

HUMAN RESOURCES AS AN IMPORANT FACTOR FOR DEVELOPMENT OF TOURISM IN THE REPUBLIC OF N. MACEDONIA

Abstract: The human capital is the most important resource and factor for development of each activity, including tourism. The employed in the tourism sector, through the system of formal and informal education, acquire certain education, theoretical knowledge, proficiency and practical skills, which are the basic impetus of competitiveness. In this paper, we shall give an answer to the question related to the importance of quality and motivation of human resources and working conditions for development of tourism, i.e. urban tourism in the Republic of North Macedonia. For that purpose, we shall apply research technique – poll of employed in the tourism and restaurant service sector and we shall analyze the response results of 72 examinees.

Author information:

Darko Majhosev

PhD student

University "Goce Delcev" - Shtip

✉ darko-majhosev@hotmail.com

🌐 Republic of North Macedonia

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Cane Koteski

Prof. PhD

University "Goce Delcev" - Shtip

✉ cane.koteski@ugd.edu.mk

🌐 Republic of North Macedonia

1. Fit for work population, employment rate and unemployment in the Republic of N. Macedonia for the period of 2010-2018

Besides the quality of structural and infrastructural objects that participate in meeting touristic needs, the human capital is a very important factor for development of tourism, i.e. the professional and organizational potential of the employed, on which the dynamics for tourism development depend.

Human resources play a special role in improving the competitiveness and the economic growth of one society as well as the tourism in that context. The labor as a polyvalent factor is of huge importance for the modern development process. The employed with their knowledge, abilities and skills, contribute to increasing the productivity to a large extent. The permanent investment in their education is the unique way of preserving and improving the competitive advantage. The human resources, i.e. the education and training, are placed on the foundation of the pyramid for competitiveness. The importance of the labor is especially emphasized in the service sector, where tourism belongs. Hence, we will pay significant attention to the employed engaged in the tourism sector in the Republic of N. Macedonia in order to illustrate their social-economic condition compared to other professions.

From the total population of the country, only one part is fit for work, i.e. active. The work potential of our country is a source of labor offer and the unused work potential, i.e. the unemployed represent a significant source of labor offer.

In the table below, we will show the relation between active and non-active population for the period of 2010-2018.

| Year | Fit for work population | Employed | Unemployed | Activity rate (%) | Employment rate (%) | Unemployment rate (%) |
|-------------|-------------------------|----------|------------|-------------------|---------------------|-----------------------|
| 2010 | 938 294 | 637 855 | 300 439 | 56.9 | 38.7 | 32 |
| 2011 | 940 048 | 645 085 | 294 963 | 56.8 | 38.9 | 31.4 |
| 2012 | 943 055 | 650 55 | 292 502 | 56.5 | 39 | 31 |
| 2013 | 956 057 | 678 838 | 277 219 | 57.2 | 40.6 | 29 |
| 2014 | 958 998 | 690 188 | 268 809 | 57.3 | 41.2 | 28 |
| 2015 | 954 924 | 705 991 | 248 933 | 57 | 42.1 | 26.1 |
| 2016 | 948 599 | 723 550 | 225 049 | 56.5 | 43.1 | 23.7 |
| 2017 | 954 212 | 740 648 | 213.564 | 56.8 | 44.1 | 22.4 |
| 2018 | 957 623 | 759 054 | 198 569 | 56.9 | 45.1 | 20.7 |

2. Working conditions in the tourism sector

Generally speaking, the conditions in the tourism sector of RM, even though significantly improved, do not satisfy the standards required by International Labor Organization (ILO). The work in the tourism sector includes several demotivating factors such as: payment lower than average in the country, non-standard working time (work on Sundays, state and religious holidays, annual leaves) which lead to low motivation of employed, weak opportunity for career development.

The payment of the employed in the tourism and restaurant service sector is among the lowest in the system of businesses and professions. We will further show the movement of the average net payment per employed on national level and average net payment per employed in tourism sector for the period of 2010-2018 and in those frameworks, the movement of the participation of the net payment in tourism in the national average (%) for the same period.

| Year | Average net payment per employed – on state level | Average net payment per employed in tourism | Participation of net payment in tourism in the national average (%) |
|------|---|---|---|
| 2010 | 20 553 | 12 065 | 58.70 |
| 2011 | 20 847 | 12 261 | 58.81 |
| 2012 | 20 902 | 12 978 | 62.09 |
| 2013 | 21 145 | 16 577 | 78.40 |
| 2014 | 21 394 | 16 621 | 77.69 |
| 2015 | 21 906 | 17 108 | 78.09 |
| 2016 | 22 342 | 16 999 | 76.08 |
| 2017 | 22 928 | 17 444 | 76.08 |
| 2018 | 25.048 (IV quartal) | 17.965 (IV quartal) | 71.7% |

Source: State Statistical Office, Statistical yearbooks, 2011, 2015, 2018; MAKStat database for 2018 and Notification for average monthly paid net-payment per employed

On the basis of the data given in the Table above, the participation of the net payment per employed in the tourism sector in the net payment on state level is around 70.85%. Hence, we can conclude that in the period between 2010-2018, the net payments per employed in the sector of activities of business subjects (National Classification of Activities NKD Rev. 2), i.e. the employed in the *Accommodation and food service activities* is **on the average** lower for 29.15% compared to the average net payment on the state level. This fact tells us that the employed in the tourism sector have almost 1/3 lower living standard and it is the reason why the profession is not attractive for employment. In the context of our research from part of our examinees, we received a response (comment) that due to the low payment and the limited opportunities for individual career development of the employed, they plan their professional career and future outside the borders of our country where labor is appreciated and paid more. What is more, a significant part of the labor force engaged in the tourism sector in the country leaves to other countries (Croatia, Slovenia, Greece, Germany, Italy) during the tourist season and our tourist subjects are put in the position of not being able to perform their basic activity continuously and with quality. However, the relatively lower labor price in the tourism sector can simultaneously attract foreign and domestic investors.

Considering the low payments in this sector, we can conclude that they have a relatively lower living standard. However, the official data of the employed payments do not provide a real picture of the structure of real payments. Namely, net payments per employed in the tourism sector do not include so called “tips”, free food and drinks etc. These incomes are not subject to fiscal burdens and they represent incomes of employed without taxation (*Ackoska, M., p. 167*).

Besides the relatively lower payment compared to the national average, the employed in the tourism sector are faced with specific work conditions and non-typical working hours. Even though the length of the daily working hours is regulated with laws for all employed, the length of the working day in the tourism sector does not correspond to the standard working hours, which is a global specification. The working hours in the tourism sector are flexible and they depend on other factors and most of all on the guests needs.

The employed in the tourism are at the same time in the direct contact with the tourists and guests. A large number of employed are exposed to additional pressure when working, and to stress as well.

Due to the lower payments, the inability to be promoted in their career, not having benefits, working hours, professional improvement, limitation of individual initiative etc. the motivation of the employed is very low, which contributes to negative affirmation of the tourism.

In order to establish the importance, the status and the condition of the tourism as a whole, we consider that it is necessary to make analysis of all employed in this activity *Accommodation and food service activities*, i.e. to establish what is the number of the employed in the tourism sector in the total number of employed for a longer period of time.

Below in the table, the number of employed in the activity – *Accommodation and food service activities* is shown for several years, for the period of 2011-2018.

| Year | Total number of employed in RM | Total number of employed in the activity – Accommodation and food service activity according to NKD Rev. 2, per year | Participation of the number of employed in tourism sector in the total number of employed (%) |
|------|--------------------------------|--|---|
| 2011 | 645.085 | 23.574 | 3.65% |
| 2012 | 650.550 | 23.507 | 3.61% |
| 2013 | 678.838 | 23.986 | 3.53% |
| 2014 | 690.188 | 24.722 | 3.58% |
| 2015 | 705.991 | 26.994 | 3.82% |
| 2016 | 723.550 | 25.446 | 3.52% |
| 2017 | 740.648 | 28.569 | 3.86% |
| 2018 | 759.054 | 30.964 | 4.08% |

Source: State Statistical Office, Statistical yearbooks: 2012, 2016 and 2018 and MAKStat - database

On the basis of the data given in the table above, we can see that the number of employed for the period of 2011-2018, with a few exceptions (in 2016), has been growing continuously. This tendency shows that the activity *Accommodation and food service activities* is expanding. Meanwhile, from the data given above for the stated period, we can conclude that the number of employed in this activity form to total number of employed in the country is around 3.71%. This shows that the tourism in Macedonia employs relatively small number of workers.

We will further show the number of business subjects in the activity *Accommodation and food service activities* for the period of 2011-2018.

Table No. Number of active business subjects in the sector of activity according to the National Classification of Activities NKD, Rev. 2

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total No. in RM | 75.497 | 73.118 | 74.424 | 71.290 | 70.659 | 70.139 | 71.519 | 71.419 | 72.315 |
| Total No. on the level of activity – Accommodation and food service activities | 4.433 | 4.313 | 4.611 | 4.482 | 4.493 | 4.535 | 4.627 | 4.559 | 4.597 |

Source: State Statistical Office – MAKStat – database

In the number of active business subjects given in the table above, in accordance with the National Classification of Activities NKD Rev. 2 *travel agencies, organizers of travels (tour operators) and the rest reservation services such as activities related to them* are not included and they are later divided to subcategories:

- Activity of travel agencies
- Activity of organizers of travels (tour operators)

Travel agencies. Travel agencies are important factors in the tourism with status of legal subjects. According to the register of travel agencies in the Ministry of Economy, there are 678 travel agencies

registered in Macedonia, with A and B licenses. The licenses are permanent and the register of active travel agencies is updated and posted on the website of the Ministry of economy on 09.01.2019.

Tourist guides and tourist companions. Tourist guides and tourist companions are as well a resource – a factor in the development of tourism. The tourist guides are joined in the Union of tourist guides founded in 2008. According to the information of the Union of tourist guides and companions in Macedonia, there are 790¹ registered tourist guides in the country, but according to the information of the Union, around 350 guides are actively working. Almost all have temporary service contracts and only a small part of them are employed in some of the agencies. They are promoters of tourism in the country in front of international tourists.

On the world tourism day in 2017, a digital Register of tourist guides and tourist companions in RM was promoted.

According to the statistical yearbook 2016 of the State Statistical Office, the number of employed in the Department of travel agencies, organizers of travels (tour operators) and the rest of the reservation services as well as activities related to them is 1.254 and they participate with 0.24% in the total number of employed in the country.²

Hypothesis: The quality of the personnel and professional potential of the employed in the tourist subjects in RM influences the quality of urban tourism

The personnel policy actually represents *“an organized social activity in the community (organization), which in accordance to the social-economic development of the community (organization) establishes the main positions and general principles related to stating measures and criteria for selection, creation and movement of personnel and provision of optimal conditions for their work and development in the working environment”*.³ The personnel policy encompasses several related activities: planning of personnel profile, preparation of personnel, professional improvement, selection and distribution of personnel on the work places, overtaking of appropriate work and obligation etc.⁴

Tourism and restaurant service is driven and composed of plenty of organizational units (hotels, motels, restaurants, travel agencies) where different professional profiles work that are managed by well-educated and qualified managers performing appropriate functions in order to fulfill the goals of the system (KraleV, 2005, p. 2-5)

The secondary schools and the universities in the country play a huge role in creating professional personnel for the needs of tourist-restaurant service subjects. There are currently nine (9) secondary vocational schools with 4-year education such as: qualified hotel-tourist technician 12 classes, restaurant service technician 3 classes and restaurant service technician for rural tourism 3 classes and 10 secondary schools with 3-year education consisting of 23 classes in the Republic of N. Macedonia.

There are seven universities that contain faculties and departments in the field of tourism, restaurant service and gastronomy in the Republic of N. Macedonia. Four are state and three are private universities.

Moreover, the informal education for adults, that is introduced in accordance with the provisions of the Law on adults' education plays a huge role in the creation of professional personnel in the tourism and restaurant service sector, where public and private institutions for education of adults, promotion

¹ According to the data obtained by the Union of tourist guides and companions, there were 790 licensed guides in 2017, but the number is not final because it rises continuously.

² Analysis of the restaurant service and tourism sector, Project for development of skills and support of innovations, Skopje, 2017, p. 5;

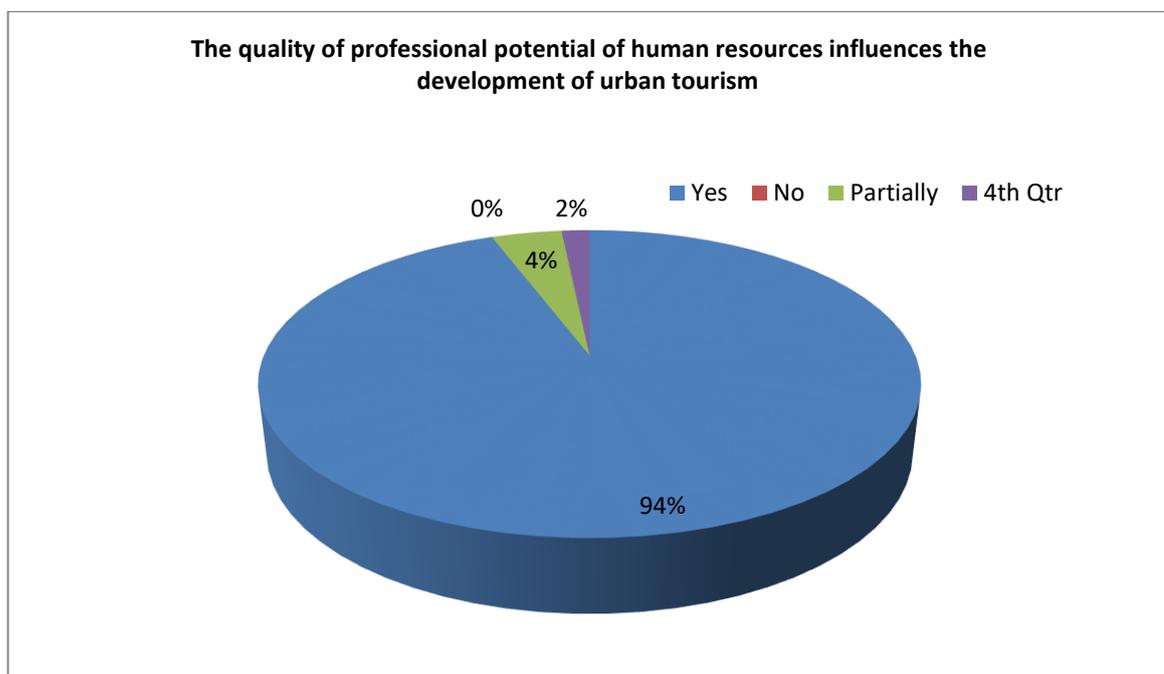
³ D. Kavran, Politicka enciklopedija, Savremena administracija, Beograd, 1974, str.410

⁴ Ibid.

centers, employers and social partners, association of citizens and individual trainers that meet the provisions of the Law can act as suppliers of adults' education

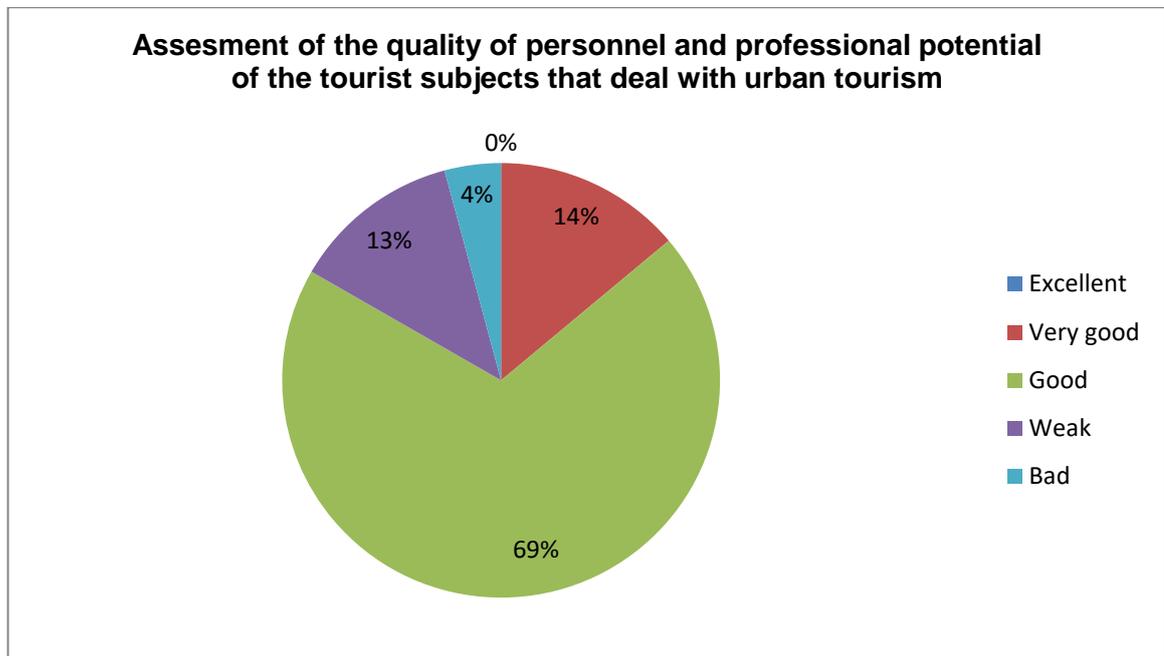
Research results

In order to establish if the quality of personnel and professional potential of the human resources influences the development of urban tourism, we should ask the following question: **To what extent does the quality of professional potential of human resources (employed) influence the urban tourism in RM?** By analyzing the responses, we found out that 69 examinees or 94% answered that the quality of personnel and professional potential of the employed influence the development of urban tourism, 4% answered that it partially influences and 2% answered that it does not influence. Hence, we can conclude that the quality of **personnel and professional potential of employed** with their professionalism and trainings is a very important factor for attracting tourists in urban places and the development of urban tourism. We will further show the results graphically.

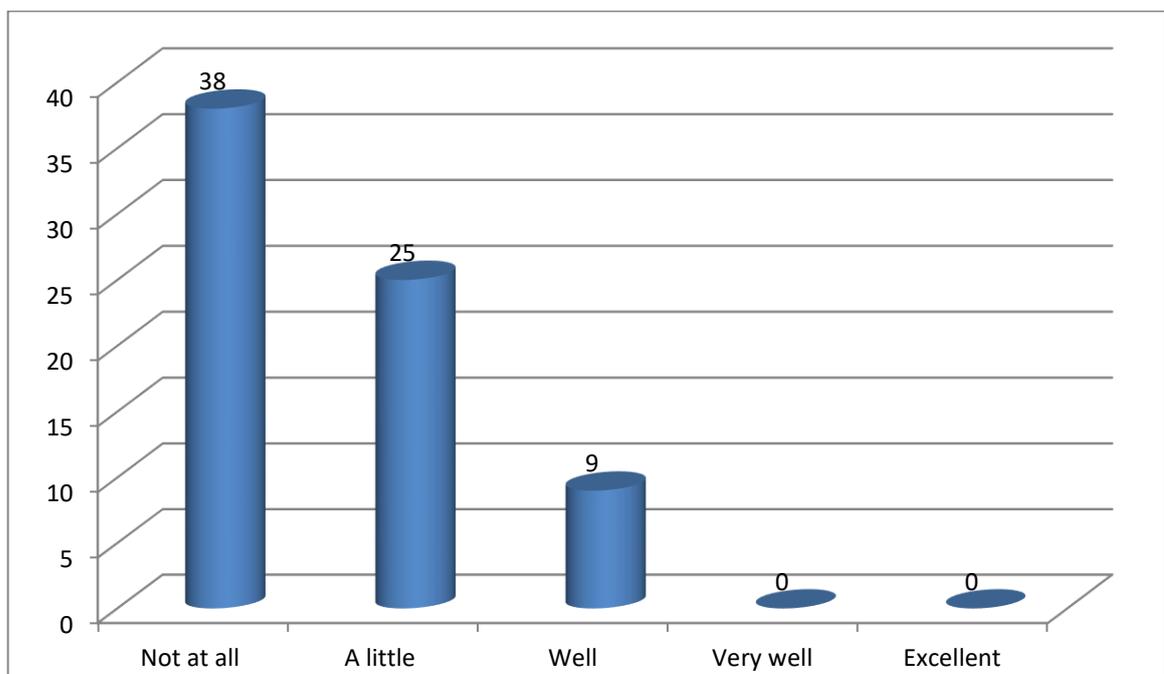


It is not sufficient to say that the organizational units, such as hotels, restaurant etc. employ professional personnel, but it does not possess the appropriate quality. We asked the examinees of our research to assess the quality of personnel and professional potential of employed in tourist subjects. In order to obtain appropriate assessment on the quality of personnel and professional potential of the employed we asked the following question **In your opinion, how do you assess the quality of the personnel and professional potential of the tourist subjects that deal with urban tourism?** On the basis of their responses we found out that 69% of the examinees answered that the quality of personnel and professional potential of the tourist subjects is good, 14% responded it is very good, 13% think it is weak and 4% answered it is bad. The results show that the professional and personnel potential of tourist subjects that deal with urban (city) tourism is good. However, a large problem in the recent years is *the motivation of the employed* in tourism and restaurant service subjects due to the low payments. Many of them announce that they will be leaving their working positions. This process is more expressed in our country in the recent years, i.e. a large number of professional personnel in the field of tourism and

restaurant service leave the country and go to the countries where the employed in this activity are paid more (Croatia, Slovenia, Italy, Germany, Greece, Switzerland, Spain). We will further show the above stated results in a pie:

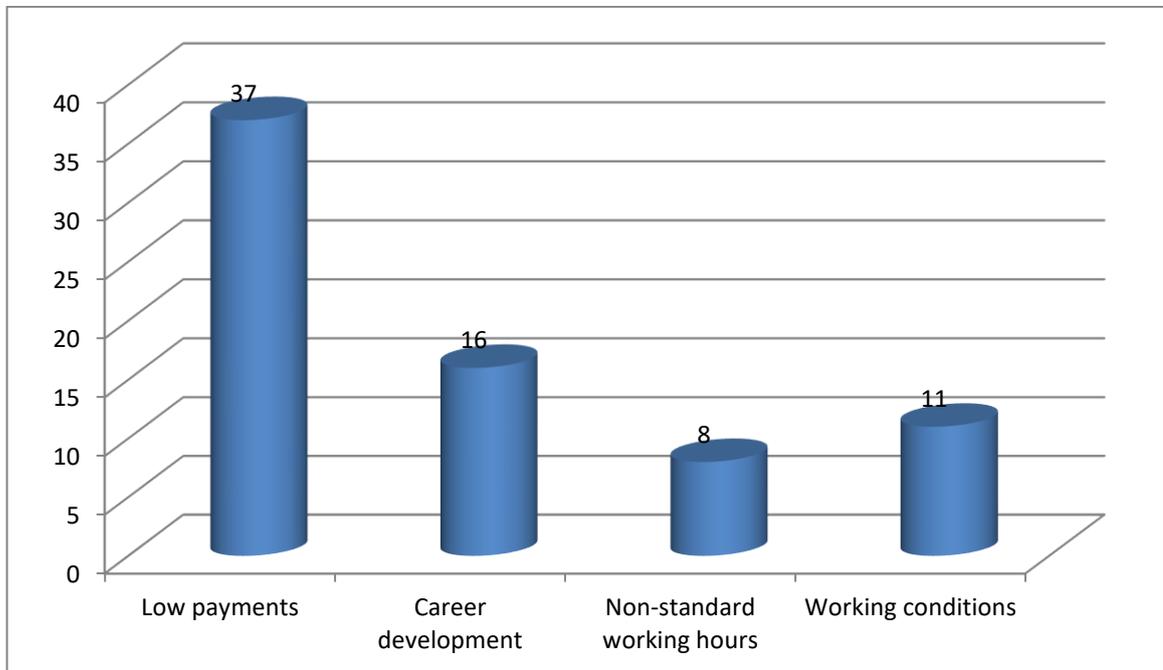


In order to obtain a clear picture on the motivation of employed in tourism – restaurant service sector, we asked the question **Assess Your motivation for the working position with a grade from 1-5?** Hence, 38 examinees responded that they are not motivated at all (%), 25 said they are motivated a little, 9 answered that they are well motivated (%), but none of the examinees stated that they are motivated very well or excellent.



On the basis of the examinees' responses, we can conclude that the motivation of the employed is on the very low level that explains the announcements for leaving to another country where the employee is much more motivated.

Next question **Rank the reasons for Your low motivation?** (Ex. low payment, career development, non-standard working hours, working conditions)



Conclusion

On the basis of the research, we can conclude that the quality of personnel and professional potential of the tourist subjects depends on their competitiveness on the market. Around 4% of the employed in RM are employed in the tourism and restaurant service sector, which is a relatively small number. The working conditions in the tourism sector in RM, even though significantly improved, do not meet the standards of the International Labor Organization (ILO). The basic demotivating factors are: the payments are around 30% lower than the average payments in the country, the non-standard working hours (work on Sundays, state and religious holidays, annual leaves), the weak opportunities for career development. All contributes to weak motivation of the employed. Therefore, a large number of the employed announce leaving their working positions and going abroad. The highest reason for the low motivation is 1) low payment 2) career development 3) non-standard working hours.

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