



EXPLORING TOURISM DYNAMICS: NORTH MACEDONIA IN REGIONAL CONTEXT

Biljana Petrevska

Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia

Abstract

This paper explores the nature of tourism in North Macedonia within the broader regional economic context. By examining its economic impacts, it compares the situation with selected countries in South and Mediterranean Europe, with particular attention to neighboring countries. Utilizing data from 2015 to 2019, it excludes the post-COVID-19 period, which introduced a new environment distinct from the preceding years. The findings not only provide insights into fostering a positive outlook, but also recognize the challenges facing tourism development in North Macedonia within its regional framework. Additionally, the research underscores the importance of enhanced integration among neighboring countries in the region.

Keywords: Tourism development; North Macedonia; Regional economic environment; Challenges.

INTRODUCTION

The interplay between regional economic development and the role of tourism has received extensive attention in academic literature (Allan et al., 2017; Calero & Turner, 2020; Dong et al., 2018; Dwyer et al., 2016; Li et al., 2017; Williams, 2016; Yang et al., 2018; Zhang, 2017, and others). Scholars universally acknowledge tourism as a catalyst for regional development in developed countries and as a pivotal driver of economic growth in less-developed ones.

This paper contributes to the existing body of knowledge by delving into the dynamics of tourism in North Macedonia within the broader regional economic landscape. Specifically, it undertakes a comparative analysis with selected countries in South and Mediterranean Europe, with a keen focus on neighboring countries.

Following this introduction, the paper furnishes background material on tourism data pertaining to North Macedonia, accompanied by a comprehensive review of theories and models investigating the role of tourism in economic development. Subsequently, the methodology section outlines the dataset, sampling techniques, and data sources employed in this study. The next section presents a summary of the findings followed

by a detailed discussion thereof. Finally, the paper concludes with key insights, limitations, and recommendations for future research.

BACKGROUND MATERIAL

North Macedonia, with a population of 1,836,713 in 2021 (Statistical Office of the Republic of North Macedonia, online) is a small country. It boasts a GDP per capita of \$6,720.9, a 4% GDP growth, 16.2% total unemployment, and 3.2% annual inflation (World Bank, online). In 2019, tourism played a significant role, contributing an estimated \$401 million to the economy, with an average of \$529 in receipts per tourist (World Data, online). During that year, the country welcomed 1,184,963 tourists, with 63% being foreign visitors who stayed an average of just 2.8 days. Additionally, the tourism sector generated approximately 20,000 jobs in related industries, accounting for about 3% of total employment (Statistical Office of the Republic of North Macedonia, online).

However, this positive trend was interrupted by the COVID-19 pandemic in 2020. The ensuing international travel restrictions resulted in a dramatic decline of 61% in total tourist arrivals, with a staggering 85% loss in international tourism demand. Domestic tourism became predominant, accounting for 85% of total registered overnights, but this shift failed to compensate for the overall losses. Nearly 4,500 jobs in the tourism sector were lost, significantly impacting the broader economy. The government implemented various health and economic measures to mitigate further damage to the tourism industry. As a result, in 2021, there was a gradual recovery in tourism activity compared to 2020, with total arrivals increasing by 51% and total overnights by 36%. Notably, foreign arrivals saw a modest increase of 17%, while foreign overnights witnessed a remarkable surge of 165% (Statistical Office of the Republic of North Macedonia, online).

The onset of the COVID-19 pandemic in 2020 fundamentally altered the tourism landscape, raising numerous unresolved issues and potential development pathways for consideration (Lew et al., 2020). Some countries in South and Mediterranean Europe, such as Montenegro and Greece, experienced severe damage, with total overnights plummeting by 82% and 73%, respectively. However, others, like Albania and Serbia, managed to stage impressive recoveries in early 2021, with total overnights increasing by 98% and 81%, respectively (Petrevska & Andreeski, 2023). Nonetheless, North Macedonia still lags behind the regional average for South and Mediterranean Europe, underscoring the need for financial incentives and coordinated regional promotional efforts.

LITERATURE REVIEW

Scholars have shown considerable interest in understanding the relationship between regional economic development and tourism. Recognizing tourism's significance as a catalyst for regional growth, many researchers have proposed and applied various



models to assess its role both theoretically and empirically. Among these models are the Tourism Satellite Account (UNSC et al., 2008), the gravity model (Park & Jang, 2014; Santana-Gallego et al., 2016), the input-output model (Van Wyk et al., 2015; Williams, 2016), the social accounting matrix based model (Wagner, 1997; Zhang, 2002), computable general equilibrium model (Allan et al., 2017; Dong et al., 2018; Dwyer et al., 2016; Li et al., 2017), time-series, and structural vector autoregressive approaches (Andraz et al., 2015; Cashin et al., 2014), among others.

While these concepts, theories, models, and methodologies provide various perspectives for assessing tourism's impact and measuring its contribution, they primarily focus on two main areas: the impact of tourism on economic development (Andraz et al., 2015; Ma et al., 2018; Sharpley & Telfer, 2014) and regional economic impacts and evolution (Meekes et al., 2017; Mellon & Bramwell, 2016; Yang et al., 2018).

METHODOLOGY

To thoroughly understand the dynamics of tourism growth in North Macedonia within the broader regional economic context, this study analyzes, compares, and interprets stylized tourism data from selected countries in South and Mediterranean Europe. The dataset spans from 2015 to 2019, purposefully excluding the disruptive effects of the COVID-19 pandemic. Data are gathered from various secondary sources, as well as national and international documents, for North Macedonia and specific countries including Albania, Croatia, Greece, Montenegro, Serbia, and Slovenia. Additionally, desk research is conducted to review literature on regional economic development and the significance of tourism. This comprehensive approach forms a robust basis for systematic analysis and drawing conclusions.

FINDINGS AND DISCUSSION

The stylized facts presented in Table 1 shed light on the dynamics of tourism, specifically the total number of overnights, and chain indexes for the period 2015-2019. The aim is to understand the nature of tourism in North Macedonia and compare it with South and Mediterranean Europe, focusing on Albania, Croatia, Greece, Montenegro, Serbia, and Slovenia.

Analyzing Table 1, it becomes evident that Slovenia experienced the most substantial cumulative increase in total overnights during 2015-2019, with a notable 54% surge. Following closely is Serbia, which witnessed a 51% increase, while Croatia exhibited the lowest growth rate at 28%. North Macedonia recorded a 36% increase, slightly below the average increase in total overnights for the entire sample (39%). This suggests a relatively moderate pace of tourism development compared to the average of selected countries from South and Mediterranean Europe.

TABLE 1. TOTAL OVERNIGHTS AND CHAIN INDEXES IN SELECTED COUNTRIES IN SOUTH AND MEDITERRANEAN EUROPE, 2015-2019

Country/Year	2015	2016	2017	2018	2019
Albania	:	:	:	3,074,657	3,253,419
				100	106
aCroatia	71,339,000	77,824,114	86,094,847	89,567,653	91,178,083
	100	109	111	104	102
Greece	106,064,266	110,020,042	119,009,014	142,940,411	143,594,467
	100	104	108	120	100
Montenegro	11,054,947	11,250,005	11,953,316	12,930,334	14,455,920
	100	102	106	108	112
North Macedonia	2,394,205	2,461,160	2,775,152	3,176,808	3,262,398
	100	103	113	114	103
Serbia	6,651,852	7,533,739	8,325,144	9,336,103	10,073,299
	100	113	111	112	108
Slovenia	10,224,207	11,057,731	12,460,084	15,694,705	15,758,691
	100	108	113	126	100

Source: Croatian Bureau of Statistics, Eurostat, State Statistical Office of Albania, State Statistical Office of the Republic of North Macedonia, Statistical Office of Montenegro, Statistical Office of Serbia, Statistical Office of Slovenia, World Bank (online data).

TABLE 2. TOURISM INCOME (\$000) AND SHARE IN TOTAL EXPORTS (%) IN SELECTED COUNTRIES IN SOUTH AND MEDITERRANEAN EUROPE, 2015-2019

Country/Year		2015	2016	2017	2018	2019
Albania	Tourism income	1,499,000	1,693,000	1,943,000	2,186,000	2,329,000
	% of total exports	51.96	52.94	49.47	48.20	50.97
Croatia	Tourism income	8,022,000	9,028,000	10,320,000	11,127,000	11,753,000
	% of total exports	35.69	37.32	37.60	36.94	37.94
Greece	Tourism income	15,665,000	14,727,000	16,875,000	18,821,000	20,276,000
	% of total exports	28.02	27.88	27.30	26.38	28.33
Montenegro	Tourism income	903,000	933,000	1,067,000	1,171,000	1,224,000
	% of total exports	55.27	54.81	54.81	52.16	52.64
North Macedonia	Tourism income	265,000	280,000	327,000	382,000	396,000
	% of total exports	5.46	5.20	5.30	5.08	5.14
Serbia	Tourism income	1,048,000	1,151,000	1,345,000	1,547,000	1,604,000
	% of total exports	7.58	7.60	7.80	7.77	7.65
Slovenia	Tourism income	2,399,000	2,517,500	2,869,000	3,181,100	3,179,800
	% of total exports	7.82	7.82	7.55	7.35	7.36

Source: World Bank (online data).



Table 2 offers insights into the tourism income of selected countries from South and Mediterranean Europe for 2015-2019, along with their respective shares in total exports. Montenegro emerges with the largest share in exports among the selected countries. Notably, Greece leads in tourism income, surpassing \$20 billion in 2019, followed by Croatia with nearly \$12 billion. Conversely, North Macedonia exhibits the lowest participation in exports, averaging 5.24% for the period 2015-2019. However, its proximity to neighboring countries with significantly larger tourism incomes and substantial contributions to total exports suggests potential for North Macedonia to collaborate on regional tourism initiatives.

Seasonality often poses challenges to tourism development. Table 3 presents summarized statistical data, including the Gini and Theil indexes, commonly used to measure seasonality in tourism. Notably, the calculated data (2011-2019) reveal low seasonality with negligible impacts on tourism development in Albania, Bulgaria, and Serbia, important neighboring countries selected from South and Mediterranean Europe. Intriguingly, North Macedonia also exhibits low seasonality, as indicated in previous studies (Petrevska, 2013, 2014).

TABLE 3. SEASONALITY INDICATORS FOR SELECTED INCOMING COUNTRIES FROM SOUTH AND MEDITERRANEAN EUROPE

Indicator/Country	Gini	Theil	Correlation Gini vs. Theil
Albania	0.111028	0.111028	0.111028
Bulgaria	0.101895	0.101895	0.101895
Serbia	0.113792	0.113792	0.113792

Note: Calculations for period 2011-2019.

Further analysis of Table 3 reveals that Bulgaria exhibits the lowest average seasonality indexes, indicating greater variation in visitor statistics compared to Albania and Serbia. Moreover, the correlation coefficients between the seasonality indicators across years suggest minimal differences in seasonality among the selected incoming countries. Consequently, the low tourism seasonality observed in neighboring countries (Albania, Bulgaria, and Serbia) implies a continuous influx of visitors to North Macedonia throughout the year. This underscores the potential for intensified promotional efforts to increase North Macedonia's modest share of total international overnights.

CONCLUSION

This research delved into the regional aspects concerning tourism development and the regional economy. It examined the nature of tourism in North Macedonia within the broader context of regional economic growth and development, comparing it with the tourism development of Albania, Croatia, Greece, Montenegro, Serbia, and Slovenia as selected countries from South and Mediterranean Europe. Over the period

of 2015-2019, North Macedonia exhibited the lowest average cumulative increase compared to the sample. This is further evidenced by its lowest participation in total exports among the neighboring countries in the sample. Consequently, opportunities arise for North Macedonia to explore new avenues in creating a joint regional tourism product.

Additionally, the study addressed seasonality as a constraining factor for tourism development. Analysis of inbound tourism from Albania, Bulgaria, and Serbia revealed low seasonality, indicating a consistent influx of tourists throughout the year. This presents a favorable starting point for more aggressive regional tourism promotion efforts.

Overall, the research findings offer practical insights for national tourism policymakers and propose conceptual frameworks for identifying and establishing a comprehensive regional tourism concept spanning several countries in South and Mediterranean Europe. Therefore, the study could aid destination marketers in recognizing key factors for developing a specific regional tourism product and enhancing North Macedonia's current modest tourism development.

However, certain limitations were encountered during the research, which could serve as valuable starting points for future endeavors. Firstly, the study focused on a relatively narrow set of indicators related to tourism development and economic growth, suggesting the inclusion of additional indicators to better grasp tourism's impacts in the regional context. Secondly, while the study treated international tourism as a form of international trade, future research could delve deeper into trade theory and its relationship with tourism at both national and regional levels. Thirdly, a multidisciplinary approach was lacking in drawing more nuanced conclusions, indicating the need for future research to incorporate system analysis within the framework of regional economics.

Nevertheless, the findings underscore the need for strategic direction in guiding tourism development in North Macedonia towards fostering regional economic growth. This entails adopting diverse approaches to foster systematic collaboration with other regional countries, thereby contributing to the strengthening of regional economic development.

REFERENCES

- Allan, G.J., Lecca, P., & Swales, K. (2017). The impacts of temporary but anticipated tourism spending: An application to the Glasgow 2014 Commonwealth Games, *Tourism Management*, 59, 325-337.
- Andraz, J.M., Norte, N.M., & Gonçalves, H.S. (2015). Effects of tourism on regional asymmetries: Empirical evidence for Portugal, *Tourism Management*, 50, 257-267.



- Calero, C., & Turner, L.W. (2020). Regional economic development and tourism: A literature review to highlight future directions for regional tourism research, *Tourism Economics*, 26(1), 3-26.
- Cashin, P., Mohaddes, K., Raissi, M., & Raissi, M. (2014). The differential effects of oil demand and supply shocks on the global economy, *Energy Economics*, 44, 113-134.
- Croatian Bureau of Statistics. (online data). <http://dzs.hr>. (Accessed 1.9.2023).
- Dong, B., Wei, W., Ma, X., & Li, P. (2018). On the impacts of carbon tax and technological progress on China, *Applied Economics*, 50(4), 389-406.
- Dwyer, L., Pham, T., Jago, L., Bailey, G., & Marshall, J. (2016). Modeling the impact of Australia's mining boom on tourism: a classic case of Dutch disease, *Journal of Travel Research*, 55(2), 233-245.
- Eurostat. (online data). <https://ec.europa.eu/eurostat/data/>. (Accessed 1.9.2023).
- Lew, A. A., Cheer, J. M., Haywood, M., Brouder, P., & Salazar, N. B. (2020). Visions of travel and tourism after the global COVID-19 transformation of 2020, *Tourism Geographies*, 22(3), 455-466.
- Li, S., Li, H., Song, H., Lundberg, C., & Shen, S. (2017). The economic impact of on-screen tourism: The case of *The Lord of the Rings* and *The Hobbit*, *Tourism management*, 60, 177-187.
- Ma, J., Sun, G.N., & Ma, S.Q. (2018). Assessing holistic tourism resources based on fuzzy evaluation method: a case study of Hainan tourism island. In: *International workshop on Mathematics and Decision Science* (pp. 434-446). Springer, Cham.
- Meekes, J.F., Buda, D.M., & de Roo, G. (2017). Adaptation, interaction and urgency: a complex evolutionary economic geography approach to leisure, *Tourism Geographies*, 19(4), 525-547.
- Mellon, V., & Bramwell, B. (2016). Protected area policies and sustainable tourism: influences, relationships and co-evolution, *Journal of Sustainable Tourism*, 24(10), 1369-1386.
- Park, J.Y., & Jang, S. (2014). An extended gravity model: Applying destination competitiveness, *Journal of Travel & Tourism Marketing*, 31(7), 799-816.
- Petrevska, B. (2013). Investigating Tourism Seasonality in Macedonia, *UTMS Journal of Economics*, 4(1), 37-44.
- Petrevska, B., (2014). Measuring seasonal concentration of tourism demand: comparative study of SEE countries, *CEA Journal of Economics*, 9(2), 45-53.
- Petrevska, B., & Andreeski, C. (2023). "The role of tourism within the broader regional economic environment". In: Micháľková, A., Gržinić, J. Petrevska, B., Andreeski, C.,

Santos, R., Jarolímková, L., Bejdáková, B., Dziekański, P., Wyszowski, A. (Eds). Economics of Tourism. Regional aspects (pp. 25-34), University of Economics in Bratislava (Slovakia), Faculty of Commerce.

Santana-Gallego, M., Ledesma-Rodríguez, F. J., & Pérez-Rodríguez, J. V. (2016). International trade and tourism flows: An extension of the gravity model, *Economic Modelling*, 52, 1026-1033.

Sharpley, P.R., & Telfer, D.D.J. (2014). *Tourism and Development: Concepts and Issues*. Bristol: Channel View.

Statistical Office of Albania. (online data). <http://databaza.instat.gov.al/>. (Accessed 1.9.2023).

Statistical Office of Montenegro. (online data). [.http://www.monstat.org](http://www.monstat.org). (Accessed 1.9.2023).

Statistical Office of the Republic of North Macedonia. (online data). <http://www.makstat.gov.mk>. (Accessed 1.9.2023).

Statistical Office of Serbia. (online data). <http://data.stat.gov.rs/>. (Accessed 1.9.2023).

Statistical Office of Slovenia. (online data). <http://www.stat.si>. (Accessed 1.9.2023).

UNSC, EUROSTAT, OECD & UNWTO. (2008). *Tourism Satellite Account: Recommended Methodological Framework – TSA: RMF 2008*, Madrid.

Van Wyk, L., Saayman, M., Rossouw, R., & Saayman, A. (2015). Regional economic impacts of events: A comparison of methods, *South African Journal of Economic and Management Sciences*, 18(2), 155-176.

Wagner, J.E. (1997). Estimating the economic impact of tourism, *Annals of Tourism Research*, 24, 592-608.

Williams, G. (2016). Economic impacts from development of the coastal town in Queensland on tourism and regional economy, *Resources*, 5(4), 48.

World Bank. (online data). <http://www.data.worldbank.org>. (Accessed 1.9.2023).

World Data. (online data). <https://www.worlddata.info/europe/north-macedonia/tourism.php>. (Accessed 1.9.2023).

Yang, Y., Fik, T.J., & Altschuler, B. (2018). Explaining regional economic multipliers of tourism: does cross-regional heterogeneity exist? *Asia Pacific Journal of Tourism Research*, 23(1), 15-23.

Zhang, J. (2002). Tourism impact analysis for Danish regions, *Tourism Economics*, 8, 207-230.

Zhang, W.B. (2017). Spatial agglomeration and economic development with the inclusion of interregional tourism, *Economic Annals*, 62(213), 93-128.