

INSTITUTIONAL ASSUMPTIONS FOR THE DEVELOPMENT OF TOURISM IN THE REPUBLIC OF MACEDONIA

Abstract: Tourism as a world-class industry is in great expansion. This is due to several factors (legal, institutional, economic, social, cultural, political, religious, and international). In the paper we will focus on and try to answer the fundamental research question: how positive is the influence of the institutional assumptions in Macedonia on the development of tourism? To answer this research hypothesis, we will perform an analysis of the institutional framework in the Republic of Macedonia.

In the research we start from the assumption that several internal factors influence the development of tourism in the Republic of Macedonia, in particular the institutional framework. From the analysis of the institutional framework we will determine whether and how much it affects the development of tourism, i.e. we will try to find the weaknesses of the institutional framework that prevent greater development of tourism.

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1. Institutional prerequisites for the development of tourism

1.1 Institutional prerequisites for the development of tourism at an international level

At an international level there are a number of international and regional organizations and institutions that have a basic mission of tourism development. At a global level, the most famous international organizations are: the World Tourism Organization (WTO), UNESCO, and the World Trade Organization (WTO), as specialized UN organizations. Within the UN framework there are the UN Environment Programme and the UN Development Programme (UNDP). Other international organizations include: International Hotel and Restaurant Association (IHRA), International Air Transport Association (IATA), International Association of Convention & Visitor Bureaus (IACVB),

International Federation for Camping and Caravanning (FICC), World Association of Travel Agencies (WATA), International Association of Scientific Experts in Tourism (AIEST), World Travel and Tourism Council (WTTC), World Federation of Tourist Guide Associations (WFTGA) and others.

In Europe there is a number of organizations that have a mission to develop tourism and catering. The most well-known of them are: European Travel Commission (ETC), European Association of Tourism Organizations for Urban Tourism founded in 1991, European Spa Association founded in 1995, European Association for Rural Tourism (EuroGites), European Union of Tourist Officers (EUTO) founded in 1975, Confederation of National Associations of Hotels and Restaurants in the European Community (HOTREC), European Federation of Tourist Guide Associations (FEG) founded in 1986, European Community Travel Agents Association (ECTAA) and others.¹

In the Republic of Macedonia there are several institutions and associations that have the legal competences to provide for the development of tourism and catering. They are: the Ministry of Economy, the Agency for Promotion and Support of Tourism (APST), Local self-government units, the Economic Chamber in Macedonia for Tourism, the Organization of Employers in the field of Hotels and Catering (HOTAM) and others.

2. Institutional prerequisites for the development of tourism in RM

2.1 Ministry of Economy of RM

The mission, or the vision of the Ministry of Economy, among other things is the development of tourism.² There are 151 employees in it, while in the Tourism Sector there are a total of 12 employees. Within the **Ministry of Economy** there is an organizational unit - the Sector for Tourism and Catering whose responsibility is to implement the policies of the Ministry regarding the development of tourism and catering in the Republic of Macedonia. Furthermore, within the Ministry of Economy there is a state advisor for tourism and catering. The Sector of Tourism and Catering has two departments: the Department for development and international relations in tourism and catering and the Department for current monitoring of activity, analysis and influence of activities in tourism and catering.³

2.2 Agency for Promotion and Support of Tourism

The Agency was established in 2008 in accordance with the Law on Establishment of the Agency for Promotion and Support of Tourism (Official Gazette of the Republic of Macedonia No. 103/2008, 156/2010, 59/2012, 187/2013 and 41/2014). The **Agency** is an institution established by the Government of the Republic of Macedonia and it is a national organization for the development of tourism in the country. Such organizations exist in more than 100 countries.⁴ The World Trade Organization (WTO) defines agencies and their subsidiaries as follows⁵:

1) The National Agency for Tourism is defined as:

a) Central administrative body with the administrative responsibility for tourism of the highest level, i.e. a central management authority with powers for direct intervention in the sector of tourism; and

b) All administrative state bodies that have the authority to intervene in the sector of tourism.

The **vision** and **mission** of the Agency for Promotion and Support of Tourism is in the direction of responsible and sustainable development of tourism in the Republic of Macedonia aiming at contributing to the economic development, reducing poverty, preserving biodiversity and managing natural resources. The work of the Agency is based on the principles of: *professionalism*,

¹More in the book Меѓународен туризам, Дејан Методијески и Никола Цуцулески, pp 177-195;

²<http://www.economy.gov.mk/info/misija>, retrieved on 01.07.2018;

³See the Organizational chart of the Ministry of Economy available at <http://www.economy.gov.mk/info/organogram>;

⁴Методијески, Д (2012), Туризмот во руралните средини, Современост, Скопје, стр. 68;

⁵Jeffries, D, *Governments and Tourism*, Butterworth-Heinemann, 2001, p. 10 (pdf);

transparency, sustainability and accountability and in this context it aims at responsible and professional work, especially at the possibilities for increasing the number of tourists. The main function of the Agency for Promotion and Support of Tourism is promoting tourism resources of the Republic of Macedonia on foreign markets, as well as managing and supporting projects aimed at developing tourism in general.⁶ As a marketing and market-oriented institution, through its promotional activities and creation of tourism products in cooperation with economy, the Agency contributes to greater competitiveness and recognition of the Republic of Macedonia as a tourist destination. The indirect results of the activities of the Agency for promotion and support of tourism so far are visible through the achievement of a certain level of recognizability and competitiveness of the Macedonian tourist product, while the direct results show an increase of 150% in the number of foreign tourists and an average annual increase of 15% of the foreign exchange inflow from tourism.

These are the organs of the Agency for Promotion and Support of Tourism: Management Board (having 7 members) and Council (having 15 members). The Government of the Republic of Macedonia grants consent for the Statute of the Agency for Promotion and Support of Tourism, the Annual Work Program and the Annual Financial Plan, and the Ministry of Economy supervises the legality of the activities of the Agency for Promotion and Support of Tourism.

According to the Program for Promotion and Support of Tourism in 2018, in the Budget of the Republic of Macedonia for 2018 provides 162,374,000.00 MKD for the realization of the Program.⁷

The Agency for Promotion and Support of Tourism has two sectors: *sector promotion and sector support*.

Competences and strategic priorities of the Agency for Promotion and Support of Tourism are as follows:

- Active advancement and promotion of tourism and professional presentation of all segments and regions of the tourist offer, as well as preparation of analysis for the potentials of the domestic and foreign tourist market;
- Preparation and realization of the program and providing informational material for the promotion and support of tourist values;
- Establishment and development of a unique tourist information system and its connecting with other information systems;
- Active promotion of the total tourist potential of the Republic of Macedonia in the country and abroad and cooperation with world-famous tour operators to attract as many tourists as possible;
- Positioning of new tourist markets;
- Encouraging and coordinating all tourist organizations, chambers, associations, and other institutions in the field of tourism and catering, in order to advance and promote tourism;
- Initiating and directing inter-municipal, regional and international cooperation for the promotion of tourism;
- Participation in attracting investments in the sector of tourism in the Republic of Macedonia;
- Promoting, supporting and developing the country's total potential for tourism;
- The Agency for Promotion and Support of Tourism performs all other activities in accordance with the law and the Statute.

2.3 Economic Chamber for Tourism in Macedonia (ECTM)

The Economic Chamber of Tourism in Macedonia (ECTM) is an independent, autonomous and non-profit business-professional organization of legal entities and natural persons, which perform activities in the tourist industry such as: catering, hotels, transport, tourist-service, tourist-educational and other activities aimed at developing, offering and successful implementation of a product of

⁶<http://tourismmacedonia.gov.mk/DesktopDefault.aspx?tabindex=0&tabid=1328>, retrieved on 02.07.2018 година.

⁷See art. 2 of the Program for Promotion and Support of Tourism in the Republic of Macedonia in 2018 (Official Gazette of the Republic of Macedonia No. 21 dated 02.02.2018).

tourism.⁸The members of the chamber are affiliated on a professional-guild basis and their membership is in accordance with the Law on Economic Chambers. Members of the Chamber can be legal entities and natural persons based in the Republic of Macedonia who perform activities in the tourism industry and other activities in the function of a tourist product and are voluntary and membership is on a voluntary basis.⁹

The Chamber has the capacity of a legal entity based in Skopje. The bodies of the Chamber are: Assembly, Managing Board, Supervisory Board and President of the Chamber. The Chamber Assembly forms the following sectors: Travel AgenciesSector, Accommodation Sector, Restaurants, Cafés, Night Clubs-Catering Facilities Sector, Transport Sector and Institutions and AssociationsSector. Professional, administrative-technical, auxiliary and other activities for the needs of the Chamber are performed by the Professional Service of the Chamber,¹⁰which provides business information, data, expert advice, suggestions, etc. which help the work of the members of the chamber.

The main goals and objectives of the Economic Chamber of Tourism in Macedonia are directed towards:

- Improving the results of the members of the Chamber and their organization;
- Providing expert assistance to the members of the Chamber in the development of their activity, adopting new technologies and methods of running companies, encouraging and coordinating the activities for the implementation of European quality standards and for the research and development of technical-technological achievements;
- Qualitative and efficient provision of professional assistance and business services to members, as well as harmonization of their developmental interests;
- Organizing an information system and informing the members about relevant data on the members' activities, about domestic and world economy, credit-monetary, foreign exchange, tax and customs policy and market, about innovations and technological achievements, export and import movements and opportunities, about projects and tenders, etc.;
- Advocacy of the members of the Chamber in economic relations with foreign countries: certification and issuance of documents, promotional and propaganda activity and participation in fairs, exhibitions and other promotional activities, development of marketing and foreign trade network, business networking and information, etc.;
- Organizing vocational training, retraining and further training of professional staff;
- Identifying and fostering good business practices, developing business ethics and establishing rules of business conduct of the members of the Chamber in their mutual relations and in relations to third parties;
- Advocating the interests of the members of the Chamber before competent state bodies and institutions, especially in preparing economic legislation, measures and mechanisms of the economic system and the developmental and current economic policy, informing about changes in legal and other regulations related to the activity of the members of the chamber and from the field of economy;
- Giving opinions and preparing proposals and initiatives for adopting new or amending existing laws and measures of economic policy related to the activity of the members of the Chamber and the field of the economy;
- Concluding and monitoring the implementation of collective agreements;

⁸Art. 2 of the Economic Chamber of Macedonia for Tourism Statute (SKTM).

⁹Ibid, art. 15 and 16 of the Economic Chamber of Macedonia for Tourism Statute (SKTM).

¹⁰Ibid, art. 58 paragraph 1.

- Performing other activities of interest to the members of the Chamber;¹¹

2.4 Hotel Association of Macedonia (HOTAM)

The basic form of organization and operation of the Organization of Employers of Macedonia (OEM) are the associations of employers by sectoral industries. One of them is the Association of Employers for hotels, restaurants, cafes and auto camps (HOTAM) based in Ohrid. Hotel Association of Macedonia is the Association of Entrepreneurs of Hotel and Catering Activity whose purpose is association for the promotion and development of the hotel-catering industry, protection of professionalism, ethics and high quality of performance.¹² The Hotel in its statute determines several objectives of common interest, and they are¹³:

- Promotion and development of hotel-catering business by introducing rules and standards in operation;
- Adopting and respecting the Code in work and its harmonization with European standards in this area (EU documents and directives);
- Establishment and realization of cooperation with international organizations and associations in the area of tourism and catering;
- Developing cooperation of the Association in relation with scientific and educational institutions, as well as the subjects from their branch;
- Advocating the interests of the members of the Association before competent authorities in the country and abroad;
- Active participation in the adoption and improvement of legislation in this area;
- Organizing expert seminars and workshops at a national and international level;
- Education and training of staff and
- Other common things.

The HOTAM Association has the capacity of a legal entity and it performs its activities through the following bodies: Assembly, Board of Directors, Supervisory Board and President.¹⁴

2.5 Council for Balanced Regional Development of the Republic of Macedonia

Pursuant to the Law on Balanced Regional Development of the Republic of Macedonia, a body has been established at a national level with the name Council for Balanced Regional Development of the Republic of Macedonia, whose task is to take care of harmonization and coordination of the policy for stimulation of balanced regional development (Article 2, paragraph 9). The Council for Balanced Regional Development of the Republic of Macedonia is formed by the Government of the Republic of Macedonia, and its competences are:

- ensures harmonization of the policy for stimulation of balanced regional development with sectoral policies and the macro-economic policy of the Republic of Macedonia;
- drafts the Proposal-Strategy for regional development;
- drafts the Proposal-List of areas with specific development needs;
- drafts the Proposal-Decision for classification of the units of local self-government and the planning region according to their level of development;

¹¹Art. 9 of the Economic Chamber of Macedonia for Tourism Statute (SKTM);

¹²<http://hotam.org/mk/>

¹³Art. 3 of the HOTAM Statute

¹⁴*Ibid*, art. 7 of the Statute

- drafts a proposal for financing specific projects from the funds of the Budget of the Republic of Macedonia, aimed at development of the planning regions, the areas with specific development needs and the villages;

- initiates review of regional development related issues requiring coordination between the Government of the Republic of Macedonia, the units of local self-government and other involved parties; and

- reviews other issues related to the area of balanced regional development.

2.6 Council for the development of planning regions

In accordance with the provisions of the Law, a Council for a Planning Region is formed for each planning region, and members of the Council are the mayors of the units of local self-government that are part of the planning region (Art. 19). The Council for the Development of the Planning Region performs the following tasks¹⁵:

- organizes and coordinates the activities for monitoring and evaluation of the implementation of regional development planning documents,

- adopts a Program for development of the planning region, based on the previously received approval of the Council for balanced regional development,

- adopts an annual action plan for the implementation of the Program for development of the planning region,

- drafts an annual list of project proposals for development of the planning region,

- submits proposals to the Bureau for balanced regional development identifying areas with specific development needs within the planning region, in accordance with the criteria from Article 7 of this Law,

- ensures coordination of the activities of the units of local self-government, civic associations, state agencies and institutions within the region which work in the field of regional development,

- initiates reviews of issues related to regional development which require coordination between the units of local self-government and partners from the private and civic sector,

- promotes cross-border cooperation with regions from other countries based on mutual interests performs other activities in the area of regional development stipulated by law.

2.7 Local self-government

Local self-government is *"a form of management of citizens in local communities in which citizens directly or through representative bodies and other local bodies, which they choose themselves, decide on interests and matters of local importance in certain areas of social life in the local community."*¹⁶ Indirect manner of management is realized through the Council and the Mayor, while the direct manner is realized through direct forms of decision-making (referendum, civic initiative, citizens' gathering, written proposals and initiatives, etc.).

Each local self-government, depending on its geographical location, has its own natural and anthropogenic specifics that can be a comparative advantage for the development of tourism. According to the provisions of the Law on Local Self-Government, one of the competences of the local self-government in the Republic of Macedonia is Local economic development¹⁷, as well as the protection and promotion of the environment. For this purpose, separate organizational units have been established

¹⁵Art. 20 of the Law on Balanced Regional Development of RM (Official Gazette of RM no.63/2007)

¹⁶Силјановска-Давкова, Г. & Митков, В. (2004), Локална самоуправа, Магор, Скопје, p. 15;

¹⁷Art. 22 of the Law on Local Self-Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 5 dated 29 January 2002) which established the List of competences of the municipalities, among which is local economic development (LED).

in each municipality (Unit of Self-government USG) of the Republic of Macedonia - Sectors or Departments for LED and Departments for Environmental Protection. These organizational units prepare Strategies and Action Plans for the economic development of the municipality and protection and improvement of the environment, in which tourism takes an important place in the overall development.

Apart from LED, local self-government also has other responsibilities that are directly or indirectly related to the development of tourism. These include: planning of urban development (adoption of DUP- Detailed Urban Plan), maintenance of infrastructure, lighting, maintenance of communal hygiene, culture, sports, parks and greenery, etc.

The municipalities in the Republic of Macedonia that have potentials for the development of tourism, especially rural tourism, have a great opportunity to develop tourism through applying and receiving various EU-funded cross-border projects, rural tourism in particular (Metodijeski, p. 70). Such structural funds are: LEADER, LEADER-1, IPARD, INTEREG, INTEREG-1, SPRITE and others.

2.8 Non-governmental organizations

The development of a society is almost unthinkable without the participation of the non-governmental sector. These non-governmental organizations are a kind of a guarantor of respecting the basic democratic and legal principles in the country. The term NGOs is used to indicate that they are not part of the government, i.e. that they are independent. Active NGOs in a number of countries are creators and controllers of a particular policy.

By definition, the non-governmental sector is a form of association of citizens outside state bodies and institutions that has the function of a government partner in the regulation of a number of social spheres. Today, on a global, regional and national level, many NGOs have been established whose main mission and vision is the development of tourism (rural, ecological, mountain, crafts, production of healthy food, etc.).

In the Republic of Macedonia there are several NGOs registered whose mission is the development of alternative and rural tourism in the country. On the official website of the Public Revenue Office (UPO), we have found a number of NGOs related to the development of tourism. These include: Balkanija - Balkan Association for Alternative Tourism, Rural Development Network of the Republic of Macedonia, Association for the Development of Alternative Tourism - Ljubojno, CSD - "Alka" from Skopje whose strategic goal is the development of tourism (Alternative tourism, rural tourism, ecological food, old crafts). During the preparation of the Strategies for Tourism Development in the municipalities, there are always representatives from NGOs whose mission is the development of tourism, nature protection and ecology.

3. Conclusion

The development of tourism in a country depends on many factors, especially on legal and institutional prerequisites. From the analysis of the institutional prerequisites, we can conclude that there are several institutions in the Republic of Macedonia that have the authority to take care of the development of tourism and catering. The Ministry of Economy has a separate Sector for Tourism and Catering which takes care of the development of these activities. In 2008, a specialized Agency for Promotion and Support of Tourism was established, which helps the tourism sector in several segments. The Agency, as a marketing and market-oriented institution, contributes to greater co-reputation and recognition of the Republic of Macedonia as a tourist destination through promotional activities and creation of tourism products in cooperation with economy. The system of institutions that have competences for the development of tourism, and in this context of catering, also includes the Council for Balanced Regional Development, the Council for Development of the Planning Regions, the Units

of the Local Self-Government (Municipalities) through the Sectors, that is, the departments for local economic development (LED).

Two non-profit and non-governmental organizations play an important role in the development of tourism and catering in the Republic of Macedonia: the Economic Chamber of Tourism in Macedonia (ECTM) and the Hotel Association of Macedonia (HOTAM), which are important partners of the Government of the Republic of Macedonia and the Ministry of Economy, especially in the process of preparation and adoption of legislation in the field of tourism and catering.

The non-governmental sector (NGO) also has an important place in the development of tourism, in terms of partnership relations with government policies in the field of tourism. This is especially true when adopting the Strategy, Program and Action Plans for the development of tourism at the state level, planning regions and local self-government.

Based on the results of our research we can conclude that in the Republic of Macedonia there are good legal and institutional prerequisites for the development of tourism.

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