership competencies could have been established in Poland (Thor and Georgijew, 2014).

At some point, a group of business experts, scientists, advisors and HR practitioners selected and defined a Model of Leadership Competencies that are necessary to manage a modern company. Ten most important competencies were defined, these being necessary for effective management in new times; the competencies that would match present and future challenges imposed on companies in the post-crisis period. A recent decalogue of a new leader is supposed to encompass the following competencies (Thor and Georgijew, 2014, p. 12):

- adopting a wider perspective. Interpreting the company's stance in the broad business context, assessing properly its development opportunities, recognising potential threats and limitations; being familiar with market trends and being able to make use of the said phenomena to the benefit of the company.

- focus on the increase in goodwill. A strong pro-success attitude, building a strong market position of the company; setting challenging targets and making efforts to fulfil them; recognising new opportunities to achieve a competitive edge and growth, promoting innovations.

- developing visions and fulfilling them. Being able to present a development strategy in a clear way, being able to fulfil the strategy with passion.

- flexibility in the operation of the company. Being able to act effectively and constructively under pressure and in stressful situations. Being able to adjust to changeable external conditions.

- promoting changes. Recognising and promoting advantages triggered by changes (change leaders); creating a positive, pro-change attitude, recognising risks connected to changes and taking responsibility for the risks.

- financial perspective. Making use of financial analyses while elaborating strategic targets and taking key decisions.

- building effective relationships. Fostering a net of effective relations within the company and beyond; adhering to ethical rules, declarations, and consequences between declarations and actions.

- talent development. Creating favourable work conditions, being willing to accept suggestions from workers, developing the employer's good reputation. Promoting talents and educating a generation of successors, delegating competencies to skilled managers.

- influencing others. Providing clear and coherent messages and ideas. Informing of the plans as to the company development, accepting a role of a leader and authority; commitment to the elaboration of new ideas and innovative solutions. Energy, passion and involvement.

- building a value-based company. Building a stability in the long-term. Showing respect for diversity, business ethics, responsibility and understanding of the CSR² rules, all are distinctive features of a leader.

There is no doubt that managers are responsible for developing behavioural patterns, organisational changes, and learning new ways of how to act. They are also responsible for initiating and propagating knowledge-based solutions in the companies.

² Corporate Social Responsibility – (CSR) A concept according to which companies, when elaborating their strategies, deliberately take into consideration social issues and environment protection, as well as relationships with various groups of stakeholders (Wołkowicka, Dąbrowski, 2012, pp. 79-89)

Regardless of the economic situation, the executives still value people management most. Over 65% of the surveyed managers, within the scope of Talent Club³, believe that staff flexibility when facing a problem is the most important quality of a good employee. The respondents claimed that managers, although acting in critical situations, should not act ruthlessly, manipulate, solve problems in an authoritarian way or relentlessly pursue their aims. The manager should be surrounded by people whom they like working with, people who create a positive atmosphere at work and form an effective and powerful team. Those managers who make use of their employees' talents, knowledge and skills in order to pursue one common aim achieve the best results. The manager should become a leader for his/her employees, highlight the aims and allow the staff to choose the best way. The employers are looking for creative and independent workers for whom the workplace is not necessarily a synonym for a rat race, since successes are achieved by those who can act along with the managed team. Thus the managers reject as useless and unneeded, the ruthlessness and lack of sensitivity, so much promoted some years ago by the best executives. However, the managers stated that the most valuable assets are the professionalism and expertise of employees, being a well-educated and talented expert in one's area⁴.

One of the key types of strong leadership was defined by M. Smoliński and L. Zakrzewska (Smoliński and Zakrzewska, 2017, pp. 14-19). The authors stated that a leader is a highly efficient person; the efficiency helps them to be a strategist, originator, talent hunter and leader. They can boast knowledge, charisma, honesty, emotional intelligence, stress resistance and ability to learn. The position of the leader should be forged out of one's attitude, passion, commitment, courteousness and empathy. Such a combination determines the leadership effectiveness and its quality.

³ Findings of the report entitled „Polish managers in the time of crisis” are a continuation of a study conducted under the programme Talent Club – Polski Menedżer 2009. The study was carried out by means of online questionnaires to be found at www.talentclub.pl, from March to September 2009. 285 respondents took part in the survey. The study „Polski Menedżer 2009” covered 1,461 managers, participants in the Talent Club programme. The study was held from 19.09.2008 to 30.09.2009.

⁴ „Wyścig szczurów to przeżytek”, www.rp.pl/artykul/551452.html.

2. Role of the Successors' Competencies Related to Emotional Intelligence

There is not a single area in life in which emotional intelligence would not play an important role. The emotional intelligence acts as a drive for people to develop their own potential, it allows them to take hold of negative attitudes, helps to set interpersonal boundaries and also, facilitates the development of satisfactory relationships, both in private and in the professional life.

Emotional intelligence is a competence that is personal to every human, individually developed, understood as their ability to recognize their own and other people's emotional states, as well as the ability to make use of their own emotions and tackle other people's emotional states (Mikołajewska and Mikołajewski, 2013, p. 3). It involves one's ability to control and regulate one's mood, which, in turn, is helpful in coping with various situations. The ability to understand emotions and make right use of them plays a key role in the human life.

The studies on emotional intelligence were initiated by H. Gardner. He distinguished (Mikołajewska and Mikołajewski, 2013, p. 3):

- intrapersonal intelligence involving the capacities of understanding and controlling one's own emotions (relationship with the self),
- interpersonal intelligence involving the capacities of understanding and coping with interpersonal relations (relations with others).

Interpersonal intelligence, also known as social intelligence, means one's capacity to get on well with people and be willing to co-operate with them. It also means the empathy, the capacity to enter into deep relationship with the others, understand their needs, and promote desired attitudes and reactions. Moreover, the social intelligence consists of empathising with other people's emotions and building of trust.

The importance of social intelligence in family enterprises has been confirmed by the findings of the report entitled „Competencies of the future in the family businesses 2017” (Report: Kluczowe składniki sukcesu, 2017, p. 15). The analysis of responses submitted by all companies proves that social intelligence is the most desired competence of the future. Over $\frac{3}{4}$ of surveyed businesspeople declare both the willingness and need to develop the said competence.

The studies on the specific character of diagnoses and assessments of the use of successors' competencies confirm that the competencies related to emotional intelligence are essential for succession processes.

A list of successors' competencies, needed in the succession process, elaborated on the grounds of a study carried out by E. Więcek-Janka i A. Hadryś-Nowak (Więcek-Janka and Hadryś-Nowak, 2016, pp. 61-72) in 2014, enumerates 20 competencies, out of which eleven competencies refer to emotional intelligence. One can find here: diligence, communication skills, organisational skills, accuracy, resourcefulness, commitment, resistance to stress, firmness, ambition, motivation, courage. It was emphasised that the most frequently chosen competencies are, among others, diligence and commitment, whereas the competence of diligence was granted the highest average mark. Furthermore, Polish successors of family businesses stated that the abilities to introduce changes and adapt to the closest and more remote environment of the enterprise are the most useful skills in the succession process. Adaptive skills, i.e. the ability to change and the ability to act and make decisions are also regarded as competencies related to emotional intelligence. The classification of successor competencies used in the succession process implies their various origins. Providing the family enterprise with multi-generation resources and development, and ensuring that the enterprise is highly efficient are, to a large extent, dependent on relevant competence potential of successors.

Those family enterprises that anticipate succession process should focus on developing the competence profiles of their successors, while taking into consideration the role played by the competencies related to emotional intelligence. The findings were confirmed by the author's own research⁵. 19 competencies were selected from 33 competences grouped in 11 emotional intelligence-related competence subgroups⁶. According to the successors, these emotional competencies are of key importance in the process of succession in companies owned by families. In order to select an enterprises owned by a family⁷ for the purpose of the

⁵ Badania zrealizowano na terenie województwa śląskiego w okresie od września 2016r. do lutego 2017r.

⁶ Doboru oraz podziału kompetencji dokonano na podstawie: Goleman, D. (1996), *Emotional Intelligence: Why It Can Matter More Than IQ*, Bantam Books, New York.

⁷ The Chief Statistical Office in Poland is not in possession of data relating to the number of family-owned businesses registered in Poland, including on the territory of the Silesian Province.

current study, a company that should meet specific criteria of sample selection, a pilot study was conducted by telephone, e-mail or face to face. Finally, from a group of 296 enterprises, 46 enterprises were selected that met the study criteria.

These enterprises were divided into two groups. 27 family-owned enterprises⁸ participated in a series of studies aiming at selecting the significant competences of the successors in the area of emotional intelligence, meeting the following criteria:

- a family-owned enterprise is a business activity where at least two family members work; at least one member has an important impact on management of the enterprise; family members have majority of shares in the enterprise,
- such an enterprise is considered a family-owned business,
- such an enterprise intends to hand over the business onto the next generation,
- it is a capital company – a limited liability company (spółka z ograniczoną odpowiedzialnością) or a joint stock company (spółka akcyjna) according to the Commercial Companies Code,
- the enterprise has been operating on the market for at least 10 years,
- the company belongs to the group of SMEs,
- the family-owned enterprise is owned by at least the second generation (it has undergone the process of succession at least once),
- the company is situated in Poland, on the territory of the Silesian Province⁹.

⁸ Survey studies completed with 27 successors who manage family-owned enterprises at least as the second generation (89% of the studied enterprises are owned by the second generation, while 11% are owned by the third generation). All studied enterprises are limited liability companies (sp. z o.o.) operating in the SME sector (48% - small enterprises, 52% - medium enterprises). The dominant enterprises are service providing companies (52%), trade companies compose 22%, while production and mixed enterprises compose 15% and 11%, respectively. The studied successors represent enterprises that vary in terms of the time of operations of a family-owned business on the market. Enterprises operating on the market for more than 15 years and less than 20 years compose 33%; similarly, enterprises that have existed on the market for over 20 years and less than 25 years – 30%. Participation of enterprises functioning on the market for more than 5 years and less than 15 years as well as more than 25 years composes 26% and 11%, respectively.

⁹ The selection of a province in which enterprises were chosen to take part in the study was intentional. It was assumed that the Silesian Province is characterized by strong family traditions in business as well as the developed business behavior standards.

On the basis of calculations, it transpired that the successors shared the same views as to all competencies. With regard to the above, it was concluded that as essential successors' competencies one shall view the competencies which:

- got 5 points from at least 50% successors,
- the average amount of points granted to a given competence by successors equalled, at least, 4.5.
- table 1 below presents competencies that fulfilled the above-mentioned conditions.

Table 1. Key competencies of successors, related to emotional intelligence

No.	SUCCESSORS' KEY COMPETENCIES RELATED TO EMOTIONAL INTELLIGENCE
1	Self-esteem
2	Self-efficacy
3	Awareness of one's own abilities and opportunities
4	Awareness of one's own limitations
5	Ability to consciously control one's own emotional states
6	Ability to cope with stress
7	Ability to say "no" firmly and in a way which does not harm other people
8	Argumentation skills
9	Effective communication
10	Ability to settle conflicts
11	Ability to create visions and encourage other to fulfil them
12	Ability to win supporters
13	Charisma
14	Ability to work in a group to achieve common aims
15	Optimism
16	Willingness to change
17	Willingness to take decisions and act
18	Willingness to act and take decisions when under pressure
19	Willingness to take responsibility for tasks and their execution

Source: Author's work.

The importance of competencies in the area of emotional intelligence was also underlined by L. Weroniczak, who defined the following qualities, i.e. (Weroniczak, 2012), p. 81):

- communication skills,
- empathic perception,
- ability to solve conflicts through cooperation,
- understanding of change processes,
- seeing diversity as a resource,
- regarding the company and the family as intertwined systems,

as psychological and social skills, necessary to create space that promotes an intergenerational dialogue, existing in the succession process.

The managing of the family enterprise is undoubtedly a test of successors' competencies. It is of great importance for managers to have competencies related to emotional intelligence as the managers shape the culture of the entire organisations, set development trends and motivate the staff to work more effectively. Creating the empathy-based atmosphere, being, more often than not, a factor that builds team stability, are some of the core competencies contemporary managers and businesspeople should have. Those managers who can act wisely and keep their teams together are also able to carry on and expand their family businesses.

3. Model of the Successor's Competencies in Contemporary Family Businesses

Successors of contemporary companies have to face numerous challenges, often regarded by the senior members of the family firm as a chance to maintain the company, further develop it or even restore it, if the case may be. The most essential personality traits, from the perspective of the entrepreneurial process include readiness to take risks, motivation for achievement and inner control, thanks to which a businessman is aware of their ability to affect the environment and control the actions to be taken. Moreover, the personality traits of effective businesspeople include determination and persistence to reach one's aim, passion and ability to inspire other people, diligence and ability to make decisions. Many of the said traits are shaped, not entirely consciously, by parents in the environment of the family business (Gutkova, 2014, pp. 4-5).

More and more family businesses have been facing a decision to launch a procedure of succession, which is mainly connected with the handing over of responsibility and management. And to this end the

future managers of such companies are required to possess determined competencies. One should bear in mind that the specific character of the family business management entails the need to take into consideration not only economic aspects, but also interpersonal relations in their broad sense. Thus, it is necessary for the successors to possess not only textbook competencies; one should also have intuition, imagination, courage and determination.

Selecting a successor requires from the senior members of the family companies the ability to assess candidates objectively, not only through the prism of family bonds, but mainly with regard to their acquired competencies. The study on the specific character of diagnosis and assessment of competencies of the appointed successors under the first succession stage in the family businesses in Poland was conducted by E. Więcek-Janka in 2014. The study, which involved 106 successors and potential successors of family firms, brought about results on the significance of successors' competencies and features. 20 features and competencies were assessed.

The acquired data may be divided into two groups: traits connected with the character (related to inborn features) and other traits connected with the upbringing and socialisation. On analysing the findings of the author's research, one should conclude that diligence, courage, precision, commitment and expertise were regarded by the successors as the most useful personality traits. With regard to other traits viewed as very useful, the surveyed underlined, in most cases, those traits that can be acquired through upbringing and socialisation.

The surveyed highlighted that the expertise they acquired while working for a family company, opportunities to make independent decisions affect their commitment to work. They claim that the said commitment is a proof of diligence, whereas the latter proves one's precision. The respondents linked the courage with the upbringing in a family. Parents shape, during the upbringing process, their children's courage to take decisions and their attitude to self-determination. And that is inextricably connected with courage (13-17% of the surveyed selected these features as the most useful ones).

Three traits were selected as the least used in the succession process: ambition, intelligence and innovativeness. They are connected with inborn personality-related qualities of people (merely 4% of the surveyed regarded them as the most useful in the succession process).

Presented percentage data related to the most useful traits mean that in the successors' opinion the traits and competencies acquired during the upbringing in the family business are more useful in the development of entrepreneurial competencies, involving the improving, at the same time, of their succession potential as to personal traits.

When analysing the studies of authors quoted in the work, as well as the results of our own studies relating to the competence of successors of family companies, the following three competence groups are specifically emphasized:

- 1) competences relating to upbringing and socialization,
- 2) leadership competences,
- 3) emotional intelligence competences.

The model of competences of successors of the today's family-owned enterprises presented in Figure 1 contains 34 competences from the three competence groups listed above, preconditioning efficient management of contemporary family-owned businesses.

It should be underlined that the management of a family firm requires, apart from having traditional competencies to manage such companies, to focus on the role of these competencies, resulting from the company's specificity in the field of business, special emphasis being placed on emotional intelligence. Differences between family firms and non-family firms evolve mainly around values, organisational culture and aim hierarchy. This type of enterprises features a specific identity, as well as values and problems related to the conducted activity.

Managing a family business is more difficult than a non-family business and then "managing" a family which is not connected to the business. It transpired that the level of difficulty in managing a family business is not a simple aggregate of levels of difficulty in managing a company and a family; it is something considerably greater, as any failure in the company immediately affects the family, while any family crisis has an effect on the company (Blikle, 2012, p. 39). Apart from market rights, aspects of a typically economic and financial character, apart from strategic aspects of the management, there appear streams of non-tangible resources of a specific character. Within the entities, a specific role is played by family bonds, attachment to family values and determination to prolong the entrepreneurial "dynasty" (Tomski, 2011, p. 147). This, among others, brings about that the challenges the family business successors have to face are constantly growing, which, in turn requires from the successors to possess specific competencies.

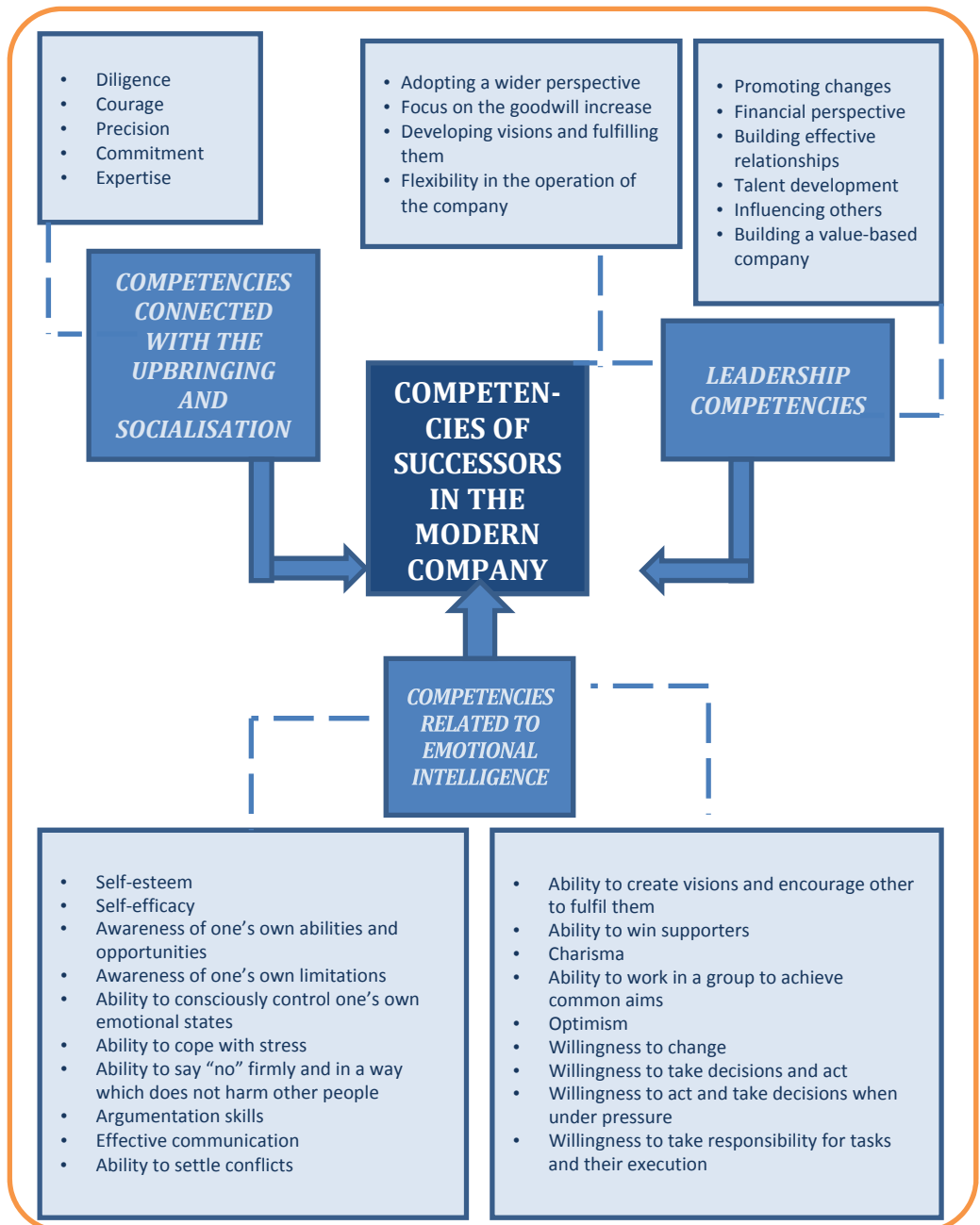


Figure 1. Model of competencies of successors in modern family companies.

Source: Author's work.

Conclusions

Family firms have been the oldest way of doing business, and as such they constitute one of the pillars of the world-wide economy. Their creation, operation and collapse considerably affect the development of both national and global economies. A long-term perspective of running a business by a future generation, as well as combining family-related and managerial functions result in distinct identities of the said entities (Sułkowski and Marjański, 2009, p. 9).

Addressing effectively the challenges faced by contemporary companies requires significantly more than just proficient management of tasks. It requires greater interpersonal skills, committed people and a transparent system of values. In such a context, one may experience a growing necessity to find more appropriate predictors of professional successes and life achievements than mere traditional skills.

The more family business successors achieve a wide range of leadership competencies, the more these skills determine their ability to effectively recognise and focus on various market opportunities and achieve business targets. The upbringing in the atmosphere of a family business, the knowledge of its specific character, a new view on it, the willingness to change old status quos, the courage and determination of young successors, all that may be a source of opportunities for a family firm to develop.

More and more family businesses have been facing a decision to initiate such a succession process, which is mainly connected with the handing over of responsibility and management. And to this end, the future managers of such companies are required to possess determined competencies. One should bear in mind that the specific character of the family business management entails the need to take into consideration not only economic aspects, but also interpersonal relations in their broad sense. Thus, it is necessary for the successors to possess not only textbook competencies; one should also have intuition, imagination, courage and determination.

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EDUCATIONAL CHANGE IN THE 21ST CENTURY: SMALL BUSINESS TO TACKLE TEMPERATURE, WATER, SOIL

PAUL M. LANE¹

ABSTRACT. This is a case study, of the development of UNAN-Managua as an innovative Nicaraguan University. The history 2004-2017 is of the developmental path of this leading educational institution. It focuses on the importance of interdisciplinary development of pedagogy across the universities' multiple campuses, farms, facilities and institutes. It starts simple and ends with a major program to change the university using Innovation and Design Thinking. The nexus of knowledge and innovative processes are opening this university to compete in the world marketplace. Students have the chance to learn from faculty who have experienced innovative thinking and innovative pedagogy. Starting was not easy, as those coming from the United States were educated in that very individualistic culture. It took time to understand, empathize, and design programs that work within the collectivistic culture, and within the social and economic structures of the country. Remembering that Nicaragua is the second poorest country in the Western Hemisphere, it has taken effort to bring a university of 40,000-plus students into the thinking methods of the 21st century. Much is built around the models of Design Thinking and the Business Model Canvass, as these are easily accessible in multiple languages. UNAN Managua is the largest University in Nicaragua with a campus in the capital city, four regional autonomous campuses, an extensive program in the rural farming areas (UNICAM), many institutes and areas of investigation. Faculty come from all campuses, all disciplines, ages, and ranks to engage in learning the innovative approaches to problem solving. Working across the disciplines, they meet each other, learn from each other, help each other, and think about how to change the classes that they teach. Working across the campuses brings a new strength and vibrancy to the university. Today, students from farms in the most rural areas of this

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poor country sit with freshly degreed faculty members learning one from the other. Today, faculty departments work together to bring innovative thinking into a variety of subject matters. They join to create events to encourage their students to be innovative. Today, the Rectora envisions the innovative UNAN or UNAN INOVA, only a dream a few years ago. This is the history of how innovative thinking, application and the challenge of business professionals can help a faculty to create a university for the 21st century. This is the thinking behind a transformation from once-guarded Sandinista institutions to becoming an innovation leader on the National Stage of Nicaragua and the world stage as a player in international competitions. Under the Rectora, the university has done all this without losing sight of including everyone in the educational revolution. Most recently, they placed second in the Wege International competition with Kendall College. This is a case of being entrepreneurial in the Drucker sense of being a change agent. The leadership defined the problem, sought the knowledge for change for its faculty, and is now in the process of making a difference in Nicaragua. This is a story from which other universities can learn.

Keywords: design thinking, entrepreneurial, innovation, interdisciplinary, knowledge

JEL Classification: 001

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Introduction

UNAN-Managua was half of the former National Autonomous University of Nicaragua, which was split in half to be UNAN Managua and UNAN-Leon by law, (law number 89 focused on the superior education in 1990). Just 14 years later, on a rainy afternoon in May 2004, with a delegation from the United States, the author met the then-Dean of what was autonomous regional faculty in Estelí, Nicaragua. At that meeting, they started the process of what has evolved into bringing innovation to UNAN-Managua, now, the country's largest and leading university.

In May 2004, the then-Dean of the regional autonomous faculty in Estelí spoke eloquently of the need for help in entrepreneurship and innovation in her community, the region, and the nation. She explained that even when a student completed education, there were no jobs. Nicaragua was facing two major problems in lack of employment and in underemployment: There was not enough work to do. The Dean's dream was to take education into the realm of creating businesses and creating employment. Two of the delegation from the United States, one from Engineering and one from Entrepreneurship took this as a personal challenge and came back to try to develop something.

Initially, the workshops consisted of creativity activities with a single class of students, using local materials such as the bountiful fruits. The two professors quickly realized it was not working; Hair gel, soaps and wine made of seasonal fruits would not solve the problems of underemployment in Estelí or Nicaragua. The project quickly began to involve US students, community members, faculty, and administrators as well as, a local Nicaraguan coordinating group from FAREM, Estelí.

For four years, the program took place on the FAREM Estelí campus, initially in a classroom in the library building and then in a new auditorium facility. Initially, the US faculty explored both December and May as times for the program, finally deciding on May as the better choice. Each year, the leaders tried to improve the program based on what they were learning of UNAN-Managua and the culture of Nicaragua. There were many challenges that affected the methodology:

- language barriers between Spanish speakers and English speakers.
- collectivism (ex. you do not want to stand out as different; we should all share together).
- learning styles.
- psychology of poverty (ex. without money, nothing can be done; there is no way to start in terms of logistics; this is the job of the government).
- social issues (ex. machismo society, dominated by male individuals; hierarchical structure – those with higher studies are always right).
- student and faculty resources.

Individualism vs. Collectivism

One of the greatest challenges beyond the obvious linguistic differences arising from the use of Spanish and English was the problem of cultural differences. Participants from the United States came from a very individualistic culture while Nicaraguans were more collectivistic. Hofstede's work on cultural dimensions does not include Nicaragua but does include Honduras and El Salvador to the North and Costa Rica to the South. These countries have very low individualism scores.

Nicaragua has an important additional piece of history that further discouraged individualism, which was the eleven years of socialism from 1979 to 1990. Many of those who are faculty grew up or matured in this period when education often occurred in the then-Soviet Union or Cuba. In these countries and in Nicaragua individuals standing out was discouraged.

The team from the United States comes from a different culture, where individualism is celebrated and encouraged. It is the core of a major Protestant denomination advocating individual responsibility. It is also a center for individually-driven entrepreneurship and there are many men and women who have led their companies to greatness starting with little or nothing. It is an area where university students take control of things and develop their own organizations. This team is trying to help Nicaraguan students and faculty think about innovation and entrepreneurship in a culture where you do not think as much about yourself as you do for the collective good, of the group, the class, or the community.

This collectivism made it hard to encourage the start of small businesses. The team from the United States would leave and assume that the Nicaraguan teams with good ideas would continue them and see them into the market. There were several things wrong with that assumption. First, unless everyone on the team wanted to work together, the idea would be dropped, as one cannot move forward with a group's ideas in a collectivistic society without group consensus. Second, most, but not all, students have no idea of where to go and what to do. If you have read Kiyosaki, R. T, and S. L. Lechter's, 1997, Rich Dad Poor Dad and thought about it as if it was Rich Country Poor Country, it would give you an idea of what the team from the United States was facing. There was no background knowledge of what is today called entrepreneurship. Third,

there was very limited manufacturing of any kind, perhaps because of the need for collective ownership. While there were little shops (pulperias) with a few things sold out of the front room, ice at one house, food stuffs, at another, school supplies, etc., even the retail segment did not show a strong entrepreneurial bent.

Altogether, there were small businesses but few large businesses. Few individuals seem prepared to take the risk necessary to create the change. Everything seemed to be decided in a collective fashion. The lack of individual focus while creating a warm and wonderful culture was not helping to create businesses that would change the economy, support grow and employ others. One of the challenges of every program was to show participants how to think differently and how to begin to think like a business.

Learning Style

Another difference was in learning style. Coming from a guide on the side, or flipped classroom perspective, the author from the United States was amazed to learn that students did not have books, and until gifts arrived from Spain, labs had nothing to work with. If the professor had a book, then they could use that book to develop a lecture and even read from the book during class. The students got everything verbally or on the chalkboard and then made notes from which to study. Rote memory was the task for students.

When gifts from Spain and other members of the European Union did arrive to help universities' labs in sciences and in health, it was often a challenge. If you were a professor in Nicaragua who had learned science from a book and never had the opportunity to do something in a lab, then you did not know what to do with a lab kit. Fortunately, until the economic collapse of 2008, there was an attempt to develop some educational programs showing how to use some of these materials in the classroom.

The people of Nicaragua are smart, but history has dealt to them very difficult times in the latter part of the 20th century and now in the 21st century. This has sapped the educational resources and led to the learning style that was so prevalent in the first part of the 21st century, which was all based on memory and copying and not on doing. It is the

application in the classroom that seems to empower students to realize that they can do things on their own. It is in faculty development, such as the May workshop of today, that faculty learn to look at the student who thinks differently not as a problem, but as a potential leader of the future.

Opening one's mind was not easy. Participants from the United States asked students to think on their own, and, to say what they thought, which was new to them. When asked to quickly sketch things, the Nicaraguans would carefully copy whatever the moderator had done. It took a considerable time to understand how to help them feel free to think independently even in the workshop space. Students would not contradict faculty. If you had both faculty and students on a team, the team did whatever the faculty member wanted. Today, using multiple examples, videos, and contests for numbers of ideas, etc., participants seem to be much freer in creating ideas, sketches, and models than in the past.

From a Class to a Workshop

It became clear after a couple of attempts that trying to use the process in a class was not going to work. It was clear that classmates did not necessarily have the complementary skills to launch a business. They all heard the same things and repeated them back as opposed to responding with individual answers. It was decided to try a not-for-credit workshop format and the teams would come from two different universities, FAREM Estelí (UNAN-Managua) and UPONIC (Popular University of Nicaragua), a national, private university. The hope was that we could now have a diverse set of skills on each team. The leadership of both institutions by women may have been what made this work. When we reached an impasse, these women would figure out how to make it work for their Nicaraguan students. They both cared more for the learning experience of their students than for the competition between their universities for students.

The workshop format had a greater success, especially when some energized helpers came from the United States to help make things happen. The University also had a new large building known as the auditorium, and this open space was great for many of the workshop

events. In the workshop, we began to separate faculty and students and seated the students in teams together for the whole time. Interestingly, this created a new set of problems.

Despite the collectivistic culture, students from two universities did not necessarily want to share. It took lots of work to get the business students and the engineers to see how they had something to offer to each other. The goal of seeing ideas getting into the market was still illusive. UPONIC even tried creating an innovation lab to provide spaces to attempt to build prototypes. They had an ideal spot to play with retail in an old market in Estelí. The results were not overwhelming. One persistent bicycle seat company got things into the market and that was the extent of the programs market entry success at this phase.

In May 2009, when the United States participants arrived to start at what was then-called the May Innovation Workshop, the gates to FAREM Estelí, were locked and the Nicaraguan students had taken over the campus. They were upset about their share of a vote for administrators. The Dean piled all the participants from the United States into a huge truck and went to Casa Estelí. Surprisingly, the Nicaraguan participants quickly followed.

The workshop went on as scheduled, introducing students who were volunteering their time with no credit to learn about innovation and entrepreneurship. The team from the United States was impressed that even with the University closed; we still had everyone expected at the workshop. Furthermore, it showed what a good job the Nicaraguan universities were doing in explaining this workshop as an opportunity to their students.

From Regional to National

In 2010, as we began to make the detailed plans, the new Vice Rector, former Dean at Estelí, made it clear she wanted to include more of UNAN-Managua faculty as shown in figure 1. You can quickly see that the workshops and learning experiences had been focused on only one campus, labelled “Facultad Autónoma Regional Multidisciplinaria Estelí.” A new vision was formed to include all UNAN Managua in the workshops. This changed the scope of the project from Regional to National.

UNAN-Managua

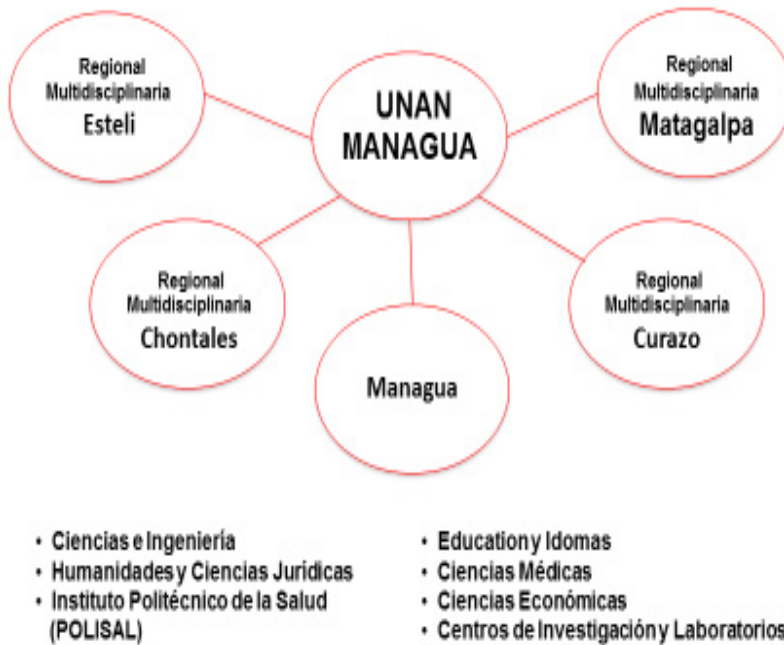


Figure 1. Source: the author with Waltraud Beckman created this graphic of UNAN-Managua

2011

Faced with a much larger pool of students and additional faculty, there was an attempt to increase involvement of United States-based industry personnel and a College of Design faculty and students. The workshop evolved once again as program planning changed by the addition of more industry processes, methodologies, and Design Thinking.

With the Design College faculty member, a prototyping accelerator was launched. A limited number of teams, usually four or five, were selected for a long weekend in August, to design and create a prototype

with engineers, designers, and entrepreneurs from the United States. This was all hosted at the Spanish School CENAC in Estelí. Here, the teams from Nicaragua and the United States could work intensively to design and create prototypes.

From Student-Focused to Faculty-Focused

In July 2014, when the Rector Magnifico Elmer Cisneros Moreira took power for the second time, he spoke much about innovation and creating UNAN as the innovative university. He referred often to the program of Applied Global Innovation Initiative. Only a month later at dinner, there was a discussion about how he envisioned this. Until that time, the focus had been on students and some faculty. The goal had been to introduce them to innovation.

The Rector Cisnero had another vision. He wanted to change the focus of the May workshops to the faculty. There were several reasons for this:

- faculty can impact generations of students
- faculty staying at the university create synergy with others, who have innovative ideas
- faculty learning together will increase interdisciplinary activity
- the impact of this can reach across the university's multiple campuses
- it will be less expensive to do faculty development than scale up the student workshops
- faculty thinking about business may help students to think about business

Rector Magnifico Cisnero died at the end of February 2015. The new Rectora, former Vice Rectora General and former Dean at Estelí, called a meeting to discuss the implementation of Cisnero's vision in March of 2015 and several points were agreed, too:

- an objective to be accomplished by the end of the term of the Rectora in June 2018

- 25% of the total faculty should be exposed to innovation and Design Thinking
 - understanding the process from ideation to market solution
 - application of discipline knowledge to human problems
- Faculty should include:
 - tenured teaching faculty
 - part-time teaching faculty
 - research institutes
 - administration – most are from the teaching faculty and continue to teach a course
- university-wide program
- the program should become bilingual in as many ways as possible
 - the Rectoria wanted the faculty to learn English which would result in Nicaraguans presenting idea pitches in English
 - she would like the United States participants to learn Spanish which would lead to more extensive prep time for the United States participants
- increasing use of Mentors from the University
- the University would look at ways to encourage new ideas and business development.

Shortly after, a university innovation commission was formed to work with the division within the Vice Rectoria of Investigation that was hosting innovation. The program was underway with a new direction and emphasis. For the first time, there was a dedicated team that would work on spreading innovation at the university. Suddenly, the workshop led by Applied Global Innovation Initiative was one in a series of activities that this team would plan and conduct each year. Examples of some of the programs have included:

- workshops in innovation related to medicine
- development of classes that focus on innovative thinking
- agricultural innovation
- programs in Innovation for the University of the field
- creating a program of innovation and entrepreneurship in the Anthropology Department
- congresses on Innovation
- funding prototypes in innovation./

From New Product Theory to Design Thinking and the Business Canvas

In 2014, the workshop began to change as the team from Applied Global Innovation Initiative (AGII) began to realize that faculty might have different needs. First, the focus on producing something that would make a company in Nicaragua was reduced. Faculty are usually not risk takers, and already have full-time jobs. They need to learn more about how to work with ideas and bring new ways of thinking into the classroom. Part of that thinking is to show students how they can think more broadly in a discipline; specifically, how their discipline help resolve human problems can. From that comes thinking about how can you make a business or a job out of your discipline knowledge. A great example of this is inside the Humanities; in Anthropology, there is a program in entrepreneurship helping to start businesses.

Secondly, faculty are experts in their disciplines and AGII needed to be careful in its organization that it was not telling them what to do with their discipline but providing a buffet of tools and exercises that they might use as they deemed appropriate in their individual disciplines. With each workshop, the Applied Global Innovation Initiative team has sought to bring more and different tools to the faculty. In that way, each workshop is new and different even for the mentors and returnees. These tools are often focused on better planning for business.

Thirdly, it was essential to create the environment that the Rectoria and the Innovation commission sought that it was very interdisciplinary with teams that also spanned the campuses. This meant that the assignment of teams was a very important, but politically-risky task in a university where every vote counts. Interdisciplinarity is challenging at UNAN-Managua. In Managua, people work in their major areas: Sciences, Humanities, Allied Health, Medicine, Education, Economics and Research, etc. In the regional autonomous FAREM's (Carazo, Chontales, Estelí and Matagalpa), it is very interdisciplinary. The problem is that the disciplines are not mixed across the disciplines in the university as a whole (in all of its campuses and extensions) or across the disciplines in the Managua campus. Part of helping students learn is helping them to learn about the power of networking. Hopefully, the faculty are learning something about that to share with their students.

Fourthly, it was important to use a recognizable theory base to present the work to the faculty. Two basic models were selected. Design Thinking (Figure 2), as promulgated by the Hasso Plattner Institutes at Stamford, Potsdam and Cape Town, and the Business Canvass. In 2017, one of the team from the United States was well-connected with the Stamford program and it offered a special opportunity for Nicaraguan faculty to understand where they were in the model each day.

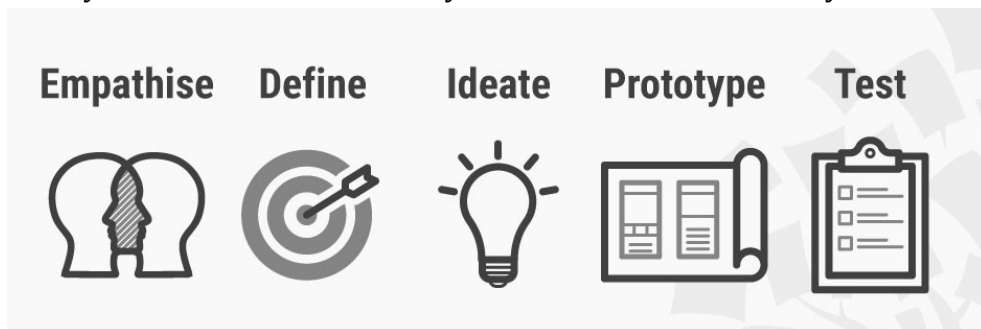


Figure 2. Source: R. Dam and T' Siang (2017)

The model, starting with Empathy, led the Innovation Staff of the Vice Rectoria of Investigation and the AGII team to try to define the problems in more detail than ever before. In 2016, the idea of using faculty to introduce each problem that the Innovation staff had selected was used. In 2017, this continued but was enriched greatly by student-made films showing the problems as seen on a farm, in a barrio (neighbourhood), or in someone's home.

For the 2017 workshop, we tried hard to get a presentation on the basics of registration and other things necessary to start a business in Nicaragua. Ultimately, this becomes important for faculty to understand so they could share with teams of students who have exciting ideas.

Problems in Need of Interdisciplinary Solutions: Temperature, Water and Soil

In 2016, the Innovation staff of the Vice Rectoria of Investigation selected three topics for the May 2017 faculty workshop. The goal is solving human problems and these are directly related to life in Nicaragua today as the participants from the United States were shown.

1. increasing temperature
2. water collection and conservation
3. soil use and conservation

Choosing the topics required some thought. In May 2016, the problem of diet had been considered in a country with increasing diabetes, obesity, and blood pressure problems apparently related to the high fat and salt content of the diet, along with the quantities of rice. It was quickly observed that while faculty claimed to want to talk about this, they were not interested in being leaders in this area themselves. They, in fact, crave salt, fat, and lots of starch and are not in favour of introducing vegetables or fruits on to their plates.

In early 2017, a faculty member was selected to present on each topic. The presenters were from three different campuses of the university allowing the presentations to show off the wide diversity of ability in the university. In March, two months ahead of schedule, AGII representatives tried to meet with these presenters to learn more about what they would be sharing.

Several things were done to make the program more focused:

1. the facilitators were shown real examples
2. the professional professor presentations were reviewed
3. the student videos were reviewed

In summary, there was a lot of work put into the empathy part of the Design Thinking process and the problem definition. For those, who work in Innovation and New Product, a real key is getting the problem defined enough that it is possible to come up with realistic solutions.

Temperature

For example, on one hot afternoon, the facilitators were taken out to experience the heat at a new house of a nurse and her family. The cute bungalow house was unbelievably hot, and she explained some of the medical issues this could cause:

1. high blood pressure
2. heat stroke
3. pulmonary issues
4. skin problems

5. challenges for the chronically ill like
 - a. diabetes
 - b. blood Pressure problems
 - c. cancer.

The new house was not designed well for ventilation or for air conditioning. Simply put, there were few windows, and, except for the front, they looked out on to walls so there was no space for air movement. The house leaked air through visible openings. It was hot. This is a new house constructed on a tiny lot; it was not an old house where you might expect these problems.

A second home we visited was so hot the elderly couple had moved out of the main part of the house on to the porch-like enclosure in front. They had even moved the stove out of the kitchen to a part of a covered patio. It was incredibly hot. This was all-important so the facilitators from the United States might really understand in some small way the scope, depth and possibly scale of the problem. It also helped in reviewing the presentations and videos.

There are obvious opportunities as the temperature rises to figure out cost-effective measures to deal with the heat. This is essential for the health and safety of the population. The experience was an excellent form of empathy as it made very real the opportunity. It would be hard to replace reading about it in an air-conditioned office or library.

Water

In the same manner as temperature, water was looked at carefully. Nicaragua receives a large quantity of rain by any measure, but has not developed provisions for collecting, preserving or conserving it. First, almost all homes dump their rainwater in the street. The streets dump the water into streams, rivers, or canals and those cement canals, which have been made deeper and deeper, rush filled with water to Lake Managua, the ocean or whatever river or body of water is nearby. In the case of Managua, the canals that approach the lake are deep and broad, with evidence of adding to the height as more and more roofs are built, and parking areas paved. All this fresh rainwater is going into the polluted lake and cannot be used. Further, for those living near streams, when the rains are heavy, it can be devastating as the land beneath their homes are washed away.

If water is not allowed to slowly settle back into the soil and thus recharge aquifers how will the country maintain its water supply? How will it have water for the rest of the year or the rest of the decade? The video done by students made this problem quite clear. The video was made in the mountain city of Matagalpa. It starts with a little brook gently flowing around rocks and in seconds (in the video) becomes a raging river endangering all in its path. It made several points:

1. run off can be forceful
2. water is not being retained for future use
3. there is little water preserved.

The last point was made with footage of people standing in line the same city, and the same neighbourhood with their water jugs next to a public well. The insights of the facts of the professor presenting on water combined with the power of the videos really helped define the problem. The videos might have seemed dramatic, but they are typical scenes of Nicaragua, a country that is not managing its water resources.

This is true on the farm, in the urban dwelling, as communities, as municipalities, and as a nation. There is room for effective economic ideas for managing aquifer recharge throughout Nicaragua.

Soil

In the case of soil, the presenter explained a lot about the negative impact of compaction of soil. Compaction occurs when the forest is cleared for grasslands by cutting or burning, and then cattle can wonder the area. One may not think of soil as something fragile and tender, however, when trod upon by heavy animals, the soil loses a great deal of its ability to retain water and thus to be useful to the farmer.

The videos done by the students were excellent. They really demonstrated the point of the expert-professor presenters. They showed the process of compaction on the land. Again, a case for agricultural businesses that make better use of the land and the rain as a resource.

Workshop Process

On the first day of the workshop, we had three cycles of presentations of the three challenges or problems: temperature, water, and soil. Starting with the large problem and the national and international research presented by

a professor. The next step was empathy in which each of these faculty speakers was followed by Rural and Urban Videos made by students. The material fit together well. Students on different campuses produced these empathy videos. Some of the videos had to be redone as either they did not seem to be a visualization of the issues, or they tried to offer solutions. At this point, the goal is only to offer the problems. However, the edited videos were excellent examples of what students can do. The videos conveyed an understanding of the problem that really helped to focus on the problem definition and then ideation.

Define and Ideate

Each of the three temperature, water and soil participants were asked to first define a subset of the problem that interest the team before moving forward with an ideation. In this part, a team might have chosen to look at methods of collecting water from roof run off, from a creek, or ways of retaining water once collected, or ways of maintaining it in the hot climate. Teams got to define the problem in a way that they thought would interest them the most.

For each problem, an ideation was performed using different methods of ideation. Remember that this workshop is for professors so the goal is to give them as many tools as possible. Thus, ideation is taught with words in many forms, with sketches and with the help of three-dimensional construction. There are techniques available to get huge quantities of ideas rapidly.

Selection

After all the ideations were finished, including one on each of the themes, (temperature, water, and soil), the group moved on to selection. Each team of five people selected ten of the more than 80 ideas that were on the wall (20 from Temperature, 20 from water, 20 from soil, and 20 from participants' lives). Professors and students alike are often amazed at how many ideas can be generated.

Testing

The first test of the ideas was to go out into the communities (either rural or urban) and ask people what they thought of the teams'

ten ideas in hierarchical order. An administrative team, (composed of one young professor, one young technical person, and the lead researcher), had figured out how to do all the data collection using the smart phones. It was an incredible process to see professors visiting rural communities and those in city parks all coming online with their information. This was very exciting when you consider where we were in Nicaragua. It was also exciting for the faculty to see and to think about what they might realize for a class in the 21st century!

Perhaps as important was the fact that as they discussed issues with homeowners and small farmers, they were shown what the local was experiencing. Comments such as, “here is the water gully behind my house,” “here is how high the river was when it flooded; “here is an attempt to keep my roof cooler with vines growing on it,” and so forth. Most of them with phones took picture of the challenges, which is good empathy work. Unfortunately, there was not a wall to display pictures of problems and that might be an idea for the final year when AGII will host this workshop for UNAN-Managua. It is a budgetary item and it is incumbent on the designers of the program to think about cost to the program and to the classrooms of these professors. There is little budget for classroom expenditures at any age in Nicaragua. However, we did introduce that concept to the faculty as the prices and availability of things keeps changing.

Prototyping and Testing

The teams went through from two to many rounds of first sketching and then making prototypes to solve the problem that they had selected. In round one, example sketching was used and soon they were back out in the field in the communities, asking people which sketch came closer to meeting their needs. Respondents often take select elements from more than one sketch and that is an important lesson for faculty to learn to keep the minds open and listen in each round.

At the very end of the week, the participants were all very busy making prototypes of a whole variety of materials. Once you unleash the creative juices, and people begin to create, it is amazing to see what they produce. For faculty participating in the process will hopefully lead them to work with students and others in a more open and sometimes hands on approach. When they had models either the models or pictures of the models went to the community for further comments by the potential clients, or users.

The Design Thinking Model as put forth by the Institute for Design at Stanford is not a straight-line model in practice. It is expected that teams will advance from defining to ideation and then back to greater definition, more ideation, and then on to sketching as a form of prototyping more testing and then possibly back to ideation, and then to more prototyping and testing with a goal of getting closer and closer to an idea that has real value in solving the problem.

This is important process to be able to communicate, as having an idea with value is the first step to creating a business. You can copy others, but it is far better if you can help people in some way to live better because you have created new value.

Conclusion. Ready for the Final Year

It is with great enthusiasm that we look forward to a banner year for the workshop in 2018. It is hoped we can find even better problem statements. One possibility is to look at the United Nations Sustainability Goals. It may also be decided to focus on some specific problems of Nicaragua as it approaches 40 years since the revolution was completed.

Along with the better problems comes the goal of defining them clearly. There is a trick to bringing a problem down to level at which you can resolve it. Industry has much to teach, and in the business of innovation, one of the things is the idea to solve one problem for one person and build from there. To do this means to be able to define the problem in a specific way. For example, with temperature, without mechanical aids such as air conditioning, how do you maintain the heat at a tolerable level into the future at your house, on your farm, etc.? Ultimately, it should be one example. Doing this kind of defining is not easy for faculty, as everyone always wants to be all-inclusive.

In 2017, the testing and investigation, changed greatly thanks to a new director of research provided by UNAN and two young people who had a vision of how to use the cell phones. The first major improvement was to go to many types of communities – as in get out of the city. The second is that all data could be entered on cell phones live, as the participants were face-to-face with the respondents. These were great improvements. In 2018, the dream is to develop even better information from the respondents and the best locations possible for the themes.

One thing that is still problematic is getting people to let go of an idea and switch to something else. The idea of iterating or circling back in the process is built into the theory and practice but it is still hard for individuals to implement. People naturally do not want to let go of their ideas. This will be an area of focus in 2018.

For years, the final presentations have made a slow progression from five big sheets of paper to PowerPoint presentations, and occasionally a PREZI. These are still dependent on the presenters and their style in the front of the room. What would it be like if all the presentations were standalone videos? The idea that all is organized and contained in a video that is transportable and usable multiple times has appeal. Professors could use their video to be an example for their students.

The final part of the changes for the 2018 program is to once again ramp up the level of technology for all engaged. If Nicaraguan faculty can help their students to see how to use the technology of the 21st century, this can have an amazing impact on the future of education in this country and beyond.

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ROMANIAN RURAL TOURISM: A SURVEY OF ACCOMMODATION FACILITIES

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ABSTRACT. The modern type of rural tourism emerged during the 1970s and the 1980s (Lane & Kastenholz 2015). The rural tourism concept amalgamates different types of tourism that overlap and intertwine. It is largely agreed that rural tourism can assist the rural areas' restructuring path mainly if its introduction rather complement the existing activities and is incorporated in the local economies and social structures. Since 1995 rural tourism was identified by Romanian authorities also as a major growth area that can address social and cultural inequalities. The present paper shows the growth of rural accommodation facilities over a decade (2005 and 2016). The survey also presents the spatial distribution of rural accommodations pointing toward a decrease in the uneven geographical distribution of rural lodgings through the entry on the rural tourist market of new localities. Furthermore, this research study reveals the diversification of rural accommodation portfolio regarding the type of accommodation, the ranking/classification of the respective lodgings and the lodging capacity. In addition, the paper draws the profile of rural accommodation facilities at national and regional levels, presenting the dominant type of accommodation units, the dominant classification and the dominant lodging capacity. The information is completed by the growth rate of lodgings and rooms and by the standing of rural accommodation in each county and region. Romania's rural tourism reached this growth phase, thus it is difficult to evaluate how advanced the growth phase is. There is still an unexploited potential that can support further expansion. While the further development is expected to bring an increase in the number of localities reporting accommodation, it is also expected that an increase in quality of services and facilities along with a wider range of entertainment activities based on innovation should occur.

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Introduction

The modern type of rural tourism emerged during the 1970s and the 1980s mainly across the European rural areas under the European Commission plan of restructuring rural Europe (Lane & Kastenholtz 2015). The last decade of the 20th century witnessed the growth of rural tourism and the related academic discussion at global level (Lane & Kastenholtz 2015). The main feature of the modern rural tourism is represented by its diversity, rural tourism including a wide range of (niche) types of tourism (Lane & Kastenholtz 2015; Frochot 2005, Aref & Gill 2009).

One of the most recognized definition of rural tourism, though considered too broad and inadequate (Frochot 2005), is that of Lane (1994): 'tourism that takes place in the countryside'. Thus, over the past two decades no consensus has been reached regarding the definition of rural tourism⁴. Currently, rural tourism became an umbrella concept, including and accepting many forms of tourism related to country side/rural areas (Lane & Kastenholtz 2015). The diversity of rural tourism led to its versatility, this type of tourism providing services on a complex market for a broad variety of tourists: from different age-groups, backgrounds, education level, to special needs, interests and expectations (Frochot 2005, Panyik et al., 2011). Rural tourism concept amalgamates farm tourism/ agritourism, ecotourism, green tourism, nature tourism and wildlife tourism (e.g. animal and birdwatching), wellness tourism, spa tourism, health tourism, activity tourism (e.g. equestrian tourism, cycling tourism),

⁴ The paper of Ayazlar & Ayazlar (2015) presents an interesting review of rural tourism definitions presented by the academic literature.

adventure tourism (e.g. hiking and climbing) and sport tourism (e.g. golf), cultural tourism and heritage tourism, food and wine tourism/gastronomic tourism, root/diasporic tourism, ethnic tourism, folklore tourism (Frochot 2005, Nistoreanu & Dorobanțu 2012, Corsale & Iorio 2014, Iorio & Corsale 2013a, Lane & Kastenholz 2015, Millan-Vazquez de la Torre et al., 2017, Ohe et al., 2017), and more and more educational tourism becomes a part of the rural experience (Petroman et al., 2016). The aforementioned types of tourism overlap and intertwine depending on the rural areas where tourism is developing.

Tourism in general is a cross-sectoral industry (Saner et al., 2015, Wang & Ap 2013) based on highly fragmented suppliers (Borodako & Kozic 2016, Panyik et al., 2011, Bregoli 2012). Therefore, rural tourism development triggers the growth of other tourism related activities in the country side, given the relatively low entry barriers (Brouder & Eriksson 2013) and is considered to contribute to the social and economic regeneration, improvement and development of rural areas (Naghiu et al., 2005, Lachov et al., 2006, Iorio & Corsale 2013b). Consequently, it was largely agreed that rural tourism can assist the rural areas' restructuring path by: a) creating jobs and increasing income therefore improving the living standards; b) reducing migration; c) supporting the protection of natural landscapes and environment; d) preserving cultural and architectural identities, crafts, traditional lifestyles; e) increasing and spreading the social contacts and the exchange of knowledge and experiences (Turnock 1999, Hall 2004, Aref & Gill 2009, Iorio & Corsale 2013b). In fact, the most significant benefit of rural tourism is the diversification it brings to the rural economy, reducing the dependence or over-dependence on agricultural income, while helping small exploitations to exist (Panyik et al., 2011, Sharpley & Vass 2006).

Nonetheless, tourism development has also negative effects. However, rural tourism, due to its rather smaller scale by serving various niches, is expected to have lesser negative effects upon the environment and natural landscape. Thus, rural tourism will impact on the social profile of the local communities (Rathore 2012, Styliadis et al., 2014). Once a rural area becomes a tourist destination, the lives of the residents will be forever changed by their (direct, indirect or induced) involvement with the tourists and in tourism activities (Kim et al., 2013). Therefore, through this interactions,

the rural tourism might destroy or pervert the very authenticity, traditional lifestyle and cultural heritage that constituted one of the main tourist attractions, in the attempt to adapt to modern times and to meet the demands of tourists (Hall 2004, Pina & Delfa 2005, Sharpley & Vass 2006, Cipollari 2010, Klimaszewski et al., 2010, Iorio & Corsale 2013b).

As a consequence, rural communities should approach their involvement in tourism only after careful evaluation and understanding of the existing resources (natural, human, cultural) and an assessment, on their own terms, of the tourism impact and the desire to be involved with this risky activity (Tao & Wall 2009). The introduction of tourism in rural communities should rather complement the existing activities and should be incorporated in the local economies and social structures aiming at enriching and diversifying the life of local residents (Hall 2004, Tao & Wall 2009). Hence, there is a need for an integrated rural tourism at local level as discussed by Gao & Wu (2017). Within this approach, the role of local community on a successful and sustainable tourism development is essential and is based on the local networks, formal and informal relationships and trust (Lee, 2013, Stylidis et al., 2014, Nunkoo & Gursoy, 2012).

Rural Tourism in Romania: a Brief Literature Review

The post-communist debate regarding rural tourism development in Romania started as early as the beginning of the 1990s with the studies of Turnock (1991 and 1996) discussing Romania's complex rural area problems still under the influence of the communist period and the rural tourism as a potential solution to those problems⁵. These were followed by the studies on South-Eastern Europe, including Romania, of Hall (1998) and Turnock (1998). The studies of Bordanc & Turnock (1997), Turnock (1999), and Borto (2002) discuss the early post-communist

⁵ While Romanian researchers wrote a series of studies on these topics during the 1990s, they were published in Romanian only and mainly in journals or reviews that are not available on-line and therefore difficult to find and to access. Moreover, during the 1990s and until the mid 2000s book writing was more popular in Romania and most of the books on the subject had limited editions and can be barely found in academic libraries.

initiatives, steps and projects for rural tourism development in Romania, including the establishment in 1994 of ANTREC (Asociatia Nationala de Turism Rural, Economic si Cultural) as a consortium for rural tourism promotion.

According to Turnock (1999), as early as 1992, the Romanian Ministry of Tourism suggested a range of criteria for the identification of tourist villages and Borto (2002) offers a list of the selected villages based on these criteria⁶. These projects of the early 1990s were related to a short-lived communist initiative of the 1970s (1972-1973) regarding the establishment of tourist villages⁷.

Following the 1992 initiative, in 1995 the Romanian Ministry of Tourism identified rural tourism as a major growth area that can address social and cultural inequalities (Hall 2000). Despite a promising start full

⁶ According to Turnock (1999), the selection criteria were: a) picturesque and non-polluted countryside/environment; b) traditional culture with respect to (traditional) costumes, handicrafts, folklore, along with traditional culture and occupations; c) diverse/varied tourist potential; d) good accessibility; e) a good general living standard, f) qualified people to implement a local tourist program. The selected villages, based on these criteria, were (Borto 2002): Leresti (Arges county), Bran (Brasov county), Marga (Caras-Severin county), Calinesti (Maramures county), Rasinari (Sibiu county) and Vaideeni (Valcea county). Criteria d), e) and f) could be discussed at length for a period when Romania was notorious for a poor road infrastructure and relatively low living standard at national level.

⁷ The Ministry of Tourism Order no.744/1973 declared a number of rural localities as experimental tourist villages. In the absence of the original order, the number and the content of the list differ depending on the cited sources. According to Glavan (2003), the 1973 order names 13 villages: Leresti and Rucar (Arges county), Halmagiu (Arad county), Fundata and Sirnea (Brasov county), Tismana (Gorj county), Bogdan Voda (Maramures county), Rasinari and Sibiel (Sibiu county), Vatra Moldovitei (Suceava county), Murighiol and Sf.Gheorghe (Tulcea county), and Vaideeni (Valcea county). Nistoreanu (2003) offers a slightly different list of 14 villages, based on the same order: Leresti and Rucar (Arges county), Poiana Sarata (Bacau county), Fundata and Sirnea (Brasov county), Tismana (Gorj county), Bogdan Voda (Maramures county), Sibiel (Sibiu county), Vatra Moldovitei (Suceava county), Recas (Timis county), Crisan, Murighiol and Sf.Gheorghe (Tulcea county) and Vaideeni (Valcea county). Note that Recas appears as Racos, though no rural settlement named Racos existed in Timis county. The initiative, mainly aimed at attracting foreign tourists, was canceled in 1974 by Decree no. 225/1974 which prohibited the accommodation of foreigners in private dwellings (Glavan 2003, Nistoreanu 2003). No data or information is available regarding the domestic tourism within rural areas during the communist period, except for those localities which were considered resorts and where hotels and villas were available for tourists.

of initiatives and programs, 'rural tourism flourished rather despite of government actions' (Hall 2004), many intended programs and initiatives being abandoned due to political instability, changes of interests and focus, the lack of administrative transparency, and the constant drought of financial resources. Hall (2004) notes that in Bulgaria and Romania, the patterns of tourism development do not show improvements in providing quality services compared to the former communist neighboring countries that accessed the European Union (EU) in 2004. Furthermore, the contribution of tourism to rural development remained limited mainly due to spatially concentration in several areas (Hall 2004, Nistoreanu 2005).

The 2000s and the first half of 2010s witnessed an increase of mainly domestic studies on Romanian rural tourism. Thus, most of these studies are rather general (Arion 2008, Nistoreanu et al., 2011, Soare et al., 2011) or discussing a specific region, county or village (Turnock 2002, Ancuta & Olaru 2010, Iorio & Corsale 2010, Corsale & Iorio 2014, Merciu et al. (2011), Nistoreanu & Dorobanțu 2012, Gavrila-Paven et al., 2015, Gica & Coros 2016).

Nonetheless, the majority of the papers provide only a partial picture since they rely on the data provided by the National Institute of Statistics which discards the accommodation facilities with less than 5 rooms. Furthermore, most papers prefer to concentrate only on rural pensions, often called boarding houses or bed & breakfast, (Arion 2008, Soare et al., 2011, Zaharia & Ghita 2014, Mureșan et al., 2016) considered to be the emblematic type of accommodation for Romanian countryside. Thus, several studies (Ilies et al., 2008, Ilies et al., 2011, Klimaszewski et al., 2010, Popescu et al., 2014) discuss the preservation of rural cultural and architectural heritage and the deterioration of the authentic features into non-authentic and kitsch due to the lack of appropriate knowledge among the accommodation owners and developers groups and further enhanced by the absence of an adequate and functional institutional framework for the protection of authenticity. These problems are related to the early identified factors that hindered an integrated rural tourism development (Bordanc & Turnock 1997, Turnock 1998, Hall 2004): a) the lack of or limited knowledge regarding tourism, the related activities and risks, b) limited entrepreneurship skills and managerial training, further confirmed by Iorio & Corsale (2010) and Popescu et al. (2014).

It is interesting to note the findings of Lachov et al. (2006) based on an investigation of rural business related to tourism in Bulgaria and Romania. The paper shows that while Bulgarian entrepreneurs followed more closely the Western model, Romanian entrepreneurs have their 'original' way to deal with various problems, rather divergent from the Western model. Lachov et al. (2006) findings can be better understood in connection with the investigations of Radan-Gorska (2013) which touched the sensible topic of rural unclassified accommodations and the related informal practices in Romanian rural tourism. Radan-Gorska (2013) highlights various problems mainly related to overlapping, varied and ever changing regulations⁸ and the lack of integrated information which bring up unintended informality. Badulescu et al. (2015) also showed that Romania seems to be different from other EU countries when the behavior and the involvement of local institutions are under scrutiny, mainly concerning the education and training in tourism and also regarding the support to accessing the EU grants.

Romania's accession to the EU came with two central documents regarding rural tourism: a) the 2007-2026 Master Plan for National Tourism Development where rural tourism is one of the five sub-priorities aimed to balance the development of country's regions (Sima 2016); b) the National Rural Development Program 2007-2013 followed by the National Rural Development Program 2014-2020. Despite being considered a priority, rural tourism has been granted only a small space in the 2007-2016 Master Plan stating the need for improving the quality of tourist services and related accommodation and increasing the level of education of tourist service providers functioning in rural areas (Arion 2008). ANTREC's role as a marketing consortium is also briefly mentioned. The 2007-2026 Master Plan seems to have a simplistic approach mainly toward heritage and cultural tourism which is, up to a point, complemented by the National Rural Development Program or NRDP (Soare et al., 2011). The NRDP is the one providing funding, indirectly supporting the diversification through non-agricultural activities of rural space (Sima 2016, Mureșan et al., 2016).

⁸ Coros & Lupu (2015) investigated the ever changing regulations related to tourism. Furthermore, one must note that when it comes to financial reporting and taxation, new changes (adjustments) are made almost every month.

Furthermore, under the NRDP evaluations of tourism potential of rural areas were provided⁹. Thus, these evaluations should have been made at least in cooperation with the central authorities in charge of tourism¹⁰. While much can be said about the omissions regarding rural tourism development in the 2007-2026 Master Plan, as of 2016 (almost at the mid of the period) the Romanian central authority for tourism had not yet issued a clear strategy for preserving the authenticity of rural areas, neither created a range of criteria for tourist villages to differentiate them from the resorts of local interest or to recognize some of the villages special status as hosts of World (UNESCO) Heritage Sites or WHS.

Given the important role rural tourism can play in the sustainable development of Romania's rural areas, it is worth assessing the rural tourism growth by surveying the offer of lodgings. The current paper discusses the evolution of rural tourism accommodation facilities within Romania's rural areas between 2005 and 2016 at national and region level. The present paper differs from the existing academic studies on Romanian rural lodgings by considering all the officially registered lodgings, as they appear within the official database offered by the central authority for tourism, and by including 40 counties and 7 development regions. This complete picture of rural tourism evolution, over a decade, can constitute the base for more in depth research in order to better understand, apart from the tourist attractions, the factors that promoted or hindered the development of rural tourism within specific counties and/or regions. Furthermore, the survey includes all the types of accommodation facilities registered in the rural areas and the whole range of lodging capacities, including those with 1 to 4 rooms not taken into consideration by the National Institute of Statistics (NIS). The present study also includes, for the first time, the number of communes with registered lodgings and the number of communes concentrating 10 lodgings or more.

⁹ Măsura 313, Încurajarea activităților turistice, https://portal.afir.info/informatii_generale_pndr_pndr_2007_2013_masura_313_incurajarea_activitatilor_turistice

¹⁰ The central authorities for tourism are represented either by the Ministry of Tourism or by the National Authority for Tourism (NAT). Due to frequent administrative changes between 2005 and 2016 it was chosen to use the generic term of 'central authorities for tourism'.

Data and Methodology

The present paper is based on the data provided by the official database offered by the central authority for tourism as of the end of 2005 and respectively 2016¹¹. This database is continually updated, therefore there is no archive that would permit a longitudinal study. Moreover, there are no information available before 2005. Nonetheless, the surveyed period encompasses a decade which witnessed Romania's accession to the EU and all the subsequent developments.

All the types of accommodation facilities located in rural areas were selected for the present study and considered at commune¹² level. Thus, the villages and the communes which are administrated by towns and municipalities, therefore without independent administrative standing, were not included.

It was chosen to eliminate the county of Ilfov from the present study, as it is the county surrounding Bucharest and having most of the administrative institutions located in Bucharest. It was also considered that Bucharest proximity influenced the development of Ilfov's accommodation facilities. Therefore, the county of Ilfov situation was considered unique and its addition to the present survey would have distorted the entire picture.

Within the paper both the number of lodgings and the lodging capacity (number of rooms) were considered. It was chosen to express the lodging capacity as number of rooms (information available only in the official database) and not as number of bed places (information offered by NIS) to provide a comparative base for the countries where the rooms are reported. Thus, for those interested in bed places, a roughly approximation can be made by multiplying the number of rooms with 2 (two). The paper uses mainly descriptive statistics and the critical interpretation of the survey data to construct the accommodation profile of rural areas in Romania.

Findings and Discussions

While slowly improving, the situation of Romanian rural areas remains complex as shown by Burja et al. (2008), Iorio & Corsale (2010), Merciu et al. (2011), Popescu et al. (2014), Gavrila-Paven et al. (2015).

¹¹ <http://turism.gov.ro/web/autorizare-turism/>

¹² The commune is the lowest administrative unit in Romania. A commune might include one or several villages.

As of the end of 2016, about 46% of the Romanian population was living in rural areas in 2,825 communes. The number of rural localities connected to the drinking water distribution systems has grown from 1,620 in 2005 to 2,157 in 2015¹³. Similarly, the number of rural localities with public sewerage systems has grown from 386 in 2005 to 809 in 2015, thus negligible when the total of rural localities is considered. The same situation exists for the natural gas distribution networks covering 525 localities in 2005 and respectively 663 in 2015.

The Growth of Rural Lodging Facilities

Overall, rural accommodation facilities has grown between 2005 and 2016. The number of rural lodgings increased 1.75 times (at a slower pace than the 1.85 times for the total lodgings), while the lodging capacity increased 2.15 times (at a higher pace than the 1.56 times for the total rooms). The growth is supported by the descriptive statistics in Table 1 showing an advance in mean and median for both lodgings and rooms. Similar to Spain, where the increase of rural accommodation was due to investment assisted mainly by EU aids (Pina & Delfa 2005), Romanian rural lodging growth was based on EU programs including financial assistance like SAPARD program available during the pre-accession period (Iorio & Corsale 2010, Popescu et al., 2014, Sima 2016) and to the dedicated financial framework (providing grants) for rural development after the 2007 accession to the EU, assisted by local banks (Badulescu et al., 2015, Gavrila-Paven et al., 2015).

Table 1. Descriptive statistics of rural lodgings and rooms based on the 40 counties

Descriptive statistics	Rural lodgings		Rural rooms	
	2005	2016	2005	2016
Mean	76	134	636	1,370
Median	41	88	409	892
First quartile	8	28	94	415
Third quartile	94	231	710	1,694
Minimum	0	3	0	19
Maximum	645	587	4,223	8,469
Observations	40	40	40	40

Source: authors' calculations based on the official authority for tourism database

¹³ NIS does not provide such data for 2016. This observation stands for the other data mentioned within the paragraph.

Appendix 1 presents the detailed situation by counties and development regions¹⁴. The information includes the number of localities declared resorts of national and local interest¹⁵, based on a range of criteria, by the central authority for tourism. It is considered that these resorts enhance the attractiveness of the respective counties/regions.

Nonetheless, not all the counties registered an advance in rural accommodation facilities. Harghita and Maramureş counties are the two cases reporting a decrease. Harghita county recorded the steepest diminution of rural lodgings of 53.02% (from 645 in 2005 to 303 in 2016), while for Maramureş county the decrement was far lower, of 2.39% (from 251 in 2005 to 245 in 2016). Though, both counties show an increase in rooms (14.37% Harghita and 80.34% Maramureş), data pointing out towards an increase of the respective lodgings' capacity. This finding is confirmed by the data in Appendix 5 recording a decrease of the percentage of lodgings with 1-4 rooms capacity in both counties. It is worth noting that in 2005 two counties (Olt and Teleorman) did not report lodgings in rural areas, while in 2016 all the counties reported rural lodgings.

Table 2 presents the top 5 and the last 5 counties based on the lodging and respectively room growth rate. Olt and Teleorman counties rural lodgings grew from none to the level of 2016; their growth rate could not be calculated, therefore they were not included in Table 2. It is interesting to mention that four of the top five counties had a small accommodation offer of less than 10 lodgings and less than 100 rooms as of 2005 (Giurgiu, Salaj, Satu-Mare, Vaslui). The growth seems not to be related to the existence of resorts either of national or local interest or of other famous tourist attractions like the WHS (Appendix 2). At the other end of the spectrum, the counties included in the last 5 category host between 1 and 4 resorts located in rural areas and, in the cases of Maramureş and Harghita counties, the added advantage of WHS in rural areas. The low or negative growth rates indicate an already existing portfolio of rural lodgings, a crowded supply market and, indirectly, economic inefficiencies of the rural lodgings' operators.

¹⁴ A map of Romania's counties and regions is available in Appendix 8.

¹⁵ Appendix 7a and 7b offer the list of these resorts as of 2002 (unchanged as of 2005) and as of 2012 (unchanged as of 2016).

Table 2. The top 5 and the last 5 counties based on the growth rate between 2005 and 2016

Top 5			
County	Rural lodging growth rate (%)	County	Rural room growth rate (%)
Salaj	716.67	Vaslui	577.27
Gorj	638.46	Salaj	406.90
Vaslui	325.00	Iasi	336.79
Satu-Mare	271.43	Gorj	314.74
Giurgiu	233.33	Satu-Mare	314.01
Last 5			
County	Rural lodging growth rate (%)	County	Rural room growth rate (%)
Harghita	-53.02	Vrancea	0.41
Maramureş	-2.39	Vâlcea	9.71
Vrancea	11.11	Harghita	14.37
Prahova	24.69	Bihor	23.37
Covasna	48.44	Brăila	47.61

Source: authors' calculations based on the official authority for tourism database

The Spatial Distribution of Rural Lodgings

The discrepancies between rural lodging distributions were already discussed by Hall (2004), Nistoreanu (2005) and more recently by Iorio & Corsale (2010). Additionally to these discussions, Appendix 2 presents the distribution of rural lodgings and rooms in relation with the resorts of national and local interest located in rural areas, and with the WHS from the rural areas. The data in Appendix 2 confirm the majority of the rural accommodation concentrations and the lack of it as documented by the aforementioned studies.

The distribution of rural lodgings and rooms by counties and by regions reveals a decrease in the concentration as of 2016 compared to 2005. This situation is highlighted in Table 3 through the decrease of maximum values. Furthermore, this is confirmed by the following figures: as of 2005 the top 5 (respectively top 20) counties concentrated 50.13% of the rural lodgings and 46.89% of the rural rooms (respectively 90.50% of the rural lodgings and 88.85% of the rural rooms), while as of 2016 the top 5 (respectively top 20) counties accumulate 38.13% of the rural

lodgings and 44.90% of the rural rooms (respectively 86.01% of the rural lodgings and 86.00% of the rural rooms). This evolution indicates that other counties started to emerge as rural destinations by developing lodgings in rural areas, a finding confirmed by the top 5 counties growth rates presented in Table 2.

Table 3. Descriptive statistics of rural lodgings and room distribution based on the 40 counties

Descriptive statistics	% of county rural lodgings of total rural lodgings		% of county rural rooms of total rural rooms	
	2005	2016	2005	2016
Mean	2.50	2.50	2.50	2.50
Median	1.34	1.63	1.61	1.63
First quartile	0.26	0.53	0.37	0.76
Third quartile	3.09	3.97	2.79	3.09
Minimum	0.00	0.06	0.00	0.03
Maximum	21.12	10.97	16.61	15.45
Observations	40	40	40	40

Source: authors' calculations based on the official authority for tourism database

Table 4 presents the top 5 and the last 5 counties as of 2005 and 2016 respectively, based on the lodging and room distribution. Regarding lodgings, in 2005 there is an important difference between Harghita county and the other four counties in top 5, while 2016 shows a more balanced distribution. When the rooms are concerned, in 2005 there is an important gap between the first two counties and the remaining three. As of 2016, the gap between the first ranked county and the remaining four became larger. This is due to Constanța county, the host of the Romanian littoral. The popularity of this area remains high as the increase in lodgings and rooms indicate. The counties ranked top 5 in 2005 and 2016 owe their position to a concentration of well known tourist attractions in rural areas, of which for the present paper only the resorts and WHS were considered. Based on this information (Appendix 2), the top 5 counties can be split into three categories:

- a) counties which include only rural resorts of national and local interest (Constanța with Costinești, Bihor with Băile Felix and Băile 1 Mai);
- b) counties which include WHS (Suceava with the painted churches, Tulcea with the Danube Delta);

c) counties which concentrate rural resorts of local interest and WHS (Braşov, Harghita and Maramureş) as Appendix 2 also shows.

It must be noted that within the counties of Constanţa, Bihor and Braşov an over-concentration of accommodation facilities exists in a small number of communes, as it will be presented in an upcoming paragraph.

To the other end of the spectrum, in the last 5 counties, four of them remain in the same group in 2016 as in 2005: Călăraşi, Ialomiţa, Olt and Teleorman. Neither of these counties hosts rural resorts of national or local interest nor WHS. Thus, it is worth noting that all these four counties are located along the Danube which could become an important tourist attraction. The rank of these counties indicates the absence of interesting small rural touristic ports, known tourist attractions and, probably, a lack of local initiative, these four counties being dominated by large agricultural exploitations.

Table 4. The top 5 and the last 5 counties based on lodging and room distribution

2005 - Top 5					
County	Rural lodgings	% of total rural lodgings	County	Rural rooms	% of total rural rooms
Harghita	645	21.12	Bihor	4,223	16.61
Braşov	294	9.63	Constanţa	3,209	12.62
Maramureş	251	8.22	Harghita	1,747	6.87
Suceava	176	5.76	Braşov	1,474	5.80
Constanţa	165	5.40	Tulcea	1,269	4.99
2005 - Last 5					
County	Rural lodgings	% of total rural lodgings	County	Rural rooms	% of total rural rooms
Vaslui	4	0.13	Călăraşi	26	0.10
Călăraşi	3	0.10	Vaslui	22	0.09
Ialomiţa	1	0.03	Ialomiţa	5	0.02
Olt	0	0.00	Olt	0	0.00
Teleorman	0	0.00	Teleorman	0	0.00
2016 - Top 5					
County	Rural lodgings	% of total rural lodgings	County	Rural rooms	% of total rural rooms
Braşov	587	10.97	Constanţa	8,469	15.45
Constanţa	454	8.48	Bihor	5,210	9.50
Suceava	391	7.30	Braşov	5,155	9.40
Tulcea	306	5.72	Suceava	2,892	5.28
Harghita	303	5.66	Tulcea	2,889	5.27

2016 - Last 5					
County	Rural lodgings	% of total rural lodgings	County	Rural rooms	% of total rural rooms
Galați	9	0.17	Galați	95	0.17
Călărași	8	0.15	Călărași	75	0.14
Olt	7	0.13	Teleorman	56	0.10
Teleorman	7	0.13	Olt	47	0.09
Ialomița	3	0.06	Ialomița	19	0.03

Source: authors' calculations based on the official authority for tourism database

When the rural lodging and room distribution is considered at regional level, the Center and North-West development regions (constituting Macro-region 1) concentrate over 40% of the total rural lodgings and rooms. This position is related to the fact that Macro-region 1 also concentrates the highest number of rural resorts and the majority of Romania's WHS (Appendix 2). Furthermore, the relation with these tourist attractions is confirmed by the dominant positions held by Harghita county and Brașov county within the Center region and by Maramureș county and Bihor county within the North-West region. Also one must note a more balanced distribution of lodgings and rooms among the counties of these two regions compared to other four development regions (Appendix 2).

South-East and North-East development regions (constituting Macro-region 2) concentrate more than 30% of the total rural lodgings and rooms. In the case South-East region this is due to the presence of Constanța county (hosting the Romanian littoral) with its related high offer of accommodations and Tulcea county hosting the Danube Delta which also induced an increased lodging offer. Within the North-East region, Suceava county has the leading position mainly due to the WHS, followed closely by Neamț county which hosts a range of religious and historic tourist attractions. Thus, it must be noted that the lodging and room distribution in Macro-region 2 is less balanced (Appendix 2).

In the South-Muntenia region (overlapping with Macro-region 3 due to the exclusion of Bucharest and of Ilfov county) there is a clear concentration of rural lodgings and rooms within Argeș county and Prahova county. In the case of Prahova county, well known for its mountain areas, the second position comes from the fact that the majority of its popular tourist resorts are either municipalities or towns and the rural areas have to compete with them in terms of tourist attractions.

Within the Macro-region 4, the West region presents the most balanced distribution of lodgings and rooms, while the South-West region is dominated by Vâlcea county due to Voineasa mountain resort of national interest. Nonetheless, South-West region registers the lowest concentration of rural lodgings.

Related to the distribution of rural lodging and rooms, Appendix 3 presents the number of communes where lodgings are registered versus the total number of communes and versus the number of communes identified to have tourist potential by NRDP. It also includes the number of communes which concentrate at least 10 accommodation units. Rural tourism is a small scale type of tourism, a high concentration of accommodation facilities in one or few localities would have an undesired impact on the environment and on the traditional culture. The number of 10 lodgings was considered appropriate to provide for small groups of tourists, while the communes with less than 10 lodgings might experience only sporadic tourist activity.

Data in Appendix 3 show that as of 2005 less than one fifth of the communes have officially registered lodgings. As the growth trend of rural accommodation increased, so did the number of communes reporting lodgings by 1.75, raising their number at about one third of the total communes as of 2016. Only in one county, namely Harghita, 75% of the total communes report lodgings, while in other 5 counties (Cluj, Maramureş, Braşov, Covasna, Suceava) between 55% and 67% of the communes have registered lodgings. Of these six counties, four are in the top 5 bases on lodgings and room distribution (Table 4).

By regions, the rural lodging and room distribution (Appendix 2) can be related to the distribution of communes considered to have tourist potential (Appendix 3). At a closer look, it is interesting to note that within three regions (North-West, North-East and West) the number of communes with recorded lodging activity equals or overpasses the number of communes with tourist potential (last two columns of Appendix 3) as of 2016. This is translated at national level in 19 of 40 counties with a higher number of communes reporting lodgings than the communes with tourist potential. Further, it is also interesting to point out that South-Muntenia region gathers the majority of these counties, while being the region ranking next to last based on lodging and room distribution. These findings suggest that while tourist attractions are important, as overall data indicate, there are a range of other reasons that determine the development

of lodgings in rural areas that need to be closely investigated (e.g. the proximity to towns or municipalities or the opportunity provided by the availability of funding sources).

Considering only the communes with 10 lodgings or more, their number is significantly lower. These localities represented less than 15% in 2005 and barely 11% in 2016 of the communes reporting lodgings despite their general increase in number between 2005 and 2016. By counties, the data in Appendix 3 reveal the following:

a) 11 counties exhibit a negligible presence of rural accommodation, neither of the respective communes concentrating at least 10 lodgings; this group includes the counties ranked the last 5 as of 2005 and respectively 2016 based on lodging and room distribution (Table 4);

b) 3 counties (Harghita, Maramureş and Timiş) registered a decrease in the number of communes with at least 10 lodgings, Harghita's decline being the steepest, from 18 to 6 localities suggesting the need for more in depth investigations of this particular case;

c) 6 counties witnessed an increase from 0 communes with at least 10 lodgings in 2005 to at least 1 such locality; within this group two cases are worth noticing: Brăila county where 1 locality (Chiscani-Lacu Sărat resort of local interest) concentrates more than half of the rural lodgings and about a quarter of the rural rooms, and Gorj county where 3 communes concentrate more than 60% of the lodgings and the rooms, with Baia de Fier in the leading position;

d) 15 counties, already hosting localities with at least 10 lodgings in 2005, show an increase of such communes; these counties have the best position in developing sustainable tourism by hosting a range of communes able to receive small tourist groups; nonetheless, the case of Braşov county should be considered separately since it already shows an over-concentration of lodgings in Bran and Moieciu;

e) 5 counties exhibit an unchanged situation with 1 or 2 localities concentrating an important percentage of rural lodgings and rooms within the respective county. It is worth mentioning that only in the case of Arad and Bihor the concentration is related to spa resorts of local and national interest, where the development of accommodation facilities had the input of the communist period.

The findings presented above indicate a slight decrease in the concentration of rural accommodations (at county and region level) with new communes entering the market. This suggests a more balanced

future distribution of lodgings and rooms as half of the counties still have the potential for further development in rural areas since the number of communes hosting lodgings being still lower than that of communes identified with tourist potential.

Thus, one should not ignore the high level of concentration within four localities as Table 5 shows. All these communes concentrate more than 1,000 rooms as of 2016, representing about a quarter of the rooms in rural areas. In three cases, the agglomeration of lodgings is related with resorts of national and local interest, while the fourth case is related to the popularity of the Romanian littoral mainly for domestic tourists. In the cases of Sânmartin (Bihor county) and Costinești (Constanța county) should be highlighted that the upgrade of those localities to the rank of national resorts took place mainly during the communist period, including the construction of large hotels, especially in Sânmartin – Băile Felix¹⁶. Nonetheless, this overcrowding almost annihilated the traditional country area (Sânmartin-Băile Felix¹⁷ and Costinești) and had a negative influence on the traditional country side in Bran-Moieciu (Brașov county). Also, the natural resources might be stretched almost to the limit in these areas. These localities might already have reached a critical crossroad regarding their development as a tourist destination and poor management might lead to a decline despite their current popularity.

Table 5. Communes with more than 1,000 rooms

Communes and their component localities	2005		2016	
	Lodgings	Rooms	Lodgings	Rooms
Sânmartin (Băile Felix and Băile 1 Mai), Bihor county Note: Băile Felix is a resort of national interest; Băile 1 Mai is a resort of local interest	51	3,579	201	4,245
Costinești, Constanța county Note: Costinești is a resort of national interest at the Black Seaside	128	2,658	313	6,063

¹⁶ According to Pop et al. (2007), Baile Felix still had, as of 2005, the largest hotel in Romania comprising 728 rooms (Hotel Padis).

¹⁷ Some media sources suggested that a project of integrating Sânmartin commune in the municipality of Oradea (the residence city of Bihor county) has been proposed in 2013. A referendum was organized in 2015 and the proposal was rejected by the local population (<http://www.ebihoreanul.ro/stiri/ultima-or-31-6/adio-referendum-aproape-sigur-referendumul-pentru-oradea-mare-nu-se-va-mai-organiza-126994.html>).

Communes and their component localities	2005		2016	
	Lodgings	Rooms	Lodgings	Rooms
Bran-Moieciu, Braşov county Note: both communes were declared resorts of local interest in 2012; thus they are counted jointly given their proximity; their popularity is based mainly on Bran Castle (also called Dracula Castle by foreigners)	198	1,095	373	2,284
Limanu (Vama Veche and 2 Mai), Constanţa county Note: both component villages are well known tourist destinations at Black Seaside, but they did not fulfill the conditions to be declared resorts of local or national interest	< 1,000 rooms	< 1,000 rooms	95	1,482
Total	377	7,332	982	14,074
% of rural accommodation (national level)	12.34	28.84	18.34	25.67

Source: authors' calculations based on the official authority for tourism database

The Classification of Rural Lodgings

Romania embraced the classification system from 1 to 5 stars since 1993 (for more details see Pop et al., 2007). When the pensions for rural areas (with a distinct type: agri-pensions) were introduced in 1995, their classification was proposed to be changed from stars to flowers (or daisies) in an attempt to differentiate these dwellings from their urban peers. Thus, no similar decision was taken regarding the other types of lodgings developed and authorized to function in rural areas. Moreover, the classification rules for any type of accommodation facilities were not adapted to include more suitable criteria for rural space, mainly for the smaller accommodations of less than 5 rooms¹⁸. Furthermore, no specific requirements regarding the preservation of traditional features were

¹⁸ This problem could be discussed at length, but some details can be found in Radan-Gorska (2013). When the rural pensions were first introduced, one of the requirements was that they could offer in-house/farm made products without the obligation to provide the meals. Nonetheless, the requirements for the kitchen and food-serving areas were similar to those for urban hotels and restaurants. While these requirements are intended to protect the guest well-being and food safety, for sure better adapted rules to Romanian rural space would have increase the offer of traditional meals at a larger scale.

included (e.g. the preservation of architectural authenticity) supporting the findings of Ilies et al. (2008) and Ilies et al. (2011).

The present survey took into consideration all the pensions registered in rural areas since the in depth analysis of 2005 and 2016 databases revealed rural pensions registered in urban areas and tourist pensions registered in rural areas, while the former were supposed to be found only in urban spaces. While no distinction exists between the flower/daisy classification and star classification and since other type of accommodation classified by stars exists in rural areas, the general classification of stars is used hereafter.

As Appendix 4 reveals, between 2005 and 2016, the accommodation in rural areas shifted from a dominant 2 star classification to a dominant 3 star classification. This trend follows the trend of all Romanian accommodation (see Pop, 2014). The change from budget/economy to mid-market is not always triggered by the real tourist demand but also by the owners' aspiration to be associated with a higher level of quality of offered services and sometimes by the wish to develop a trophy or vanity property (Pop & Coros, 2011). This change may also have been determined by subtle changes in the classification regulations (of 2011 and 2013) that made the 3 star classification easier and more permissive.

This shift from 2 to 3 star classification is followed by all the regions. Thus, the situation at county level shows that while the majority of the counties (22) followed the same trend, 6 counties stagnated at the same level of classification and the remaining 12 exhibit various particular situations that can be noticed in Appendix 4.

Over a decade, between 2005 and 2016, rural accommodations grew not only in number, their portfolio also diversified from the classification point of view. As of 2005 only 5 counties offered rural lodgings ranked from 1 to 5 stars (Alba, Braşov, Sibiu, Tulcea and Vrancea). As of 2016 half of the counties (20) offered the entire range of classified lodgings (1 to 5 stars); most of these counties (9) added 5 star lodgings to the already existing range of 1 to 4 stars. Also the number of counties offering lodgings ranked from 1 star to 4 stars grew from 11 in 2005 to 15 in 2016. The growth within this category seems insignificant, thus it must be considered under the transfer of 9 counties in the previously mentioned category, while other 10 counties added 4 star lodgings to the existing 1 to 3 star

lodgings. This phenomenon is confirmed by the decrease of counties with only 1 to 3 star ranked lodgings: these counties decreased from 16 in 2005 to 5 in 2016. Furthermore, while as of 2005 there were 5 counties offering only 1 and 2 star accommodation, this category disappeared completely as of 2016. It is interesting to note that, aside the 5 counties that already offered the complete range of classified lodgings since 2005 and, therefore, could not diversify further, only other 5 counties remained at the same level of classified accommodation as of 2005: Arad, Buzau, Constanța with 1 to 4 star lodgings; Brăila and Călărași with 1 to 3 star lodgings. It seems that the classification of lodgings within a county has little or no connection with the rank of the respective county when the lodging distribution is considered.

The Rural Accommodation Lodging Capacity

Appendix 5 presents the structure of rural accommodation units by lodging capacity (number of rooms). While the general trend of accommodation facilities at national level shows a decrease in lodging capacity due to the development of smaller accommodation units (Pop 2014), the general trend in rural areas shows a slight increase of lodging capacity. As of 2005, the dominant lodging capacity was of 1-4 rooms, while a decade later the dominant lodging capacity became 5-9 rooms. This increase of the lodging capacity seems to be triggered by two factors: a growing demand for rural accommodation¹⁹ and the availability of European funds for rural development, including rural tourism. At county level, 12 counties followed the trend observed at national level for the rural areas

¹⁹ Overall, according to NIS data, the number of tourist arrivals at accommodation facilities grew from 5.81 million as of 2005 to 11.00 million as of 2016. While the majority of the tourists prefer Bucharest, the county residences, the littoral, the spa and mountain resorts, it is assumed that some of this growth also reached the rural areas. For the present paper the calculation of tourists arrivals within rural areas was not performed since it needs to take into consideration every commune in each county. NIS does not provide ready available information in this respect since some of the rural areas overlap with the spa resorts, mountain resorts, Danube Delta and the category called 'other destinations'. Furthermore, the data concerning tourist arrivals offered by NIS are restricted to the lodging facilities with at least 5 rooms, therefore the information is relevant only considering this limitation.

(the dominant lodging capacity shifting from 1-4 rooms to 5-9 rooms). In 7 counties the dominant lodging capacity became 10-49 rooms evolving either from 1-4 rooms (4 counties) or 5-9 rooms (3 counties). For 15 counties, the dominant lodging capacity remained the same. In 4 counties the lodging capacity registered a decrease. Within this last group the most interesting case is that of Tulcea county (hosting the natural WHS Danube Delta) where the dominant lodging capacity became 1-4 rooms as of 2016, a drop from 5-9 rooms as of 2005. While further investigations are needed to understand this evolution, an educated deduction points towards the fact that, in such a destination, smaller lodgings are more appropriate for small scale tourism.

It is worth pointing out that as of 2016 a more balanced portfolio of lodging capacities was developed in rural areas at national and regional level versus the high concentration of 1-4 room capacity as of 2005. It is interesting to mention that the only two counties exhibiting lodging capacities over 500 rooms are: i) Bihor, as of 2005, due to the Argeş hotel in the country at that time as mentioned in footnote 16; by 2016 the hotel reduced its lodging capacity; ii) Constanţa, as of 2016, due to a complex of rooms for rent. Further, several counties hosted lodging capacities larger than 100 rooms in 2005 and maintained at similar levels in 2016. In all of these cases the situation is generated by the presence of spa or mountain resorts in rural areas, as follows: Moneasa, spa resort of national interest in Arad county; Chiscani - Lacu Sărat, spa resort of local interest in Brăila county; Bala, spa resort in Mehedinţi county; Băltăţeşti, spa resort of local interest in Neamţ county; Voineasa, mountain resort of national interest, in Vâlcea county. Timiş county and Vrancea county lost their larger lodging capacities either due to closing or by not being registered with the 2016 official accommodation database.

A Brief Profile of Counties and Regions Based on Rural Accommodation Facilities

Appendix 6 presents the profile of each county and region by showing how many types of rural accommodation facilities each county/region hosts, the dominant type of lodgings and rooms, the dominant classification rank for the respective lodgings/rooms, and the dominant lodging capacity.

Furthermore, Appendix 6 includes the growth rate of rural lodgings and rooms and also the importance of rural lodgings in the total lodgings of the respective counties/regions.

While the dominant classification and lodging capacity were discussed in the previous paragraphs, the topics of dominant type of accommodation and the position of rural accommodation at county/region level are yet to be covered.

As of 2005, the official database reported 16 types of accommodation units²⁰. Their number increased at 17 by 2016. As Appendix 6 shows, neither county hosted all types of accommodations, thus all counties diversified these types over the 2005-2016 period. As of 2005, only 3 counties (Constanța, Neamț and Tulcea) offered a portfolio of 10 or more types of accommodation facilities. As of 2016, the number of these counties grew to 20.

The most diversified portfolio by types of accommodation structures is offered by Suceava county (14), followed by Brașov, Constanța and Tulcea, each with 13 types of accommodation units. The dominant type of accommodation facility in rural area is the pension²¹. The pensions are dominant both in terms of number and rooms. Thus, at county and regional level, specific situations can arise due to particular conditions. In 25 counties, pensions remained dominant for the decade under survey (2005-2016), though their dominance slightly decreased due to the diversification of other types of accommodations.

The two counties which registered no rural accommodations as of 2005, Olt and Teleorman, also joinen this group of counties. It is interesting to mention that only in one case (Ialomița) the dominance of pensions as of 2005 was overcome by another accommodation type, the rooms for rent, by 2016. In the case of 6 counties, even though pensions

²⁰ The types of units are: apartments for rent; rooms for rent; bungalows; lodges; camping; cabins (houselet-type units); hostels; hotels; apartment-hotels; motels; pensions (rural and urban); dwellings in rest areas; holiday villages; villas; moored river vessels; moored pontoons (floating structures). In 2016 a 17th type was registered: spaces/locations for camps/camping. The apartments and rooms for rent by tourists need to be authorized in order to be registered with the official accommodation database.

²¹ As mentioned before, the present study considered all the pensions registered in rural areas.

held the dominant position over the decade, hotels were dominant in terms of rooms as of 2005 only to be over-passed by pensions lodging capacity by 2016. This situation was due to the existence in the rural areas of those counties (Salaj, Neamț, Buzau, Gorj, Mehedinți, Vâlcea) of spa or mountain resorts²², some recognized as resorts of national or local interest, others well known locally for their cure benefits.

Within these resorts, hotels were developed mainly during the communist period and currently they either are closed or reduced their lodging capacity and therefore lost their dominant position by 2016. Bihor and Arad counties are similarly dominated by pensions from number viewpoint, though the hotels kept their dominant position in terms of rooms. These two counties owed their situation to the high level of accommodation concentration within the spa resorts Sânmartin-Băile Felix and Moneasa where a range of medium to large hotels were built during the communist period. Due to the popularity of these rural resorts (both of national interest) these hotels continued to operate, although with a reduced capacity in some cases. Only two counties are dominated by other types of accommodation facilities both in 2005 and 2016: Brăila county where the hotels are the most important due to Chiscani - Lacu Sărat resort of local interest and Constanța county dominated by villas in 2005 and by rooms for rent in 2016 given the influence of the sea side tourist demand. These particular situations also influence the dominant accommodation at regional level mainly when rooms are taken into consideration. For the North-West region (given the influence of Bihor county), West region (given the influence of Arad county), and South-West region (given the influence of Gorj, Vâlcea and Mehedinți counties), hotel rooms were dominant as of 2005 only to be replaced by pensions by 2016. South-Muntenia, under the influence of Constanța and Brăila county, is the only region where pensions are not dominant in terms of lodging capacity neither in 2005 nor in 2016.

It is worth noting that not all the accommodation types are appropriate for encouraging the preservation of rural areas' specific features and ensuring their sustainability. Nonetheless, since there is no coherent strategy for the preservation of the architectural characteristics

²² These resorts are: Sarata Monteoru (Buzau), Sacelu (Gorj), Bala (Mehedinti), Baltatesti (Neamt), Bizusa (Salaj), and Voineasa (Valcea).

of rural areas and no correlation with sustainable development, the selection of accommodation type is left at the owners' choice, not always well informed and documented, as pointed out by Ilies et al. (2008) and Ilies et al. (2011). The dominance of pensions was generated mainly by the financing opportunities provided through the SAPARD program before 2007 and by the European grants for rural development after Romania's accession to the EU which seemed to favor this type of accommodation to the less invasive and more flexible rooms for rent and bungalows.

Appendix 6 presents detailed information regarding the standing of rural accommodation in each county and region showing how much of the lodgings and rooms are concentrated within the respective rural areas. Table 6 contains the descriptive statistics for the respective percentages and it is interesting to note that the average indicates a relatively high number of lodgings in rural areas, slightly less than half of the total accommodation units being registered there. Nonetheless, the average data indirectly show the relatively small lodging capacity of these rural accommodations since they concentrated only about one third of the total rooms.

The data in Table 6 confirm several of the findings presented above: a) the growth of accommodation facilities in rural areas reflected by the increase of the mean and median as of 2016; b) the smaller lodging capacity of rural accommodations confirmed by the lower mean and median for the rooms; c) the decrease in rural lodging concentration due to the entry of new communes on the tourist market through the decrease of the maximum values and by the increase of minimum values.

Table 6. Descriptive statistics for the rural lodging and room concentration within a county/region

Descriptive statistics	% of rural lodgings of county lodgings		% of county rural rooms of county rooms	
	2005	2016	2005	2016
Mean	45.53	47.04	28.33	33.93
Median	42.06	47.40	21.47	33.14
First quartile	30.72	31.54	13.75	19.25
Third quartile	62.77	60.54	40.13	44.87
Minimum	0.00	10.71	0.00	2.04
Maximum	85.71	77.66	85.30	73.93
Observations	40	40	40	40

Source: authors' calculations based on the official authority for tourism database

Table 7 presents the top 5 and the last 5 counties as of 2005, respectively 2016 from the viewpoint of lodging and room concentration. The constant presence of Bihor county and Buzau county in top 5 is due to the rural resorts of national and local interest, Băile Felix and 1 Mai (Bihor), respectively Sărata Monteoru (Buzau), while the presence of Tulcea county in top 5 from the rooms viewpoint is determined by the natural WHS Danube Delta. The entry in top 5 of Argeş and Neamţ counties as of 2016 points out toward important development of the respective counties rural accommodations. The presence among the last 5 of Prahova county (and Constanţa county in 2005) can be explained by the high number of cities and municipalities that cover the most popular tourist resorts of the respective county/counties.

Table 7. Top 5 and last 5 counties based on lodging and room concentration within a county

2005 - Top 5			
County	% of rural lodgings of county lodgings	County	% of county rural rooms of county rooms
Vrancea	85.71	Bihor	85.30
Alba	85.16	Vrancea	67.55
Harghita	83.66	Buzau	67.10
Buzau	76.47	Tulcea	63.90
Bihor	76.40	Alba	57.78
2005 - Last 5			
County	% of rural lodgings of county lodgings	County	% of county rural rooms of county rooms
Galaţi	21.43	Vaslui	8.06
Prahova	15.76	Constanţa	7.25
Ialomiţa	5.26	Ialomiţa	0.40
Olt	0.00	Olt	0.00
Teleorman	0.00	Teleorman	0.00
2016 - Top 5			
County	% of rural lodgings of county lodgings	County	% of county rural rooms of county rooms
Tulcea	77.66	Bihor	73.93
Buzau	77.44	Buzau	68.80
Argeş	76.38	Tulcea	68.56
Bihor	75.77	Neamţ	64.94
Neamţ	75.15	Argeş	59.60

2016 - Last 5			
County	% of rural lodgings of county lodgings	County	% of county rural rooms of county rooms
Satu-Mare	25.24	Prahova	14.64
Olt	17.95	Teleorman	13.86
Galați	16.98	Galați	9.29
Prahova	15.61	Olt	7.67
Ialomița	10.71	Ialomița	2.04

Source: authors' calculations based on the official authority for tourism database

Thus, while the general trend shows an increase of rural area accommodation facility concentration, eight counties (Bihor, Cluj, Maramureș, Alba Harghita, Mureș, Galați, and Vrancea) witnessed a decreased of this concentration between 2005 and 2016, though Bihor manage to keep its position within top 5. This decrease in concentration can be linked to the downward trend in rural accommodation in Maramureș county and Harghita county, discussed in a previous paragraph. Further investigations are needed to explain this phenomenon within the remaining counties, thus the preference of urban accommodation development is the most obvious one. Nonetheless, the administrative transformation of some communes into towns can provide another explanation worth to be considered.

At regional level, of the seven regions considered, five show an increase of rural lodging and room concentration, while two (North-West and Center) show a decrease under the influence of the component counties similar trend: Bihor, Cluj, Maramureș in the North-West region and Alba Harghita, Mureș in the Center region. Thus, these last two regions are the most prominent when rural lodging and room distribution is concerned. More investigations are needed in order to better understand these contradictory developments.

Conclusions

The present paper shows the growth of rural accommodation facilities over a decade (2005 and 2016). This growth is partly confirmed by Zaharia & Ghita (2014) study which investigated the 2000-2012 period,

while only based on NIS data for boarding houses (probably rural pensions). Nonetheless, further investigations are needed in order to establish how much of this growth can be credited to central and regional initiatives (2007-2026 Master Plan for National Tourism Development and to the NRDPs of 2007-2013 and 2014-2020), to county and local initiatives (e.g. counties and/or communes which present a strategy for rural tourism development or the leadership of small groups like the case of Viscri documented by Iorio & Corsale 2010, Iorio & Corsale 2013b) and/or to the individual/family initiatives. The survey also shows the spatial distribution of rural accommodations pointing toward a decrease in the uneven geographical dispersal of rural lodgings (highlighted in the past by Hall 2004, and Iorio & Corsale 2010) through the entry on the rural tourist market of new localities, as Appendix 3 shows. Thus, the combined North-West and Center regions (which cover the historic Transylvania and Maramureș) show a higher concentration of rural lodgings. This top position of North-West and Center regions is also confirmed by Zaharia & Ghita (2014). Nonetheless, by 2016, the gap between these two regions and the remaining regions diminished (Appendix 2).

The spatial distribution is completed by the detailed information of Appendix 3 which presents (for the first time) the number of communes where lodgings are reported in correlation with the total number of communes and with those communes identified through NRDP 2007-2013 to have tourist potential. Furthermore, the study reveals the diversification of rural accommodation portfolio regarding the type of accommodation, the ranking or classification of the respective lodgings and the lodging capacity. By offering a broader range of lodging types most of them classified between 1 and 4 stars, and with a lodging capacity varying between 1 and 49 rooms, the accommodation supply side for rural tourism can be considered to have the diversity needed to attract a wide range of tourists and to meet the demands and expectations of various niches, as suggested by Pina & Delfa (2005). In addition, the paper also draws the profile of rural accommodation at county and regional level, presenting the dominant types of accommodation, the dominant classification and the dominant lodging capacity. The information is completed by the growth rate of lodgings and rooms and by the standing of rural accommodation within each county and region.

Lane & Kastenholtz (2015) suggest three phases to assess the evolution of modern rural tourism a) the first phase – the emergence of rural tourism; b) the second phase – the (consolidated) growth; c) the third phase – the maturity which can lead to decline or regeneration through innovation. Applying these phases to Romania's rural tourism situation it can be safely stated that it has reached the second phase, that of growth. The data presented in this paper (mainly in Appendix 3 and Appendix 6) indirectly imply that this phase is poorly coordinated at central and regional level in Romania (also highlighted by Iorio & Corsale 2010), similar to the features suggested for the phase of growth by Lane & Kastenholtz (2015).

Nonetheless, some of the counties can be considered to be in the first phase, of emergence, still having a small number of rural localities with registered lodgings, while having an important number of communes with tourist potential (Gorj and Mureş). Furthermore, as shown by Pop & Coros (2016) some communes seem to ignore or are not willing to be involved in rural tourism while hosting or being part of WHS. To the other extreme, some rural destinations might reach the third phase, of maturity.

These are rural destinations that overlap resorts of national or local interest where previous accommodations were built during the communist period and further witnessed an overcrowding of accommodations (e.g. Băile Felix – Sânmartin, Bihor county) or where a specific tourist attraction generated an increased flow of tourists and the related accommodation offer followed the trend, ending in overcrowding (Bran Castle for Bran-Moieciu – Bran county, Black Seaside for Costineşti – Constanţa county). While still popular, these destinations already face a degradation of natural landscape, environmental problems and the loss of their traditional rural features. They will have to face the choice between decline and rejuvenation, although not on a short term horizon.

Given the mix of phases that can be found in Romania's rural tourism, it is difficult to evaluate how advanced the growth phase is. Thus, there is still an unexploited potential that can support more expansion. While the further development is expected to bring an increase in the number of communes reporting accommodation, it is also expected that an increase in the quality of services and facilities along with a wider

range of entertainment activities based on innovation should occur. Despite the fact that innovation has a modest presence in Romania's rural enterprises (Iorio & Corsale 2010) and is often related to a low level of investments, largely based on the EU grants/funds (Toader & Gica 2014). Furthermore, the recent study of Mureșan et al. (2016) suggests that 90% of the 2005-2010 growth was due to the EU funds supporting rural development. Additionally, Mureșan et al. (2016) and Ioan et al. (2014) reveal that most of the Romanian rural lodgings offer mainly basic services: accommodation and breakfast, optional other meals and that they largely lack additional services for guest (e.g. in- and outdoor recreation activities). As Iorio & Corsale (2010) showed, these basic services do not guarantee the demand.

The economic impacts of rural tourism on Romanian rural communities remain largely unstudied due to the difficulties associated with data collection for such an ambitious attempt. Based on data collected for the North-West region, Mureșan et al. (2016) revealed a lack of knowledge regarding rural residents' perception on tourism impacts. Nonetheless, the same study (Mureșan et al., 2016) also showed that the residents of rural areas are willing to support sustainable rural tourism when seen as an opportunity to enhance their personal benefit and to improve the well-being of their community. These findings complete the results of Iorio & Corsale (2010) study on Viscri (Brașov county, Center region) where tourism has been firmly integrated into the families' existing situations as a complementary activity, contributing to economic diversification and enriching social interactions.

The future development of Romanian rural tourism should be based on quality and innovation. Addressing small groups on various niches, the rural tourism sector can be fragile even under favorable conditions (Hall, 2004). Therefore, rural tourism should not to be considered a *panacea* for the complex problems of Romanian rural areas but, rather, a potential activity that can lead to diversification of the livelihood options (Iorio & Corsale 2010). Furthermore, the progress of rural tourism should consider and integrate the difficult balance between the 21st Century standards, the tourists' expectations in terms of authenticity and the preservation of rural patrimony, traditions and natural charm of villages (Ilies et al., 2008, Cipollari 2010, Klimaszewski et al., 2010, Iorio & Corsale 2013b). Some of the further steps require the involvement of central

authorities mainly regarding the heritage and environment protection. Moreover, central authorities could help the future of rural tourism development by categorizing the villages based on their resources²³, as proposed by Bran et al. (1997) and Merciu et al. (2011) by helping to build a specialization of rural localities based on these resources.

The experiences of Austria and France in rural tourism development might become good examples to be adapted (not imported) by Romanian rural areas. Nonetheless, the involvement of the local community should play a central role within any further advances in rural tourism. The understanding of risks and the changes rural tourism will bring along in a community represents the key for the respective community's acceptance of and participation to a phenomenon that is life changing but that can also help preserving and improving the community sustenance. If handled in an integrated, appropriate and flexible manner, rural tourism can, in the end, become an alternative to emigration and urbanization.

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²³ Not only should the resources be considered but the tourist profile also. To the best of our knowledge, the only study on Romanian rural tourist profile is that of Naghiu et al. (2005).

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APPENDICES

Appendix 1. Comparative evolution of lodgings by counties and regions

County	Total lodgings		Total rooms		Rural lodgings		Rural rooms		Resorts of national interest		Resorts of local interest	
	2005	2016	2005	2016	2005	2016	2005	2016	2005	2016	2005	2016
Bihor	161	392	4,951	7,047	123	297	4,223	5,210	1	1	3	3
Bistrita-Nasaud	51	120	1,289	1,860	32	77	221	681	1	1	0	0
Cluj	218	465	2,887	5,737	137	226	1,025	1,890	0	0	2	4
Maramureş	340	424	2,037	3,693	251	245	880	1,587	0	0	2	4
Salaj	12	77	198	872	6	49	87	441	0	0	0	0
Satu-Mare	28	103	526	1,513	7	26	78	323	0	0	0	1
North-West	810	1,581	11,888	20,722	556	920	6,514	10,132	2	2	7	12
Alba	155	289	1,009	3,117	132	208	583	1,628	0	0	0	2
Braşov	649	1,256	7,004	15,306	294	587	1,474	5,155	1	3	2	4
Covasna	114	168	1,767	2,690	64	95	324	956	1	1	1	1
Harghita	771	522	3,374	4,907	645	303	1,747	1,998	1	1	6	6
Mureş	119	362	2,233	5,252	50	101	319	1,019	1	1	0	0
Sibiu	267	493	2,364	5,858	83	208	535	1,953	0	0	2	3
Center	2,075	3,090	17,751	37,130	1,268	1,502	4,982	12,709	4	6	11	16
Macro-region 1	2,885	4,671	29,639	57,852	1,824	2,422	11,496	22,841	6	8	18	28
Bacau	84	213	1,695	2,792	34	75	316	667	2	2	0	0
Botosani	19	34	374	491	8	16	57	112	0	0	0	0
Iasi	55	141	1,172	2,577	17	46	106	463	0	0	0	0
Neamţ	140	334	1,875	3,537	104	251	1,083	2,297	0	2	2	2
Suceava	309	657	3,364	6,750	176	391	1,082	2,892	0	3	1	0
Vaslui	11	35	273	507	4	17	22	149	0	0	0	0
North-East	618	1,414	8,753	16,654	343	796	2,666	6,580	2	7	3	2
Brăila	22	47	815	1,110	8	20	397	586	0	0	1	1
Buzau	51	133	933	1,686	39	103	626	1,160	0	0	1	1
Constanţa	745	1,502	44,279	52,587	165	454	3,209	8,469	11	11	0	0
Galaţi	28	53	590	1,023	6	9	58	95	0	0	0	0
Tulcea	154	394	1,986	4,214	108	306	1,269	2,889	0	0	0	0
Vrancea	63	90	715	886	54	60	483	485	0	0	1	1
South-East	1,063	2,219	49,318	61,506	380	952	6,042	13,684	11	11	3	3
Macro-region 2	1,681	3,633	58,071	78,160	723	1,748	8,708	20,264	13	18	6	5
Argeş	128	343	1,670	4,079	91	262	653	2,431	0	0	1	1
Călăraşi	11	23	287	475	3	8	26	75	0	0	0	0
Dambovita	47	103	826	1,652	28	67	267	841	0	1	0	0
Giurgiu	14	36	279	642	6	20	58	163	0	0	0	0
Ialomiţa	19	28	1,254	931	1	3	5	19	1	1	0	0
Prahova	514	647	5,420	7,549	81	101	543	1,105	2	4	1	3
Teleorman	3	23	110	404	0	7	0	56	0	0	0	0

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County	Total lodgings		Total rooms		Rural lodgings		Rural rooms		Resorts of national interest		Resorts of local interest	
	2005	2016	2005	2016	2005	2016	2005	2016	2005	2016	2005	2016
South-Muntenia	736	1,203	9,846	15,732	210	468	1,552	4,690	3	6	2	4
Macro-region 3**	736	1,203	9,846	15,732	210	468	1,552	4,690	3	6	2	4
Arad	96	180	1,744	2,867	40	75	620	1,022	1	1	1	1
Caras-Severin	109	266	3,375	4,343	51	127	493	1,263	1	1	4	4
Hunedoara	172	361	2,193	3,979	53	113	480	942	1	2	2	2
Timiș	138	253	2,993	4,562	42	80	421	841	1	1	1	1
West	515	1,060	10,305	15,751	186	395	2,014	4,068	4	5	8	8
Dolj	31	94	751	1,792	11	29	96	337	0	0	0	0
Gorj	37	196	525	2,114	13	96	190	788	0	0	1	1
Mehedinți	44	101	665	1,298	27	58	207	504	0	0	0	0
Olt	9	39	253	613	0	7	0	47	0	0	0	0
Vâlcea	199	348	4,825	6,383	60	130	1,164	1,277	3	4	0	1
South-West	320	778	7,019	12,200	111	320	1,657	2,953	3	4	1	2
Macro-region 4	835	1,838	17,324	27,951	297	715	3,671	7,021	7	9	9	10
Total	6,137	11,345	114,880	179,695	3,054	5,353	25,427	54,816	29	41	*35	*47

Note*: The total does not include the local resort Snagov, Ilfov County

Note:** Macro-region 3 does not include Bucharest and Ilfov county

Source: authors' calculations based on the official authority for tourism database

Appendix 2. Lodgings and rooms distribution by counties and regions

County/Region	% of total rural lodgings		% of total rural rooms		Rural resorts of national interest		Rural resorts of local interest		World (UNESCO) heritage sites in rural areas
	2005	2016	2005	2016	2005	2016	2005	2016	
Bihor	4.03	5.55	16.61	9.50	1	1	3	3	
Bistrita-Nasaud	1.05	1.44	0.87	1.24	0	0	0	0	
Cluj	4.49	4.22	4.03	3.45	0	0	0	2	
Maramureș	8.22	4.58	3.46	2.90	0	0	1	1	7 wooden churches
Salaj	0.20	0.92	0.34	0.80	0	0	0	0	
Satu-Mare	0.23	0.49	0.31	0.59	0	0	0	0	
North-West	18.22	17.20	25.62	18.48	1	1	4	6	
Alba	4.32	3.89	2.29	2.97	0	0	0	2	1 fortified church; 1 Dacian fortress
Brașov	9.63	10.97	5.80	9.40	0	0	0	2	2 fortified churches
Covasna	2.10	1.77	1.27	1.74	0	0	1	1	
Harghita	21.12	5.66	6.87	3.64	0	0	2	2	1 fortified church
Mureș	1.64	1.89	1.25	1.86	0	0	0	0	1 fortified church
Sibiu	2.72	3.89	2.10	3.56	0	0	1	1	2 fortified churches
Center	41.52	28.07	19.58	23.18	0	0	4	8	
Macro-region 1	59.74	45.27	45.20	41.66	1	1	8	14	

County/Region	% of total rural lodgings		% of total rural rooms		Rural resorts of national interest		Rural resorts of local interest		World (UNESCO) heritage sites in rural areas
	2005	2016	2005	2016	2005	2016	2005	2016	
Bacau	1.11	1.40	1.24	1.22	0	0	0	0	
Botosani	0.26	0.30	0.22	0.20	0	0	0	0	
Iasi	0.56	0.86	0.42	0.84	0	0	0	0	
Neamț	3.41	4.69	4.26	4.19	0	0	2	2	
Suceava	5.76	7.30	4.26	5.28	0	0	0	0	5 painted churches
Vaslui	0.13	0.32	0.09	0.27	0	0	0	0	
North-East	11.23	14.87	10.49	12.00	0	0	2	2	
Brăila	0.26	0.37	1.56	1.07	0	0	1	1	
Buzau	1.28	1.92	2.46	2.12	0	0	1	1	
Constanța	5.40	8.48	12.62	15.45	1	1	0	0	
Galați	0.20	0.17	0.23	0.17	0	0	0	0	
Tulcea	3.54	5.72	4.99	5.27	0	0	0	0	the Danube Delta – natural World heritage
Vrancea	1.77	1.12	1.90	0.88	0	0	1	1	
South-East	12.44	17.78	23.76	24.97	1	1	3	3	
Macro-region 2	23.67	32.65	34.24	36.97	1	1	5	5	
Argeș	2.98	4.89	2.57	4.43	0	0	1	1	
Călărași	0.10	0.15	0.10	0.14	0	0	0	0	
Dambovita	0.92	1.25	1.05	1.53	0	0	0	0	
Giurgiu	0.20	0.37	0.23	0.30	0	0	0	0	
Ialomița	0.03	0.06	0.02	0.03	0	0	0	0	
Prahova	2.65	1.89	2.14	2.02	0	0	0	1	
Teleorman	0.00	0.13	0.00	0.10	0	0	0	0	
South-Muntenia	6.87	8.74	6.11	8.56	0	0	1	2	
Macro-region 3	6.87	8.74	6.11	8.56	0	0	1	2	
Arad	1.31	1.40	2.44	1.86	1	1	0	0	
Caraș-Severin	1.67	2.37	1.94	2.30	0	0	3	3	
Hunedoara	1.74	2.11	1.89	1.72	0	0	1	1	5 Dacian fortresses
Timiș	1.38	1.49	1.66	1.53	0	0	1	1	
West	6.10	7.37	7.93	7.42	1	1	5	5	
Dolj	0.36	0.54	0.38	0.61	0	0	0	0	
Gorj	0.43	1.79	0.75	1.44	0	0	1	1	
Mehedinți	0.88	1.08	0.81	0.92	0	0	0	0	
Olt	0.00	0.13	0.00	0.09	0	0	0	0	
Vâlcea	1.96	2.43	4.58	2.33	1	1	0	0	
South-West	3.62	5.97	6.52	5.39	1	1	1	1	
Macro-region 4	9.72	13.34	14.45	12.81	2	2	6	6	
National level (rural)	100	100	100	100	4	4	20	27	

Source: authors' calculations based on the official authority for tourism database

**Appendix 3. Number of communes reporting lodgings,
number of communes concentrating 10 lodgings or more,
number of communes with tourist potential**

County/ Region	Communes (INSSE)		Communes reporting lodgings		Concentration 2005 (10 or more lodgings)			Concentration 2016 (10 or more lodgings)			Communes with tourist potential* (NRDP 2007-2013)	
	2005	2016	2005	2016	com- munes	% of lodgings	% of rooms	com- munes	% of lodgings	% of rooms	High tourist resources concentra- tion	Very high tourist resources concentration
Bihor	90	91	25	38	2	51.22	87.24	2	71.38	83.09	23	3
Bistrita- Nasaud	58	58	9	28	0	0	0	2	31.17	37.30	30	7
Cluj	75	75	26	41	3	52.55	30.63	6	56.64	50.63	27	0
Maramureş	63	63	34	39	11	76.49	71.02	8	60.41	58.22	44	10
Salaj	57	57	5	23	0	0	0	1	20.41	20.86	31	0
Satu-Mare	59	59	6	17	0	0	0	0	0	0	10	0
North-West	402	403	105	186	16	58.81	70.97	19	56.74	64.71	165	20
Alba	66	67	19	33	4	64.39	60.03	5	60.58	61.98	34	11
Braşov	48	48	20	32	4	85.03	83.31	8	87.90	69.85	29	4
Covasna	40	40	18	26	1	40.63	18.83	2	27.37	28.35	20	7
Harghita	58	58	37	44	18	94.26	90.38	6	66.67	62.81	35	1
Mureş	91	91	20	36	0	0	0	1	10.89	13.05	57	2
Sibiu	53	53	16	24	2	36.14	21.87	7	67.79	70.35	27	8
Center	356	357	130	195	29	78.79	66.94	29	68.04	60.14	202	33
Macro- region 1	758	760	235	381	45	72.70	69.22	48	63.75	62.16	367	53
Bacau	85	85	16	25	0	0	0	1	20.00	13.04	14	0
Botosani	71	71	4	8	0	0	0	0	0	0	8	0
Iasi	93	93	11	21	0	0	0	0	0	0	14	0
Neamţ	78	78	22	36	2	47.12	33.89	6	66.14	61.73	36	7
Suceava	97	98	32	54	6	57.95	52.59	13	73.15	74.93	34	7
Vaslui	81	81	2	8	0	0	0	0	0	0	10	0
North-East	505	506	87	152	8	44.02	35.11	20	58.67	55.81	116	14
Brăila	40	40	2	6	0	0	0	1	55.00	25.94	14	0
Buzau	82	82	13	28	1	46.15	69.17	2	45.63	54.40	15	1
Constanţa	58	58	7	14	2	91.57	94.61	3	93.61	96.34	19	6
Galaţi	60	61	2	6	0	0	0	0	0	0	15	0
Tulcea	46	46	13	18	5	77.78	81.17	6	83.99	82.94	21	3
Vrancea	68	68	18	21	1	57.41	40.79	1	53.33	57.32	19	0
South-East	354	355	55	93	9	74.74	77.72	13	81.09	84.89	103	10
Macro- region 2	859	861	142	245	17	60.17	64.68	33	70.88	75.44	219	24

County/ Region	Communes (INSSE)		Communes reporting lodgings		Concentration 2005 (10 or more lodgings)			Concentration 2016 (10 or more lodgings)			Communes with tourist potential* (NRDP 2007-2013)	
	2005	2016	2005	2016	com- munes	% of lodgings	% of rooms	com- munes	% of lodgings	% of rooms	High tourist resources concentra- tion	Very high tourist resources concentration
Argeş	95	95	20	41	3	57.14	50.69	5	59.54	61.83	49	1
Călăraşi	49	50	2	5	0	0	0	0	0	0	1	0
Dâmbovită	82	82	11	25	1	57.14	66.67	1	41.79	54.58	18	1
Giurgiu	51	51	5	9	0	0	0	0	0	0	3	1
Ialomiţa	58	59	1	3	0	0	0	0	0	0	4	0
Prahova	90	90	17	20	1	48.15	52.67	2	47.52	49.05	18	0
Teleorman	92	92	0	7	0	0	0	0	0	0	2	0
South- Muntenia	517	519	56	110	5	50.95	51.22	8	49.97	53.39	95	3
Macro- region 3	517	519	56	110	5	50.95	51.22	8	49.97	53.39	95	3
Arad	68	68	15	20	1	37.50	66.13	1	34.67	50.88	12	2
Caraş- Severin	69	69	11	33	2	41.18	19.88	5	56.69	63.10	26	5
Hunedoara	55	55	16	30	1	24.53	12.08	1	21.24	23.14	33	5
Timiş	85	85	8	28	2	50.00	30.40	1	13.75	2.50	9	0
West	277	277	50	111	6	37.63	34.46	8	33.67	38.25	80	12
Dolj	104	104	8	15	0	0	0	0	0	0	9	0
Gorj	61	61	8	18	0	0	0	3	62.50	63.96	27	3
Mehedinţi	61	61	8	12	1	37.04	17.39	2	65.52	55.16	16	1
Olt	104	104	0	6	0	0	0	0	0	0	5	0
Vâlcea	78	78	19	23	1	36.67	80.58	3	63.08	74.00	27	2
South-West	408	408	43	74	2	28.83	58.78	8	56.25	58.48	84	6
Macro- region 4	685	685	93	185	8	34.34	45.44	16	43.78	46.76	164	18
National level (rural)	2,819	2,825	526	921	75	64.51	63.13	105	62.17	64.25	845	98

Source: authors' calculations based on the official authority for tourism database, on NIS data and on the NRDP data (footnote 8)

Appendix 4. Structure of accommodation facilities by classification (%)

County/Region & year		1*No	1*Rooms	2* No	2*Rooms	3* No	3*Rooms	4* No	4*Rooms	5*No	5*Rooms
Bihor	2005	23.58	8.10	37.40	69.15	32.52	21.31	6.50	1.44	0	0
	2016	9.09	2.32	28.62	40.15	58.59	46.41	3.37	7.81	0.33	3.31
Bistrita-Nasaud	2005	21.87	14.48	71.88	47.51	6.25	38.01	0	0	0	0
	2016	1.30	0.59	38.96	29.81	53.25	64.90	6.49	4.70	0	0
Cluj	2005	6.57	12.10	78.83	69.27	13.87	17.76	0	0	0.73	0.87
	2016	5.31	4.55	41.15	23.07	46.02	55.82	6.64	12.49	0.88	4.07
Maramureş	2005	4.78	2.73	88.05	81.47	7.17	15.80	0	0	0	0
	2016	5.71	4.22	48.57	41.40	42.45	49.02	2.86	4.73	0.41	0.63
Salaj	2005	33.33	73.56	50.00	22.99	16.67	3.45	0	0	0	0
	2016	4.08	3.85	30.61	25.62	59.18	63.04	4.08	5.67	2.05	1.82
Satu-Mare	2005	0	0	85.71	93.59	14.29	6.41	0	0	0	0
	2016	0	0	30.77	28.17	61.54	67.49	7.69	4.34	0	0
North-West	2005	10.61	9.00	73.20	69.77	14.57	20.16	1.44	0.94	0.18	0.13
	2016	6.09	2.91	38.04	35.45	50.87	51.21	4.46	7.79	0.54	2.64
Alba	2005	26.52	19.38	62.12	59.35	9.09	18.18	0.76	1.72	1.51	1.37
	2016	9.62	6.94	38.46	30.04	43.75	49.14	7.69	13.33	0.48	0.55
Braşov	2005	23.13	19.88	54.08	52.78	17.35	20.15	3.74	5.43	1.70	1.76
	2016	2.39	1.90	21.81	18.31	65.25	67.82	9.37	10.38	1.18	1.59
Covasna	2005	54.69	32.72	39.06	37.96	4.69	28.40	1.56	0.92	0	0
	2016	25.27	29.81	32.63	24.79	35.79	30.02	5.26	13.81	1.05	1.57
Harghita	2005	16.43	13.80	79.53	80.94	4.04	5.26	0	0	0	0
	2016	6.60	7.01	44.22	38.24	48.51	53.95	0.67	0.80	0	0
Mureş	2005	16.00	11.29	68.00	58.31	16.00	30.40	0	0	0	0
	2016	1.98	1.28	35.64	33.85	53.47	52.80	6.93	10.60	1.98	1.47
Sibiu	2005	12.05	11.40	67.47	52.90	16.87	30.47	2.41	3.36	1.20	1.87
	2016	6.25	8.24	30.29	23.35	51.92	55.97	10.10	10.75	1.44	1.69
Center	2005	20.66	17.06	68.53	62.83	8.99	17.00	1.18	2.23	0.64	0.88
	2016	6.19	6.37	31.42	25.45	54.39	57.38	7.06	9.58	0.94	1.22
Macro-region 1	2005	17.60	12.49	69.96	66.76	10.69	18.79	1.26	1.50	0.49	0.46
	2016	6.15	4.84	33.94	29.89	53.06	54.64	6.07	8.79	0.78	1.84
Bacau	2005	35.29	39.24	52.94	38.61	11.77	22.15	0	0	0	0
	2016	8.00	5.40	41.33	30.28	48.00	57.57	2.67	6.75	0	0
Botosani	2005	12.50	8.77	87.50	91.23	0	0	0	0	0	0
	2016	6.25	3.57	31.25	52.68	37.50	25.89	25.00	17.86	0	0
Iasi	2005	17.65	19.81	82.35	80.19	0	0	0	0	0	0
	2016	8.70	5.40	19.57	14.90	65.22	73.87	6.51	5.83	0	0
Neamţ	2005	11.54	13.21	50.96	47.92	35.58	37.12	1.92	1.75	0	0
	2016	3.19	2.74	28.29	28.78	58.96	57.73	9.16	10.36	0.40	0.39
Suceava	2005	10.80	10.91	69.89	61.55	15.34	20.06	3.97	7.48	0	0
	2016	3.84	2.84	28.13	25.48	52.94	50.59	14.07	19.54	1.02	1.55
Vaslui	2005	50.00	31.82	25.00	45.45	25.00	22.73	0	0	0	0
	2016	5.88	6.71	35.29	33.56	52.94	51.68	5.89	8.05	0	0

CORNELIA POP, MONICA MARIA COROS, CRISTINA BALINT

County/Region & year		1* No	1*Rooms	2* No	2*Rooms	3* No	3*Rooms	4* No	4*Rooms	5* No	5*Rooms
North-East	2005	14.29	15.68	62.97	54.54	20.12	26.03	2.62	3.75	0	0
	2016	4.40	3.34	29.15	27.02	54.77	55.03	11.06	13.78	0.62	0.83
Brăila	2005	0	0	87.50	98.49	12.50	1.51	0	0	0	0
	2016	10.00	2.21	50.00	75.09	40.00	22.70	0	0	0	0
Buzau	2005	41.02	41.53	48.72	49.20	5.13	4.47	5.13	4.79	0	0
	2016	6.80	4.22	40.78	43.71	44.65	45.60	7.77	6.47	0	0
Constanța	2005	37.58	39.14	36.36	37.33	25.45	23.28	0.61	0.25	0	0
	2016	29.07	21.86	37.44	36.43	32.82	39.33	0.67	2.38	0	0
Galați	2005	50.00	46.55	50.00	53.45	0	0	0	0	0	0
	2016	11.11	23.16	11.12	32.63	44.44	32.63	11.11	5.26	22.22	6.32
Tulcea	2005	8.33	23.48	30.56	15.76	41.67	36.41	17.59	21.51	1.85	2.84
	2016	2.29	7.10	14.38	13.12	45.42	42.68	25.82	32.95	12.09	4.15
Vrancea	2005	22.22	41.40	61.11	43.69	14.82	12.84	1.85	2.07	0	0
	2016	10.00	11.96	30.00	32.16	51.67	46.60	6.67	6.60	1.66	2.68
South-East	2005	26.84	33.78	40.79	38.71	25.79	21.60	6.05	5.31	0.52	0.60
	2016	16.28	16.06	29.94	33.60	39.60	40.07	9.98	9.25	4.20	1.02
Macro-region 2	2005	20.89	28.24	51.31	43.56	23.10	22.96	4.43	4.83	0.27	0.41
	2016	10.87	11.93	29.58	31.46	46.51	44.93	10.47	10.73	2.57	0.95
Argeș	2005	17.58	20.37	70.33	64.78	9.89	10.87	2.20	3.98	0	0
	2016	2.67	2.59	38.17	33.44	50.76	51.25	8.02	12.59	0.38	0.13
Călărași	2005	33.33	30.77	0	0	66.67	69.23	0	0	0	0
	2016	0	0	25.00	24.00	75.00	76.00	0	0	0	0
Dambovita	2005	25.00	17.98	53.57	44.19	21.43	37.83	0	0	0	0
	2016	13.43	20.21	25.37	22.47	49.25	42.81	11.95	14.51	0	0
Giurgiu	2005	0	0	50.00	37.93	50.00	62.07	0	0	0	0
	2016	15.00	8.58	30.00	29.45	35.00	31.29	10.00	15.34	10.00	15.34
Ialomița	2005	100	100	0	0	0	0	0	0	0	0
	2016	66.67	57.89	0	0	33.33	42.11	0	0	0	0
Prahova	2005	11.11	10.68	67.90	67.59	18.52	18.05	2.47	3.68	0	0
	2016	3.96	3.44	31.68	30.68	50.50	50.23	10.89	11.22	2.97	4.43
Teleorman	2005	0	0	0	0	0	0	0	0	0	0
	2016	0	0	14.29	12.50	57.14	62.50	28.57	25.00	0	0
South-Muntenia	2005	16.19	16.24	65.24	59.92	16.67	20.88	1.90	2.96	0	0
	2016	5.34	6.31	33.76	30.15	50.21	49.30	9.40	12.60	1.29	1.64
Macro-region 3	2005	16.19	16.24	65.24	59.92	16.67	20.88	1.90	2.96	0	0
	2016	5.34	6.31	33.76	30.15	50.21	49.30	9.40	12.60	1.29	1.64
Arad	2005	27.50	41.61	55.00	35.97	15.00	21.61	2.50	0.81	0	0
	2016	21.33	27.30	36.00	34.44	38.67	35.13	4.00	3.13	0	0
Caraș-Severin	2005	39.22	37.73	50.98	52.13	9.80	10.14	0	0	0	0
	2016	16.54	13.94	24.41	23.27	57.48	60.89	1.57	1.90	0	0
Hunedoara	2005	15.09	29.58	56.60	35.83	22.64	25.21	5.67	9.38	0	0
	2016	10.62	6.90	26.55	21.02	59.29	65.71	2.65	6.05	0.89	0.32
Timiș	2005	59.52	14.25	35.71	73.87	4.76	11.88	0	0	0	0
	2016	2.50	1.78	21.25	25.92	61.25	57.79	15.00	14.51	0	0
West	2005	34.41	32.08	50.00	47.82	13.44	17.63	2.15	2.47	0	0
	2016	12.91	13.15	26.58	26.11	55.19	54.89	5.07	5.78	0.25	0.07

ROMANIAN RURAL TOURISM: A SURVEY OF ACCOMMODATION FACILITIES

County/Region & year		1*No	1*Rooms	2*No	2*Rooms	3*No	3*Rooms	4*No	4*Rooms	5*No	5*Rooms
Dolj	2005	9.09	4.17	72.73	84.38	9.09	8.33	9.09	3.12	0	0
	2016	6.90	7.72	31.03	29.08	41.38	40.65	17.24	21.07	3.45	1.48
Gorj	2005	15.39	51.05	69.23	38.42	15.38	10.53	0	0	0	0
	2016	3.13	10.03	26.04	24.75	62.50	56.47	8.33	8.75	0	0
Mehedinți	2005	0	0	100	100	0	0	0	0	0	0
	2016	1.73	0.59	24.14	31.35	60.34	52.98	13.79	15.08	0	0
Olt	2005	0	0	0	0	0	0	0	0	0	0
	2016	14.29	25.53	57.14	46.81	28.57	27.66	0	0	0	0
Vâlcea	2005	15.00	38.14	71.67	57.56	13.33	4.30	0	0	0	0
	2016	4.62	16.52	50.00	49.49	35.38	25.92	9.23	7.75	0.77	0.32
South-West	2005	10.81	32.89	78.38	62.22	9.91	4.71	0.90	0.18	0	0
	2016	4.06	11.21	36.56	37.42	48.44	40.40	10.31	10.67	0.63	0.30
Macro-region 4	2005	25.59	32.44	60.61	54.32	12.12	11.80	1.68	1.44	0	0
	2016	8.95	12.33	31.05	30.86	52.17	48.80	7.41	7.83	0.42	0.18
National level (rural)	2005	19.06	20.99	64.31	56.60	14.18	19.33	2.10	2.73	0.35	0.35
	2016	8.00	8.55	32.11	30.62	50.55	49.84	7.98	9.71	1.36	1.28

Source: authors' calculations based on the official authority for tourism database

Appendix 5. Structure of accommodation facilities by lodging capacity [number of rooms (%)]

County/Region & year		1-4 rooms	5-9 rooms	10-49 rooms	50-99 rooms	100-199 rooms	200-499 rooms	≥500 rooms
Bihor	2005	37.40	30.08	19.51	4.07	4.07	4.07	0.80
	2016	24.92	36.03	34.01	1.68	1.68	1.68	0
Bistrita-Nasaud	2005	46.88	37.50	12.50	3.12	0	0	0
	2016	28.57	48.05	22.08	1.30	0	0	0
Cluj	2005	58.39	20.44	20.44	0.73	0	0	0
	2016	38.94	33.63	26.55	0.44	0.44	0	0
Maramureș	2005	87.25	10.36	1.59	0.80	0	0	0
	2016	45.31	39.18	15.10	0.41	0	0	0
Salaj	2005	16.67	33.33	50.00	0	0	0	0
	2016	26.53	46.94	26.53	0	0	0	0
Satu-Mare	2005	14.29	42.85	42.86	0	0	0	0
	2016	15.38	34.62	50.00	0	0	0	0
North-West	2005	65.11	19.42	11.87	1.62	0.90	0.90	0.18
	2016	33.91	37.83	26.20	0.87	0.65	0.54	0
Alba	2005	59.85	31.82	8.33	0	0	0	0
	2016	28.37	41.83	29.80	0	0	0	0
Brașov	2005	57.14	32.65	10.21	0	0	0	0
	2016	22.66	47.36	28.79	0.85	0.34	0	0
Covasna	2005	75.00	17.19	6.25	1.56	0	0	0
	2016	32.63	41.05	24.21	0	2.11	0	0

County/Region & year		1-4 rooms	5-9 rooms	10-49 rooms	50-99 rooms	100-199 rooms	200-499 rooms	≥500 rooms
Harghita	2005	91.63	6.35	2.02	0	0	0	0
	2016	43.57	33.33	23.10	0	0	0	0
Mureș	2005	64.00	20.00	16.00	0	0	0	0
	2016	15.85	39.60	44.55	0	0	0	0
Sibiu	2005	63.86	16.87	19.27	0	0	0	0
	2016	25.00	39.42	35.10	0.48	0	0	0
Center	2005	76.58	16.88	6.47	0.07	0	0	0
	2016	28.16	41.74	29.43	0.40	0.27	0	0
Macro-region 1	2005	73.08	17.65	8.11	0.55	0.28	0.28	0.05
	2016	30.35	40.26	28.20	0.54	0.41	0.20	0
Bacau	2005	38.23	23.53	38.24	0	0	0	0
	2016	33.33	30.67	36.00	0	0	0	0
Botosani	2005	50.00	25.00	25.00	0	0	0	0
	2016	43.75	37.50	18.75	0	0	0	0
Iasi	2005	35.29	35.30	29.41	0	0	0	0
	2016	28.26	26.09	43.48	2.17	0	0	0
Neamț	2005	42.31	25.96	28.85	1.92	0.96	0	0
	2016	26.69	43.43	28.28	1.20	0.40	0	0
Suceava	2005	48.30	35.80	15.90	0	0	0	0
	2016	34.78	40.92	24.30	0	0	0	0
Vaslui	2005	50.00	25.00	25.00	0	0	0	0
	2016	23.53	23.53	52.94	0	0	0	0
North-East	2005	44.90	31.20	23.03	0.58	0.29	0	0
	2016	31.66	39.45	28.27	0.50	0.12	0	0
Brăila	2005	0	12.50	37.50	37.50	12.50	0	0
	2016	10.00	15.00	55.00	15.00	5.00	0	0
Buzau	2005	17.95	41.03	35.90	5.12	0	0	0
	2016	12.62	43.69	42.72	0.97	0	0	0
Constanța	2005	4.24	33.33	53.94	6.67	1.82	0	0
	2016	8.59	25.33	61.23	3.52	1.10	0	0.23
Galați	2005	33.33	0	66.67	0	0	0	0
	2016	33.33	33.33	33.34	0	0	0	0
Tulcea	2005	25.00	39.81	30.56	4.63	0	0	0
	2016	33.99	33.33	29.74	2.61	0.33	0	0
Vrancea	2005	38.89	44.44	14.82	0	1.85	0	0
	2016	23.33	43.34	33.33	0	0	0	0
South-East	2005	16.84	36.58	39.73	5.53	1.32	0	0
	2016	18.38	30.88	46.95	2.94	0.74	0	0.11
Macro-region 2	2005	30.15	34.02	31.81	3.18	0.84	0	0
	2016	24.43	34.78	38.44	1.83	0.46	0	0.06
Argeș	2005	43.96	31.87	24.17	0	0	0	0
	2016	23.66	41.22	33.97	1.15	0	0	0
Călărași	2005	0	66.67	33.33	0	0	0	0
	2016	12.50	25.00	62.50	0	0	0	0

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County/Region & year		1-4 rooms	5-9 rooms	10-49 rooms	50-99 rooms	100-199 rooms	200-499 rooms	≥500 rooms
Dâmbovită	2005	28.57	32.14	35.71	3.58	0	0	0
	2016	14.93	25.37	59.70	0	0	0	0
Giurgiu	2005	16.67	33.33	50.00	0	0	0	0
	2016	20.00	35.00	45.00	0	0	0	0
Ialomița	2005	0	100	0	0	0	0	0
	2016	0	100	0	0	0	0	0
Prahova	2005	41.98	39.51	17.28	1.23	0	0	0
	2016	12.87	37.63	49.50	0	0	0	0
Teleorman	2005	0	0	0	0	0	0	0
	2016	14.29	57.14	28.57	0	0	0	0
South-Muntenia	2005	39.52	35.71	23.82	0.95	0	0	0
	2016	19.44	38.25	41.67	0.64	0	0	0
Macro-region 3	2005	39.52	35.71	23.82	0.95	0	0	0
	2016	19.44	38.25	41.67	0.64	0	0	0
Arad	2005	20.00	37.50	35.00	5.00	2.50	0	0
	2016	25.33	30.67	40.00	2.67	1.33	0	0
Caraș-Severin	2005	33.33	29.42	37.25	0	0	0	0
	2016	18.11	42.52	39.37	0	0	0	0
Hunedoara	2005	45.28	26.42	26.42	1.88	0	0	0
	2016	33.63	38.05	28.32	0	0	0	0
Timiș	2005	59.52	14.29	21.43	2.38	2.38	0	0
	2016	31.25	22.50	46.25	0	0	0	0
West	2005	39.78	26.88	30.11	2.15	1.08	0	0
	2016	26.58	34.94	37.72	0.51	0.25	0	0
Dolj	2005	36.36	27.27	36.37	0	0	0	0
	2016	17.24	37.93	41.38	3.45	0	0	0
Gorj	2005	30.77	23.08	38.46	7.69	0	0	0
	2016	22.92	51.04	25.00	1.04	0	0	0
Mehedinți	2005	70.37	18.52	7.41	0	3.70	0	0
	2016	27.59	46.55	24.14	0	1.72	0	0
Olt	2005	0	0	0	0	0	0	0
	2016	42.86	28.57	28.57	0	0	0	0
Vâlcea	2005	58.33	21.67	11.67	0	8.33	0	0
	2016	32.31	44.62	20.77	0.77	1.53	0	0
South-West	2005	55.86	21.62	16.22	0.90	5.40	0	0
	2016	27.50	45.94	24.68	0.94	0.94	0	0
Macro-region 4	2005	45.79	24.92	24.92	1.68	2.69	0	0
	2016	26.99	39.86	31.89	0.70	0.56	0	0
National level (rural)	2005	57.96	23.48	16.44	1.31	0.62	0.16	0.03
	2016	27.01	38.24	33.22	1.01	0.41	0.09	0.02

Source: authors' calculations based on the official authority for tourism database

Appendix 6. The profile of counties and regions based on available lodgings and rooms

County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
Bihor 1) 2.41 (no.) / 1.23 (rooms) 2a) 76.40 % / 85.30% (2005) 2b) 75.77% / 73.93% (2016)	9	11	Pensions (no.) 62.60%	Pensions (no.) 56.23%	2 stars (no.) 37.40%	3 stars (no.) 58.59%	1-4 rooms (no.) 37.40%	5-9 rooms (no.) 36.03%
			Hotels (rooms) 83.09%	Hotels (rooms) 58.45%	2 stars (rooms) 69.15%	3 stars (rooms) 46.41%		
Bistrita-Nasaud 1) 2.41 (no.) / 3.08 (rooms) 2a) 62.75 % / 17.15% (2005) 2b) 64.17% / 36.61% (2016)	4	7	Pensions (no.) 87.50%	Pensions (no.) 79.22%	2 stars (no.) 71.88%	3 stars (no.) 53.25%	1-4 rooms (no.) 46.88%	5-9 rooms (no.) 48.05%
			Pensions (rooms) 66.97%	Pensions (rooms) 59.32%	2 stars (rooms) 47.51%	3 stars (rooms) 64.90%		
Cluj 1) 1.65 (no.) / 1.84 (rooms) 2a) 62.84 % / 35.50% (2005) 2b) 48.60% / 32.94% (2016)	7	12	Pensions (no.) 83.21%	Pensions (no.) 69.47%	2 stars (no.) 78.83%	3 stars (no.) 46.02%	1-4 rooms (no.) 58.39%	1-4 rooms (no.) 38.94%
			Pensions (rooms) 44.00%	Pensions (rooms) 53.55%	2 stars (rooms) 69.27%	3 stars (rooms) 55.82%		
Maramureş 1) 0.98 (no.) / 1.80 (rooms) 2a) 73.82 % / 43.20% (2005) 2b) 57.78% / 42.97% (2016)	3	10	Pensions (no.) 98.41%	Pensions (no.) 78.77%	2 stars (no.) 88.05%	2 stars (no.) 48.57%	1-4 rooms (no.) 87.25%	1-4 rooms (no.) 45.31%
			Pensions (rooms) 78.98%	Pensions (rooms) 67.67%	2 stars (rooms) 81.47%	3 stars (rooms) 49.02%		
Salaj 1) 8.17 (no.) / 5.07 (rooms) 2a) 50.00 % / 43.94% (2005) 2b) 63.64% / 50.57% (2016)	3	6	Pensions (no.) 66.67%	Pensions (no.) 79.59%	2 stars (no.) 50.00%	3 stars (no.) 59.18%	10-49 rooms (no.) 50.00%	5-9 rooms (no.) 46.94%
			Hotels (rooms) 44.83%	Pensions (rooms) 59.64%	1 star (rooms) 73.56%	3 stars (rooms) 63.04%		
Satu-Mare 1) 3.71 (no.) / 4.14 (rooms) 2a) 25.00 % / 14.83% (2005) 2b) 25.24% / 21.35% (2016)	3	5	Pensions (no.) 71.43%	Pensions (no.) 69.24%	2 stars (no.) 85.71%	3 stars (no.) 61.54%	10-49 rooms (no.) 42.86%	10-49 rooms (no.) 50.00%
			Pensions (rooms) 46.15%	Pensions (rooms) 43.65%	2 stars (rooms) 93.59%	3 stars (rooms) 67.49%		

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County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
North-West 1) 1.65 (no.) / 1.55 (rooms) 2a) 68.64 % / 54.79% (2005) 2b) 58.19% / 48.89% (2016)	10	13	Pensions (no.) 85.43%	Pensions (no.) 69.02%	2 stars (no.) 73.20%	3 stars (no.) 50.87%	1-4 rooms (no.) 65.11%	5-9 rooms (no.) 37.83%
			Hotels (rooms) 62.43%	Pensions (rooms) 42.16%	2 stars (rooms) 69.77%	3 stars (rooms) 51.21%		
Alba 1) 1.58 (no.) / 2.79 (rooms) 2a) 85.16 % / 57.78% (2005) 2b) 71.97% / 52.23% (2016)	5	11	Pensions (no.) 93.94%	Pensions (no.) 69.23%	2 stars (no.) 62.12%	3 stars (no.) 43.75%	1-4 rooms (no.) 59.85%	5-9 rooms (no.) 41.83%
			Pensions (rooms) 84.91%	Pensions (rooms) 64.93%	2 stars (rooms) 59.35%	3 stars (rooms) 49.14%		
Braşov 1) 1.99 (no.) / 3.50 (rooms) 2a) 45.30 % / 21.05% (2005) 2b) 46.74% / 33.68% (2016)	8	13	Pensions (no.) 92.86%	Pensions (no.) 77.34%	2 stars (no.) 54.08%	3 stars (no.) 65.25%	1-4 rooms (no.) 57.14%	5-9 rooms (no.) 47.36%
			Pensions (rooms) 77.20%	Pensions (rooms) 67.13%	2 stars (rooms) 52.78%	3 stars (rooms) 67.82%		
Covasna 1) 1.48 (no.) / 2.95 (rooms) 2a) 56.14 % / 18.34% (2005) 2b) 56.55% / 35.54% (2016)	5	11	Pensions (no.) 87.50%	Pensions (no.) 66.31%	1 stars (no.) 54.69%	3 stars (no.) 35.79%	1-4 rooms (no.) 75.00%	5-9 rooms (no.) 41.05%
			Pensions (rooms) 51.85%	Pensions (rooms) 41.73%	2 stars (rooms) 37.96%	3 stars (rooms) 30.02%		
Harghita 1) 0.47 (no.) / 1.14 (rooms) 2a) 83.66 % / 51.78% (2005) 2b) 58.05% / 40.72% (2016)	7	8	Pensions (no.) 98.45%	Pensions (no.) 81.52%	2 stars (no.) 79.53%	3 stars (no.) 48.51%	1-4 rooms (no.) 91.63%	1-4 rooms (no.) 43.57%
			Pensions (rooms) 91.59%	Pensions (rooms) 76.68%	2 stars (rooms) 80.94%	3 stars (rooms) 53.95%		
Mureş 1) 2.02 (no.) / 3.19 (rooms) 2a) 42.02 % / 14.29% (2005) 2b) 27.90% / 19.40% (2016)	4	12	Pensions (no.) 82.00%	Pensions (no.) 67.33%	2 stars (no.) 68.00%	3 stars (no.) 53.47%	1-4 rooms (no.) 64.00%	10-49 rooms (no.) 44.55%
			Pensions (rooms) 52.04%	Pensions (rooms) 55.64%	2 stars (rooms) 58.31%	3 stars (rooms) 52.80%		
Sibiu 1) 2.51 (no.) / 3.65 (rooms) 2a) 31.09 % / 22.63% (2005) 2b) 42.19% / 33.34% (2016)	7	10	Pensions (no.) 80.72%	Pensions (no.) 68.75%	2 stars (no.) 67.47%	3 stars (no.) 51.92%	1-4 rooms (no.) 63.86%	5-9 rooms (no.) 39.42%
			Pensions (rooms) 47.85%	Pensions (rooms) 58.52%	2 stars (rooms) 52.90%	3 stars (rooms) 55.97%		

County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
Center 1) 1.18 (no.) / 2.55 (rooms) 2a) 61.11 % / 28.07% (2005) 2b) 48.61% / 34.23% (2016)	11	15	Pensions (no.) 94.32%	Pensions (no.) 74.50%	2 stars (no.) 68.53%	3 stars (no.) 54.39%	1-4 rooms (no.) 76.58%	5-9 rooms (no.) 41.74%
			Pensions (rooms) 76.74%	Pensions (rooms) 64.20%	2 stars (rooms) 62.83%	3 stars (rooms) 57.38%		
Macro-region 1 1) 1.33 (no.) / 1.99 (rooms) 2a) 63.22 % / 38.79% (2005) 2b) 51.85% / 39.48% (2016)	12	15	Pensions (no.) 91.61%	Pensions (no.) 72.42%	2 stars (no.) 69.96%	3 stars (no.) 53.06%	1-4 rooms (no.) 73.08%	5-9 rooms (no.) 40.26%
			Pensions (rooms) 48.27%	Pensions (rooms) 54.42%	2 stars (rooms) 66.76%	3 stars (rooms) 54.64%		
Bacau 1) 2.21 (no.) / 2.11 (rooms) 2a) 40.48 % / 18.64% (2005) 2b) 35.21% / 23.89% (2016)	6	8	Pensions (no.) 64.71%	Pensions (no.) 57.33%	2 stars (no.) 52.94%	3 stars (no.) 48.00%	10-49 rooms (no.) 38.24%	10-49 rooms (no.) 36.00%
			Pensions (rooms) 40.19%	Pensions (rooms) 49.18%	1 star (rooms) 39.24%	3 stars (rooms) 57.57%		
Botosani 1) 2.00 (no.) / 1.96 (rooms) 2a) 42.11 % / 15.24% (2005) 2b) 47.06% / 22.81% (2016)	2	6	Pensions (no.) 75.00%	Pensions (no.) 62.50%	2 stars (no.) 87.50%	3 stars (no.) 37.50%	1-4 rooms (no.) 50.00%	1-4 rooms (no.) 43.75%
			Pensions (rooms) 59.65%	Pensions (rooms) 42.85%	2 stars (rooms) 91.23%	2 stars (rooms) 52.68%		
Iasi 1) 2.71 (no.) / 4.37 (rooms) 2a) 30.91 % / 9.04% (2005) 2b) 32.62% / 17.97% (2016)	3	11	Pensions (no.) 82.35%	Pensions (no.) 56.52%	2 stars (no.) 82.35%	3 stars (no.) 65.22%	5-9 rooms (no.) 35.30%	10-49 rooms (no.) 43.48%
			Pensions (rooms) 77.36%	Pensions (rooms) 39.96%	2 stars (rooms) 80.19%	3 stars (rooms) 73.87%		
Neamț 1) 2.41 (no.) / 2.12 (rooms) 2a) 74.29 % / 57.76% (2005) 2b) 75.15% / 64.94% (2016)	10	11	Pensions (no.) 73.08%	Pensions (no.) 70.12%	2 stars (no.) 50.96%	3 stars (no.) 58.96%	1-4 rooms (no.) 42.31%	5-9 rooms (no.) 43.43%
			Hotels (rooms) 41.55%	Pensions (rooms) 56.03%	2 stars (rooms) 47.92%	3 stars (rooms) 57.73%		
Suceava 1) 2.22 (no.) / 2.67 (rooms) 2a) 56.96 % / 32.16% (2005) 2b) 59.51% / 42.84% (2016)	9	14	Pensions (no.) 90.34%	Pensions (no.) 75.96%	2 stars (no.) 69.89%	3 stars (no.) 52.94%	1-4 rooms (no.) 48.30%	5-9 rooms (no.) 40.92%
			Pensions (rooms) 70.70%	Pensions (rooms) 68.36%	2 stars (rooms) 61.55%	3 stars (rooms) 50.59%		

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County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
Vaslui 1) 4.25 (no.) / 6.67 (rooms) 2a) 36.36 % / 8.06% (2005) 2b) 48.57% / 29.39% (2016)	1	3	Pensions (no.) 100.00%	Pensions (no.) 82.35%	1 star (no.) 50.00%	3 stars (no.) 52.94%	1-4 rooms (no.) 50.00%	10-49 rooms (no.) 52.94%
North-East 1) 2.32 (no.) / 2.47 (rooms) 2a) 55.50 % / 30.46% (2005) 2b) 56.29% / 39.51% (2016)	11	14	Pensions (no.) 81.92%	Pensions (no.) 71.11%	2 stars (no.) 62.97%	3 stars (no.) 54.77%	1-4 rooms (no.) 44.90%	5-9 rooms (no.) 39.45%
Brăila 1) 2.50 (no.) / 1.48 (rooms) 2a) 36.36 % / 48.71% (2005) 2b) 42.55% / 52.79% (2016)	4	9	Hotels (rooms) 62.50%	Hotels (rooms) 40.00%	2 stars (no.) 87.50%	2 stars (no.) 50.00%	10-49 rooms (no.) 37.50%	10-49 rooms (no.) 55.00%
Buzau 1) 2.64 (no.) / 1.85 (rooms) 2a) 76.47 % / 67.10% (2005) 2b) 77.44% / 68.80% (2016)	7	9	Pensions (no.) 56.41%	Pensions (no.) 61.17%	2 stars (no.) 48.72%	3 stars (no.) 44.65%	5-9 rooms (no.) 41.03%	5-9 rooms (no.) 43.69%
Constanța 1) 2.75 (no.) / 2.64 (rooms) 2a) 22.15 % / 7.25% (2005) 2b) 30.23% / 16.10% (2016)	10	13	Villas (no.) 33.94%	Rented rooms (no.) 42.95%	1 stars (no.) 37.58%	2 stars (no.) 37.44%	10-49 rooms (no.) 53.94%	10-49 rooms (no.) 61.23%
Galați 1) 1.50 (no.) / 1.64 (rooms) 2a) 21.43 % / 9.83% (2005) 2b) 16.98% / 9.29% (2016)	3	6	Motels (no.) 50.00%	Pensions (no.) 44.44%	1star & 2 stars (no.) 50.00%	3 stars (no.) 44.44%	10-49 rooms (no.) 66.67%	10-49 rooms (no.) 33.34%
Tulcea 1) 2.83 (no.) / 2.28 (rooms) 2a) 70.13 % / 63.90% (2005) 2b) 77.66% / 68.56% (2016)	12	13	Pensions (no.) 44.44%	Pensions (no.) 42.15%	3 stars (no.) 41.67%	3 stars (no.) 45.42%	5-9 rooms (no.) 39.81%	1-4 rooms (no.) 33.99%

County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
Vrancea 1) 1.11 (no.) / 1.00 (rooms) 2a) 85.71 % / 67.55% (2005) 2b) 66.67% / 54.74% (2016)	5	10	Pensions (no.) 85.19%	Pensions (no.) 70.00%	2 stars (no.) 61.11%	3 stars (no.) 51.67%	5-9 rooms (no.) 44.44%	5-9 rooms (no.) 43.44%
			Pensions (rooms) 45.34%	Pensions (rooms) 60.83%	2 stars (rooms) 43.69%	3 stars (rooms) 46.60%		
South-East 1) 2.51 (no.) / 2.26 (rooms) 2a) 35.75 % / 12.25% (2005) 2b) 42.90% / 22.25% (2016)	12	16	Pensions (no.) 41.58%	Pensions (no.) 30.57%	2 stars (no.) 40.79%	3 stars (no.) 39.60%	10-49 rooms (no.) 39.74%	10-49 rooms (no.) 46.95%
			Hotels (rooms) 31.74%	Rooms for rent (rooms) 24.68%	2 stars (rooms) 38.71%	3 stars (rooms) 40.07%		
Macro-region 2 1) 2.42 (no.) / 2.33 (rooms) 2a) 43.01 % / 15.00% (2005) 2b) 48.11% / 25.93% (2016)	13	16	Pensions (no.) 60.72%	Pensions (no.) 49.03%	2 stars (no.) 51.31%	3 stars (no.) 46.51%	5-9 rooms (no.) 34.02%	10-49 rooms (no.) 38.44%
			Pensions (rooms) 28.35%	Pensions (rooms) 32.66%	2 stars (rooms) 43.56%	3 stars (rooms) 44.93%		
Argeş 1) 2.88 (no.) / 3.72 (rooms) 2a) 71.09 % / 39.10% (2005) 2b) 76.38% / 59.60% (2016)	6	10	Pensions (no.) 79.12%	Pensions (no.) 60.69%	2 stars (no.) 70.33%	3 stars (no.) 50.76%	1-4 rooms (no.) 43.96%	5-9 rooms (no.) 41.22%
			Pensions (rooms) 53.45%	Pensions (rooms) 49.17%	2 stars (rooms) 64.78%	3 stars (rooms) 51.25%		
Călăraşi 1) 2.67 (no.) / 2.88 (rooms) 2a) 27.27 % / 9.06% (2005) 2b) 34.78% / 15.79% (2016)	3	4	Pensions (no.) 33.34%	Pensions & rented rooms (no.) 37.50%	3 stars (no.) 66.67%	3 stars (no.) 75.00%	5-9 rooms (no.) 66.67%	10-49 rooms (no.) 62.50%
			Pensions (rooms) 38.46%	Pensions (rooms) 36.00%	3 stars (rooms) 69.23%	3 stars (rooms) 76.00%		
Dambovita 1) 2.39 (no.) / 3.15 (rooms) 2a) 59.57 % / 32.32% (2005) 2b) 65.05% / 50.91% (2016)	4	9	Pensions (no.) 64.29%	Pensions (no.) 59.70%	2 stars (no.) 53.57%	3 stars (no.) 49.25%	10-49 rooms (no.) 35.71%	10-49 rooms (no.) 59.70%
			Pensions (rooms) 39.33%	Pensions (rooms) 38.16%	2 stars (rooms) 44.19%	3 stars (rooms) 42.81%		
Giurgiu 1) 3.33 (no.) / 2.81 (rooms) 2a) 42.86 % / 20.79% (2005)	2	8	Motels & Pensions (no.) 50.00%	Pensions (no.) 35.00%	2 stars & 3 stars (no.) 50.00%	3 stars (no.) 35.00%	10-49 rooms (no.) 50.00%	10-49 rooms (no.) 45.00%

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County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
2b) 55.56% / 25.39% (2016)			Motels (rooms) 70.69%	Pensions (rooms) 38.03%	3 stars (rooms) 62.07%	3 stars (rooms) 31.29%		
Ialomița 1) 3.00 (no.) / 3.80 (rooms) 2a) 5.26 % / 0.40% (2005) 2b) 10.71% / 2.04% (2016)	1	2	Pensions (no.) 100.00%	Rented rooms (no.) 66.67%	1 star (no.) 100.00%	1 star (no.) 66.67%	5-9 rooms (no.) 100.00%	5-9 rooms (no.) 100.00%
			Pensions (rooms) 100.00%	Rented rooms (rooms) 57.89%	1 star (rooms) 100.00%	1 star (rooms) 57.89%		
Prahova 1) 1.25 (no.) / 2.04 (rooms) 2a) 15.76 % / 10.02% (2005) 2b) 15.61% / 14.64% (2016)	6	11	Pensions (no.) 85.19%	Pensions (no.) 60.40%	2 stars (no.) 67.90%	3 stars (no.) 50.50%	1-4 rooms (no.) 41.98%	10-49 rooms (no.) 49.50%
			Pensions (rooms) 59.30%	Pensions (rooms) 45.88%	2 stars (rooms) 67.59%	3 stars (rooms) 50.23%		
Teleorman 1) n/a (no.) / n/a (rooms) 2a) 0.00 % / 0.00% (2005) 2b) 30.43% / 13.86% (2016)	0	2	0	Pensions (no.) 85.71%	0	3 stars (no.) 57.14%	0	5-9 rooms (no.) 57.14%
			0	Pensions (rooms) 87.50%	0	3 stars (rooms) 62.50%		
South-Muntenia 1) 2.23 (no.) / 3.02 (rooms) 2a) 28.53 % / 15.76% (2005) 2b) 38.90% / 29.81% (2016)	8	12	Pensions (no.) 78.10%	Pensions (no.) 58.98%	2 stars (no.) 65.24%	3 stars (no.) 50.21%	1-4 rooms (no.) 39.52%	10-49 rooms (no.) 41.67%
			Pensions (rooms) 52.06%	Pensions (rooms) 46.03%	2 stars (rooms) 59.92%	3 stars (rooms) 49.30%		
Macro-region 3 1) 2.23 (no.) / 3.02 (rooms) 2a) 28.53 % / 15.76% (2005) 2b) 38.90% / 29.81% (2016)	8	12	Pensions (no.) 78.10%	Pensions (no.) 58.98%	2 stars (no.) 65.24%	3 stars (no.) 50.21%	1-4 rooms (no.) 39.52%	10-49 rooms (no.) 41.67%
			Pensions (rooms) 52.06%	Pensions (rooms) 46.03%	2 stars (rooms) 59.92%	3 stars (rooms) 49.30%		
Arad 1) 1.88 (no.) / 1.65 (rooms) 2a) 41.67 % / 35.55% (2005) 2b) 41.67% / 35.65% (2016)	8	12	Pensions (no.) 52.50%	Pensions (no.) 44.00%	2 stars (no.) 55.00%	3 stars (no.) 38.67%	5-9 rooms (no.) 37.50%	10-49 rooms (no.) 40.00%
			Hotels (rooms) 47.90%	Hotels (rooms) 34.34%	1 star (rooms) 41.61%	3 stars (rooms) 35.13%		

County/Region 1) Growth rate of rural lodgings/rooms 2) Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
Caraş-Severin 1) 2.49 (no.) / 2.56 (rooms) 2a) 46.79 % / 14.61% (2005) 2b) 47.74% / 29.08% (2016)	9	12	Pensions (no.) 64.71%	Pensions (no.) 62.21%	2 stars (no.) 50.98%	3 stars (no.) 57.48%	10-49 rooms (no.) 37.25%	5-9 rooms (no.) 42.52%
			Pensions (rooms) 36.31%	Pensions (rooms) 52.49%	2 stars (rooms) 52.13%	3 stars (rooms) 60.89%		
Hunedoara 1) 2.13 (no.) / 1.96 (rooms) 2a) 30.81 % / 21.89% (2005) 2b) 31.30% / 23.67% (2016)	8	9	Pensions (no.) 58.49%	Pensions (no.) 53.98%	2 stars (no.) 56.60%	3 stars (no.) 59.29%	1-4 rooms (no.) 45.28%	5-9 rooms (no.) 38.05%
			Pensions (rooms) 27.29%	Pensions (rooms) 45.44%	2 stars (rooms) 35.83%	3 stars (rooms) 65.71%		
Timiş 1) 1.90 (no.) / 1.99 (rooms) 2a) 30.43 % / 14.07% (2005) 2b) 31.62% / 18.43% (2016)	7	10	Pensions (no.) 71.43%	Pensions (no.) 55.00%	1 star (no.) 59.52%	3 stars (no.) 61.25%	1-4 rooms (no.) 59.52%	10-49 rooms (no.) 46.25%
			Pensions (rooms) 19.00%	Pensions (rooms) 40.90%	2 stars (rooms) 73.87%	3 stars (rooms) 57.79%		
West 1) 2.12 (no.) / 2.02 (rooms) 2a) 36.12 % / 19.54% (2005) 2b) 37.26% / 25.83% (2016)	12	13	Pensions (no.) 61.83%	Pensions (no.) 54.94%	2 stars (no.) 50.00%	3 stars (no.) 55.19%	1-4 rooms (no.) 39.78%	10-49 rooms (no.) 37.72%
			Hotels (rooms) 26.56%	Pensions (rooms) 41.59%	2 stars (rooms) 47.82%	3 stars (rooms) 54.89%		
Dolj 1) 2.64 (no.) / 3.51 (rooms) 2a) 35.48 % / 12.78% (2005) 2b) 30.85% / 18.81% (2016)	4	8	Pensions (no.) 63.64%	Pensions (no.) 58.62%	2 stars (no.) 72.73%	3 stars (no.) 41.38%	10-49 rooms (no.) 36.37%	10-49 rooms (no.) 41.38%
			Pensions (rooms) 39.58%	Pensions (rooms) 38.27%	2 stars (rooms) 84.38%	3 stars (rooms) 40.65%		
Gorj 1) 7.38 (no.) / 4.15 (rooms) 2a) 35.14 % / 36.19% (2005) 2b) 48.98% / 37.28% (2016)	5	9	Pensions (no.) 69.23%	Pensions (no.) 75.01%	2 stars (no.) 69.23%	3 stars (no.) 62.50%	10-49 rooms (no.) 38.46%	5-9 rooms (no.) 51.04%
			Hotels (rooms) 35.26%	Pensions (rooms) 66.49%	1 star (rooms) 51.05%	3 stars (rooms) 56.47%		
Mehedinţi 1) 2.15 (no.) / 2.43 (rooms) 2a) 61.36 % / 31.13% (2005) 2b) 57.43% / 38.83% (2016)	2	6	Pensions (no.) 96.30%	Pensions (no.) 77.59%	2 stars (no.) 100.00%	3 stars (no.) 60.34%	1-4 rooms (no.) 70.37%	5-9 rooms (no.) 46.55%
			Hotels (rooms) 50.24%	Pensions (rooms) 62.10%	2 stars (rooms) 100.00%	3 stars (rooms) 52.98%		

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County/Region 1) <i>Growth rate of rural lodgings/rooms</i> 2) <i>Percentage of rural lodgings/rooms at county level 2005 (a), 2016 (b)</i>	Types of lodgings (no.)		Dominant type of lodging		Dominant classification		Dominant capacity (% of no.)	
	2005	2016	2005	2016	2005	2016	2005	2016
Olt 1) <i>n/a (no.) / n/a (rooms)</i> 2a) <i>0.00 % / 0.00% (2005)</i> 2b) <i>17.95% / 7.67% (2016)</i>	0	3	0	Pensions (no.) 71.43%	0	2 stars (no.) 57.14%	0	1-4 rooms (no.) 42.86%
			0	Pensions (rooms) 59.58%	0	2 stars (rooms) 46.81%		
Vâlcea 1) <i>2.17 (no.) / 1.10 (rooms)</i> 2a) <i>30.15 % / 24.12% (2005)</i> 2b) <i>37.36% / 20.01% (2016)</i>	7	11	Pensions (no.) 70.00%	Pensions (no.) 70.00%	2 stars (no.) 71.67%	2 stars (no.) 50.00%	1-4 rooms (no.) 58.33%	5-9 rooms (no.) 44.62%
			Hotels (rooms) 74.91%	Pensions (rooms) 45.26%	2 stars (rooms) 57.56%	2 stars (rooms) 49.49%		
South-West 1) <i>2.88 (no.) / 1.78 (rooms)</i> 2a) <i>34.69 % / 23.61% (2005)</i> 2b) <i>41.13% / 24.20% (2016)</i>	7	11	Pensions (no.) 75.68%	Pensions (no.) 71.88%	2 stars (no.) 78.38%	3 stars (no.) 48.44%	1-4 rooms (no.) 55.86%	5-9 rooms (no.) 45.94
			Hotels (rooms) 63.91%	Pensions (rooms) 53.24%	2 stars (rooms) 62.22%	3 stars (rooms) 40.40%		
Macro-region 4 1) <i>2.41 (no.) / 1.91 (rooms)</i> 2a) <i>35.57 % / 21.19% (2005)</i> 2b) <i>38.90% / 25.12% (2016)</i>	12	13	Pensions (no.) 67.00%	Pensions (no.) 62.52%	2 stars (no.) 60.61%	3 stars (no.) 52.17%	1-4 rooms (no.) 45.79%	5-9 rooms (no.) 39.86
			Hotels (rooms) 43.42%	Pensions (rooms) 46.49%	2 stars (rooms) 54.32%	3 stars (rooms) 48.80%		
National level (rural) 1) <i>1.75 (no.) / 2.16 (rooms)</i> 2a) <i>49.76 % / 22.13% (2005)</i> 2b) <i>47.76% / 30.51% (2016)</i>	16	17	Pensions (no.) 80.98%	Pensions (no.) 62.28%	2 stars (no.) 64.31%	3 stars (no.) 50.55%	1-4 rooms (no.) 57.96%	5-9 rooms (no.) 38.24%
			Pensions (rooms) 38.14%	Pensions (rooms) 44.64%	2 stars (rooms) 56.60%	3 stars (rooms) 49.84%		

Source: authors' calculations based on the official authority for tourism database

Appendix 7A: Resorts of national interest

2002	2016	County
1. Amara	1. Amara	Ialomița
	2. Azuga	Prahova
2. Busteni	3. Busteni	Prahova
3. Buzias	4. Buzias	Timiș
	5. Băile Govora	Vâlcea
4. Băile Felix	6. Băile Felix	Bihor
5. Băile Herculane	7. Băile Herculane	Caras-Severin
6. Băile Olanesti	8. Băile Olanesti	Vâlcea
7. Băile Tusnad	9. Băile Tusnad	Harghita
	10. Câmpulung Moldovenesc	Suceava
8. Cap Aurora	11. Cap Aurora	Constanța
9. Calimanesti-Caciulata	12. Calimanesti-Caciulata	Vâlcea
10. Costinești	13. Costinești	Constanța
11. Covasna	14. Covasna	Covasna
12. Eforie Nord	15. Eforie Nord	Constanța
13. Eforie Sud	16. Eforie Sud	Constanța
14. Geoagiu Bai	17. Geoagiu Bai	Hunedoara
	18. Gura Humorului	Suceava
15. Jupiter	19. Jupiter	Constanța
16. Mamaia	20. Mamaia	Constanța
17. Mangalia	21. Mangalia	Constanța
18. Moneasa	22. Moneasa	Arad
19. Neptun-Olimp	23. Neptun-Olimp	Constanța
	24. Poiana Brașov	Brașov
20. Predeal	25. Predeal	Brașov
	26. Pucioasa	Dambovita
	27. Slanic	Prahova
21. Saturn	28. Saturn	Constanța
22. Sinaia	29. Sinaia	Prahova
23. Sangeorz Bai	30. Sangeorz Bai	Bistrita-Nasaud
24. Slanic Moldova	31. Slanic Moldova	Bacau
25. SoVăța	32. SoVăța	Mureș
26. Targu Ocna	33. Targu Ocna	Bacau
27. Techirghiol	34. Techirghiol	Constanța
	35. Vatra Dornei	Suceava
28. Venus	36. Venus	Constanța
29. Voineasa	37. Voineasa	Vâlcea
	38. Petrosani-Parang	Hunedoara
	39. Targu Neamț	Neamț
	40. Piatra Neamț	Neamț
	41. Rasnov	Brașov

Sources: [https://lege5.ro/Gratuit/gm4dkmbz/hotararea-nr-1122-2002-pentru-aprobarea-conditiilor-si-a-procedurii-de-atestare-a-statiunilor-turistice-precum-si-pentru-declararea-unor-localitati-ca-statiuni-turistice-de-interes-national-respectiv-;](https://lege5.ro/Gratuit/gm4dkmbz/hotararea-nr-1122-2002-pentru-aprobarea-conditiilor-si-a-procedurii-de-atestare-a-statiunilor-turistice-precum-si-pentru-declararea-unor-localitati-ca-statiuni-turistice-de-interes-national-respectiv-)
<http://turism.gov.ro/wp-content/uploads/2013/05/Staiuni-atestare.pdf>

Appendix 7B: Resorts of local interest

2002	2016	County
1. (Băile) 1 Mai	1. (Băile) 1 Mai	Bihor
	2. Albac	Alba
2. Albeștii de Muscel	3. Albeștii de Muscel (Bughea de Sus)	Argeș
	4. Arieșeni	Alba
3. Balvanyos	5. Balvanyos	Covasna
4. Bazna	6. Bazna	Sibiu
5. Băltățești	7. Băltățești	Neamț
6. Băile Homorod	8. Băile Homorod	Harghita
7. Băile Turda	9. Băile Turda	Cluj
8. Băile Baita	10. Băile Baita	Cluj
9. Borsec	11. Borsec	Harghita
10. Borșa	12. Borșa	Maramureș
	13. Bran	Brașov
11. Breaza	14. Breaza	Prahova
12. Calacea	15. Calacea	Timiș
13. Câmpulung Moldovenesc		Suceava
	16. Cheia	Prahova
14. Crivaia	17. Crivaia	Caraș-Severin
15. Durău	18. Durău	Neamț
16. Harghita Bai	19. Harghita Bai	Harghita
	20. Horezu	Vâlcea
17. Izvorul Mureșului	21. Izvorul Mureșului	Harghita
18. Lacu Rosu	22. Lacu Rosu	Harghita
19. Lacu Sărat	23. Lacu Sărat	Brăila
20. Lipova	24. Lipova	Arad
	25. Moieciu	Brașov
	26. Ocna Sibiului	Sibiu
21. Ocna Șugatag	27. Ocna Șugatag	Maramureș
22. Păltiniș	28. Păltiniș	Sibiu
23. Piriul Rece	29. Pârâul Rece	Brașov
24. Paid	30. Praid	Harghita
25. Săcelu	31. Săcelu	Gorj
26. Sărata Monteoru	32. Sărata Monteoru	Buzau
27. Secu	33. Secu	Caraș-Severin
28. Semenici	34. Semenici	Caraș-Severin
29. Snagov	35. Snagov	Ilfov
30. Stina de Vale	36. Stana de Vale	Bihor
31. Straja	37. Straja	Hunedoara
32. Soveja	38. Soveja	Vrancea

2002	2016	County
	39. Tășnad	Satu-Mare
33. Timișu de Sus	40. Timișu de Sus	Brașov
34. Tinca	41. Tinca	Bihor
35. Trei Ape	42. Trei Ape	Caraș-Severin
	43. Vălenii de Munte	Prahova
36. Vața de Jos	44. Vața de Jos	Hunedoara
	45. Zona Fântânele	Cluj
	46. Zona Muntele Băișorii	Cluj
	47. Vișeu	Maramureș
	48. Baia Sprie	Maramureș

Sources: [https://lege5.ro/Gratuit/gm4dkmbz/hotararea-nr-1122-2002-pentru-aprobarea-conditiilor-si-a-procedurii-de-atestare-a-statiunilor-turistice-precum-si-pentru-declararea-unor-localitati-ca-statiuni-turistice-de-interes-national-respectiv-;](https://lege5.ro/Gratuit/gm4dkmbz/hotararea-nr-1122-2002-pentru-aprobarea-conditiilor-si-a-procedurii-de-atestare-a-statiunilor-turistice-precum-si-pentru-declararea-unor-localitati-ca-statiuni-turistice-de-interes-national-respectiv-;http://turism.gov.ro/wp-content/uploads/2013/05/Staiuni-atestare.pdf)
<http://turism.gov.ro/wp-content/uploads/2013/05/Staiuni-atestare.pdf>

Appendix 8. The map representing the counties and the regions of Romania



(Source: <https://gandeste.org/wp-content/uploads/2013/05/regiuni-de-dezvoltare-si-județe-300x212.jpg>).