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INTERNATIONAL SCIENTIFIC CONFERENCE ON
TOURISM AND BUSINESS LOGISTICS – GEVGELIA



GOCE DELCEV UNIVERSITY OF STIP
FACULTY OF TOURISM AND BUSINESS LOGISTICS

P R O C E E D I N G S

THE 2ND INTERNATIONAL SCIENTIFIC
**CHALLENGES OF TOURISM
AND BUSINESS LOGISTICS IN
THE 21ST CENTURY**

Stip, September 13th, 2019

North Macedonia



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Stip, September 13th, 2019

PREFACE

The Faculty of Tourism and Business Logistics in Gevgelia, at the Goce Delcev University of Stip, hosted the Second International Scientific Conference, "Challenges of Tourism and Business Logistics in the 21st Century".

The conference was held on 13 September 2019 in Stip, with 35 works of 62 authors from Serbia, Croatian, Montenegro, Bulgaria, Kosovo and Macedonia that were presented at the Conference.

The purpose of the Conference is exchange of ideas and experiences of the participants coming from Macedonia and abroad, and establishment of cooperation for further development of tourism and business logistics in Macedonia and beyond.

The results of the Conference are visible through publication in a collection of papers, which is presented to a wider scientific audience and the public. In this way, we want to promote the Faculty of Tourism and Business Logistics, promote Stip as the most visited settlement in the eastern part of Macedonia.

Stip,
September, 13th, 2019

Editor
Nikola V. Dimitrov, Ph.D. *Dean*

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PLENARY SESSION

RURAL TOURISM AS A PERSPECTIVE OF ECONOMIC DEVELOPMENT IN SERBIA

Drago Cvijanović¹, Tamara Gajić²

Abstract

In recent decades, there has been a growing demand for rural tourism as a special form of tourism product in Serbia. Tourists are becoming increasingly interested in interacting with nature, exploring completely new traditional experiences. Rural areas in Serbia are relatively underdeveloped areas, but tourist can be a very interesting resource. The authors of the paper presented only part of their long-standing research, related to the rural tourist product of Serbia. The aim of the research was to reach the attitudes of the homeowners as direct providers of services, their satisfaction with the development so far and in general the conditions for more promising development of rural tourism. Interviews were surveyed on a sample of 56 household owners, and the obtained results confirmed the starting hypothesis that rural tourism is not at an enviable level of development, but it is certainly thought that in the near future it will represent a promising form of tourist developments in Serbia.

Key Words: *Rural tourism, development, perspective, Serbia*

JEL classification: Z32

Introduction

Rural development means a system of relevant economic sectors as well as all activities in the rural area. Rural development is considered to be above the agrarian development in terms of its size and complexity, because besides the development of agriculture it implies the development of the non-agricultural sector, although it is known that in the rural areas Serbia is dominated by the agricultural sector (Aref et al, 2009). Rural tourism implies a much greater interest in the environment, protected areas, sustainable tourism development. There is evidence that around 30% of tourists in the world opt for the rural tourism product. Serbia certainly has an excellent resource base for the development of this form of tourist movement, but so far this product has not been affirmed or marketed at an adequate level. It is well known that tourism stagnation followed in the 1990s, precisely because of political and economic instability in the region. Regarding the current situation in the tourist offer in rural areas, it can be said that the infrastructure is completely unsatisfactory and very outdated, then the accommodation capacities are not adapted to modern market requirements, and therefore the transport infrastructure is not at an adequate level. Tourism has been identified as a key sector that can initiate the process of diversification of the rural economy and support Serbia in meeting its development goals. Rural areas occupy about 90% of Serbia, and live in about 43%

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of the total population (Gajić et al, 2017). When looking at Serbia within Europe, it is definitely one of the most underdeveloped areas, burdened by high unemployment and a non-competitive economy, where land and agriculture are still a very important economic factor. The ratio between agricultural and total land area varies, from 23% in Croatia (arable land) to 66% in Serbia. In the European Union, arable land is around 40%. The average farm size in the EU is 13 ha, with arable land utilization around 20%, while in Serbia it is 6%, and in Croatia and Montenegro it is around 5% (Petrović et al, 2017). Rural tourism is closely linked to the tradition, identity and heritage of a particular area, as one of its key roles is precisely to preserve all of the above, in a way that creatively uses rural heritage and better acquaints visitors with the true rural values and lifestyle in an environment. For the purpose of conducting this research, but also for writing the paper in general, numerous domestic and foreign research, scientific articles and books have been studied (Mrksa et al, 2014).

Theorists emphasize that research work, emphasizing the challenges of rural space in tourism activity, must provide compatible results with field research evidence and mark the directions of tourism development in rural Serbia. For many years, the authors have been concerned with the development and possibilities of more promising development of rural tourism in the territory of Serbia, as well as pointing out certain problems that are the backbone of mass development and placement on the world tourist market, as well as finding adequate measures for better effect in the economic structure. An interview was conducted during a stay in rural areas of Vojvodina, Southeastern and Southwestern Serbia during 2018. A total of 56 rural household owners participated in the survey, and as tourist service providers had the opportunity to comment on the development to date and to point out certain problems they were facing. A total of fourteen questions were asked, to which they could answer, and the starting hypothesis of the research was: rural tourism is not satisfactory on the domestic tourist market, but service providers are certainly of the opinion that, with certain corrective measures, it is possible to establish a system perspective rural tourism development in Serbia.

Literature review

The theme of rural tourism is very attractive and topical, as evidenced by the number of foreign and local authors who have dealt with it. The essence of rural tourism development is the complete enjoyment of visitors in authentic, original and fundamental experiences. Rural tourism is defined as tourism that provides the visitor with a "rural environment", offering a combination of experiences and returns to nature, culture and meeting people of typically rural character. According to the OECD (Organization for Economic Cooperation and Development), rural areas are those where the population density is below 150 inhabitants per km², while according to the European Union criterion, 100 inhabitants per km² is taken as a threshold (Chang et al, 2010). The term rural area is generally not strictly defined, but it refers to areas where the natural environment, rural environment, small settlements and villages, hamlets, isolated agricultural holdings prevail, with agriculture and forestry as the main economic branches. Rural areas are defined as special areas of exceptional value, ecological areas, bearers of traditional culture and diversity of ethno-cultural heritage (Gajić, al, 2018). Rural areas in Serbia differ in economic, socio-cultural and demographic terms. The differences are conditioned by their geomorphological characteristics, population, economic structure, infrastructure equipment, as well as development potentials (Wilson et al, 2001). Rural tourism is a very broad term that includes not only rural holidays but also all other tourist activities in rural areas. Based on the research literature, it can be noted that this form of tourism is positive

and popular in many countries of the world. For many political and economic reasons, rural areas of Serbia become less populated, and in the 1970s and 1980s, rural tourism developed sporadically and unplanned (Cvijanović et al, 2017). The 2011 census shows that demographic trends in Serbia, especially in its rural areas, are becoming increasingly unfavorable. Rural products, especially accommodation, are often included in the rating system, which aims to offer tourists an objective assessment of quality standards (Gajić et al., 2017). However, there were difficulties in designing and implementing uniform quality standards in a sector such as rural tourism. In the domestic literature, the problem of rural tourism development is beginning to be analyzed more seriously and in detail. Many authors point out that in researching the challenges of rural tourism in Serbia it is necessary to use qualitative and quantitative social science methodologies with an emphasis on induction, conversion, multiplier, surveys within statistical models, etc. The mere existence of natural and anthropogenic resources in rural areas of the Republic of Serbia is not a sufficient condition for the development of rural tourism (Mrksa et al, 2018). Some of the key problems can be cited: lack of cooperation between authorities, lack of a clear concept and strategy for rural tourism development, incentive support and legal regulation, poor tourism and transport infrastructure, lack of interest of the local population for tourism development, inadequate allocation of investment funds, inadequate and insufficient involvement of all stakeholders and entities in given rural areas, and insufficiently educated staff to participate in development (Tosun et al, 2002). Observing the example of some European countries such as Austria, Italy, Germany, where tourism was used as a supplementary factor for the economic development of rural areas, one could look at this model of business and significantly launch the tourist product rural tourism in Serbia (Cvijanović et al, 2017). It is of great importance to point out the basic principles, common goals and harmonization of the agricultural policy of Serbia and the European Union. It is of particular importance to accept the mechanisms of the agricultural sector as a whole.

Changes in the development of the rural sector began in 2000. The goal is certainly to guide the development of rural policy towards modernization and major changes in the production structure. In this way, it will increase business efficiency and strengthen its position in the global tourism market. By aligning with the development policy of the European Union, it is possible to achieve higher standards in the entire agricultural sector for obtaining agricultural products at more competitive prices, both domestically and internationally, and then increase the standards of farmers. Given that about 90% of Serbia is rural, it can be assumed for rural tourism that a significant part of the nights spent in mountain and spa resorts, as well as in other tourist and other places, can be treated as nights in this segment of the offer (Petrovic et al, 2017). According to the results of the 2012 Agricultural Census, there are 631,122 agricultural holdings in the Republic of Serbia, namely: 2,567 legal entities and entrepreneurs (99.6% of the total number of agricultural holdings), 628,555 family farms. The total area of utilized agricultural land on the territory of the Republic of Serbia is 3.355.859 ha. The average family farm uses 4.5 ha of agricultural land (www.stat.gov.rs). Almost 60% of the total population of the 27 EU Member States live in rural areas, covering 90% of their territory, and it follows that rural development is a vital policy. Agriculture and forestry are the main means of land use in rural areas, and therefore play a significant role in the heart of rural communities, as a basis for a strong social structure and economic value, and as an instrument for managing natural resources and the environment (Van et al, 2000). In recent years, rural development policy has become much stronger thanks to a coordinated process of aligning elements of different policies with the characteristics of EU rural areas. The future rural development policy focuses on three commonly agreed objectives: Improving the competitiveness of agriculture and forestry, supporting proper land management and improving the environment, improving the quality of life and encouraging diversification of economic activities. These goals should be

representative of smart, sustainable and inclusive growth. They must be measurable and able to reflect the diversity of situations in the Member States and be based on sufficiently reliable data for comparison. During the last decade, numerous reforms have been implemented in Serbia to restore macroeconomic stability and maintain and stabilize economic development, reconstruct large systems, and then stabilize large enterprises in order to join the EU (Badler et al, 2004).

Overview of basic indicators for more promising rural tourism development in Serbia

However, despite the richness of natural and cultural resources, rural areas in Serbia are still burdened by high unemployment rates, depopulation, low economic activity and declining natural resources. Also, many household members are not registered as farmers, although they do help with day-to-day farming. For the purpose of determining the state of rurality and tourism perspective, the authors of the paper referred to the identification of strengths, opportunities, as well as certain weaknesses and threats in the future development of this tourism product.

Table 1: *SWOT analysis of rural tourist product of Serbia*

Opportunities	Advantages
<ul style="list-style-type: none"> - Development of authentic tourism brand, products and accommodation. - Quality natural product. - Further integration of all products through tourism development in rural areas. - Increasing employment and involving the local population in development. - Development of traffic infrastructure. - Developing better marketing. - Improvement of information system (opening of information centers, guides, checkpoints). - A wide range of experiences and activities (spiritual, physical). - Connecting all sectors of the economy: culture, entertainment, sports, economic and non-economic activities). - Placing a tourist product on the world tourist market. - Creating an image in the world of destination culture, a blend of modern and traditional. - Incorporate Master Plan initiatives. - To develop other related forms of tourism: wine, gastronomic, manifestation, eco, agro, sports 	<ul style="list-style-type: none"> - There are already donations for activities along the Danube corridor. - - Typical accommodation structure (salas, ethno villages). - - Population hospitality. - - Households include their activities, craft, trade. - - Competitive prices. - - Internet portals for advertising and advertising. - - Traffic connections with many broadcasting centers. - - Easy access to information. - - Rural tourism has become part of the rural economic system, accounting for about 30% of all nights in Serbia. - - Existing tourism products in close connection with rural tourism. - - TOS promotes all forms of movement and activity in rural areas. - - Rural tourism has long been recognized as a product of the future. - - Master plans already largely include rural tourism in priority sectors of economic development. - - Serbia is positioning itself with the contents of rural tourism with products of rural and ethnic life. - - Heritage-related tourism (Cultural route "Roads of Roman Emperors", Trans-Romanesque route, Fortress on the

<p>and recreational tourism, adventure, spa, excursion, picnic, children, short breaks, MICE, walking, cycling, paragliding, hunting, fishing.</p> <ul style="list-style-type: none"> - Educate the local population about the importance of tourism development. - Creating good practice. - Saturation with modern destinations in the market. 	<p>Danube, monasteries, castles, UNESCO World Heritage Sites).</p> <ul style="list-style-type: none"> - - The tourism product in nature is affirmed: rich diversity of natural resources: reserves, protected areas, parks, cycling routes, adventure tourism, family trips, special interests, hunting and fishing. - - Promotion of gastronomic products: traditional cuisine, agricultural products, home-made pizza, handicrafts, handicrafts.
Threats	Weakness
<ul style="list-style-type: none"> - Regional competition is well developed and there is a loss of competitiveness. - Lack of established standards and inability to guarantee quality. - Poor access to local destinations and key resources. - Insufficiently built brand of authentic products from Serbia. - Lack of uniqueness and authenticity of rural tourism in Serbia. - Depopulation of rural areas. 	<ul style="list-style-type: none"> - Insufficiently developed link between other forms of tourism and rural tourism product. - Few rural households. - Lack of relief and incentive measures. - Weak link between rural economy and agriculture in tourism. - Poor networking locally. - Lack of a holistic approach to rural tourism. - Poor valorisation of tourism resources. - Insufficient management, poor promotion and support for tourists. - Unauthorized marketing of tourism products. - Poor development of accompanying contents, certain forms of sports activities, and lack of bases for contact with tourists. - Infrastructure in rural areas is a limitation to the development of tours, especially by bus.

Source: *created by the authors.*

Rural tourism has priority in the National Strategy for Sustainable Development of Serbia. Rural tourism is seen as a sector with potential and this is reflected in the fact that there is a vertical institutional structure for its development. Particular importance in the development of rural tourism is reflected in the contribution of the Ministry of Agriculture, Forestry and Water Management. Support is particularly important for rural areas where, due to natural and other constraints, agriculture cannot support rural development.

Table 2: *Funds for rural tourism development approved by the Ministry of Economy*

Year	The total amount of development grants and loans	The amount of funds is anemic to the development of rural tourism	Rural tourism development share in total tourism development funds (%)
2007.	460.608.705,30 RSD	330.970.164,70 RSD	71,85
	5.813.109,47 EUR	4.177.007,03 EUR	
2008.	1.189.440.245,74 RSD	989.610.098,25 RSD	83,19
	13.424.681,95 EUR	11.169.288,13 EUR	
2009.	708.165.868,00 RSD	431.123.711,00 RSD	60,87
	7.385.282,41 EUR	4.496.079,94 EUR	
2010.	458.815.194,18 RSD	391.327.728,18 RSD	85,29
	4.349.033,39 EUR	3.709.330,86 EUR	
2011.	787.340.608,76 RSD	684.515.608,76 RSD	86,94
	7.524.214,80 EUR	6.541.568,44 EUR	
2012.	525.953.800,00 RSD	377.549.800,00 RSD	71,78
	4.625.058,59 EUR	3.320.044,35 EUR	
2013.	427.742.955,00 RSD	81.000.000RSD	18,94
	3.719.503,96 EUR	704.347,96 EUR	
Total	4.558.067.376,98 RSD	3.286.097.110,89RSD	72,09
	39.635.368,49 EUR	28.547.757,49 EUR	

Source: *Internal data of the Ministry of Economy of the Republic of Serbia.*

The Ministry of Economy of the Republic of Serbia has determined the Regulations to include incentives for the promotion of rural economic activities through support to non-agricultural activities in the amount of RSD 15,000,000, out of a total of RSD 35,000,000 allocated for sustainable rural development. Budget funds in the amount of 2,296,950,000 dinars are allocated in accordance with this regulation, while the funds of the European Union financial assistance for the financing of IPARD measures in the amount of 600,000,000 are distributed through competition, in accordance with a special act - IPARD Program (www.mpzss.gov.rs/documents/). The most significant pre-accession support program for rural development and the first EU-approved agricultural and rural development document in the Republic of Serbia. The purpose and purpose is to assist agricultural producers and processors, as well as rural residents. In 2016, 16 mil available EUR, while until 2020. total amount of 175 mil. EUR.

Table 3: *Rural situation in the region*

	<i>Serbia</i>	<i>Croatia</i>	<i>Slovenia</i>
<i>Size of the rural area (% of the total territory)</i>	85%	90%	90%
<i>Rural population (% of the total population)</i>	48%	44%	57%
<i>Population in rural areas (inhabitants / km2)</i>	84	79	102
<i>Average unemployment in rural areas</i>	21%	18%	9%
<i>Number of households that have a tourist offer</i>	300	400	600
<i>Average number of overnight stays per year</i>	150.000	220.000	300.000
<i>Average tourist time (days)</i>	2.8	2.8	3,7
<i>Total accommodation capacities (number of beds)</i>	8.000	8.900	6.000

<i>Average utilization of capacity</i>	40%	57%	70%
<i>Average household income (in euros per year)</i>	2.500	5.000	10.000

Source: *created by the authors, monitoring internet data.*

In 2008, the Pan-European Rural Tourism Association registered around 200,000 registered providers of rural tourism in Europe, with over two million beds. Accommodation on farms, private farmhouses, small family pensions and hotels is estimated to generate direct annual tourist spending of around € 12 billion, with local added value and multiplier effects, reaching € 26 billion. According to the same data source, out of four businesses in the tourism industry, more than three are engaged in the provision of accommodation or food and beverage services. According to EUROSTAT data, in the period 2012-2014, of the total number of employees, as many as 79% were in the tourism business (www.ec.europa.eu).

Travel agencies and tour operators generated a turnover of € 163 billion in 2014, accounting for 17% of turnover in the EU tourism industry. In 2014, one in ten businesses in the European non-financial economy belonged to tourism, or 2.3 million companies employed about 12.3 million people. Enterprises whose activities related to tourism in 2014 accounted for 9.1% of employees in the whole non-financial economy and 21.5% of employees in the services sector. According to EUROSTAT, for 2015, around 28% of the EU-28 population lived in homes in rural areas. More than one-quarter of the EU population aged 30-34 lived in rural areas and had a tertiary level of education. The unemployment rate in EU-28 countries in rural areas was 9.1% in 2015, which is slightly lower than the urban unemployment rate (10.0%). Very low unemployment rate, with less than 4%, characterizes the rural areas of Austria, Germany and the United Kingdom (www.ec.europa.eu).

Research methodology and hypothesis setting

Exploring the views of household owners or direct providers of rural tourism is only part of a large feasibility study, whose authors are also the authors of this paper. Therefore, only a part of the research relevant to the topic will be presented in this paper. The authors used all available literature and other secondary documentation. One of the methods used is the Test Method, which is a way of getting to the primary data of information, and its essence consists in collecting data through the testimonies of other subjects (respondents), and through verbal communication with them using interrogative statements. An additional criterion for selecting the owners of the facilities to be interviewed was the affirmative answer to the last question in the survey, which was related to the consent to the interview. Interviews examined the opinions and attitudes about the benefits, opportunities and limitations of rural tourism development, which tested the research hypothesis.

A total of 56 owners of facilities for provision of services in rural tourism were interviewed, each individually, and included Vojvodina, Southeastern Serbia and Southwestern Serbia. The author participated in the realization of the survey of rural household owners with the aim of oral communication with the respondents whose qualification structure was very different, and therefore their ability to communicate in writing. In direct communication with the respondents, the author explained the questions and information required and wrote down the answers received. This reduces the possibility of an error in the response. Several research hypotheses were put forward, and the following was singled out for the topic of this paper: *H: direct participants in the development of rural tourism (household owners or service providers) are*

not satisfied with the current state of development, but they are certainly of the opinion that rural tourism is a perspective of Serbia's economic development. After analyzing the responses received from the hosts, the authors presented a comparative analysis of the development of rural tourism in Serbia, Croatia and Slovenia according to organizational, legislative and other criteria, based on their own research from various available sources.

Results and discussion

Table 4: *Descriptive Statistics of responses to household owner satisfaction*

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Frequency	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	YES	NO
Subsidies	56	1	1	2	1,36	,065	,483	64,3	35,7
Satisfaction with the visit	56	1	1	2	1,52	,067	,504	48,2	51,8
Investing in infrastructure	56	1	1	2	1,66	,064	,478	33,9	66,1
Service improvement	56	1	1	2	1,45	,067	,502	55,4	44,6
Connecting the Sector	56	1	1	2	1,68	,063	,471	32,1	67,9
Good Net Income	56	1	1	2	1,54	,067	,503	46,4	53,6
Job creation	56	1	1	2	1,71	,061	,456	28,6	71,4
Signaling	56	1	1	2	1,66	,064	,478	33,9	66,1
Cooperation with tourist organizations	56	1	1	2	1,29	,061	,456	71,4	28,6
Marketing	56	1	1	2	1,37	,065	,489	62,5	37,5

Local attractions	56	1	1	2	1,68	,063	,471	32, 1	67, 9
Long-term planning	56	1	1	2	1,34	,064	,478	66, 1	33, 9
The fairness of categorization	56	1	1	2	1,23	,057	,426	76, 8	23, 2
Rural tourism development perspective	56	1	1	2	1,25	,058	,437	75	25
Valid N (listwise)	56								

Source: *created by the authors.*

The direct service providers or hosts were asked a total of fourteen questions, which they could answer yes or no to. On the basis of the answers received, one can conclude what their position is on the current conditions that dictate development to a certain extent. The largest percentage of service providers stated that they received certain subsidies from the state. A total of 64.3% receive subsidies (standard deviation 0.483%), while 35.7% are not satisfied with the subsidies given or do not use them at all. They are satisfied with tourist visits (45.8% satisfied, 51.8% believe that there are not enough visits during the year). Many households average about 35 tourists a week. As for infrastructure investments, the hosts are of the opinion that it is not at a satisfactory level (66.1%, and 33.9% are satisfied). How much work is being done to improve services for tourists is indicated by the data in the table where 55.4% are satisfied and 44.6% are dissatisfied with this aspect (standard deviation 0.502). Direct providers of tourist services in rural areas of Serbia are not satisfied with the process of connecting economic sectors, 67.9% are dissatisfied with them, while 32.1% are satisfied (standard deviation in given values 0.471). How satisfied are they with job creation in rural areas related to the tourism sector and attracting tourists: 71.4% dissatisfied. Their net income at the annual level is around RSD 261,470, and the largest percentage of the households gave a negative answer, more precisely, they do not express satisfaction with the net earnings at the annual level. The signaling of rural households is also not well rated: 33.9% satisfied, 66.1% dissatisfied (standard deviation 0.478). Locals mostly cooperate with travel agencies 71.4%, while only 28.6% do not cooperate. Marketing activities are at a satisfactory level, as evidenced by the answers in the given research: 62.5% are satisfied, 37.5% are dissatisfied. Local communities do not have much influence on creating attractions to attract tourists (32.1% support the item, 67.9% are dissatisfied, standard deviation 0.471). Most of the service providers are for the long-term planning system in tourist hunting, 66.1% of them gave a positive answer. Also, as far as the fairness of categorization is concerned, the majority of locals are very satisfied with this: 76.8%, while 23.2% are dissatisfied. On the basis of all of the above, the locals nevertheless express the view that rural tourism has a good perspective in Serbia, where 75% of them are very satisfied, and only 25% believe that tourism is not a development segment of the future of the state economy (standard deviation 0.437). The obtained research data by interviewing household owners as direct service providers confirms the starting hypothesis. The authors of the paper also, based on the available documentation, investigated and performed a comparative analysis of rural development in the region.

Table 5. *Comparative analysis of rural tourism development of Serbia, Croatia and Slovenia according to organizational, legislative and other criteria*

	Serbia	Croatia	Slovenia
Existence of a well-developed communal infrastructure	–	–	+
Diversified economy with developed rural economy contributing to employment	–	–	+
Existence of cultural and historical sites in rural areas	+	+	+
An opportunity to get to know the peasant life and customs of the peasants	+	+	+
Offering traditional food and drink	+	+	+
The size of the farm property corresponds to the advancement of agricultural production and tourism	–	–	+
Existence of interest of the community for the development of rural areas	+	+	+
Access to national and international development funds	+	+	+
Satisfactory level of investment from national funds	–	–	–
Satisfactory level of investment from international funds	–	–	–
Availability of credit and tax credits	–	–	–
Development of organizations and partnerships in rural tourism	–	–	+
Regional policy has defined a rural development strategy	+	+	+
Organized local government in promoting and developing rural tourism	–	–	+
Legislation is systematic and facilitates administrative procedures	–	–	+
Conducting regular controls and inspections of tourist facilities in rural areas	–	–	+
Existence of counseling and education services	+	+	+
Defined social protection system through rural development	–	–	–
Satisfactory capacity utilization throughout the year	–	–	+
A satisfactory number of foreign tourists	–	+	+
Diversified economy with developed rural economy contributing to employment	–	–	+

Source: *created by the authors, monitoring internet data.*

Comparative analysis has shown that Croatia and Serbia are facing similar problems in the development of rural tourism, while the level of development is at a higher level in Slovenia. Based on these issues, it is possible to provide frameworks for the future development of rural tourism. Considering the intensity of appearance in plans, strategies and laws, as well as the present offer, overcoming current problems would significantly affect the overall development of sustainable tourism in these countries. What can be considered a missed chance in the current development of tourism in Serbia and Croatia is the lack of joint development tourism programs and products in the field of rural tourism. In such analyzes it should be remembered that in recent times the borders of two or more countries are potentially attractive tourist destinations because of the opportunity to get to know more countries, peoples, cultures and customs.

Conclusion

The main objective of all rural development activities in Serbia was to maintain macroeconomic stability while increasing the rate of economic growth. During the period of 2000, production activity took place with positive processes of economic transition and reform of the tax system, the dinar exchange rate stabilized with the continued growth of foreign exchange reserves. During this period, significant deregulation and liberalization of prices and foreign trade were carried out, while regulating relations with international financial institutions. As for the whole economy, it can be said that significant progress has been made in implementing structural reforms, especially in the area of privatization of enterprises and consolidation and privatization of the banking sector (Smith et al, 1992). It is clear that, while Serbia has very good predispositions, it still has not reached its full potential in the development of rural tourism. One of the limitations of development is certainly the undefined and unregulated state of rural tourism, since there is nowhere a complete list of all facilities providing services in rural tourism. The labor market in Serbia is characterized by high unemployment, high latent unemployment, low private sector employment participation and insufficient labor mobility (Svarodova et al, 2013).

The authors of the paper have highlighted only part of their long-standing research on the development of rural tourism in Serbia, and in this paper have presented only a part concerning the attitude of household owners as direct providers of tourism services. An excellent interview is a survey where, in 56 households, the owners were able to comment directly on fourteen survey questions. The aim of the research is to point out the attitude of the owners of rural households on whether, based on the present situation, rural tourism is nevertheless a prospect of economic development of Serbia. A starting hypothesis was set up, which was confirmed at the end of the research. The owners as hosts are satisfied with certain segments, such as categorization, and cooperation with tourist organizations. However, their dissatisfaction is mostly related to net income, weak tourist traffic, inadequate and weak signaling, as well as connecting various economic sectors to enhance the development of rural tourism. What the survey and interview respondents find limiting is the lack of support from the state and the low interest in rural tourism and its unrecognizability in the market. The results of the comparative analysis, carried out by the authors, indicated a serious problem of rural depopulation in Serbia, poorly developed communal infrastructure and low productivity of the rural economy. Also, the low level of education of the rural population, as well as the minimal efforts to preserve the cultural-historical and original rural environment, are great obstacles that impede further development. It is noted that current laws, standards and regulations do not significantly contribute to overcoming these problems. The low level of integration and partnerships between tourism organizations and local self-governments influences inefficiencies in business and degrades the tourist attractiveness of rural areas of Serbia.

In Serbia, the main problem lies in the underutilization of tourism, although there are all prerequisites for rural tourism to become one of the main pillars of development in marginalized areas so far. Rural tourism brings additional benefits to farm members through the following activities and outcomes: extension of farm operations (activities); using farm products in a new and innovative way; improving the circulation of farm income; developing a new consumer niche; increasing awareness of the importance of agricultural products; increasing awareness of the need to maintain and use agricultural land; redirecting additional farm income directly to

family members who were able to work outside the farm; providing incentives to improve the living and working areas, as well as those which are suitable for the pursuit of some tourist activities (eg sports); providing opportunities for acquiring managerial skills and developing an entrepreneurial spirit, and enhancing the long-term sustainability of the farm business (Petrovic et al, 2017). The development of rural areas in Serbia faces a number of limiting factors, among which are: scarce knowledge of new approaches to rural economy development; the lack of an institutional framework (especially legislation) that would ensure a coordinating role for the state and greater involvement of local authorities in integrated rural development; underdeveloped infrastructure; inadequate diversification of activities; domination of sectoral policies, etc. Rural areas of Serbia certainly represent significant tourism potential for tourism development, but also for all economic sectors of the country. Organizations and institutions that play a significant role in rural development policy and strategy, as well as in their implementation at the national level, are various ministries and government bodies led by the Ministry of Agriculture, Forestry and Water Management, which has responsibility for rural development in accordance with the Law on Ministries. Ministries responsible for economy and regional development, finance, infrastructure, education, environment, labor and social policy, tourism, local self-government and many others have a direct interest in rural development. National agencies and bodies such as those responsible for SME development, infrastructure, environment, development funds, poverty reduction, Chambers of Commerce, Co-operative Alliance, Permanent Conference of Cities and Municipalities, Tourism Organization, Advisory Services and various academic institutions covering these branches should also have an impact in this area. Relevant institutions are also governmental bodies for balanced regional development, which are important in creating the Regional Development Strategy. At the local level, actors are all civil society organizations, citizens' associations, business associations, farmers, tourist service providers (activity operators and guides, accommodation and food service providers, transport, restaurants, etc.), trade, wood industry, landowners and others. individuals, representatives of local communities.

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SUSTAINABLE TOURISM DEVELOPMENT THROUGH SPECIFIC FORMS OF TOURISM IN THE EXAMPLE OF TOURISM EVENTS

Snežana Štetić¹; Igor Trišić²

Abstract

Tourism development in the world shows us his constant and rapid change. Tourists are today sophisticated, eager for the latest events, excitement and turning to past and history, the roots of civilization, cultural and historical heritage and customs. Creating a tourist offer today is more difficult and different than the 80s of the 20th century. The rise of technology development leads to new directions of tourism development and ways of thinking in tourism. Special forms of tourism, including the forms featuring events and manifestations, have a significant share in tourism of 21st century. This statement is imposed on all organizers and implementers of tourism trends in the world, and it is directly related to the management of tourist destinations and the organization of different events that are an integral part of modern tourism and is directly related to culture, sport, tradition and business travel.

Key Words: *development, events, sustainable, tourism*

JEL classification: *M31, L83, Z18, Z32*

Introduction

Different tourism potentials influence the creation of the uniqueness of certain destinations which contributes to the possibility of the development of certain forms of tourism. Tourism of special interests and different types of movements is exceptionally developed, which contributes to the emergence of both specific and new forms of tourism (Getz, 2008). Specific forms of tourism possess certain characteristics that must be recognized and appreciated in order to create an adequate tourism program and tourism product. This means that the offer like this has its own unique values that can be used in the promotion and actualization of tourism destinations. Space, motive potentials, and recreation are emphasized when creating a tourism arrangement. A specific tourism product must highlight the authenticity, uniqueness, and the role of the local factor. Due to this, a tourism offer for this segment of the tourism demand has to be explored and studied, and a tourism product has to be created according to the demands of the specific needs of tourists. Characteristics of specific forms of tourist travels and stay are reflected in the following points (Berridge, 2007):

- a small number of people is often included in these movements;
- these are mostly individual movements;
- every tourist, as an individual, has his own needs;
- the creator of tourist travel or stay has to be introduced to the wishes and needs of tourists and ready to fulfill them;
- trust, the feeling of friendship, and honesty in communicating with visitors must be dominant visitors' experiences
- a tourist must feel that a destination is ready to accept him and that he is not only a guest but also a friend;

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- the local population must have a greater impact on the planning, development, and implementation of these forms of tourism.

Tourism manifestations, as specific forms of tourism, are becoming more and more important in forming a tourism offer and tourism development strategy, not only in the sustainable tourism development of individual destinations but in entire regions and countries as a whole.

Methodological Approach

The event, as a conscious and economically oriented human activity, emerged very long ago, almost with the beginning of ancient civilizations. Since the events have a wide basis, the emergence of different events is not related to the same time period. It is quite certain that economic occurrence of events dates from the beginning of organized human living, but economic research of events, and especially their management aspects, is of the newer date (Getz, 2007). It is known that exhibitions and trade shows were held in the pre-ancient period. Ancient historians noted sports events as a significant and prestigious form of social activities which reached its peak through the organization of ancient Olympic Games (in 776BC) in the form of the pentathlon. Events of the festival type have been known since the Middle Ages, although such events were noted during the age of the Roman Empire. As much as it seems that the business events are a product of the modern way of life, their occurrence is related to the XVIII century. The events had probably been created before the emergence of money but their development undoubtedly occurred after the establishment and acceptance of the general merchandise equivalent since the intangible character and the conceptual basis of events are not particularly favorable for commodities exchange. The emergences of capitalism, new products, and social relations, as well as a new way of life, have cleared the way for the more versatile development of an increasingly large number of different events. Their dynamic development as an economic offer took place in the XX century which affirmed the post-industrial society. The occurrence of income, the increase in purchasing power and consumers' standard, upgrading from the basic needs to additional needs, and the emergence of completely new requirements of consumers have directed the demand for the specific economic offer of the events. That has stimulated further development of different modern events (Štetić, 2007).

The term *Event* is increasingly taking place in the tourism industry around the world. The word "event" is derived from the Latin word "*E-veniri*" meaning "outcome" (Štetić, 2011). It is usually about a cultural or a business event which can be a separate travel motive (Eurovision, Champions League, Conference on Protection and Ecology, Tourism Conference, etc.), where it is traveled for participating or visiting these events. Events can also represent a complementary tourism motive or content which is included in tourism arrangement. Events are organized gatherings that are an integral part of modern tourism and are directly related to culture (music festivals, concerts, exhibits), sports, tradition (carnivals, gastronomic carnivals, wine fairs, folklore, etc.), and business travel (conferences, fairs, symposiums, economic events, and other) (Štetić, 2007).

The development of events in economic terms has supported solving the problem of contemporary workforce employment, and it has also reflected on economic growth, primarily developed market economies (the influence of mega sporting events, such as the Olympic Games, or World Cups of popular sports, on the economic growth of the host countries). By strengthening and developing tourism in certain tourism destinations, opportunities and needs are created for the inclusion of the tradition and customs into promotion and propaganda. New specific tourism products are created which give uniqueness to certain tourism destinations.

New quality emerges then in (for) a tourism destination, which results in a large number of tourists. In this way, such destinations are:

- keeping the tourists that already reside in a tourism destination;
- getting new tourist consumers;
- getting tourist returnees who want to see something new in an already familiar destination (Derrett, 2004);
- strengthening their own offer which is becoming more versatile and is getting distinctively specific; this affects the improvement of the overall quality of a tourist offer and the creation of a new image of a destination which is recognized on the global tourism market;
- strengthening economic power that drives different sectors of the economy, both at the local and national level.

Special Events

The term “*special events*” by itself does not explain a lot. However, if viewed from the aspect of different effects on tourism, as well as the environment in which these events take place (actualize), it is evident then that special events have a wide specter of meaning (Rogers, 2016). They relate to specific rituals, celebrations, performances, and presentations that are planned or created (designed) to mark some special events or achieve certain social or cultural aims. Special events, as unique, are very often celebrated with ceremonies and rituals. They relate to specific celebrations which include national holidays, important plays, unique cultural exhibits, major sports events, trade promotions of certain products or services, concerts, beauty contests, dancing elements, games of chance, racing, and other sightseeing and travel (Rogers, 2008). Since they have the potential to attract tourists (attractive tourism attribute), special events are organized to improve the reputation and quality of a certain tourism destination. Depending on their target groups, events can be public or special. Private special events are of closed type and are limited only to invited guests. Public special events are of open type, regardless of whether a ticket is provided for them. Public special events can be divided into (Štetić, 2011):

- local public special events;
- regional public special events;
- national-international public special events.

Local public special events are aimed rather to the local population than foreigners or domestic tourists. They are mostly smaller in size, of short duration, and promoted only by the local media. If they are well organized and if they expand the visits and traditional cultural programs, they can have the character of regional public special events.

Regional public special events are designed, in addition to the local visitors, to be able to attract other participants as well. They are larger in duration, a few days, bigger, more expanded, and advertised beyond the boundaries of the local community. They tend to provide greater economic impact from the local special public events because they will also attract a larger number of visitors beyond the local territory.

National–international public special events aim to attract domestic and foreign guests. They are large in size and duration, and they are advertised at the national and international level (Trišić & Arsenov - Bojović, 2018). They contribute to high economic profit, thus some authors name them “mega events”. These include summer and winter Olympic Games, World Fairs, Beauty Contest, Eurosong, and Wine and Beer Festivals, etc.

Manifestations, as a type of special events, can celebrate national holidays, celebrations, cultural segments, customs, music, folklore, sowing, harvesting, or sporting events. It seems that the reasons for holding manifestations are all around us. Tourism, as a phenomenon without boundaries, has many reasons for including these manifestations into sustainable tourism development. In this way, increasingly more exceptionally interesting tourism manifestations emerge, which enrich tourism contents of the residency program in almost all destinations (Cooper & Westlake, 1989).

While tourists used to inform about various manifestations through conversations with their friends and by the system of “spreading the word”, today is told, shown, and written in all media about various manifestations around the world. This field is so rapidly developing that the events overlap, overtake, and form a unique tourism offer (Štetić, 2003). Tourism manifestations should be viewed individually from the viewpoint of the organizers and users, or visitors. In any case, the individual interests of both parties very often coincide. Regardless of the type of tourism manifestations, its duration, program, economic and social effects, manifestations in tourism represent:

- the opportunity for organizers to present the special and unique values outside the regular offer and common occurrences in a tourist destination (Cooper, 1994);
- the opportunity for new experiences, customs, and specific programs for tourists while on their vacation. The offer that includes manifestations and which is outside the everyday program and events reflects the tourist destination as a place in which tourists have not yet resided or have never heard of (Čomić et al., 2001).

Types of Events

When we talk about the events into which we also include tourism manifestations, we often characterize them according to their size and significance to the local, regional, national, and international events. Therefore, an event is said to have a local character if the interested party is the local community or a national character if the event is of importance to the whole country. We can divide many international events by character into:

1. *Mega-events* are the events that affect the entire economy with their size and significance. Not only in a touristic place, but also in the country in which they take place. Those are the Olympic Games, World Championships, World Exhibitions, World Tourism Stocks (Berlin, London, Madrid). They are also called the events “that must be seen”. As a rule, they should attract over 1 million visitors with the income that surpass 500 million American dollars.
2. “*Hallmark*” (impressive, distinctive, or distinguished) *events*, are the events that have already been identified and assimilated to the place of the event, spirit, and the appearance of the destination, city, or the region in which they take place. They become synonymous with place names and are recognized as a brand (Bowdin et al., 2006). Such festivals are Carnival in Rio de Janeiro, October Fest in Berlin, Edinburgh Festival in Scotland, Film Festival in Cannes, and many others. These events attract great public attention, contribute to the preservation of the tradition, and create the image and competitive advantage of a destination. These destinations make significant income from tourism during these events and become internationally recognizable (Allen, 2009). There are several types of Hallmark events:

- Sports Hallmark events (Wimbledon Tennis Tournament, the oldest and most prestigious tennis tournament, held in the town of Wimbledon, South England, since 1877);

- Business Hallmark events (international fairs and exhibitions such as Geneva International Motor Show held in 2010 for the 80th time with 700,000 visitors);
 - Cultural Hallmark events (famous world festivals and carnivals such as Rio de Janeiro Carnival, The Carnival of Venice);
 - Artistic or Entertainment Hallmark events (concerts of distinguished artists, artistic plays, i.e. prestigious exhibitions) (Dragičević, 2012).
3. *Main events* (major events) are events that manage to attract a large number of visitors to their programs, be covered by media, and achieve significant economic effects. These are Roland Garros, US Open, Australia Open (tennis tournaments), Formula 1, Exit Festival, and Guča Trumpet Festival in the Republic of Serbia and others (Štetić, 2011).

The Influence of Manifestations on the Sustainable Development of a Destination

Manifestations provide great opportunities for attracting tourists, both domestic and foreign. Certainly, tourist arrivals strengthen the economic potential of a destination. If manifestations are implemented in the offer of certain destinations or regions, economic effects and sustainable development are inevitable results of tourism business. According to numerous authors, manifestations are the first on the list of tourism motives for tourist travels to certain destinations, among which primarily the city and rural destinations are distinguished (Dragičević et al., 2009). This is the reason why manifestation tourism is a very important segment of tourism development in the world and a comparative advantage of local tourism (Getz, 2008). Through focused marketing and combining local specificities with intensive, modern, and dynamically organized events with the strategic support of the state and long-term planning, the effects of exceptional sustainable significance and recognition of a destination can be achieved through hospitality, festivals, rich history, and tradition of the people. In order to achieve these opportunities, it is crucial to recognize and implement them into a tourism offer through rich national heritage, natural, anthropogenic (cultural), and organizational potentials which, within the tourism offer, can be attractive for various categories of tourists. The effect of events and manifestations on sustainable development reflects through:

1. social and cultural significance. As important effects, the preservation and promotion of tradition and cultural heritage are emphasized here;
2. economic significance, which is a direct effect of tourist consumption of the visitors of certain manifestations; the multiplicative effect of money is more emphasized in less developed destinations. In them, events and manifestations are a significant source of income;
3. attracting foreign and domestic tourists;
4. the engagement of local resources, contractors, local economy, trade, hospitality and restaurateurs, handicraft business, traditional food, original folk tune, and other ethno-social elements;
5. the promotion of a destination, local culture and social values, but also the inclusion of the state within which certain manifestation take place in order to provide support and help for promoting positive effects of manifestations to sustainable development in many ways.

The effects of manifestations on sustainable development, along with economic, is also reflected in the socio-cultural and ecological function. Manifestations enable direct social significance both for the local community and visitors. The promotion of traditional culture and authenticity of certain regions, as well as socialization of travel participants, are significant characteristics of manifestation tourism sustainability. This is significant in tourism planning and organization of manifestations where the preservation of their character and authenticity,

as well as the essence and importance, have to be taken into account. Excessive commercialization is one of the biggest threats to the functioning and holding manifestations. It is important to achieve good a balance between different functions of organized events, with the notion that modern tourists always want to visit destinations and manifestations which provide them with new experiences. However, well-organized events and manifestations in tourism destination can attract the same tourists consecutively. Such tourists want to repeat their satisfaction. The state's tendency for the sustainable economic development of a region of destination is a frequent reason for organizing new manifestations that directly stimulate economic recovery and revitalization, infrastructure improvement, and the development of less developed areas and rural areas. By attracting tourists, the service industry is improved and there are investments in the local community. In addition to economic, the motives of culture improvement are also significant because manifestations are considered to be a significant part of new strategies of the development of culture and its presentation (Davidson & Cope, 2003). The significance of manifestations can be seen through the overall improvement of the cultural, economic, and social standard:

- cultural significance is expressed through the preservation and promotion of tradition and cultural heritage;
- social significance is reflected in the promotion of socialization of the local community but also in attracting foreign and domestic guests;
- economic significance is reflected in the increase of income and the creation of new opportunities for the valorization of overall potentials of a sustainable tourism destination.

Finally, manifestations are a significant means for promoting sustainability of development of tourism destinations, regions, or countries, i.e. their natural values, material, and cultural heritage.

Conclusion

Manifestation tourism and events is an increasingly frequent feature of modern tourism. Special interests of tourists create different tourism offers. A manifestation can be an independent tourism motive which is seen on major and exceptionally visited events. Those can be cultural events, music or sporting manifestations, and in modern tourism era, those are events that attract a significant number of visitors such as congresses, fairs, symposiums, or important political meetings. On the other hand, manifestations are often of a complimentary character. They are combined with other attractive natural or cultural motives in destinations, thus forming a unique image of a tourism destination. In the first and second case, they affect the massiveness and tourist consumption. This creates a multiplicative effect of money in a destination which improves all its sectors. Positive economic influence initiates socio-cultural and ecological benefits of such tourism development. The awareness of the importance of promotion and implementation of ethno-social elements of the local population is developed which results in the strengthening of the overall cultural awareness both for the visitors and the domicile population. Tourists attracted to an event in a particular destination will definitely express their desire to learn about their other values. In the era of modern tourism, manifestations also promote ecological awareness. This is done both through manifestation motives and ethical codes regarding the behavior of visitors. This meets certain ecological principles of tourism development. Taking into account economic, socio-cultural, and ecological results that can emerge by the inclusion of events into a tourism offer, it can be concluded that the conditions of sustainable development have been met. The extent of individual benefits of such development in tourism destinations will be shown in the results of future research.

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SCIENTIFIC PAPERS

IMPORTANCE OF HEALTH INSURANCE FOR EMPLOYEES IN HOTEL MANAGEMENT AND TOURISM IN THE REPUBLIC OF SERBIA

Aleksandra Mitrović¹; Marija Pešić²

Abstract

Insurance activity should be seen as a specific economic activity, because it is significant for both the individual and the economy in general. Bearing in mind that there are several different types of insurance, and the criteria for the division, in accordance with the subject of the research, this paper will deal in more detail with health insurance. Health insurance is of great importance for employees in all areas of business and at all levels, so the need for more detailed consideration of mandatory and voluntary health insurance is imposed, since in the Republic of Serbia health insurance is presented by the Law on Health Insurance. The aim of the paper is to point out the importance of health insurance for employees in the Republic of Serbia, with a special emphasis on employees in hotel industry and tourism.

Key Words: *health insurance, employees, hotel management and tourism*

JEL classification: *I13, G22, L83*

Introduction

Insurance represents a specific economic activity carried out by insurance companies in order to provide insured persons with material protection against the possibility of occurrence of a particular risk. Not only does it represent protection through specific monetary compensation, insurance is also a compensation for the lost, if the loss is provided for in a written insurance contract. Also, insurance is a social method of transferring risk from an insured to another person, that is, to an insurance company, for a variety of hazards (Knežević, Mitrović & Srećić, 2018).

Insurance is especially important financial industry in modern times, especially in developed western countries. It is an advanced financial sector with many potentials and opportunities. Insurance companies around the world are the largest financial stakeholders of financial forces in countries and the world economy (Knežević & Mitrović, 2018). Insurance has a primary and social function. The primary function is to provide protection against risks, while the social function is exercised through the insurance of a person, in the immediate sense, i.e. in indirect sense, through property insurance and capital accumulation (Kočović & Šulejić, 2006: 63).

Insurance is important for an individual but also for the economy. For the individual, insurance represents protection, both of physical integrity, and of the property. Observed from the economic point of view, it is a compensation for damage, which could endanger the functioning of a country's economic system. Insurance companies are important innovators in scientific fields, but above all they represent very important investors in the world market.

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The subject of research of this paper is only one type of insurance, specifically health insurance, primarily of the employees in specific jobs, hotel management and tourism business in the Republic of Serbia. This paper examines the health insurance of employees in the Republic of Serbia, which is of great importance for employees in all areas of business and at all levels. It is especially important that health insurance, which according to the Law on Health Insurance is mandatory for all employees, protects both the employees and their family members and provides them with free treatment in state institutions. As a new trend in the insurance sector, voluntary health insurance of employees appeared, by which employers provide additional security to their employees. In addition to the above, the paper also presents a review of the literature on health insurance and the importance of health insurance. After that, the Sample and Methods of this Research and Findings and Results are presented in detail.

Literature review- about health insurance and the importance of health insurance

In today's health environment, where financial resources are very important for making business decisions, it is important to understand the concept of health care financing in one state (Gapenski, 2000: 3), i.e. who is charge and to what extent to finance health services. Regardless of whether the country belongs or does not belong to a particular organization, union, association, group, etc., in terms of health care funding, legal regulations have to exist in it. This means that in every country, regardless of its social organization, political and economic activity, the health care financing policy must be set out in government documents and adequately enacted by laws and by-laws (Folland, Goodman & Stano, 2017).

Health insurance is a form of insurance that provides insured persons and their families with conditions for treatment in case of illness, medical examinations, provision of certain preventive measures to prevent the onset of illness, and other (Association of insurers of Serbia 2011-2019). In addition, health insurance is also defined as a social protection program established by law, which provides individuals with a degree of security when found in unanticipated living conditions, such as age, disability, inability, unemployment or childcare, etc. (International Social Security Association, 2018). The importance of health insurance should be seen from a wider perspective: employees in the context of the importance of health insurance, actuaries as providers of health insurance, both private and public insurers, citizens, policy makers, and those who can influence policy makers in the sense of realizing how innovation in providing insurance in government policy and health care reform will influence on them.

According to Saltman, Busse & Figueras (2004: 21), in the European health care system the concept of health insurance plays an important role, and Germany is considered to be the pioneer of the concept of the health insurance system. The specific need for health insurance began to appear sometime in the middle of the nineteenth century. The need for such a form of protection was created by the working class from the socialist revolution in order to provide better conditions for work and medical assistance. Initially, workers formed savings cash boxes in public funds to collect the money needed for the treatment, and then there was concern of employers for employees. Officially, health insurance, as it is today, was first implemented by Germany in 1883, and then, after the end of the Second World War, all socialist countries began to apply a free form of health care (Joksimović & Joksimović, 2007).

Abrahamsen & Fagerland (2012) present current research in the study of the issues and challenges of health care insurance from across the globe. Topics discussed in this specific compilation include Botswana, Japan, Gambia and Netherlands. The general health care model

in Italy is characterized by the complete coverage of the population by healthcare, which is free for all insured persons, since every citizen is guaranteed the right to health care by birth. Insured persons do not have the right to choose private health insurance instead of compulsory, because it cannot be replaced. Private insurance can only be reimbursed by the costs of services that compulsory insurance covers in part the health care services of health care services that obligatory insurance does not cover at all (Rakić, 2012).

The insurance sector in the Republic of Serbia is defined by the Law on Insurance (2014), and under this Law, insurance of property and persons is voluntary, and it is obligatory only in cases prescribed by law. Insurance operations refer to the conclusion and execution of life and non-life insurance contracts, except for compulsory social security. Health insurance is a type of non-life insurance under the Insurance Act (2014) and refers to:

- *insurance against accidents*, including insurance against injuries at work and occupational diseases, covering the contracted cash benefits in the event of an accident, compensation of contracted costs in the event of an accident, combination of contracted monetary compensation and contracted expenses, payment of consequences of injury, damage to health and death;
- *voluntary health insurance* covering the agreed monetary compensation in case of illness, compensation of contracted treatment costs and a combination of sickness benefit and reimbursement of contracted treatment costs.

The area of health insurance in the Republic of Serbia is determined by the Law on Health Insurance (2016) and the Law on Health Care (2017), and other by-laws (Social Insurance Institute, 2019). According to the Law on Health Insurance (2016), in the Republic of Serbia, two systems of health insurance are distinguished:

- *Compulsory health insurance* - regulated by the Republic Health Insurance Fund, which is based on the principles of reciprocity and solidarity, as well as other principles, in order to ensure the right to compulsory health insurance that the insured acquires by paying the contribution by the employer and from other sources;
- *Voluntary health insurance* - is insurance against occurrence of risk. Insured persons may be all citizens who are subject to and are not subject to compulsory health insurance. This type of insurance operates according to the principles of health care and exercising the rights of patients in accordance with the law determining the health care. Voluntary health insurance is carried out by legal persons performing insurance activities, but also by the Republic Health Insurance Fund.

Sample and Methods

Managers in the hotel industry, compared with other managers in the manufacturing industry, face a number of non-standardized and complex operating conditions due to the unique characteristics of the hotel services (Mitrović & Knežević, 2018). Considering that the tourist product is non-homogeneous, that is, made up of a combination of different products and services provided to tourists by employees in the hotel and tourism sector, primarily on a journey, this product also carries certain risks (Krsmanović, 2013). Both tourists and the employees in hotel management and tourism are exposed to the risk and therefore the importance of insurance is remarkable in business in this area, both for tourists and for employees, especially for employers. Hotel business and tourism as business areas that follow market trends and innovations, recognizes the importance of insurance. Many companies dealing with hotel business and tourism try to protect primarily their property, but also their employees, using insurance services. They protect the employees mostly through a form of

compulsory health insurance, imposed by the state, but also include some types of voluntary health insurance.

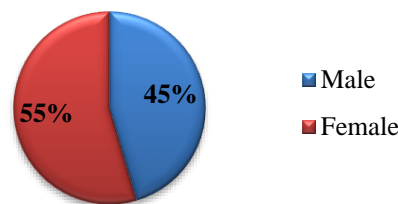
In addition to compulsory health insurance, which is of great importance for employees in all economic activities, i.e. in all areas of business and at all levels, in recent times there is a need for voluntary health insurance. First of all, the importance of compulsory health insurance is reflected in providing health care for the employee and his family through the payment of contributions by employers, and by paying the contribution, the insured acquires the right to a pension where, in addition to monetary compensation, he also exercises the right to compulsory health insurance. Hotel and tourist companies most often conclude voluntary health insurance for their employees as collective insurance of employees, where they pay the total annual premium for a certain number of employees, with some insurance company.

The survey was conducted through questionnaires, and different types of questions were used in their creation, such as: dichotomous questions, multiple questions, and the questions by scale of importance. The questionnaire was carried out in October 2018 in hotel and tourist companies. The questionnaire recorded answers by forty-four employees, of different sexes, age, level of education acquired, and employees in different positions.

Findings and Results

Graph 1 shows that 55% of women and 45% of men participated in the survey.

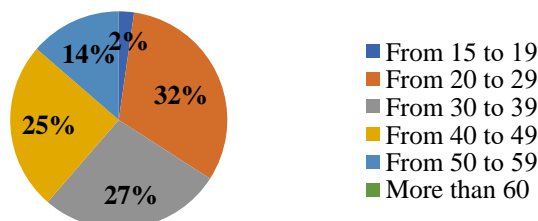
Graph 1: *Gender of employees*



Source: *Made by the author research*

The survey was mostly answered by employees, aged between 20 and 29, which is 32% of respondents. The survey did not involve respondents over 60 years of age, and only 2% of respondents were between the ages of 15 and 19 (Graph 2).

Graph 2: *Age of employees*

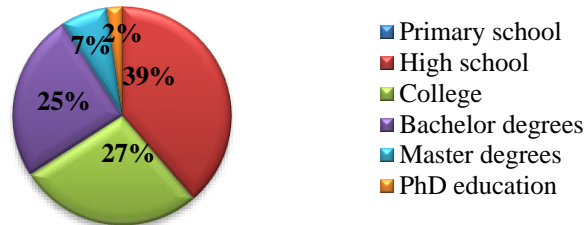


Source: *Made by the author research*

Graph 3 shows the level of education acquired by surveyed hotel and tourism staff. The highest number of employees who responded to the questionnaire has a high school education level,

39% of the respondents, 27% of the respondents completed the higher education, and 25% of the respondents who completed the faculty. 7% of the respondents completed the master academic studies, and 2% of the doctoral studies. The survey did not include respondents who did not have a completed minimum secondary education, or only elementary school.

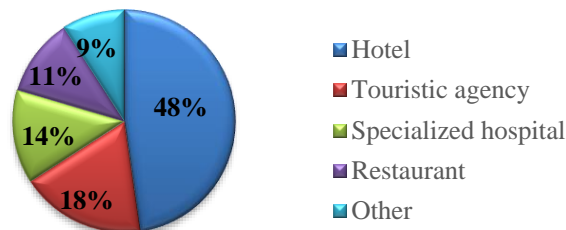
Graph 3: *Education level*



Source: *Made by the author research*

The largest number of employees in the field of hotel management and tourism responding to the survey, as shown in Graph 4, are employees of hotel companies. The number of employees in the hotel companies according to the conducted survey is 48%, then in the tourist agencies 18% of the respondents, then in special hospitals, 14% of the respondents. The lowest number of respondents is from the field of restorations - 11%. Only 9% of the respondents belong to some other sector.

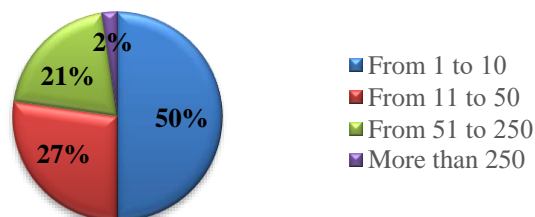
Graph 4: *Employees in working organizations*



Source: *Made by the author research*

Graph 5 shows the number of employees in the working organizations of the respondents. Half of the surveyed employees in hotel and tourism work in an organization that employs up to 10 employees, 50% of respondents. The least respondents are from an organization employing more than 250 employees, or 2% of respondents. 27% of the respondents are employed in an organization employing between 11 and 50 employees, and 21% in an organization that employs 51 to 250 employees.

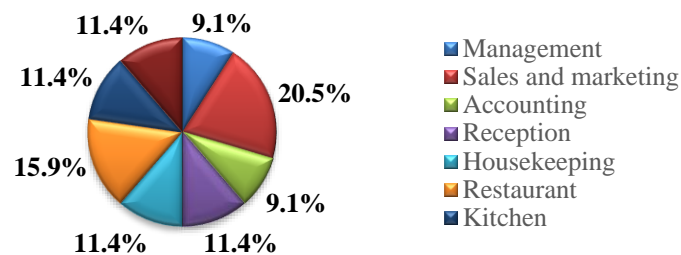
Graph 5: *Number of employees*



Source: *Made by the author research*

The largest number of surveyed persons belongs to the sales and marketing sector, as shown in Graph 6, 20.5% of respondents, and then to the restaurant sector 15.9%. An equal number of 11.4% belong to the reception, cuisine, maintenance and other sectors, while the percentage of 9.1% of respondents belongs to management and accounting.

Graph 6: *Employee of sectors*



Source: *Made by the author research*

Below is an analysis of the expressiveness of respondents' answers using descriptive statistics, and in particular, the arithmetic means, which is of the greatest importance in the case of interpretation of responses to the questions raised in this research. According to the scale of response from 1 to 5, an overview of the responsiveness was made. Given the above conditions, the questions in Table 1 are shown according to the order of variables (values of the arithmetic mean).

Thus, we see that the question: Assess the extent to which it is important for you as an employee that the organization in which you are employed regularly pay contributions for health insurance for employees: is the question with which respondents most agree (Arithmetic mean - 4.64). Then, the next question with which respondents most agree is the question: Assess the extent to which health insurance is of importance to employees (Arithmetic mean - 4.52). On the contrary, with the answer to the question: Assess the system of compulsory health insurance of employees in the Republic of Serbia in relation to the inclusion in the health system, the way of financing, the way of organizing and managing the available resources respondents least agree (Arithmetic mean - 3.18) (Table 1).

Table 1: *Descriptive statistics*

Questions	Arithmetic mean
Assess the system of compulsory health insurance of employees in the Republic of Serbia in relation to the inclusion in the health system, the way of financing, the way of organizing and managing the available resources.	3.18
Evaluate your information awareness of the Voluntary Health Insurance.	3.75
Evaluate your information awareness on compulsory health insurance for employees.	4.07
Evaluate your information awareness within the rights listed in the compulsory health insurance rights, that you have the right to: health care, salary compensation during temporary work-related hindrance, reimbursement of transportation costs related to the use of health care.	4.07
Assess the extent to which voluntary health insurance, through a greater scope and standard of health insurance rights, contributes to the additional protection of employees?	4.07
Assess the extent to which health insurance is significant for employees.	4.52
Assess the extent to which it is important to you as an employee	4.64

that the organization in which you are employed regularly pays contributions for health insurance for employees.	
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Conclusion

Since insurance companies provide insurance and benefits to insurance users, the insurance business relates to a very important economic activity. The health system of a country is of special importance for the country's economic system. The health system of the Republic of Serbia distinguishes between two types of health insurance, compulsory and voluntary.

A survey conducted in this paper found that most employers pay only their compulsory health insurance to their hotel and tourism employees, while payment of some kind of collective insurance is a rare phenomenon, but again a phenomenon that is not absent and which is growing. The conducted research analyzed the information awareness of employees of the rights of compulsory health insurance, as well as the satisfaction of organizing the healthcare system in the Republic of Serbia. Also important is the regularity of paying the contributions for compulsory health insurance by the employer, so the issue of the regularity of paying the contribution is also considered. In addition, employees' attitudes towards voluntary health insurance were of great importance for this research. Their information awareness on voluntary health insurance has been examined, and whether the employees are beneficiaries of some kind of voluntary health insurance and who actually pays this voluntary health insurance. The respondents also gave an assessment of the importance of health insurance for employees.

The role of compulsory insurance is obvious, as indicated by the survey. Of great importance for all employees at all levels, and in the specific case for hotel industry and tourism, is the health insurance and the regularity of paying employee contributions. Therefore, it can be concluded that health insurance is of great importance for employees, which is confirmed by the results of the research. Regardless of the fact that employees are not completely satisfied with the organization, implementation and financing of the compulsory healthcare system, it certainly constitutes an important item in employment, because it not only protects employees at the healthcare level, but also protects members of their family who, on the other hand, do not acquire right to compulsory health care.

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ROLE AND IMPORTANCE OF THE DEVELOPMENT OF CONTEMPORARY TOURISM IN THE PEJA

Anela Džogović¹; Cane Koteski²

Abstract

From the aspect of tourism demand when considering the modern development of tourism, we can note that they can be affected by various changes that accompany the tourist offer. Therefore, a large share of selective forms of tourism in the world is known, as well as in Peja. Among the most famous are: mountain tourism, cultural tourism, urban tourism, rural tourism, health tourism. Using modern technology, they help us to have a better insight into the business of all subjects of the tourism sector. We will emphasize the natural beauties of the town of Pec, which enable the development of tourism throughout the year, which means that during the season there are various attractions, and in this way, the attention and interest of tourists is increased.

Each tourist chooses a tourist destination on the basis of certain information that he has, and can be obtained by travel agencies or via the internet online. The city has cultural and historical values such as mosques, towers, churches, museums, parks and others that were built many years ago.

Based on this, we can say that we have great potential for its better development.

Key Words: *modern development of tourism, supply, demand, Peja, cultural and historical heritage*

JEL classification: Z32

Introduction

Today, tourism is a key sector of the economy, where financial resources can create opportunities for new jobs. However, as one of the sectors where growth is expected and where to focus on the future of the country, tourism is because it is not yet developed enough. Modern times brought about major changes in tourism, both in terms of manifest forms of tourism, as well as in the way tourism activities function [J. Stojanović, 2014]. Tourism is not viewed today as a privilege of elite classes, but it grows into a primary need. Pec is a city that is rich in natural resources that are preserved, which you can use and manage them in order to meet basic living needs and thus gain profits. Tourists visit Pec in the summer, the number is on the rise. Tourists are interested in visiting the mountains, lakes, rivers, and all this represents the competitive advantage of Peja.

The role and importance of the development of modern tourism in Peja

The role of tourism in the economy affects the income of households as well as employment in the Pec region, and thus are indicators that represent economic success. Therefore, such tourism is treated as the main chapter that interconnects and other not only tourism sectors that together

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form an integral part of the strategy. So tourism is an integral part of the tourism industry. This gives an overview of his role in economic development has certain trends in tourism and in this way should focus on the tourist situation in Pec, enriched with descriptions of the natural and cultural heritage of tourism, with a focus on the development of tourist areas in its municipality.

Picture 1: *City center of Pec*



The town of Pec is covered with deciduous and coniferous green trees that represent its wealth, which, as can be seen on the given picture, we see that it is surrounded by forest and that it is tempting for all lovers. This is the first time that this applies to hunters who like to spend time hunting a certain game. The Pec Region as an urban center is very important because it integrates not only one municipality but others like the East, Klina and Dečani including Gjakova and Junik. It is also rich in natural resources that offer an opportunity for better tourism development. So, based on this, we can say that this region is viewed from the physical and geographical aspect, which means that history, culture, tradition, natural wealth, geographical position, environment, fertility of the earth and other elements, the city of Peja, is identified as the city of the touristic value which visitors visit from various countries throughout the year

Consequently, its trend is influenced by the identification of different challenges, needs and certain alternative development opportunities that are conceived on the basis of public debates, as well as expert consultations on the basis of which the research is being carried out and the implementation of the strategy.

The highest potential for tourism development has the mountainous areas of the first area of Rugova. Among the natural attractions are (Monografija Peja 2017):

- ✓ Rugova gorge,
- ✓ White drim,
- ✓ Bistrica,
- ✓ Lakes at an altitude of 1860 meters,
- ✓ Great cave,
- ✓ Cave in Radavac,
- ✓ Numerous sources of flora and fauna,
- ✓ Mountain peaks up to 2000 meters and more.

These are the most important elements that visitors can come and visit and enjoy in their charm that leaves you indifferent to their beauty.

The role of tourism in local economic development

Tourism is a complementary element for all associates looking like a mosaic that includes agriculture, fisheries, manufacturing, trade, services, etc. In order to achieve local

economic development, it is necessary to have a well-built policy that will include clear and diverse programs that are divided into appropriate areas based on, human resources investments, the preservation and improvement of already existing businesses, attracting new businesses to manage new technologies and so on.

According to the World Tourism Organization, UNWTO for many developing societies tourism is the main source of international exchange. Revenue is in the range of 5-10%, even up to 25%, and the contribution of GDP in the country depends on the development of natural resources, especially in developing countries where tourism is the main source of development. The contribution of tourism to the GDP of developed countries is less than 2%, according to some reports. In addition, UNWTO considers tourism as the creator of jobs in the massive employment of 6-7% of the world's population and is therefore considered one of the leading food retailers, chemicals and oil producers. Travel and tourism in 2016 generated around \$ 7.6 trillion or more than 10% of global GDP, generating more than 290 million jobs (1 out of 10 jobs in the global economy), (World economic impact of travel and tourism, 2017). Tourism in Kosovo accounts for 8-9% of GNP.

In view of its geographical position in the Western Balkans, Kosovo has not yet used all the trends in the development of tourism, which has led tourists generally to circumvent Kosovo and therefore spend less money and spend less nights in the country. In this regard, detailed testing and identification of incentive factors that have led to this situation are necessary and we hope it will serve as an important step towards improvement and positive development in the industry.

There are different types of tourism that can be separated or interconnected depending on the geographical position and other characteristics such as the requirements and needs of consumers, tourist service providers, traditions from the past and today.

As supplementary regions, the expansion of tourism envisages that a certain offer of tourist capacities should be organized for the needs of the local population. Mountain tourist centers will be organized as independent organized units for lodging, entertainment, recreation and other activities.

Industrial Trends and Status of Tourism in the Municipality of Pec

According to the Statistical Office of the Republic of Serbia, the number of tourists in Kosovo since the beginning of tourism development around 1970-1989 has grown exponentially in the 1990s during the war period when it comes to the development of tourism has dropped significantly, while the industry and other public and private facilities have been damaged. This represents a break in the chain of development of the sector and the general economy in Pec.

Rural areas do not adhere to this way of life, so the income opportunities for tourism complementary to livestock and agriculture. Tourists who come to buses that are organized to connect you to a specific place where you do not know their language will need a tour guide that will help you, tourists can come with their vehicles.

Foreign tourists come to visit only Peja municipality, its craftsmen, hammams, religious buildings, museums, lakes, rivers, and others. Visitors from Europe and the Balkans are interested in visiting the mountains of Rugova and Sharr Mountain, ski resorts want to have fun and enjoy their vacation. Foreign visitors who visit the city of Pec and its sights as they do not

know the city are looking for help from tourist guides or from their family members to go with them on a tour, they are accommodated with family, friends or in hotels. The hotels have the right service, the employees try to give a good impression to them, organize various competitions, and so on.

On this basis, those who are interested in visiting the Pecka sights that want to enjoy a home-made food, to use other tourist services, must pay all this according to their standard. The local population and the diaspora have begun to invest in tourism and have not explored market efficiency without any criteria for financial or other necessary orientations in the food industry, hotels and households in Peja. Tour operators in Peja achieved a record number as well as accommodation capacities and services. In September 2012, the number of hotels, restaurants, cafes and other tourist services makes up about 18% of registered businesses in Peja.

The Challenges of the Tourism Sector in Peja

In general, the main challenges for the development of the tourist industry in the municipality are regulatory nature, new tourism sector enterprises, lack of private capital investment and foreign investments, inadequate municipal and state investment, infrastructure and public services, insufficiently seasonal character of services, profiling of human resources and tradition. The challenges are considered to be the highest in rural and mountainous areas, while in the city some hotel companies have an accommodation capacity and a long tradition of service benefits to their borders. The reason that poorer tourists come to Kosovo and the Peja region in terms of return to Albania, Montenegro and Turkey is that Pec does not have the sea, as well as the lack of strategy and measures needed to attract tourists that we need to attract in our region in order to develop better tourism.

Numerous tourist companies on the mountains work during the summer season to refresh and engage in various recreational activities, and during the winter season they can ski. These can all be limited due to climatic conditions, including some disasters that can happen such as (various road demolitions, lack of electricity, etc.). With all the problems, the difficulties we face in the first place should be pointed out at the various bridges, infrastructure and roads in local rural areas, the lack of water supply and sewage, especially where the towns are densely populated. When communicating with tour operators in tourism, there is a general need to build capacities in communication, services, marketing, foreign languages, instructions on production, traditional items, accessories, jewelry, etc., and consultations to explore possibilities and capacities for providing secondary services, their diversification, profiling and extension of the capacity of tourist services for the longest route, which is ideal throughout the year.

Research results

Respondents answered the following questions:

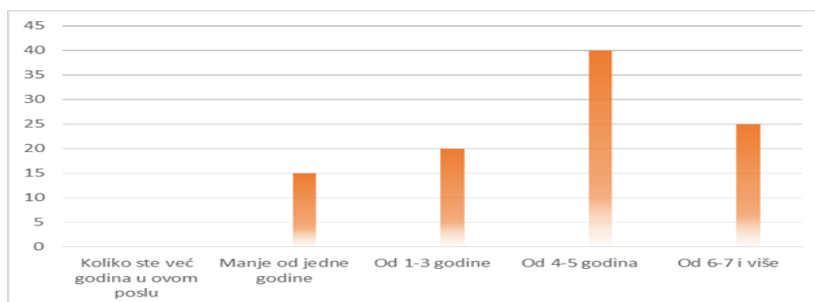
1. What type of work do you do?

Tourist agency	Motel	Hotel	Restaurant- Bar coffee	Something else	Total
10	3	30	32	5	100

Source: *Authors*

At the question asked by the largest number of respondents, they answered that they work in restaurants or at least 32 cafes, where we can say with certainty that it is today the most frequent job in the region of Pec, then in the hotels there are 30, 10 working in tourist agencies, three at the motel and 5 of them are engaged in some other business, such as (providing accounting services, tourism offices, etc.).

2. How many years do you work for?



Source: *Authors*

In the graph, we see that out of the total number of respondents 40 of them answered that they have worked for four to five years, then 25 of them work for more than seven years, 20 of them work from 1 to 3 years and 15 of them are less than one year old.

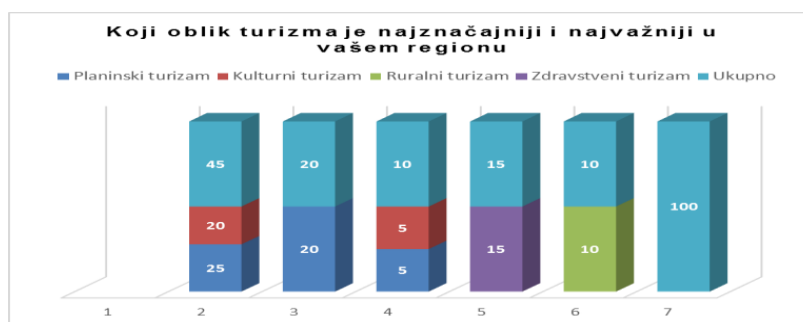
3. How many of your employees are women?

<i>How many employees are women</i>	
1-5	50
6-20	20
21-50	15
More than 50	15
Total	100

Source: *Authors*

As far as this issue is concerned, we see that 50 of them said that from one to five women in their company / company.

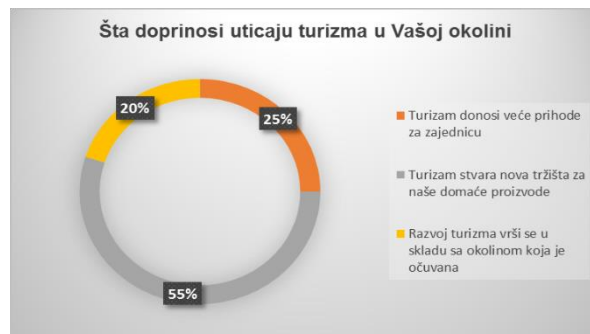
3. Which form of tourism is the most developed and the most important in your region?



Source: *Authors*

To the question that is the most important and most developed tourism in your region, the majority decided for mountain tourism and assessed it as a very important and important for all mountain lovers who are eager for clean air and for sports enthusiasts. In addition to the mountain, cultural tourism is also highlighted, while rural and health tourism are somewhat less represented.

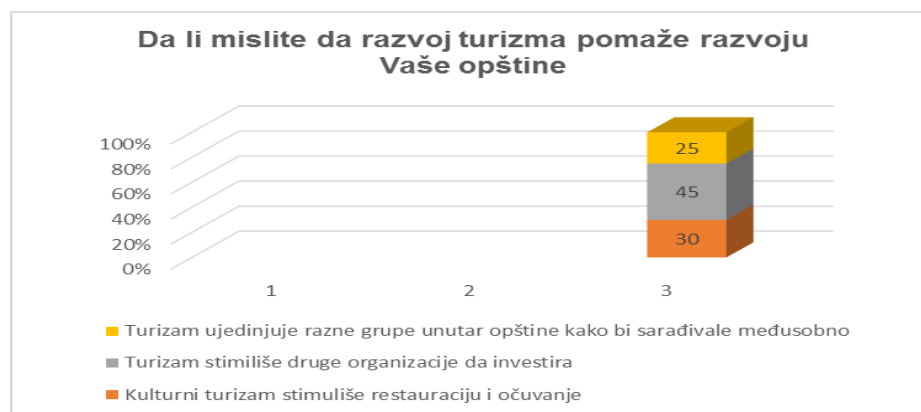
5. What contributes to the impact of tourism in your area?



Source: *Authors*

Asked about the contribution of the best impact of tourism in our municipalities, most respondents replied that they created new markets for our domestic products, 55%, 25% said that tourism would generate higher incomes, and 20% say that tourism development is in line with the environment that is preserved and this specifically refers to the cultural property that our region possesses.

6. Do you think tourism development helps the development of your municipality?



Source: *Authors*

When it comes to tourism development in the Peja region, we can say that it would be good to have better and more investments. We need to find better promoters, groups that work together and keep our goods safe.

7. What is the impact of tourism on the economy?



Source: *Authors*

Based on the given chart, we see that tourism on the economy acts positively, and the latter has a positive impact.

Conclusion

The role of tourism in any region is of exceptional importance. Each region is famous for its sights and preserved heritage. In the municipality of Pec is the most developed mountain tourism, where the highest number of visitors over the years, apart from this tourism, cultural tourism, eco-tourism and more. But everything that needs to be addressed is that tourism is invested more so that we have better promoters and that is why success is guaranteed.

It is also important to create a unique reservation system that should enable reservation of all services provided in real time and the Kosovo government should consider tourism as a real development potential and invite all relevant stakeholders (local authorities, companies, civil society, etc.) to an inclusive policy dialogue that could lead to a strategic approach to tourism development.

The role of the newly established Kosovo Tourism Council is essential for the coordination of the dialogue process.

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SELF – DETERMINATION AS A FUNDAMENTAL PRINCIPLE AND HUMAN RIGHT

Aneta Stojanovska-Stefanova¹

Abstract

The right of nations to self-determination is a cardinal principle in modern international law (commonly regarded as a jus cogens rule), binding, as such, on the United Nations as authoritative interpretation of the Charter's norms.

From the perspective of international relations and law, self-determination was considered by US President, Woodrow Wilson, as 'an imperative principle of action,' and therefore wanted it incorporated in the Covenant of the League of Nations at the end of World War I for purposes of universality. The US wish was to no avail until the making of the United Nations during the Second World War. At the San Francisco consultations, the former Soviet Union proposed the inclusion of 'based on respect for the principle of equal rights and self-determination of peoples' as an amendment in the text of Article 1(2) and Article 55 of the UN Charter.

Self-determination as a theory in international relations can be looked at from many perspectives. Admittedly the right of self-determination is a human right that belongs to peoples — not to the States. But in practice the right has been all too often violated with impunity, since there is no international enforcement mechanism.

Key Words: *human rights, international law, international relations, nations*

JEL classification: *K38*

Introduction

The right of nations to self-determination is a cardinal principle in modern international law (commonly regarded as a jus cogens rule), binding, as such, on the United Nations as authoritative interpretation of the Charter's norms.

Self-determination is a compound word, a combination of 'self' and 'determination.' The two words are quite interesting in terms of their ordinary and applied meanings. Ordinarily speaking, self can be used as an adjective and as a noun. As an adjective, it is generally used to form new words. It means 'same' or 'identical.' It also means 'pure,' unmixed. As a noun, but generally used in the plural form (selves), it means 'an individual known or considered as the subject of his own consciousness; anything considered as having a distinct personality.' It also refers to 'personal interest or advantage.' Most importantly, 'self' is 'anything, class, or attribute that, abstractly considered, maintains a distinct and characteristic individuality or identity' (vide the New International Webster's Comprehensive Dictionary of the English Language).

'Determination,' a noun, is synonymous with a firm resolution or decision. It is an authoritative opinion or conclusion in the context of a judicial decision. In the medical sciences, it is about 'putting an end to.' In other fields, it also means different things. In essence, it is not only an act of resolution, the act of taking the decision, but also about the firmness in taking the

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resolution. Consequently, self-determination is essentially about an individual taking a firm resolution or decision. In the context of international relations and law, the meaning is political and legal, though its origin was fraught with controversies.

Self-determination implies the right of a particular group of people to determine for themselves how and by whom they wish to be governed. The principle was little known for much of human history, as groups were either small self-governing communities whose legitimacy was based on religion or culture or, within kingdoms and empires, communities that had no expectation that people could choose their rulers. In the 18th and 19th centuries, political philosophers began to assert that nations or peoples—groups possessing a shared ethnicity, history, language, and/or culture—should control their “own” government, rather than be subjected to alien or foreign rule. This principle of congruence between the “nation” and political governance became known as nationalism, although it remained only a political principle or goal, as opposed to an international legal norm. The Covenant of the League of Nations proclaimed that it was a “sacred trust” for states to promote the advancement of colonial territories that had previously belonged to the countries defeated in World War I, and these territories were placed under the League’s system of international mandates. However, the League rejected calls from US President Woodrow Wilson that the Covenant include specific reference to self-determination, and there was no recognition of a general right for all peoples, nations, or colonies to be self-governing or independent. Twenty years later, the Charter of the United Nations did recognize the “principle of equal rights and self-determination of peoples” and called upon states to develop “free political institutions” in non-self-governing territories under their control. In the 1960s, these general provisions gradually developed into a new international law of self-determination, based not on ethnic or national identity but on non-self-governing status; thus, colonial territories were deemed to possess the right to self-determination and independence, but not the ethnic or cultural “nations” within them. International law has largely maintained this conservative, statist perspective, which rejects the notion that distinct “peoples” within existing states have any right to secession or self-government. The primary self-determination issues debated by contemporary international lawyers, diplomats, and international relations theorists are whether there are any conditions under which groups might acquire a right to external self-determination (independence) and whether self-determination in its internal dimension could imply a right to autonomy or other devolution of power within an existing state for distinct groups within that state².

International law versus International politics

Some international lawyers, even professors of international law, confuse self-determination with self-execution. Undoubtedly the Kurds, the Tamils, the Saharaouis, the Catalans have the right to self-determination, whether internal in the form of autonomy or external by way of secession³. But the existence of this norm of peremptory international law (*ius cogens*) does not guarantee its automatic implementation. In order to exercise the right of self-determination, the support of a major power is frequently necessary. Thus, the Bangladeshi won their war of independence against Pakistan in 1971, because they had the support of India. By contrast, the Igbos of Biafra were massacred, because no state supported their legitimate claim to self-determination. Whether a people can exercise this right in practice also depends on international

²Hurst Hannum, (2017), *Self Determination*, достапно на: <https://www.oxfordbibliographies.com/view/document/obo-9780199743292/obo-9780199743292-0125.xml>, последно пристапено на 10.10.2019

³ Alfred de Zayas’ Human Rights Corner, link: <https://dezayasalfred.wordpress.com/2017/10/11/self-determination-is-a-human-right/>, last accessed 28 May 2019

solidarity, which existed in the case of Kosovo, but was missing in the case of the Tamils of Sri Lanka.

Admittedly the right of self-determination is a human right that belongs to peoples — not to the States. But in practice the right has been all too often violated with impunity, since there is no international enforcement mechanism. It is time for the United Nations to establish such a mechanism as a conflict-prevention strategy⁴.

Self-determination as a theory in international relations

Self-determination as a theory in international relations can be looked at from many perspectives. Psychologically, Richard M. Ryan and Edward L. Deci of the University of Rochester⁵, have shown in their work, entitled “Self-determination Theory and the Facilitation of Intrinsic Motivation, Social Development, and Well-being,” that research guided by self-determination theory has three innate psychological needs: competence, autonomy and relatedness. These three needs are required ‘for facilitating optimal functioning of the natural properties for growth and integration, as well as for constructive social development and personal well-being.’ With this definition, the conception of self-determination has a character of individuality, either as an individual person or corporate person, for development purposes. From the perspective of international relations and law, self-determination was considered by US President, Woodrow Wilson, as ‘an imperative principle of action,’ and therefore wanted it incorporated in the Covenant of the League of Nations at the end of World War I for purposes of universality. The US wish was to no avail until the making of the United Nations during the Second World War. At the San Francisco consultations, the former Soviet Union proposed the inclusion of ‘based on respect for the principle of equal rights and self-determination of peoples’ as an amendment in the text of Article 1(2) and Article 55 of the UN Charter. In both articles, emphasis is placed on the belief that peaceful and friendly relations among nations are largely predicated on self-determination. Consequently, self-determination was conceived as a political principle and not as a legal norm. However, with the negotiations and adoption of the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant of Economic, Social and Civil Rights (ICESCR), self-determination became a right, and no longer simply a political principle. First, the 1960 United Nations General Assembly (UNGA) Resolution 1514 provides that ‘all peoples have the right to self-determination, by virtue of that right, they freely determine their political status and freely pursue their economic, social and cultural development.’ Relying on Joshua Castellino, Cop and EymirlioÄŸlu of the University of Nottingham and BaÄŸaziÄŸi University, have explained that ‘Resolution 1514 links self-determination to “better standards of life and larger freedom” and therefore this norm “was already accepted to a certain extent as being one that promoted better standards of life and freedom’ (vide their article, “The Right of Self-determination in International Law towards the 40th Anniversary of the Adoption of ICCPR and ICESCR,” Perceptions, Winter 2005, p.118)⁶. Additionally, on 15th December, 1960, the UNGA adopted Resolution 1541 in condemnation of the Portuguese refusal to give report on its colonies. The resolution not only defined what constitutes a ‘full measure of self-government,’ but also how ‘it must result in a decision where

⁴De Zayas Alfred, *World Press*, доступно на: <https://dezayasalfred.wordpress.com/2017/10/11/self-determination-is-a-human-right/>, последно пристапено на 10.10.2019

⁵ Ryan M. Richard and Deci L. Edward, (2000), *Self Determination Theory and the Facilitation of Intrinsic Motivation, Social development and Well-Being*, In: *American Psychologist*, Vol.55, No.1. 68-78, DOI: 10.1037//0003-066X.55.1.68

⁶ “*The Right of Self-determination in International Law towards the 40th Anniversary of the Adoption of ICCPR and ICESCR*,” *Perceptions*, Winter 2005, p.118

the people concerned vote in free and fair elections to decide whether to: a) Constitute themselves as a sovereign independent state; b) Associate freely with an independent State; or C) Integrate with an Independent State already in existence.’

Secondly, the ICCPR and the ICESCR were adopted in 1966 and they both provided for ‘right of self-determination’ in their Common Article 1. The two covenants are important from different perspectives: self-determination ceased to be simply a political principle. It is now a legal right. The covenants reviewed the restriction of self-determination to oppressed and colonial peoples to include ‘all peoples.’

Perhaps more importantly, the UNGA, in 1970, adopted Resolution 2625 in which it is stated that ‘by virtue of the principle of equal rights and self-determination of peoples enshrined in the Charter of the United Nations, all people have the right freely to determine... their political status,’ and also requires all UN Member States to respect the right of self-determination in accordance with the UN Charter. Without doubt, many issues have been raised by virtue of adoption of self-determination as a political principle and as a legal right. Many scholars now consider self-determination as a peremptory norm of international law, that is, *ius cogens*, which is not allowed to be derogated. The rationale for the consideration is that, Resolution 2625, entitled, ‘Declaration on Principles of International Law Concerning Friendly Relations and Cooperation among States in Accordance with the Charter of the UN,’ was passed ‘with a wide consensus, with no vote against it.’

There is also the issue of territorial integrity versus self-determination. The 1970 Resolution 2625, which provided for the right of self-determination also provided for caution against the dismemberment of a State. As provided for, nothing in the Declaration ‘shall be construed as authorising or encouraging any action which would dismember or impair, totally or in part, the territorial integrity or political unity of sovereign and independent states conducting themselves in the compliance with the principle of equal rights and self-determination of peoples as described above and thus possessed of a government representing the whole people belonging to the territory without distinction as to race, creed or colour.’

In this regard, some scholars have argued that the ‘self’ in question must be determined within the accepted colonial framework, while another school of thought has it that it should be within the existing sovereign states. The Canadian Supreme Court has ruled that the exercise of the right of self-determination should be exercised ‘within the framework of existing sovereign states’ and also noted the need for the maintenance of the territorial integrity of those states.

Put differently, as the Committee on the Elimination of Racial Discrimination (CERD) distinguished between external self-determination and internal self-determination in which there is ‘the right of every citizen to take part in the conduct of public affairs at any level,’ inability to take part in the conduct of national affairs can justify complaints and calls for self-determination.

Thirdly, there is the issue of secession from an already existing State. Some scholars have posited that self-determination can include the right of secession from a state. Some others have argued that there is uncertainty on the issue of secession as it is neither permitted nor prohibited under international law. However, even though UN Member States do not want unilateral secession, the truth remains that there have been many cases of unilateral secession in international relations: Kosovo, East Timor, Chechnya, etc. Besides, Cop and EymirlioÄŸlu have pointed to two exceptional conditions that can also prompt claims for secession: the

materialisation of secession within post-colonial context and the realisation of secession against undemocratic, authoritarian regimes violating human rights.

Philosophical argument for a concept of self-determination that inheres in national groups with a shared political culture, but which stops short of independent statehood. Minority and majority nations within a state should enjoy equal rights of self-determination, understood as internal self-government. Only the denial of “modified self-determination” would justify unilateral secession⁷.

And perhaps more interestingly, Alan Buchanan has also argued that the right to secede should be regarded as a ‘remedy of last resort for serious injustices’⁸. Additional two cases that can justify claims of secession, Ved. P. Nanda, has contended, are ‘persistent and serious violations of individual human rights’ and ‘past unrepressed unjust seizure of territory’.

A well-argued positivist analysis of public international law finds no support for an international legal right to secession in the postcolonial context but identifies a trend toward recognizing the internal aspect of self-determination, which implies a right to democracy for the population of the state as a whole and perhaps a developing right to autonomy for indigenous peoples⁹.

Noting that the meaning of self-determination “remains as vague and imprecise as when it was enunciated by President Woodrow Wilson and others at Versailles” (p. 2), maintains that the international law of self-determination necessarily implies independent statehood only in the context of decolonization. Advocates a human right-based approach that would encourage autonomy within a state as a means of balancing state sovereignty and group demands for self-government¹⁰.

Grosso modo, the conception of self-determination is still ambiguous, especially in terms of who has a right to self-determination as provided for in many international human rights documents. Is it a group, a people, a nation? What is the content of the right to self-determination or what does it really confer as a right? Is it autonomy or statehood? Whatever is the case, Patricia Carley¹¹ of the US Institute of Peace, in her report on “Self-Determination: Sovereignty, Territorial Integrity and the Right to Secession,” has noted that ‘it is impractical to assume that legal principles alone will resolve what are essentially territorial and political disputes.’

In other words, what is important to note is that the concept of self-determination has become a rule of general application, that the UN does not encourage arbitrary secession but does not also condone the abuse of human rights and dictatorship, and that self-determination is an ambiguous concept. Consequently, self-determination is permissible as a preemptory norm of

⁷ Moltchanova, Anna. *National Self-Determination and Justice in Multinational States*. Dordrecht, The Netherlands: Springer, 2009. DOI: 10.1007/978-90-481-2691-0

⁸ Buchanan, A. (1992). Self-Determination and the Right to Secede. *Journal of International Affairs*, 45(2), 347-365. Retrieved from <http://www.jstor.org/stable/24357361>

⁹ Christakis, Théodore. *Le droit à l'auto-détermination en dehors des situations de décolonisation*. Paris: La documentation française, 1999.

¹⁰ Hannum, Hurst. “Rethinking Self-Determination.” *Virginia Journal of International Law* 34 (1993): 1–69.

¹¹ Carley Patricia, (1996) SELF-DETERMINATION Sovereignty, Territorial Integrity, and the Right to Secession, линк: <https://www.usip.org/sites/default/files/pwks7.pdf>, last accessed 30 may 2019

international law, and therefore should not be derogated. Incumbent governments hardly accept self-determination even though their countries have signed international agreements requiring its protection.

For instance, there are some countries, like Turkey, whose constitutions do not allow for secession. However, acts of secession have occurred for various reasons of force majeure. The Turkish Cypriots is a good illustration of this point. Even in Nigeria, the story is not different. Nigeria's 1999 Constitution, as amended, provides for non-divisibility of the country, and yet, a portion of the territory was ceded to Cameroon. What is Nigerian territory is not supposed to have been tampered with without plebiscite, unless the ceded territory was never Nigerian ab initio. More disturbingly, all the leaders of Nigeria, Presidents and Heads of State, always swear, on oath, at the time of taking over power, to defend the political sovereignty and territorial integrity of Nigeria. There is nothing to suggest, however, any respect for the oaths taken in light of the cession of the Bakassi Peninsula to Cameroon under the pretexts of very controversial ICJ Ruling and Green Tree Accord.

This may not be the end. Further dismemberment of Nigeria appears again in sight with the quit order given by Arewa youths to all the members of Ndigbo residing in all the constitutive States of the North. The quit order not only raises the issue of internal self-determination, but also has the great potential of completely destabilising the whole country, if not permanently disintegrating it in such a way that there may not be any Nigeria at all.

There may not be any Nigeria at all because the geo-political dynamics of the unity of purpose that informed the understanding and cooperation between the South West and the North during the 1967-1970 war of national unity are no more there as at today. The Igbo, unable to understand Chief Obafemi Awolowo, when he said the Yoruba would go if the Igbo people leave Nigeria. In the interpretation of the Ibo leaders, the moment the Igbo people declare their autonomy, the Yoruba would simply do the same. This appears to be a wrong interpretation of what Chief Awolowo meant¹².

Conclusion

In a nutshell, the right to self-determination gives peoples a free choice which allows them to determine their own destiny. According to Article 1 (1) of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, self-determination is the right of all peoples to 'freely determine their political status and freely pursue their economic, social and cultural development'. This right can be exercised in a variety of ways, and traditionally a distinction has been made between external and internal self-determination. The external aspect of self-determination developed in the colonial context and, as will be seen later, resulted in self-determination becoming almost 'synonymous' with decolonisation and independence.

The Human Rights Committee has issued a General Comment on self-determination, which supports the existence of a right to self-determination beyond decolonisation. In General Comment 12, on Article 1 of the International Covenant on Civil and Political Rights, the Committee pointed out that 'Paragraph 3, in the Committee's opinion, is particularly important in that it imposes specific obligations on States parties, not only in relation to their own peoples

¹² Alfred de Zayas' Human Rights Corner, link: <https://dezayasalfred.wordpress.com/2017/10/11/self-determination-is-a-human-right/>, last accessed June 2019

but vis-à-vis all peoples which have not been able to exercise or have been deprived of the possibility of exercising their right to selfdetermination.

It is important to note that the Committee is of the opinion that the right to self-determination ‘and the corresponding obligations concerning its implementation are interrelated with other provisions of the Covenant’, which clearly points to the internal aspect of selfdetermination¹³. As noted before, many international instruments on selfdetermination contain a provision on the right of self-determination, while at the same time emphasizing the territorial integrity of sovereign and independent States. According to Raic, numerous authors have pointed out that if this paragraph is read a contrario, it implies that the territorial integrity or political unity of a sovereign and independent State will no longer be protected if it does not conduct itself in compliance with the principle of equal rights and self-determination of peoples and if the government is unrepresentative. In other words, if a State persistently denies a people its right of internal self-determination that State forfeits its right to territorial integrity, and consequently the people may have the remedy of external self-determination, i.e. unilateral secession.

According to Boutros-Ghali: “the sovereignty, territorial integrity and independence of States within the established international system, and the principle of self-determination for peoples, both of great value and importance, must not be permitted to work against each other in the period ahead“. Despite the fact that many have argued that the right of selfdetermination is exhausted once a colonial people have acquired independence, it cannot be denied that the end of the Cold War and the subsequent developments in Europe in the early nineties set the stage for all kinds of new developments in international law, including a renewed emphasis on the internal aspect of self-determination. Regarding this, we could point out, that the right of self-determination is not confined to colonial situations, but is an ‘ongoing’ right with universal application. As the International Court of Justice pointed out, the essence of the right of self-determination is ‘the need to pay regard to the freely expressed will of peoples’¹⁴. Self-determination as a theory in international relations can be looked at from many perspectives. Admittedly the right of self-determination is a human right that belongs to peoples — not to the States. But in practice the right has been all too often violated with impunity, since there is no international enforcement mechanism. But, since only States have standing before the Court, the only way the Court may be entrusted with the task of considering self-determination claims is by means of an Advisory Opinion, which would require the support of the General Assembly. Without doubt, the Human Rights Committee would be the most suitable body to protect the right of self-determination of peoples outside the colonial context. Lastly, as a human right occupying a fundamental position under international law, the right of self-determination suffers from a serious lack of effective enforcement mechanisms. Therefore, the international community should also strive to develop a common position on recognition, for example by adopting a General Assembly Resolution on this issue in the near future.

¹³Raic, refers to ‘the right to freedom of thought (Article 18) and expression (Article 19), the right of peaceful assembly (Article 21), the right to freedom of association (Article 22), the right to take part in public affairs, to vote and to be elected (Article 25), as well as the provision on the prohibition of discrimination (Article 26)’.

¹⁴ Louise Arbour, 2008, ‘*The responsibility to protect as a duty of care in international law and practice*’, *Review of International Studies*, Vol. 34, , p. 447.

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COMPARATIVE ANALYSIS OF OCCUPATIONAL SAFETY AND HEALTH IN THE TOURISM AND CATERING SECTOR IN THE REPUBLIC OF CROATIA AND THE REPUBLIC OF NORTH MACEDONIA

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Abstract

Occupational safety and health as a segment of integral safety, significantly improves the business process management and the risk management in the field of occupational safety and health in the tourism and catering industry. Numerous studies indicate an increase in injury rates among seasonal workers and / or young workers, which is further emphasized in the field of tourism and catering industry. Seasonal workers often lack knowledge and skills in the field of occupational safety and health. The paper brings a comparative analysis of statistical data on the state of occupational safety in the tourism and catering industry in the Republic of Croatia and the Republic of North Macedonia, through several categories such as: total number of injuries at work in the tourism and catering industry, number of injuries by sex, number of injuries according to the age of the worker.

Key Words: *integral safety, occupational safety and health, tourism*

JEL classification: *G32, Z32*

Introduction

The development of tourism is susceptible to many negative factors in the world, such as various threats and risks, whether it is about safety risks for employees and intellectual capital, ethics and reputation, financial assets, information systems and telecommunications, logistics chain, distribution and procurement, physical security, occupational safety and the environment. However, insufficient attention is paid to the complete solution of threats and safety risks through the introduction of integral safety functions as a new concept in corporate governance. The aim of this paper is to analyze and compare occupational safety and health (OSH) in the tourism sector in the Republic of Croatia and the Republic of North Macedonia and point out the need to introduce the integral safety in the tourism sector, with particular emphasis on the need to improve the occupational safety and health system as one of the essential components of the integral safety system.

Tourism in the Republic of Croatia and the Republic of North Macedonia after the establishment of state independence has undergone a twenty-year transition process that is fraught with all the problems and contradictions of the economic and social development of countries. Bearing the burden of inherited and relatively inefficient business structures, facing the effects of various and often suboptimal privatization models, tourism has nevertheless shown its vitality thanks to the strength and interest of the foreign market, the attractiveness of

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the country and, in particular, the resilience of tourism as a phenomenon to occasional global disorders.

Despite all the difficulties that followed Croatia and North Macedonia over the past period, tourism has significantly boosted its business performance, especially since 2000, and in times of global crisis over the past few years has shown high resistance, which is confirmed by growth rates higher than those to reach countries in a competitive environment.

It is certain, however, that Croatia after joining the EU and North Macedonia in the pre-accession negotiations with the EU, are facing new challenges, but also with new opportunities in tourism. The European Union recognizes Croatia and North Macedonia as a tourist destination with potential, so it is our duty to make the most of them in the interest of increasing our own well-being, using the value system of sustainable development and the EU's competitive strategy in the field of tourism.

Croatia and North Macedonia belong to countries that attract visitors because of their natural space and rich cultural and historical heritage more than the quality, availability and / or diversity of newly created tourist attractions.

Unlike natural attractions and cultural and historical heritage, Croatia and North Macedonia are extremely poor in new tourist attractions such as modern congress centers, theme and / or amusement parks, visitor centers, well-designed thematic routes and similar amenities. Without the above it is difficult to lay down the assumptions for the expansion of an internationally recognizable production mix and the tourist activation of the continental space Croatia and North Macedonia today lack centers of all year mountain and sports tourism, a quality bicycle route with the necessary infrastructure and suprastructure, and other facilities necessary for quality and long-term sustainable market positioning in the market of special interests.

Despite all the challenges, the tourism and catering sector in the Republic of Croatia and North Macedonia achieves respectable results, especially with regard to the number of tourist arrivals, as can be seen from Table 1.

Table 1: *Arrivals of residents/non-residents at tourist accommodation establishments*

Time/geo	Croatia	North Macedonia
2008.	7.081.920	251.794
2009.	6.962.451	255.620
2010.	6.652.832	258.942
2011.	7.237.077	324.249
2012.	10.138.696	347.052
2013.	10.775.000	394.938
2014.	11.438.806	417.090
2015.	12.543.509	479.152
2016.	13.707.444	508.300
2017.	15.581.704	626.879

Source: <https://ec.europa.eu/eurostat/>

Tourism and Catering Sector in the Republic of Croatia

The Tourism and Catering Sector in the Republic of Croatia is one of the strategic sectors that not only strongly supports the economy but also stimulates the development and growth of

other economic sectors such as agriculture and food production, the personal services sector, and sports and health. Rarely, in which state of the world, tourism is the fifth of GDP, as is the case in Croatia, which makes it a strategic economic branch which, despite low profitability, enables the country's international competitiveness.

Tourism and Catering Sector in the Republic of North Macedonia

Starting from the fact that the Republic of North Macedonia has exceptional opportunities for developing tourism and catering in different areas, as well as the fact that the Republic of North Macedonia is a new and unknown destination for tourists, the progress in this area in the last decade is very important, but far from satisfactory.

Today, this industry faces a shortage of qualified employees. One of the reasons is low income, and an additional problem in Macedonian tourism is the outflow of educated employees. Tourism and catering, as the second fastest growing economic sector after healthcare, has achieved the highest rate of employment in recent years. (Ristov, 2018)

Integral safety in the Tourism and Catering Sector

The development of tourism is sensitive to many negative factors in the world, such as various threats and risks, whether it is about safety risks for employees and intellectual capital, ethics and reputation, financial assets, information systems and telecommunications, logistics chain, distribution and procurement, physical security, occupational safety and the environment. However, insufficient attention is paid to the complete solution of threats and security risks by introducing integrated security functions as a new concept in corporate governance. The aim of this paper is to indicate the desirability of introducing integral security in the tourism sector, with particular emphasis on the need to improve the occupational safety and health system as one of the essential components of the integral safety systems (Kovač, Krišto, Šijaković 2018). The integral safety function is a relatively new concept in corporate governance. An increase in the number of threats that could have a negative impact on business resulted in the creation of a new function, one integral safety manager. Integral safety deals with those unwanted outcomes that can compromise the resilience and ability of company's survival in the market. The main goal of integral safety is to identify and manage such situations using preventive measures in the early stages of their deployment (Delišimunović, 2006).

Theoretical, that is, the scientific basis of integral safety management is based on the basic theoretical principles of management and safety as separate areas, and then on their mutual synergy and integration. Thus, the basic functions of management (planning, organizing, managing human resources, management and control, (Buble, 2006, p. 1)) are integrated in each business system, integrating all of its individual functions as well as processes. Those functions also need to be integrated in the safety area. As an addition to such integration, besides functions, the basic roles of management, such as the information and interpersonal role and role of decision-making, and coordination as the very essence of management, certainly contribute.

In accordance with the principles of "defendology as a science of protection, defense and safety," the "defendological basis of work safety" (Javorović, 2000, pp. 211-213) was defined with the aim of protecting the following basic values: man (workers), material goods, and the wider society and the working environment, or the whole ecosystem. The workplace and the work area are only a part of a wider area where different threats exist and where "defensive-

protective function is achieved to achieve a satisfactory degree of safety" (Javorović, 2000, pp. 211-213).

It is precisely this that can determine the need, but also the possibility of integrating all management functions as well as safety functions as the theoretical framework of integral safety management. Defining safety from the point of view of safety at work as a fundamental component of business system safety, (Kacian, 2000, p. 15) emphasizes that "safety at work is a condition that allows the normal flow of business processes and the functioning of business systems and thus better economic results". It is precisely for this reason that the area of safety must be regarded as an indispensable component of an integral business system, which, along with the social and human aspect, has an undeniable economic segment of business. It is therefore important to note that the degree of safety will be in the greater, that we will have a lower degree of risk (Markić, 1998). Risks managed by integral safety are risks to employees and intellectual capital, ethics and reputation, financial assets, information systems and telecommunications, logistics chain, distribution and procurement, physical security, occupational safety and the environment.

Occupational safety and health in the Republic of Croatia and the Republic of North Macedonia

By definition, occupational safety is a system of rules, principles, measures, procedures and activities, the organization and improvement of safety and health protection at work, with the aim of preventing occupational hazards, occupational injuries, occupational diseases related to work and others material and non-material damages at work and work.

The system of legal rules on occupational safety and health is composed of legal rules on occupational safety and in relation to work arising from international treaties, from the very Constitution of the Republic of Croatia and the Constitution of the Republic of North Macedonia of the Occupational Safety and Health Act, adopted pursuant to the Occupational Safety and Health Act laws and by-laws issued on the basis of these laws.

Occupational safety as a systematically organized work is an integral part of the organization of work and the implementation of the work process, which the employer realizes by applying the basic, special and recognized occupational safety rules in accordance with the general principles of prevention (Kacian 2000).

Occupational Safety in Tourism and Catering in the Republic of Croatia and the Republic of North Macedonia

Occupational safety in the tourism sector is based on the same rules as in other activities. The first paragraph is to use devices with safety devices and prevent any exposure of hazard workers, and if a satisfactory level of safety can not be achieved by the application of technical and / or organizational measures, it is necessary to provide workers with personal protective equipment. The greatest risks that threaten employees in the tourism sector are the dangers of falls and demolitions, fires and explosions, and contact with hot or cold objects and surfaces. Then there are risks arising from mechanical hazards, contact with electricity, dangerous working substances, work in unfavorable microclimate conditions and psychophysiological and stato-dynamic efforts (Kovač, 2018).

Injuries at Work in the Republic of Croatia and the Republic of North Macedonia

In the Republic of Croatia, in accordance with the provisions of the Law on compulsory health insurance at work injury is considered:

1. Injury caused by immediate and short-term mechanical, physical or chemical action and injury caused by sudden changes in body position, sudden body load or other changes in the physiological state of the body, if it is causally related to the performance of the activity or activity on the basis of which the injured person is insured in the mandatory health insurance as well as injuries incurred during compulsory fitness training related to maintenance of psycho-physical fitness to perform certain tasks, in accordance with special regulations,
2. A disease that was created directly and solely as a result of an accident or force majeure during the work or activity or in connection with the performance of such activity on the basis of which the insured person is insured in compulsory health insurance,
3. Injuries arising in the manner of point 1 which the insured person obtains on a regular basis from the apartment to the place of work and vice versa and on the road undertaken for the purpose of gaining access to the work provided to him or to the work on which he is insured under compulsory health insurance,
4. Injuries or diseases referred to in paragraphs 1 and 2 occurring to insured persons under the circumstances referred to in Article 16 of the applicable Compulsory Health Insurance Act.

According to the Law on Pension and Disability Insurance of the Republic of North Macedonia, injuries at work are a violation caused by instant and short-term mechanical, physical or chemical action, as well as injuries caused by sudden changes in the position of the body, sudden burden on the body. body or other changes in the physiological state of the organism, if such a violation is causally related to the performance of work at the workplace.

Injury at work is also a violation that occurred on the regular and usual route from place of residence to work and vice versa, on the buissnes trip, as well as in other conditions related to the work or using the right to professional rehabilitation.

As a injury at work under this Act, it will be considered as an employee's illness that has arisen directly and as an extraordinary consequence of an accident or more force during or in connection with work. This category includes acute poisoning at work, primarily due to the fact that they occur as a result of the immediate and short-term effect of a chemical detrimental factor in the working environment.

Health centers report injuries to the Public Health Institute in the Republic of North Macedonia, which obliges them to record and treat them. Also, the employer reports injuries that have been reported to the State Labor Inspectorate for more than three days.

Table 2: *Number of injuries at work in the Republic of Croatia and Republic of North Macedonia from 2010. to 2018.*

	Year								
	2018.	2017.	2016.	2015.	2014.	2013.	2012.	2011.	2010.
Number of injuries at work in Croatia	18.724	17.768	16.235	16.013	13.929	13.796	14.076	13.817	13.588

Number of injuries at work in NM	846	1.111	894	1.222	975	1.229	1.375	1.520	870
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Source: *Croatian Public Health Institute - Occupational Health Service and the Public Health Institute of the Republic of Macedonia - Department of Occupational Medicine and Health Risk Assessment*

Analysis of injuries at work in the provision of accommodation and food preparation and serving in the Republic of Croatia and the Republic of North Macedonia

This analysis will try to provide answers to numerous issues from the field of occupational safety, as one of the components of integral safety in the tourism sector, using data sources available in Croatia and North Macedonia.

Since the beginning of 2013 there is a new Work Injury Form containing work injury data compliant with the European Workplace Injury Attestation (ESAW methodology). Republic of Croatia has been obliged to submit data from the beginning of full EU membership on injuries at work to the European Statistical Office in a form consistent with the ESAW methodology. In the Republic of North Macedonia, an application for injury at work is not yet in line with the application of European countries following the recommendation of EUROSTAT or ESAW methodology, therefore we have incompatibility for a certain number of data with the Republic of Croatia.

Table 3: *The number of injuries at work in the Republic of Croatia and the activities of providing accommodation and preparation and serving of food*

Number of injuries at work in Croatia	Year								
	2018.	2017.	2016.	2015.	2014.	2013.	2012.	2011.	2010.
Republic of Croatia	18.724	17.768	16.235	16.013	13.929	13.796	14.076	13.817	13.588
<i>Activities of providing accommodation and preparation and serving of food</i>	963	925	806	752	627	578	640	739	615

Source: *Croatian Public Health Institute - Occupational Health Service*

Table 4: *The number of injuries at work in the RNM and the activities of providing accommodation and preparing and serving the food*

Number of injuries at work	Year								
	2018.	2017.	2016.	2015.	2014.	2013.	2012.	2011.	2010.
RNM	846	1111	894	1222	975	1229	1375	1520	870
<i>Activities of providing accommodation and preparation</i>	10	10	11	25	3	14	27	28	8

<i>and serving of food</i>									
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Source: *Public Health Institute of the Republic of Macedonia - Department of Occupational Medicine and Health Risk Assessment*

In the Republic of Croatia, the injury rate per 1000 workers was calculated on the basis of the monthly statistical reports of the Central Bureau of Statistics and the Croatian Institute of Public Health - the Labor Office.

Table 5: *Croatia, the injury rate per 1000 workers the activities of providing accommodation and preparation and serving of food*

Year	Number of employees	Number of injuries	Total Rate per 1000
2018.	101.379	963	9,50
2017.	92.592	925	9,99
2016.	92.590	806	8,71
2015.	90.531	752	8,31
2014.	66.508	627	9,43
2013.	85.351	578	6,77
2012.	84.553	640	7,57
2011.	83.487	739	8,85

Source: *Croatian Public Health Institute, Central Bureau of Statistics*

Work injury reports in the Republic of North Macedonia calculate the injury rate at work for 100,000 employees, but for an easier comparison for this work, a calculation of 1000 employees is shown.

Table 6: *RNM, the injury rate per 1000 workers the activities of providing accommodation and preparation and serving of food*

Year	Number of employees	Number of injuries	Total Rate per 1000
2018.	30.964	10	0,32
2017.	28.569	10	0,35
2016.	25.446	11	0,43
2015.	26.944	25	0,93
2014.	24.722	3	0,12
2013.	23.986	14	0,58
2012.	23.507	27	1,15
2011.	23.574	28	1,19

Source: *Public Health Institute of the Republic of Macedonia - Department of Occupational Medicine and Health Risk Assessment, Central Bureau of Statistics*

Total number of injuries at work in the provision of accommodation and preparation and serving of food in 2018 in the Republic of Croatia

In the course of the paper, work injury will be analyzed in activities I - Accommodation and food service activities in the Republic of Croatia.

Namely, from 18,724 work-related injuries, for which the Croatian Institute for Public Health - Occupational Health Service received data in this activity, 963 workers were injured in the workplace 849 and 114 injuries at work (Table 7) .

Table 7: *Injuries at work in the provision of accommodation ... according to the place of origin*

I - Activities of providing accommodation and preparation and serving of food, sections	Total		At work site within section	
	N	%	N	%
55 Accommodation	623	64,69	561	90,05
56 Preparation and serving of food	340	35,31	288	84,71

Source: *Croatian Public Health Institute, Central Bureau of Statistics*

Characteristics of injured workers

Table 8. shows the number of reported injuries and injuries at work per 1000 employees by sex. The injury rate per 1000 employees was calculated on the basis of CBS statistics on the average number of employees by gender.

Table 8: *Number of injuries reported and injuries per 1000 employees by sex in the provision of food and food preparation and service (in accordance with ESAW methodology)*

Gender	Total		Injuries per 1000 employees	At workplace		Injury rate at the workplace per 1,000 employees
	N	%		N	%	
Men	447	46,42	9,62	406	90,83	8,73
Women	515	53,48	9,38	442	85,83	8,05

Source: *Croatian Public Health Institute, Central Bureau of Statistics*

Table 9. shows the number of reported injuries at work by age groups and place of occurrence. Given the total number of injuries reported (N = 963) in the provision of accommodation and food preparation and service, the workforce of the age group 18-30 (34.48%) was most injured in the workplace.

Table 9: *Number of reported injuries at work by age groups of workers and place of occurrence*

Age	Total		At workplace	
	N	%	N	%
< 18	4	0,42	4	0,42
18 - 30	368	38,21	332	34,48
31 - 40	176	18,28	156	16,20
41 - 50	180	18,69	162	16,82
51 - 60	210	21,81	175	18,17
60 +	24	2,49	19	1,97
No data	1	0,10	1	0,10
Total	963	100,00	849	88,16

Source: *Croatian Public Health Institute, Central Bureau of Statistics*

Total number of injuries at work in the field of provision of accommodation and preparation and serving of food in the year 2018 in the Republic of North Macedonia

In the course of the paper, work injury analysis will be analyzed in activities I - Accommodation, food preparation and service activities in the Republic of North Macedonia. Namely, out of 846 injuries at work for which the Institute for Public Health of the Republic of North Macedonia received information in this activity for 2018, 10 workers were injured. The

notice does not contain information on how many of these injuries have occurred in the workplace and how much they are on the road from work or work. Furthermore, at present the Republic of North Macedonia does not have, or is not publicly available, other relevant statistical data on injuries at work (place of origin, age structure of injured workers, etc.) which could be comparatively analyzed with data collected in the Republic of Croatia.

Characteristics of injured workers

Of the total number of injured workers in the provision of accommodation and food preparation and service 8 (80%) of workers are men and 2 (20%) are women while data on injured workers by age structure are not available.

Conclusion

The applied method of work and applied methods has proved to be suitable for carrying out research and analysis of results. Since the findings of integral safety were set and safety at work as integral components of safety, the results of the work safety in the tourism and catering sector in the Republic of Croatia and the Republic of North Macedonia have been analyzed.

It is obvious that in the tourism and hospitality sector in the Republic of Croatia the injury rate at work per 1000 employees is 9.5, which represents a slightly lower rate than the average rate of injuries at work per 1000 employees in all other activities, which is 13.49. At the same time it is obvious that the number of injuries at work per 1,000 employees in the tourism sector in the Republic of Croatia has been slightly upward after several years, and in the Republic of Macedonia there is a steady downward trend.

Compared to other activities in the Republic of Croatia and the Republic of Macedonia in the tourism and catering sector, there is an increasing fluctuation of workers as well as an interesting age structure of workers, a greater number of young workers are employed, who normally perform their jobs in a non-standard form of employment (work at a specific time, ie seasonal work).

Based on the results of the research on the number and types of injuries at work and the manner of injury in the tourism and catering sector, we can conclude that there is enough space to take adequate measures to improve the field of occupational safety.

For the full inclusion of all workers in the tourism and catering sector and for their active work in the field of occupational safety, greater attention should be paid to their professional qualifications and the acquisition of new knowledge and skills from work safety. By introducing new and innovative knowledge-acquisition processes that are needed to work in a safe manner, appropriate support is needed from employers and the entire education system (high school and higher education) by encouraging the lifelong learning process.

The results of the conducted research are a good starting point on which future detailed research on occupational safety in the tourism and catering sector can be based. In order to continue the research, it is proposed to start similar research according to the methodology presented. In this way, data would be collected on the basis of which comparative analyzes would be carried out and statistically valid conclusions would be derived.

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RURAL SETTLEMENTS IN THE BASIN OF THE BLACK RIVER AND THEIR KNOWLEDGE FOR TOURISM DEVELOPMENT IN THE REPUBLIC OF NORTH MACEDONIA

*Cane Koteski*⁴

Abstract

The purpose of the research of the scientific work is to present the rural settlements and their altitude in municipalities in the river Crna Reka and their importance for the development of tourism. The drainage area of Crna Reka is a spatial area that extends into two states in the southwestern part of the Republic of North Macedonia and the northern part of the Republic of Greece, whose boundaries naturally are clearly defined. The drainage area of Crna Reka in the Republic of North Macedonia extends between 40° 51'56 "and 41° 36'20" northern latitude and 20° 56'45 "and 22° 4'58" eastern latitude. The total length of Crna Reka is 207 km², with a total area of the catchment area (in both countries) of 5,774.99 km², of which the Republic of North Macedonia belongs to the largest part of 4,869.72 km², while the Republic of Greece belongs to 905,27 km². In the scientific paper, 335 village settlements are processed in 13 municipalities in the Crna Reka basin in the Republic of North Macedonia and another 50 villages settlement and the city of Lerin, located in the neighboring Republic of Greece. To see how spatial and which village settlements are located in the Black River basin in both countries. The methods of questioning, conversation, cartographic methods, information methods, spreadsheets, etc. were used, the results obtained from the research indicate that there are favorable conditions for tourism development.

Key Words: *river basin, settlements, altitude, tourism*

JEL classification: Z32

Introduction

In the Black River Basin, there are 335 villages and three towns belonging to 13 municipalities in the Republic of North Macedonia and 50 villages and plus the city of Florina in the neighboring Republic of Greece. To see the spatial distribution of rural settlements in the Crna Reka basin will be presented by municipalities according to their municipality and altitude (Koteski, 2011, pp. 178-194).

The rural settlements differ from the cities according to their physiognomy or type, size, population, have different construction and urban design, after the occupation of the population where the main activity is agriculture and the modest beginnings for the development of rural tourism in the villages of infrastructure facilities.

Village settlements and their altitude in the Black River Basin in the Republic of North Macedonia

The height distribution of rural settlements is a very important element in the study of settlements, especially for road infrastructure, the size of arable land, urbanization of rural

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Municipality Krivogastani		Dabjani	605m	Malo Mramorani	715m	Municipality Novaci	
Borotino		Desovo	680m	Margari	760m	Grumazi	1,090m
Vrbjani	548m	Doljaec	680m	Strovija	720m	Iveni	940m
Kruseani	597m	Dolneni	700m	Municipality Drugovo does not have villages from this group		Polog	940m
Obrsani	589m	Dupjacani	660m			Sovic	1,080m
Pasino Ruvci	585m	Zabjani	630m	Municipality Kavadarci		Municipality Prilep	
Slavej	600m	Zitose	630m	Bojanciste	900m	Zivovo	920m
The municipality of Krusevo has no villages in this group		Zabrcani	660m	Galiste	740m	Krstec	1,080m
		Kostinci	620m	Klinovo	770m	Pletvar	990m
		Kosino	690m	Kumanicevo	900m	Polciste	910m
		Kutlesevo	660m	Majden	780m	Prisad	940m
		Lokveni	625m	The municipality of Krivogastani has no villages in this group		The municipality of Rosoman has no villages in this group	
		Nebregovo	700m				
		Novoselani	620m	Municipality Krusevo		Municipality of Caska has no villages in this group	
		Pestalevo	610m	Belusino	880m		
		Rilevo	660m	Gorno Divjaci	800m		
		Ropotovo	610m	Dolno Divjaci	800m		
Municipaliti Mogila		Sarandinovo	610m	Jakrenovo	860m		
		Sekirci	620m	Norovo	860m		
		Senokos	623m	Ostrilci	730m		
		Slepce	700m		785m		
		Slivje	625m		860m		
		Sredorek	602m	Municipality Mogila			
		Crnaliste	662m	Mojno	710m		
				Municipaliti Novaci			
Municipaliti Novaci				Armatus	840m		
				Brnik	740m		
				Brod	740m		
				Budimirci	800m		
				Gniloz	840m		
				Gradesnica	800m		
				Grunista	800m		
				Dolno Orehovo	720m		
				Zivojno	710m		
				Meglenci	740m		
				Orle	740m		
				Paralovo	830m		
				Petalino	820m		
				Staravina	800m		
				Tepavci	850m		
					750m		
				Municipality Prilep			
Municipality Prilep		Municipality Krivogastani		Belovodica	800m		
Gugakovo	580m	Bela Crkva	603m	Besiste	900m		
Dren	570m	Vogani	603m	Varos	830m		
Erekovci	600m	Godivje	650m	Veprceni	800m		
Klepac	590m	Korenica	623m	Vitoliste	830m		
Nikodin	600m	Krivogastani	607m	Volkovo	780m		
Podmol	600m	Mirce Acev	609m	Vrpsko	800m		
Topolcani	600m	Municipality Krusevo		Kokre	720m		
Trojaci	600m	Aldanci	645m	Krusevica	759m		
Trojkrsti	600m	Arilevo	660m	Leniste	780m		
Cepigovo	600m	Borino	690m	Lopatice	750m		
Municipality Rosoman		Bucin	607m	Malo Ruvci	740m		
Debriste	300m	Vrboec	640m	Marul	780m		
Kamen Dol	260m	Milosevo	651m	Oreovec	860m		
Krusevica	280m	Presil	640m	Prilepec	830m		
Manastirec	145m	Sazdevo	650m	Selce	740m		
Mrzen Oraovec	570m	Sveto Mitrani	670m	Caniste	720m		
Palikura		Municipality Mogila		Cumovo	860m		
Ribarci	140m	Alinci	604m	Stavica	800m		
Rosoman	150m	Beranci	640m				
Sirkovo	135m	Dolno Srpci	640m				
Trstenik	300m	Ivanjevci	630m				
	140m	Musinci	630m				
		Novo Selani	610m				

Municipality of Caska has no villages in this group		Podino Puturus Sveta Todori Trnovci Crnicani		The municipality of Rosoman has no villages in this group			
				Municipality of Caska has no villages in this group			
		Municipality Novaci					
		Baldovenci	690m				
		Bac	620m				
		Vele Selo	700m				
		Vranjevci	660m				
		Germijan	610m				
		Zovik 1	680m				
		Zovik 2	680m				
		Makovo	700m				
		Novo Selo	700m				
		Rapes	700m				
		Slivica	610m				
		Suvodol	650m				
		Municipality Prilep					
		Alinci	670m				
		Berovci	628m				
		Bonce	620m				
		Veselcani	613m				
		Galicani	617m				
		Golem Radobil	620m				
		Golemo Konjari					
		Dabnica	607m				
		Dunje					
		Zagorani	605m				
		Kadino Selo	690m				
		Kalen	612m				
		Kanatlarci	612m				
		Mazuciste	640m				
		Mal Radobil	620m				
		Malo Konjari	660m				
		Manastir	620m				
		Novo Lagovo	613m				
		Pestani					
		Rakle	690m				
		Smolani	640m				
		Staro Lagovo					
		Toplica	670m				
		Carevik	700m				
		Seleverci	650m				
			685m				
			680m				
			696m				
			635m				
		The municipality of Rosoman has no villages in this group					
		Municipality Caska					
		Popadija - 700m					

Source: Panov, M. (1998). *Encyclopaedia of the villages in the Republic of Macedonia, Skopje*
 Source: Military Geographic Institute (1972). *Printing maps with scale 1: 25 000 (Gaus Kriger's projection) for the territory of the Republic of Macedonia (216 sections), Belgrade*

To see in detail the height distribution of rural settlements by municipalities and their total number of villages, especially for each category of altitude in the Black River Basin in the Republic of North Macedonia, we will use the data from Table 2.

Table 2: *Total number of villages by municipalities according to the altitude categories in the Crna Reka Basin in the Republic of North Macedonia.*

Municipality and total villages	0-600m.a.s.l.	600-700m.a.s.l.	700-900m.a.s.l.	Over 900m.a.s.l.
Bitola 65	16	16	19	13
Gradsko 1	/	1	/	/
Demir Hisar 40	/	17	14	10
Dolneni 37	1	28	8	/
Drugovo 3	/	/	/	3
Kavadarci 25	12	7	5	1
Krivogastani 12	6	6	/	/
Krusevo 18	/	9	6	3
Mogila 23	11	11	1	/
Novaci 41	10	25	19	5
Caska 1	/	1	/	/
Total 335	76	133	87	39

Source. ^a Panov, M. (1998). *Encyclopaedia of the villages in the Republic of Macedonia, Skopje*; ^b Military Geographic Institute (1972). *Printing maps with scale 1: 25 000 (Gaus Kriger's projection) for the territory of the Republic of Macedonia (216 sections), Belgrade*; ^c The calculations are from the author.

According to the results from Table 2, we find that the largest number of villages 133 are located at an altitude of 600-700 m, in the river Crna Reka in the Republic of North Macedonia. In second place are 87 villages at an altitude of 700-900m., In the Black River Basin in the Republic of North Macedonia. In the third place are 76 villages at an altitude of 0-600m., In the Black River Basin in the Republic of North Macedonia; and on the fourth place there are 39 villages at an altitude above 900m, in the river basin of Crna Reka in the Republic of North Macedonia.

The rural settlements found in groups with altitudes from 0-600 and from 600-700m., Altitude consists of 209 villages as flat plains in the river Crna Reka in the Republic of North Macedonia. In these villages there are favorable conditions for the development of agriculture, especially the cultivation of cereals, tobacco production, sunflower and viticulture.

In the plain part there are also good conditions for growing large livestock and producing milk in small family farms. The rural settlements located in the groups with an altitude of 700-900 and above 900 meters above sea level make up 126 villages as a hilly mountain in the river Crna Reka in the Republic of North Macedonia. In these villages there are favorable conditions for development of horse-breeding, sheep breeding, forestry, herbalism and development of rural tourism. In the Crna Reka basin there is a part of the National Park Pelister and the village of Nizhpoyle where there are ski lifts, hotels and private houses for weekend tourists. In the basin of Crna Reka, the Mariovo region is quite interesting for the development of mountain and hunting tourism, which extends to the territory of three municipalities: Novaci, Prilep and Kavadarci. In the Mariovo region in the municipalities of Novaci and Prilep there are large reserves of coal. The largest Mining Energy Combine (REK) located in the Municipality of Novaci where Thermo Power Plant works and produces more than 80% of the electricity in the Republic of North Macedonia.

Conclusion

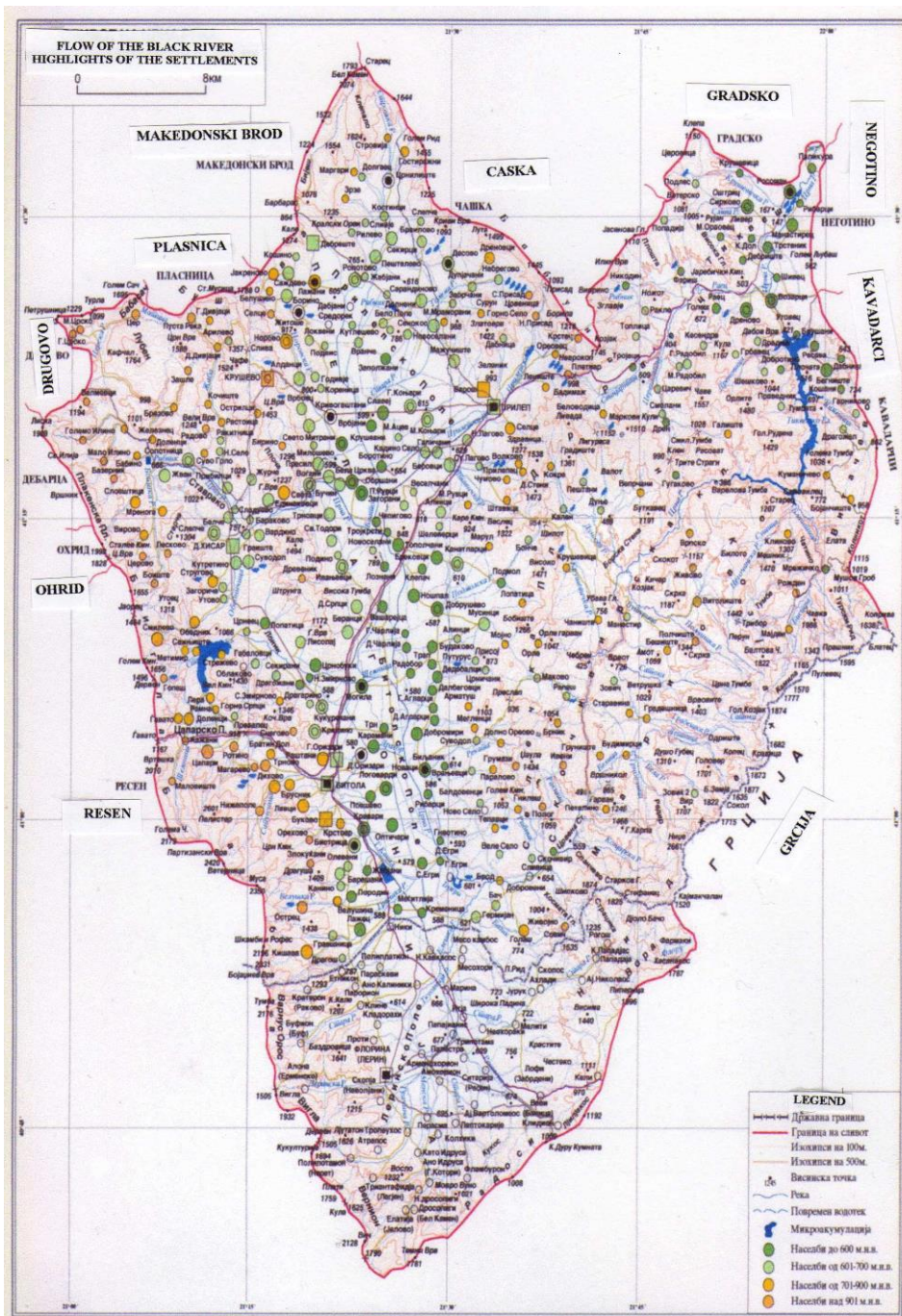
In the Crna River Basin in the Republic of North Macedonia, there are 335 village settlements. According to the obtained data in the group of villages with altitude of 0-600m, there are 76 villages in the Crna Reka basin; in the group of villages at an altitude of 600-700m, in the basin of Crna Reka there are the largest number of 133 villages; in the group of villages with an altitude of 700-900m, in the basin of Crna Reka there is a second group of 87 villages; and in the group of villages with an altitude of over 900m, in the basin of Crna Reka is the smallest group of 39 villages. We can freely conclude that in both groups of villages with an altitude of 700-900m. and over 900m., in the Crna Reka basin in the Republic of North Macedonia there are good conditions for the development of rural tourism.

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Map 1: Figure of the Crna Reka Basin in the Republic of North Macedonia and height distribution of the settlements.

VIRTUAL TOURISM: NEW FRONTIER FOR THE HOTEL INDUSTRY

Cvetanka Ristova⁵; Tanja Angelkova Petkova⁶; Mladen Micevski⁷

Abstract

With technology on an exponentially advancing trajectory, it's never been more important to keep up-to-date with how a hotel can incorporate the latest innovations into their business. One great example is virtual reality. Booking a room online used to just involve reading reviews or flicking through photos of the intended accommodation. Recently, however, the hotel industry has woken up to the benefits of virtual reality and the options for booking online have multiplied.

Key Words: *hotel, hospitality, tourism, trend, virtual reality*

JEL classification: *M30, M39, Z32, Z33*

Introduction

The tourism industry is today one of the fastest growing industries globally and one of the sectors best poised to benefit from technological advancements (Eckhaus, 2017). With hospitality being always excelled at sparking guests' imaginations, the humongous outbreak of technology and applications affecting today's world in hospitality is making the use of VR in applications to provide a virtual and exotic experience to guests with interactive features and a user-friendly interface. Hotels will make use of VR to determine guests' tastes as they check in, monitor their movements inside the hotel, and attempt to get them to pay for additional products. VR will also be a key part of the future guest experience. The use of VR may be also especially beneficial for hotel marketing. The benefits of VR are seen where in anticipation of their visit to a hotel, guests develop an image of the hotel that is made up of previous experiences, word of mouth, press articles, different advertising measures and common beliefs (Baloglu & Brinberg, 1997), the immersive nature of VR enables unique selling point where guests are provided a kind of "try before you buy" option to give them confidence and make purchase decision for booking in the hotel.

What is Virtual Reality?

The concept of virtual reality (VR) is perceived by many to be in its infancy but the origins of VR can be traced as far back as "The Ultimate Display", a paper written by Ivan Sutherland in 1965. In this paper Sutherland issued the following challenge: "The screen is a window through which one sees a Virtual World. The challenge is to make that world look real, act real, sound real and feel real" (Sutherland, 1965). As for the term "Virtual Reality", it is obtained by Jaron Lanier, originally called "Outstanding Virtual Reality", a place where the user becomes fully integrated into the virtual 3D world (Blanchard et al., 1990). The revolutionary power of VR

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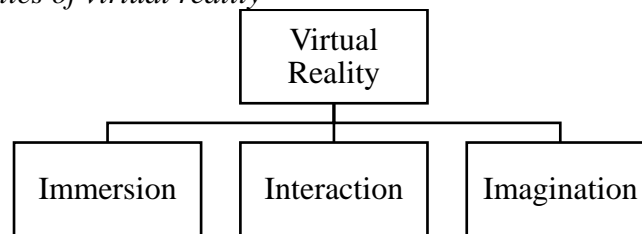
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has long been recognized. As early as in 1995, Hobson and Williams described VR as ‘potentially one of the most important technological achievements of the late XX century’ (p. 425). According to Guttentag (2010), VR is defined as ‘the use of a computer-generated 3D environment - called a virtual environment - that the user can move and possibly communicate, resulting in real-time simulation with one or more from the five senses of the user’ (p. 638). In general, users can “enter” the practice to a virtual environment, VR technology to simulate the real experience of real effects on the body, function, allowing users as their general instructions, free viewing of various angles of things to achieve different functions of the process (Neuhofer et al., 2014; Nicoletta & Servidio, 2012).

Characteristics and extensions of virtual reality

Virtual reality technology has three basic characteristics: immersion, interaction and imagination which fully reflect the characteristics of VR technology (Guttentag, 2010).

Figure 1: *Characteristics of virtual reality*



Source: Guttentag, D., A. (2010). *Virtual reality: Applications and implications for tourism. Tourism Management, 31(5), 637-651.*

- *Immersion.* It refers to the user feel full exposure to the same virtual world that he is surrounded. Immersive virtual system stems from the perception of the real world more, including our common visual perception, tactile perception, motion perception, taste perception, olfactory perception and the body feels like.
- *Interactivity.* Users interact with the virtual world by means of VR system special hardware devices (such as head-mounted displays, data gloves, etc.), as a natural way to interact. In the system, the user can control various parameters of objects directly, such as: direction, speed, and the system can also be feedback to the user, such as: driving simulation system, the two vehicles collided, the user will feel the tremor, car jitter. This interaction is generated in real time and the same perception in the real world, where even the users themselves are aware of the existence of the computer.
- *Conceivability.* It is a virtual environment in a human imagination, which reflects the imagination of the designers. VR technology is not just a media or an advanced user interface, it also can also solve engineering problems, medical issues, military issues, tourism issues, urban planning, etc. It is designed by the developer of the corresponding software usually in the form of exaggerated reflection of the designer's ideas.

An extension to VR usually means a credible and interactive content appearing alongside the text. With technological advancements making such big strides, VR is poised to lead the way. VR's ability to deliver real time experiences by projecting layers of information into real environments creates amazing user experiences. VR can transpose the user. It brings them to some other place. Using goggles or closed visors, VR blocks out the room and puts the user presence somewhere else. What it usually does is, it expands our senses with experiences within after we put a VR headset over our eyes. You can even find yourself on top of Mount Kilimanjaro. The immersion is very artistic, where even some users have reported feelings of

movements as they ride a rollercoaster within the virtual environment. VR is gaining traction and is more relevant in our current market scenario than ever before.

Reimagining hospitality through virtual reality

Continued achievements in VR pushed this technology off the realm of extreme gamers into the area of hospitality (Ristova, 2019). For hoteliers, this represents a new revolutionary way of telling their stories and hotel experiences. VR technology will allow hotels to know what the guests needs before he even knows he wants it.

One key use of VR technology is to enhance the relationship between hotel and guests. VR can give potential guests a taste of a hotel pre-stay and help them book with confidence. If they can look around the space in advance, they're less likely to face disappointments when they arrive. This is convenient for guests who have difficulty visualizing building developments from photos or images, but with the help of VR, who can place the guest in the environment, they can facilitates understanding of sightlines, views and rooms. Some hotels are incorporating VR into the onsite guest experience, keeping guests entertained on-property and making rainy days a little less dull. Even through, technology can often be isolating, when it comes to playing games, and exploring new worlds in VR, for guests means more fun. This design games and experiences bring guests together for mind-blowing VR adventures and to forging real memories that can last a lifetime. In 2017, MGM Grand Hotel & Casino and Zero Latency introduced Las Vegas' first multiplayer free-roam VR experience inside Level Up gaming lounge in September. The arena, "Virtual Reality Powered by Zero Latency," is immersing up to eight players in a completely interactive digital universe, allowing them to physically navigate considerable distances through the 2,000-square-foot arena while collaborating with other players (Hertzfeld, 2017).

Virtual reality has also the capacity to make in depth training exercises available to all employees of a company at any time (Kizil et al., 2011). VR allows training of individuals in new processes in business organizations where the availability of skills has become the key to achieving innovation and assurance of sustainable successful existence of business entities (Volná, et al., 2015). VR already emerged as valuable employee training tool in the hotel industry as well, where simulations are being created for a variety of professions to prepare the hotel employees for real events on the field. Best Western is the first hotel company partnering with virtual training platform Mursion to use VR for training employees in dealing with guests. The project is part of the company's I Care, Every Guest Every Time initiative and is already in use at several properties. Simulations for now are being created in particular for front-desk staff and the chain claims that the 60-minute sessions have brought about a boost in guest satisfaction. The employee training initiative leverages VR to transform communications between front-desk staff and guests, and uses a live hospitality virtual simulator (Mest, 2016).

While offering VR services to guests' base may still feel very sci-fi for now, anyone working in hospitality needs to be aware of the waves it's already making in the industry. Because right now, VR isn't something guests expect from hotels, in fact, it's more of a rare feature that guests are willing to actively search for. Since not a lot of places have VR headsets and experiences, but lots of guests are talking about, guests are curious. And, in hospitality, where guests are always looking to be wowed, being ahead of the curve with the latest technology can be the difference which sets the hotel apart from their competitors.

Virtual reality in hospitality: new experiences to sell

The technology for VR is rapidly evolving. The software is becoming more sophisticated, and faster and the graphical imagery more detailed. The hardware is becoming less expensive and less bulky. And last but not least, the user experience is getting better due to these advances in the technologies (Nayyar et al. 2018). While the full extent of its utility has yet to be seen, as said technology for VR is so rapidly evolving it appears that VR is only going to become more pervasive in the coming years. With VR offering guests, hoteliers and hotel staff an opportunity to expand their engagement with a property, its services and brand — drawing on a variety of senses, emotions and visuals, it is no wonder that VR has already found its implementation in the hotel industry. Few of the examples where hotels decided to use VR so they “can craft unique stories appropriate to the brand” and create “indelible memories” will be elaborated below.

InterContinental Hotels Group started using VR during the design development process of the hotel product with initial benefit of saving time and money as well as improving relationships with owners, particularly within its business travel brand Crowne Plaza. In 2018 Crowne Plaza was going through a refresh, where the brand had built physical pilot rooms to test design schemes, which generally cost in excess of £100,000. Now, using immersive VR, they have created a complete virtual concept hotel, where guests can walk around and see how the design looks from any position – even under the bed. According to Matthew Yates, who is the brand design manager at IHG Europe the biggest benefit of VR is “building in the virtual world costs significantly less with the benefit of quick and easy changes” (Girdhari, 2018).

Hilton has taken a completely different approach to VR, using it to create immersive environments for its corporate staff designed to help them understand what day-to-day life is actually like for different hotel employees. Once they’ve donned their Oculus Rift goggles, which are linked up to a high-end gaming laptop, they cannot only go on a guided journey of the different departments of the hotel, from the restaurants and kitchens to the housekeeping area and the boiler room, but they’re also invited to take part in three routine operational tasks: cleaning a guest room, building a room service tray and checking in rewards programme guests at the front desk (Girdhari, 2018).

A great example for implementation of VR comes from Marriott International, which used VR as part of its “Travel Brilliantly” campaign. The Campaign allowed guests to “transport” themselves from a New York City booth to destinations such as London’s Tower 42, or picturesque Hawaiian beaches. The VR experience enveloped participants with sights, sounds, scents and even climate conditions such as heat and mist. The campaign’s mission was to connect with and inspire travelers, especially tech-savvy millennials, who are projected to make up over 50% of the world’s hotel guests by 2020 (Nicholls, 2018).

Best Western Hotels & Resorts has the Best Western Virtual Reality Experience, a high-definition, 360-degree look into all of the company’s 2,200 North American properties. Each video gives guests an interactive tour of the hotel’s pool, lobby, fitness center and guest rooms, all in less than two minutes. Before making their reservations, potential guests can examine everything from the rooms to the types of chairs they will be sitting in. In 2018, Best Western was recognized by Fast Company magazine as one of the “Top 10 Most Innovative Companies” in the AR/VR category (Chamberlin Public Relations, 2018).

There are plenty of ways hotels can incorporate VR into the guest experience, and new ones are coming online constantly. As guests are become more tech-savvy, VR can help make sure that not only are their expectations met, but exceeded.

Building the pathway to promotion and profit in hospitality with virtual reality

Virtual reality is growing in popularity in every market, so hotels can't afford to ignore it, especially if they are looking to attract millennials and younger generations in the years to come. With VR being ahead of the curve not only will increase the hotel's profits, but doing something new will get them extra exposure and bring in new guests. VR and related technologies have substantial potential as promotional tools to encourage real life tourism visits (Tussyadiah et al., 2016; Fauzi & Gozali, 2015). VR is especially intriguing for the hotel industry as a channel to communicate intangible tourism experiences to a wider audience. Although the adoption of VR is still nascent, it is flourishing, as a growing number of companies and organizations integrate VR elements into their marketing. Many hotels have already adopted VR technologies to provide a preview experience of hotel properties and travel experiences (Samuely, 2016; Vitaliev, 2016). VR is becoming a popular choice for hotels and restaurants with many adding a virtual tour as a component of their promotional mix (Guerra et al., 2015).

Hence the "try before you buy" with VR moves to a whole new level, the use of VR may be especially beneficial for hotel marketing. From the hotel-decision, made at home or in the tourist agency's office, to the hotel room selection or even taking in the sweeping view from the window, the virtual walkthroughs can aid the indecisive guests to find and create their dream holiday. A guests' desire for modernity, efficiency and simplicity nowadays can't be overstated, and that is why surpassing the guests' expectations with VR promotion will ultimately increase the number of guests the hotel will get, captivate them for longer time and encourage them to return – effectively, intriguing new guests and keeping old ones interested.

Håkansson (2018) states that 'one of the most important things for every hotel who will be trying to use VR as promotional tool is to create a strong narrative for the VR video journey and preferably include interactivity and visual and audio cues to make the experience even more impactful. Also, a hotel needs to remember when planning a VR solution for their marketing is to focus on providing value to the guest. The hotels should consider their perspective and craft the story and virtual environment based on the guests' needs, because VR it all comes down to storytelling and imagination' (p. 42).

Considering the above mentioned, the authors discuss several benefits of why should hotels pursue in their marketing VR as innovative manner of a new tech highways that will result with promotion and profit for the hotel.

1. *VR creates rich, immersive and interactive guest experience* – VR allows the hotels to bring the outside travel experience inside, creating a unique environment for the guests.
2. *Personalized content is tailored to guest's particular needs and adopted fast* - With personalized services being the most imperative factor for the hotel industry, the hotel is able to collect the guests' data (with their permission of course). This provides an excellent insight into the guest's routine behavior, which further helps the hotel take personalized services to a whole new level.
3. *VR allow guests to truly connect with the published content* – In the world of hospitality, booking in a hotel can involve a lot of research and guesswork. With VR guests are able to experience a taste of a hotel property before committing to the cost. Getting a sneak-

peak into the dream vacation, without the actual commitment, is a great chance for guests everywhere and an even greater marketing strategy for hoteliers.

4. *Brand awareness gets increased via social shares* – VR is already closely intertwining itself within social media. For the hotel industry to start using VR as part of their social media strategy is a guest experience win-win. Not only does it make it easy for the guest to get involved, it can also lead to increased brand awareness and engagement with your content. VR can give the hotel guests a way to experience the hotel products, beyond just looking at a picture on the hotel website.
5. *VR helps in customer buying decisions* – Since VR is an immersive technology that replaces one's physical environment with a virtual world. It influences guests' perception, learning, and experience. In the hotel industry, VR has been proven to be more effective in case of perception. Hotels' multiple pictures, video clips mixed with VR is getting a better understanding of hotel products to make more informed buying-decisions for the guests. Positive effects of consumer learning when guest experience products in VR is also present in the hotel industry. Learning allows guests to learn about, and experience the hotel product in action prior to making a purchase. VR is also completely enhancing the way guests can interact with hotel products without the need for physical prototypes or samples. Creating experiences rather than simply creating non-interactive marketing content results in a more memorable product for guests to want to book.
6. *Detailed analytics is generated for understanding guest behavior* - Insights with VR analytics help the hotel measure what guest looks at and for how long, record the choices made by the guest and know how long it took to make the booking.

As seen, VR is in no way mandatory for hotels and it doesn't seem like it will be, at least not in the near future, on the contrary, is it one of those features that can spice up a guest's journey and drive a higher level of popularity for a hotel, which can result in more bookings. VR marketing is already evolving and it's more important for the hotel to keep their finger on the trends pulse. When VR even more takes off in the near future, hotels will be able to reach fully immersed guests on a platform unlike any other. Thus, early adopters will have the upper hand in experience and stand out from other competitors.

Limitations

This paper has several limitations. First one is that it's clear that the VR technology has great potential in the hotel industry, but as with almost all new innovations, it can be difficult to decide whether to spend the time and money investing in them, when they could simply be a trend that will be considered irrelevant five years down the line. Further research in hotel industry that needs to be done is VR nothing more than the latest fad, or is it here to stay?

Another limitation in this paper is that the adoption and acceptance of VR in marketing is still however barely explored (Disztinger, et al., 2017), numerous authors have explored this topic in regarding VR in destination marketing (Rainoldi et al, 2018; Gibson & O'Rawe, 2017; Griffin et al., 2017) where focus of the research in investigating the influence of VR on tourists' intention to visit a destination within the customer buying cycle, the authors express the need for to develop a deeper understanding for VR and its benefits for hotels from a marketing perspective.

Limitation represent Millennials as well, who are poised to become the biggest customer segment for hotels worldwide, but this paper gives a limited mentioning regarding the capturing

their attention with VR are promotional tool. In order for hotels to differentiate and engage with this lucrative market, they must step up their “technological game” and analyze the potentials of VR to deliver an out of the world experience.

Conclusion

The concept of VR is hardly new. Admittedly, it is noticeable that in spite of increasing in demand for travelling, VR attract tourist by providing new form of tourism called “Virtual Tourism”. VR technology in tourism is in its infancy and there is a huge potential for development. Within the hotel industry, VR has become particularly important, because of the amount of information the average guest needs before they will actually book a hotel room. Rather than reading through descriptions, which may or may not be trustworthy, it offers guests the chance to experience things for themselves. The guest now has the ability to the hotel without leaving home. And this means that the hotelier now has the ability to stand in a guests’ shoes. Hoteliers have already realized the potential of VR in the hotel industry and today, the leading hotel brands across the world invest in this technology to allure their guests. But whether it’s used by marketing to encourage booking, or in-house to improve experience, it’s clear that the VR technology can be an asset to properties of all shapes and sizes in the hotel industry.

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UNESCO'S ROLE IN THE PROTECTION OF NATURAL AND CULTURAL HERITAGE: A CASE STUDY OF THE OHRID REGION

Darko Majhoshev¹

Abstract

UNESCO was founded in 1946 as a UN specialized organization for the protection of the world's natural and cultural heritage. The UNESCO List of World Heritage Sites has 1,112 sites, of which 860 are cultural, 213 are natural, 39 are combined and they are located on the territories in 167 states. The Republic of North Macedonia has been a member of UNESCO since June 28, 1993, and the city of Ohrid, with its natural and cultural heritage, has been under the protection of this organization since 1979, i.e. 1980. Due to the huge and uncontrolled expansion of tourism and unplanned urban development in the Ohrid region, the natural and cultural heritage of this protected area is in great danger. In addition to the World Heritage List, in the framework of its activities, UNESCO also keeps a List of World Heritage in Danger. The basic research question we will answer in this paper is how endangered the natural heritage of the Ohrid region is, what the reasons for it are, or how much UNESCO is committed to the protection of the World Natural Heritage in this region? We will answer this question by applying the case study method for the Ohrid region, from 1979 and 1980 to the 43rd session of the UNESCO Committee for the Protection of Natural and Cultural Heritage in Baku, Azerbaijan, held from 30.06.- 10.07. 2019.

Key Words: *cultural, heritage, natural, Ohrid, Unesco*
JEL classification: Z32

Introduction

UNESCO (Eng. *United Nations Educational, Scientific and Cultural Organisation*) was founded on November 16, 1946 as a UN specialized agency whose primary mission is to protect, promote and advance education, science and culture at a global level, i.e. to promote and respect human rights and freedoms. The basic motto of UNESCO is "Building peace in the minds of women and men". The UNESCO headquarters is in Paris, but there are over 54 offices around the world.² UNESCO has 193 member states and 11 associate members.³ UNESCO operates in five major programmes: education, natural sciences, sociology, culture and communications. This organization supports literacy projects, technical and pedagogy development, regional cultural history, cultural diversity and programmes that support international agreements for the protection of the World Heritage.

UNESCO bodies are General Conference, Executive Board, Secretariat and Director General. The General Conference has 195 members and it meets every two years. It determines the main directions of UNESCO's policy, adopts the programme and budget of the organization, elects the Executive Board and appoints the Director General. The working languages of the General Conference are Arabic, Chinese, English, French, Russian and Spanish.

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²<https://en.unesco.org/countries/field-offices>, open on 21.07.2019;

³UNESCO, <https://en.unesco.org/countries>, open on 22.07.2019;

The Executive Board has 58 members, elected by the General Conference based on the principle of equitable representation from different geographical areas. It is the executive body of the Conference and it meets twice a year. It executes the decisions and tasks entrusted to it by the General Conference and the obligations arising from the UNESCO Constitution. The Secretariat is the UNESCO's executive branch and it consists of the Director General and the staff appointed by him. The Secretariat has 680 employees, divided into professional and general offices distributed in 54 offices worldwide.

UNESCO's lists

Since 1972, UNESCO has compiled a List of World Heritage Sites nominated by the World Heritage Commission of this organization, based on the Programme deriving from the *Convention for the Protection of World Cultural and Natural Heritage* adopted by the UNESCO General Assembly in 1972. The Convention has been ratified by 190 member states⁴.

UNESCO maintains multiple World Heritage lists, of which the most important are: *The World Heritage List*; the *List of World Heritage in Danger*; *World Heritage List Nominations*; *List of UNESCO Global Geoparks* – 147 in 41 countries, *UNESCO Atlas of the World's Languages in Danger*, *Lists of Intangible Cultural Heritage*, etc.

UNESCO List of World Cultural and Natural Heritage Sites contains 1,112 sites, of which 860 are cultural, 213 natural, and 39 combined that are located on the territories of 167 countries.⁵The UNESCO World Heritage Committee has put 53 natural sites on the World Heritage List in danger, located in 32 countries around the world, most of them in Africa and the Middle East. The Committee's decision adopted in 2017, which places the historic centre of Vienna on the List of World Cultural and Natural Heritage in Danger, is a curiosity.

List of World Heritage in Danger. UNESCO is also preparing a List of World Heritage in Danger endangered by armed conflict and war, earthquake and other natural disasters, pollution, and uncontrolled urbanization.⁶ In 2019, a total number of 53 properties have been put on the UNESCO List of World Heritage in Danger.⁷

World Heritage List Nominations. This is the third type of a list kept by UNESCO. The first step a country must take is to make an 'inventory' of its important natural and cultural heritage sites located within its boundaries. This 'inventory' is known as the Tentative List, and provides a forecast of the properties that a State Party may decide to submit for inscription on its national list for nomination in the next five to ten years and which may be updated at any time. It is an important step since the World Heritage Committee cannot consider a nomination for inscription on the World Heritage List unless the property has already been included on the State Party's Tentative List.⁸

List of UNESCO Global Geoparks. UNESCO also maintains a List of Global Geoparks and the number of sites in the Global UNESCO Geoparks Network is brought to 147 in 41 countries.

⁴UNESCO, *UNESCO World Heritage Atlas*, UNESCO, Paris, France, 2012, States - parties of the Convention can be found on: <http://whc.unesco.org/en/statesparties/>

⁵<http://whc.unesco.org/en/list>, retrieved on 06.07.2019;

⁶<http://whc.unesco.org/en/158/>, retrieved on 07.07.2019;

⁷<https://whc.unesco.org/en/danger/>, retrieved on 20.07.2019

⁸<http://whc.unesco.org/en/nominations/>, retrieved on 08.07.2019;

In April 2019, the UNESCO's Executive Board approved the designation of eight new sites demonstrating the diversity of the planet's geology as new Geoparks.

UNESCO Atlas of the World's Languages in Danger. UNESCO has prepared two editions of the Atlas of the World's Languages in Danger – online and in a printed form. The Atlas offers information about the languages in danger, but it is also a tool anyone can use to suggest a language in danger that should be included in the Atlas.

List of Intangible Cultural Heritage was introduced in 2008 based on the 2003 Convention for the Conservation of Intangible Cultural Heritage. In 2013, the Republic of North Macedonia included in this List the Feast of the Holy Forty Martyrs (known as Cetrse) which is celebrated in Stip, and in 2014 the famous folk dance Kopacka which is cherished in the village Dramce, Delcevsko was added to the List.

Universal values of the Ohrid region

The Republic of North Macedonia has been a member of UNESCO since 28 June 1993, and the city of Ohrid, with its natural and cultural heritage has been under the protection of this organization since 1979, i.e. 1980. Each UNESCO member state, including the Republic of North Macedonia, has a National Commission for Cooperation with UNESCO tasked with implementing the UNESCO Programme in our country. The report of the UNESCO World Heritage Committee states that the Lake Ohrid Region is a mixed world heritage (natural and cultural) with an area of 94,729 hectares. Lake Ohrid is a superlative natural phenomenon that is home to 200 endemic and relict freshwater species of flora and fauna⁹ and 17 endemic fish species, including two species of trout, as well as a rich bird stock.

The city of Ohrid is located on the shores of Lake Ohrid and is one of the oldest settlements in Europe built between the VII and XIX centuries. The city of Ohrid is home to the oldest Slavic monastery of St. Panteleimon and over 800 icons dating from the XI to the end of the XIV century.

In the old part of Ohrid, seven basilicas have been discovered so far that were built during the IV, V and early VI century. In the city core of Ohrid, there are also many archaeological sites of early Christian basilicas that are known for their mosaic floors.

Furthermore, the city of Ohrid is famous for its old urban architecture from the period of late Otoman urban life. The Lake Ohrid region boasts of the oldest Slavic monastery and the first Slavic university in the Balkans - the Ohrid Literary School that spread writing, education and culture throughout the ancient Slavic world.

The institutions responsible for the protection of natural and cultural heritage in the region of Lake Ohrid are the Ministry of Culture and The Ministry of Environment and Physical Planning, the Institute for Protection of Cultural Monuments and Museums in Ohrid has the authority to protect cultural heritage, and the Natural-historical Museum in Strugais responsible for the protection of movable heritage. Galicica National Park is authorized to manage the natural heritage of the park as a whole and part of the cultural heritage located on the territory of the Park. The Institute of Hydrobiology in Ohrid is responsible for continuous monitoring of the Lake Ohrid ecosystem, research and care for the flora and fauna of Lake Ohrid.

⁹UNESCO, The World Heritage Committee, Decision 43COM 8B.9, WHC/19/43.COM/19, 43rd Session, Baku, Azerbaijan, 30.06.-10.07.2019 (pdf);

Case study: Ohrid region

The city of Ohrid and its surroundings are inscribed in the UNESCO World Heritage List in 1979 with the Decision (recorded as CC-79/CONF.003/13, Paris, 30 November, 1979) of the World Heritage Committee on the 3rd Session held from 22.10.to26.10.1979 in the city of Luxor, in Egypt. In 1979, Lake Ohrid was first inscribed on the World Heritage List under *natural criteria* according to criterion (iii) for superlative natural phenomena, which today is criterion (vii). In 1980, the property of world heritage was extended to include *cultural criteria* as well (i),(iii), and (iv) and it became one of the first mixed properties of world heritage. Based on Art. 11, paragraph 4 of the Convention for the Protection of World Cultural and Natural Heritage, UNESCO member states are required to submit information to the World Heritage Committee with a list of cultural and natural heritage located in their territory to be placed on the "*List of World Heritage in Danger*" with a concrete estimate of the cost of their removal. In addition, UNESCO member states are also subject to continuous monitoring of the behaviour of state authorities and institutions towards the protection of the natural and cultural heritage of their territory.

The List of World Heritage in Danger may include part of the cultural and natural heritage endangered by serious and specific hazards, such as the threat of extinction caused by accelerated deterioration, large public or private projects or rapid urban or tourism development projects; destruction caused by changes in land use or ownership; major changes for unknown reasons; abandonment for any reason epidemic or threat of armed conflict; disasters and cataclysms; serious fires, earthquakes, landslides; volcanic eruptions; changes in water levels, floods and tidal waves.

The Committee may at any time amend the List of World Heritage in Danger and publish it immediately. In the period 1998-2019, the following previous monitoring missions were carried out in the region of Ohrid: In September 1998: for the first time since the inscription of the Ohrid region on the World Heritage List, the Joint World Heritage Centre / mission International Council on Monuments and Sites - ICOMOS / IUCN, carried out monitoring. In the Report, the Mission emphasizes that economic and demographic development poses a serious threat to the values of this region, and that they can only be addressed through an integrated attitude and protection measures relating to the protection of cultural and natural heritage. The World Heritage Bureau in Kyoto, Japan, discussed the state of its protection (Decision 22 Com VII.30);

In 2008, the World Heritage Committee launched the "Upstream" process, as a reflection of the future of this cultural heritage. The "Upstream" process is an experimental approach that aims to reduce the number of goods that suffer significant problems during the candidacy process for entry into the World Heritage List.

In 2009, the World Heritage Committee approved a minimal modification of the borders, which slightly reduces the northern and western borders to this property. As part of this process, the Committee encourages the creation of a contact zone, and it takes steps towards extending the World Heritage property across borders so as to include the Albanian part of Lake Ohrid.

In 2011, by decision 35 COM 12C. the World Heritage Committee selected ten pilot projects to test the efficiency of the "Upstream" process, including the pilot project: "*The Natural and*

Cultural Heritage of Lake Ohrid" (Albania and the former Yugoslav Republic of North Macedonia).

In 2011, Albania submitted the Ohrid region's cultural and natural heritage on the *tentative list* as a possible UNESCO site, as a first step in the process of expanding the World Heritage.

In 2012, in the first phase of the "Upstream" process, an Advisory Mission was carried out to determine the feasibility of extending Albania's already inscribed property. The mission was carried out by two World Heritage Committee advisory bodies (ICOMOS and IUCN) and funded through the International Assistance Fund for World Heritage. The mission identified following major threats: *unplanned urban development, wastewater and solid waste disposal, destruction and depletion of natural resources*.

In 2014, in the second phase of the "Upstream" pilot project, the project *"Towards Enhanced Management of the Transboundary Natural and Cultural Heritage of the Lake Ohrid Region"* was initiated.

In April 2017, a Joint Reactive Monitoring Mission of the Joint World Heritage Committee - ICOMOS and the International Union for the Conservation of Nature and Natural Resources - IUCN at UNESCO was carried out. UNESCO urged the Government of North Macedonia to introduce a moratorium on all coastal and urban transformations of the Ohrid region, by 01.02.2018 at the latest.

The factors that have influenced the inscription of the Ohrid Region on the World Heritage List in Danger, and which have been identified in previous UNESCO reports are as follows:

- Management systems/ management plan
- Buildings and development
- Ground transport infrastructure
- Major visitor accommodation and associated infrastructure (proposed Galicica Ski Centre)
- Impacts of tourism / visitor / recreation

The Report states, inter alia, "*The UNESCO Mission expressed concern about increased traffic and tourism pressure and related inappropriate infrastructure projects, including the proposed development of the Galicica ski resort, and the incremental and uncoordinated urban developments, the expressway and other individual and uncoordinated urban development projects. These pressures could deteriorate key attributes of the natural and cultural values of the property (such as the overall form of the monumental urban ensemble and the lake region's biodiversity), if no immediate measures are taken*"¹⁰

Activities taken by the Republic of North Macedonia

¹⁰<http://whc.unesco.org/en/list/99/>, retrieved on 28.07.2019

Based on the observations made by UNESCO in 2017, the Republic of North Macedonia submitted a Report to the World Heritage Committee, which outlines activities that made progress in the following sectors:

- The revised Management Plan is to be adopted by the State Party upon completion of a Strategic Environmental Assessment (SEA);
- The establishment of a management committee to control development pressures and interventions at the property has begun and the procedure for appointing committee members is in its final stage;
- A Draft Plan for Integrated Protection of the Old Town Nucleus of Ohrid was prepared in 2016 and adopted on 23 February 2017; the preparation of urban plans for 19 complexes within the city of Ohrid are expected to be finalized during 2017;
- Technical documentation for a number of large-scale infrastructure works are being prepared (in particular the Railway Corridor VIII, Highway A2 and expressway A3);
- Urban planning documentation is being prepared for seven development or tourism zones, one of which covers some 290 ha (Ljubanishta 2, previously cancelled) and for one sport airfield in Kalishte, Struga, as well as for the construction of piers and pontoons in Ohrid, the repair of piers in St. Naum, Radozhda, Trpejca, Peshtani and the construction of a platform near Ohrid airport and of a pedestrian path in Ohrid;
- Updates on the wastewater drainage project funded by European Investment Bank for villages within Debarca, Struga and Ohrid municipalities;
- The State Party (in this case North Macedonia) continues to cooperate in the framework of the Upstream Process towards the extension of the property to the Albanian side of the lake.

The following additional information was provided to the World Heritage Centre in May 2017: An environmental analysis of the Lagadin Beach landscaping project, a draft version of the Tourism Development Strategy for Ohrid Municipality (both in Macedonian), a report from the Hydrobiological Institute outlining factors affecting the current situation of pollution and changes to the water level in Lake Ohrid and a number of inventories and maps prepared by the National Institution for the Protection of Monuments of Culture and Museum – Ohrid with cultural attributes located within the boundaries of the property.

Conclusions of the delegation Visit of the World Heritage Centre and Reactive Monitoring Mission

From 9 to 14 April 2017, the Joint World Heritage Centre (ICOMOS) and the Reactive Monitoring Mission (IUCN) visited the Ohrid region and prepared a report.¹¹ The Report provides the following conclusions:

1. The state has taken some steps to implement the Recommendations of the World Heritage Protection Committee, but there is still no breakthrough such as the preparation of an Integrated Protection Proposal, the establishment of a steering committee.
2. The mission expressed concern about increased pressure in traffic and tourism and inappropriate infrastructure projects, including the proposed development of the ski

¹¹The report is available at <http://whc.unesco.org/en/list/99/documents/>.

centre Galicica, and individual and uncoordinated urban developments. These pressures could exacerbate key attributes of natural and cultural property values (such as the overall shape of the monumental urban ensemble and lake region biodiversity), unless urgent measures are taken. In addition, inadequate treatment of wastewater and solid waste can cause eutrophication and pollution, undermining the oligotrophic quality of lake water, on which its remarkable biodiversity depends.

3. The mission also reviewed the project for building a railway linking Kicevo (outside of the property) with the Albanian border that reached its executive stage and concluded that it could be acceptable if the mission's recommendations were fully implemented.
4. It should also be noted that some major infrastructure projects, which are part of Pan European Corridor VIII, have been developed and agreed upon with international entities.
5. The Mission recommends giving up the Galicica Ski Centre project completely ... and considering the possibility of developing options for ecotourism that will not adversely affect the natural heritage.
6. Given the level of the endangerment of natural wealth, the mission has identified a number of recommendations, some of which should be prioritized and fulfilled over the next two years, in addition to those adopted in 2016, which are yet to be fulfilled. It is recommended that the Committee request the State party to submit a progress report on the implementation of these priority recommendations for consideration by the World Heritage Centre and the Advisory Bodies by 1 February 2018. Should insufficient progress be made in their assessment, the Committee will consider the property situation at its 42nd session in 2018.

In its 2017 Decision, the World Heritage Committee, referring to the Decision of 40 COM 7B.68, adopted on the 40th session in Istanbul, welcomes the steps taken by North Macedonia, such as the preparation of the Property Management Plan and the Proposed Plan for the Integrated Preservation of the Old City Core at the Centre of Ohrid, the Establishment of a Management Board for coordinating natural and cultural heritage activities as a management structure for Pressure and Intervention Control for the property development and the Development of detailed urban plans for each of the 19 complexes, but with diplomatic rhetoric it calls for the state to prepare a *Strategic Environmental Assessment* (SEA) that comprehensively assesses the cumulative impacts of all infrastructure and development plans and other major natural heritage projects based on the recommendations and advice provided by the 2017 mission and submit them to the World Heritage Centre for review by the Advisory Bodies before undertaking further work;

It also requires the State party (in the case the Republic of North Macedonia) to discontinue construction projects on the A3 road and the Galicica ski resort within the property, which may have adverse effects; It also urges it to carry out a comprehensive comparative study of alternative routes for the Pan European Corridor VIII railroad, including those not passing adjacent to the lake shore, and, in particular, avoiding one of the last well-preserved parts of the shoreline on the Albanian-Macedonian border;

The World Heritage Committee encourages North Macedonia and Albania to continue to cooperate within the Process of Preparation of the Cross-Border Ownership Enlargement for Inclusion of the Albanian part of Lake Ohrid, in order to strengthen the protection of the natural wealth around Lake Ohrid.

The Republic of North Macedonia has been required to submit an up-to-date report on the status of property conservation and implementation of the above-mentioned by December 1, 2018, for

examination by the World Heritage Committee on its 43rd session in 2019. Assistance in the context of the pilot project "*Towards Strengthening the Management of the Common Transboundary Natural and Cultural Heritage of the Lake Ohrid Region*" (Albania and the Republic of North Macedonia) was finalized in June 2018. The project received \$ 2.4 million in funding (EU and national co-financing from Albania) for the improvement of cross-border cooperation and effectiveness management, as well as identification and protection of the region's cultural and natural resources. In February 2018, Albania submitted a nomination file for the expansion of the Ohrid region's natural and cultural heritage to the existing World Heritage Site.¹²

Views of the UNESCO World Heritage Committee

On its 43rd session held in Baku, Azerbaijan (30.06.-10.07.2019), the UNESCO World Heritage Protection Committee adopted a Decision to postpone the Decision to put the Ohrid region on the List of World Heritage in Danger until February 2020. Until this time, the Macedonian government and the local self-government in Ohrid, including Struga, should take appropriate measures and actions to remove the obstacles identified in the World Heritage Committee's Report.

The report emphasizes the reasons because "the property is now facing irreversible transformations of the overall relationship between the historic city, archaeological remains, natural setting, and Lake Ohrid", citing "*inadequate construction with inadequate urban development and exploitation of the shore, increased pollution, disruption and destruction of the environment and uncontrolled urban development caused by strong pressure from tourism*" as the reason for the current situation.¹³

In addition, on the 43rd session of the UNESCO World Heritage Committee, a decision was made that the part of Lake Ohrid belonging to Albania to be protected by UNESCO, thus bringing the Ohrid region and Lake Ohrid fully under the protection of this international organization.¹⁴

Conclusions

The Ohrid region has a huge natural and cultural heritage and therefore this region was put on the UNESCO List of World Cultural and Natural Heritage in 1979 and 1980. The Republic of North Macedonia, as a member of UNESCO, is obliged to preserve this World Heritage Site in accordance with the provisions of the Convention for the Protection of Natural and Cultural Heritage signed by the Republic of North Macedonia.

Increased traffic and tourism pressures and inadequate infrastructure projects, including the proposed development of the Galicica Ski Centre and individual and uncoordinated urban developments, endanger the key attributes of the natural and cultural value of the property (such

¹²43rd session of the World Heritage Committee, Baku, Republic of Azerbaijan, 30 June-10 July 2019, Reports of the World Heritage Centre and the Advisory Bodies, Working documents, WHC/19/43.COM/5A point 106:

¹³<https://mk.voanews.com/a/ohrid-unesco/4955952.html>, retrieved on 04.07.2019

¹⁴In February 2018 the Republic of Albania submitted an Application for nomination of the part of Lake Ohrid located on the territory of Albania to be put on the UNESCO World Heritage List. On the 43rd Session of the UNESCO World Heritage Committee, in Baku, Azerbaijan, a decision was made to put the part of Lake Ohrid on the territory of Albania under UNESCO protection.

as the overall shape of the monumental urban complex and the lake's region biodiversity) unless urgent measures are taken.

Furthermore, inappropriate wastewater and solid waste treatment can also cause eutrophication and pollution, undermining the oligotrophic quality of lake water, on which its remarkable biodiversity depends.

Because of the above, the UNESCO World Heritage Committee has taken a number of actions to stop this attitude to natural and cultural heritage by sending several advisory missions of representatives from the Joint World Heritage Centre and monitoring by the International Council of Monuments and Sites - ICOMOS / IUCN.

The position of the UNESCO mission is that, if the Republic of North Macedonia together with the local authorities of Ohrid, Struga and Debarca do not take appropriate protective measures and activities to preserve the World Natural and Cultural Heritage by February 2020, then UNESCO will definitely put the Ohrid Region on the List of World Heritage in Danger. In order for Lake Ohrid to be fully protected (on the Macedonian and Albanian side), the UNESCO World Heritage Committee, on the 43rd session held in Baku, Azerbaijan, decided the part of Lake Ohrid that belongs to Albania, to be put under UNESCO protection, thus making Lake Ohrid fully protected by this international organization.

Based on our research question, we can conclude that UNESCO has taken appropriate measures and activities, within its jurisdiction, in the form of recommendations and requirements for the preservation of the Ohrid region's natural and cultural heritage; however, the competent authorities and institutions of our country have not taken adequate measures to overcome the negative consequences concerning the protection of the world's natural and cultural heritage.

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CURRENT RISKY GEOMORPHOLOGICAL PROCESSES FOR TOURISTS IN THE AREA OF THE MADARA HISTORICAL - ARCHEOLOGICAL RESERVE

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Abstract

The paper deals with the results of a research of a potential geomorphological risk for tourists in the area of The Madara National Historical-Archeological Reserve, situated 17 km east of the town of Shumen. The research used terrain measurements as well as distant methods, based on aerial photos, taken with the help of a drone. There are concrete descriptions of the places and kinds of potential danger, suggesting at the same time ways of monitoring the landslide processes taking place in the area.

Key Words: *Madara plateau, geomorphology, geomorphological risk, terrain investigation, distant research*

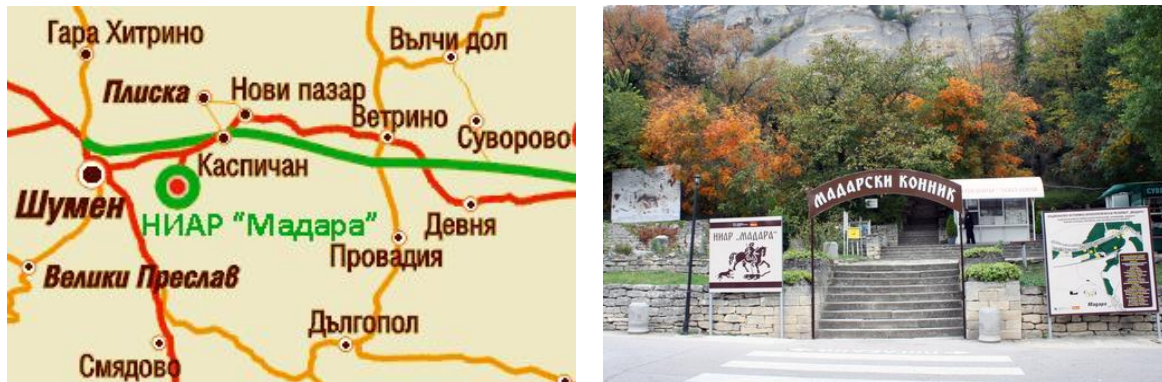
JEL classification: Z32

Introduction

The Madara National Historical - Archeological Reserve (NHAR) is situated 17 km. east of the town of Shumen (Fig.1). It was declared as a national reservation with a decree №161/05.08.1958 of the Council of ministers of the PR of Bulgaria. (Photo1).

Figure 1: *Location of the Madara NHAR*

Photo 1: *The main entrance to the Madara NHAR*



Its territory encompasses the *protected territory of Madara rock wreaths*. An area of 3691,336 decares covers a protected territory of habitats of petrophile and protected animal species and finds of rare plant species. The Red book includes 7 plants: *Moehringia grisebachii* Janka, *Arthemis romelica*, *Eastern Yarrow*, *Harlophyllum Thesioides*, *Eastern Mix*, *Celtis Caucasica* and *Alysum Pulvinare*. [https://bg.wikipedia.org/wiki/Мадара_\(археологически_резерват\)](https://bg.wikipedia.org/wiki/Мадара_(археологически_резерват)).

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The Madara National Historical-Archeological Reserve is the most often visited tourist destination in Shumen region. In recent years it has had more than 65 000 visitors annually. <https://www.shumen.bg/>

The real number of visitors, however, is higher, because, traditionally, there are a number of events taking place there every year: on 6th May at the foot of the Madara Horseman, troops from the garrison in Shumen pay homage to St. George, patron saint of the military; in June the *Big cave* turns into a stage for the *Madara Horseman* musical days – every Thursday there are concerts organized by Shumen state philharmony; on June 24th „St. John the Baptist’s day, is organized the *Magical Madara* National medieval assembly, etc.

Purposeful researches of the historical, ethnographic, geological, geomorphological, geophysical, tourist and so on peculiarities of *Madara* Plateau and The *Madara* NHAR have been carried out for more than a century, with the significant contribution of a number of academics from *Konstantin Preslavsky* University of Shumen.

Record from six historical epochs have been found in the area of the Madara Plateau, that is why the first explorers of the region in the 20th century – Rafail Popov (1904), Karel Shkorpil (1926) and Feher Geza called Madara the *Bulgarian Troya*.

As far as the origin of the name *Madara* is concerned there are a number of suppositions, but the two most popular hypotheses are: one connected with the Old-Greek word *madaros*, meaning *naked, bald, forestless*, and a second one, which accepts an Old-Bulgarian origin of the name meaning *holy rock, holy place*.

The beautiful nature, the inaccessible cliffs with their caves and niches, as well as the abundant water are favourable prerequisites for the settlement of the region as early as antiquity. The Madara Plateau has been inhabited for more than 5000 years. As early as the Eneolithic epoch people lived here and later on Thracians used the difficult to access caves of the plateau as dwellings. Traces of Madara ancient history were found while excavating two tombs in the early 1930s. The funeral finds from the tombs evidence the trade connections between the local Thracian tribes and the Greek colonies along the Black Sea coast.

The ancient period (2nd-4th c.) of Madara is characterized by active Roman presence, most notable of which is the *Villa Rustica* architectural complex of buildings. Most probably the buildings belonged to a rich Roman slave-owner. A fortress was built on Madara Plateau at that time and later on it was re-built by Bulgarians and Byzantines. The fortress was used until 1388 when it was captured and destroyed by the Otoman Turks.

After the founding of the Bulgarian state in the 7thc. Madara acquired an important strategic significance due to its closeness to *the first two Bulgarian capitals – Pliska and Preslav*. The most remarkable monument of that period is the life-size horseman with a spear in his hand hewn into the cliff-face 23 m above ground level (Photo 2). A fallen lion can be seen at the feet of the horse and behind the rider is his hunting dog. According to a legend a Latin king hunting in the area fell off the cliffs and died and his relatives commissioned an engraver to hew his image in the cliff-face. Inscriptions in Greek, however, link The Madara Horseman, the only one of its kind in Europe, with three Bulgarian khans Tervel (701-721), Kormesii(721-738) and Omurtag (814-831) and the newest explanations of a relatively young generation of archeologists are that this most probably is the image of the God of the Proto-Bulgarians.

One of the biggest medieval rock monasteries in Bulgaria was built in the vertical western slope of the Madara Plateau in the 14th c. It included more than 200 natural caves and niches situated at different levels along the cliff wreath, used as monk cells, chapels, churches and tombs. One of the big caves was used as a church. It is the still used *St Panteleimon* rock chapel (Photo 3).

After the fall of Bulgaria under Otoman power (in 1396) Madara lost its identity as an administrative, unique cult and cultural centre with a state significance. By the 16th c. all ancient and medieval entities, palaces and monuments were wiped out, The Madara Horseman the only remaining monument. After the liberation of Bulgaria from Otoman yoke (1878) reconstruction was carried out in the area of The Madara Horseman.

Photo 2: *The Madara Horseman*

Photo 3: *St. Panteleimon Chapel*



In 1979 at the World Congress in Luxor (Egypt) The Madara Horseman was included as a UNESCO Heritage Site and on 29.06.2008, after a long public dispute it was declared Bulgaria's global symbol. In 2008 it was decided that The Madara Horseman would be depicted on the first Bulgarian Euro coin.
[https://bg.wikipedia.org/wiki/Мадара_\(археологически_резерват\)](https://bg.wikipedia.org/wiki/Мадара_(археологически_резерват))

The Roots of Bulgaria project (2013-2014), financed by the *Regional development* operative program - 2007-2013 г., created an integrated tourist product, presented in hard copy, film and presented at tourist fairs in Holland, Italy, Prague, Romania and *Vacation and SPA* in 2014 and 2015. In another project of the same operative program – *Bulgaria was born here* were realized activities connected with the treating of a new experimental section for preserving the bas-relief from the influence of the weather conditions, building a ramp for people with movement problems, cleaning-up and creating new tourist routes, constructing a kiosk for ad materials and souvenirs, lavatories, reconstruction of the parking lot and conservation of the Horseman.
<http://www.tourism.government.bg/bg/tourist-destinations/2309/2313>

At a ceremony on 17.10.2018 was opened a new information centre of the *Madara* NHAR renovated with money (96 287 levs), raised in *We love Bulgaria* campaign, organized by BILLA-Bulgaria. New show cases, multi-media screens and an information kiosk were bought. Virtual reality equipment, including 20 sets of VR goggles which take visitors back in time through 3D simulations of the *Little* and *Large* caves, the *Daul-tash* rock heathen shrine, the monastery complex have been presented. The platform also includes 360° photos of the *Madara* Horseman itself. A telescope for the tourist pointed at the rock relief has been installed in front of the visitors' centre, while along the alleys and the attractive eco-path 56 information boards in Bulgarian, English and Russian have been placed.
<http://oblastshumen.government.bg/new/otkriha-nov-informatsionen-tsentr-v-niar-madara/>

Current risky geomorphological processes for tourists in the area of the Madara NHAR

In recent decades the research on current destructive slope processes in the regional geomorphology of Bulgaria becomes more and more important, mainly because of the fact that some colluvial precipitations on the slopes of plateaus and mountains, turn out to be potentially dangerous and risky for people and infrastructure. Colluvial deposits include torn off, displaced and piled under the power of the weight at the bottom of the steep slopes rock mass in various pieces. Representative colluvial relief forms are landslips, landslip rollers, taluses and talus wreaths.

The investigation of the destructive processes is carried out through the integration of related sciences – geomorphology, tectonics, stratigraphy and geophysics. Under the influence of tectonics, the specific rock composition, the gradient of the slope and the climate in the region of the Madara Plateau have been observed increased landslip-landslide processes, which in some places could be hazardous for the visitors.

The results of this research present information both from the terrain measurements and the photos of some places in the *Madara* NHAR taken from afar with the help of a drone. There is concrete description of the places and types of potential danger as well as measures for monitoring the landslip processes.

The fault system in the area of the plateau decoded geologically and from aerial photos has been presented with transregional and local lineaments, drawn mainly along the periphery of the *Madara* Plateau (Vladev, 2015).

Close to the plateau is the Provadiya seismic zone, characterized by frequent weak earthquakes (magnitude up to 4.5). In some case these earthquakes (as well as stronger quakes in other zone) cause the tearing-off and break-down of rock slabs from the periphery of the *Madara* Plateau. The weak earthquakes in the area are due to the movement towards the earth crust of a salty shock that enters a zone weakened by the overlapping of several faults. Additional factor that is the cause for the increase of earthquakes in recent decades is the intensive exploitation of the salt by pumping water in and thus creating enormous spaces full of salty water. <http://geolok.eu/главни-земетръсни-райони-в-българия/>

In the investigated region one could find the *Madara* paleosismodislocations (1.5-2 km long in a north-south direction) and the *Kyulevcha* paleosismodislocations (1-1.5 km long in a northwest-southeast direction). There are cracks in the cliffs and displaced, torn-off and slipped rock masses could be found up to 1 km away north and northwest. New seismodislocations are the fault over the *Nimfite* cave (caused by the earthquake in Chirpan in 1928) and the landslip above the village of *Kyulevcha* (caused by the earthquake in Vrancha-Romania in 1977, Ангелова, 1995).

The destructive processes are also favoured by the slow differentiated rise of the *Madara* Plateau (about 2 mm annually), and while the higher parts rise significantly more (about 3 to 5 mm every year) the bottom parts much more slowly (1.7 mm for the village of *Kyulevcha*; 2 mm for *Kaspichan*; 1.8mm for the village of *Madara-Kanev*, Mladenovski, 1969).

In the plateau one can find mid to rough-grain and gravelly chalky sandstones, detritus limestones, sandy limestones and conglomerate cliffs (*Madara* sandy-chalky from 2-3 to 60-110 m thick). Young rock deposits covered with loess non-consolidated materials can be found at the foot of the plateau (Yolkichev, 1988/89)).

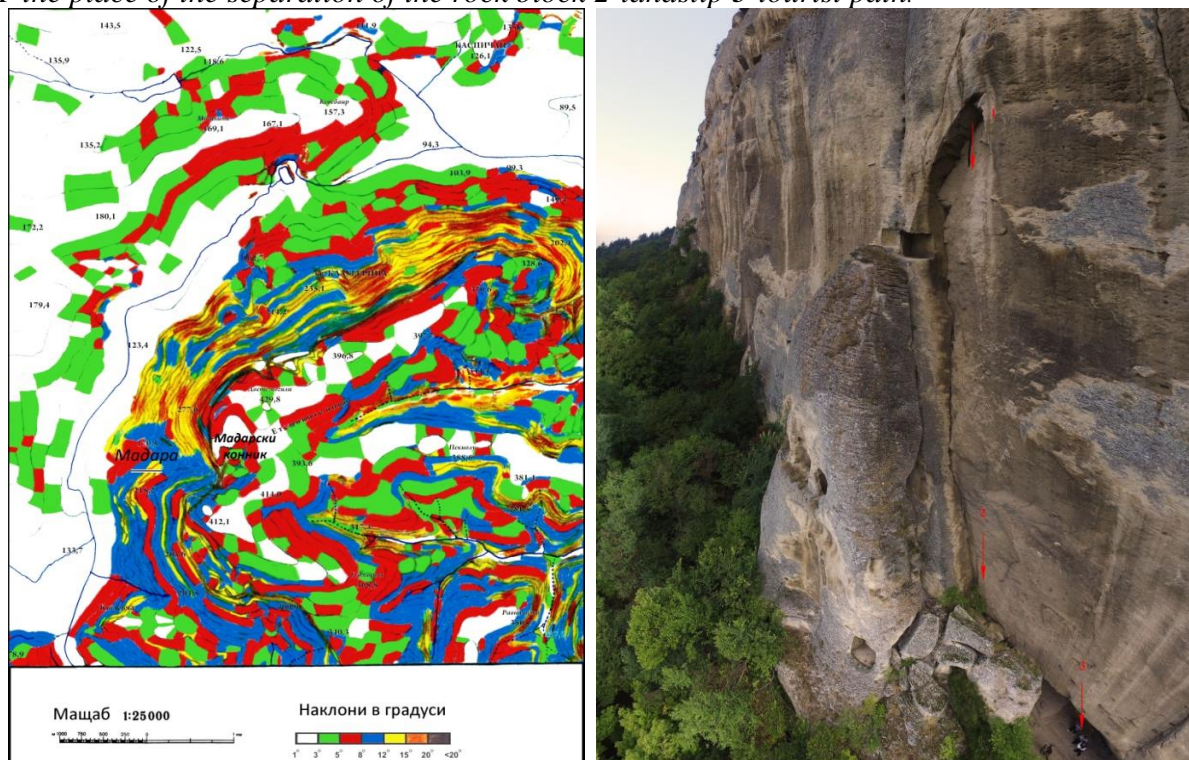
Large slope inclines are prevalent in the area of the *Madara* NHARB and what is more by the *Madara* Horseman, the *Nimfite* cave, St Panteleimon chapel, the *Little* cave, the eco-path and at the foot of the *Madara* fortress the inclines are up to **80-90°**, **there are also overhanging slopes (Fig. 2). There is a great danger for tourists of falling stones and landslips in these places.**

The destructive processes in the baring sediment rocks run with different intensity for the different rock complexes. Erosion depends mainly on the different degree of cracking, the tension and movement of the rock slabs. Venkov, Kyosev (1974) calculated the exfoliation of the rocks in the area of the *Madara* Horseman at 0,0018 mm per year or 1,8 mm in 100 years.

Earthquakes, current tectonic movements and the complex exfoliation of the rocks lead to the forming of a number of, mainly sub-vertical, cracks along which the cliffs separate and collapse into different-sized slabs.

Figure 2: *Real inclines of the slope in the*

Photo 4: *Landslip in front of the entrance to the Nimfite cave: region of the Madara NHAR. 1-the place of the separation of the rock block 2-landslip 3-tourist path.*



Along with that the surface of the rocks is exfoliated in grains and scales. Some of the fallen or dangerously overhanging slabs are immediately next to the tourist alleys, the attractive eco-path and the most often visited tourist sites, (Photos 4, 5, 6, 7, 8).

Photo 5: *Hanging rock cornice over the tourist path: 1-3-cracks;4-the place of separation of the fallen rock block.*

Photo 6: *The inner part of the Large cave: 1-6- cracks, affecting the stability of the cliffs.*



The intensification of the destructive processes reflects directly on the tourist business of the *Madara* NHAR. For example, when in 2005 a large slab of rock almost killed 8-year-old Betina from Varna led to the blocking of the approach to the *Large* cave. After the accident mountaineers from Shumen University, under the guidance of Assoc. Prof. Malcho Malchev, carried out diagnostics of the cliff wreath and cleaning of the cliff face, but the danger still exists. It was estimated that rock pieces had started falling off as early as the winter of 2004-2005 because of the snow and dampness. “A large piece of rock damaged the metal scaffolding placed close to the *Madara* Horseman. Two rock pieces with a diameter of about 50 cm fell off the dome of the *Large* cave. In the area between the approach to the unique relief and the Christian church 6-7 rock pieces with a total weight of about 250 kg had also fallen off. In some places the safety fence was also damaged.” <http://www.infotourism.net/>

Photo 7: *Fortified landslip close to the Large cave: 1-4-cracks in the fallen rock blocks.*

Photo 8: *Dangerously hanging megalith, undermined at the foot.*



Papers and electronic media from that period published information which was both disconcerting and hopeful at the same time: *Tourist season in Madara under threat* - „Nothing is being done for the safety measures in the Large cave, despite the money (about 80 000levs) allotted by the Ministry of culture and tourism... foreign visitors declare they will never set foot in Bulgaria again...the Large cave is blocked on all sides with large nets and locked doors. No access to the rock chapel or the cave... it is inaccessible for visitors because of the danger of falling stones... Guides have informed that visitors want to be reimbursed. The Madara Horseman could be seen clearly, but tourists would also like to visit the Large cave” (13.05.2005 15:26 - "Pozvanete Novini"); **Madara is being rendered safe**– “Access to the base of the cliff wreath is being limited.The tourist route between the Rock church and the Large cave will be traced away from the cliffs to avoid the risk for the visitors. A fence will limit the access to the Large cave while safety activities are being carried out. The safety net above the Madara Horseman will be replaced and the metal ladder from the plateau to step No.7 dismantled. Metal and stone parapets will be erected along the unsafe sections of the alleys.” (08.04.2005 00:00 - <http://www.infotourism.net/>...).

In 2008 Restoration PLC was ready with the design and after that the Ministry of culture announced a competition for the repair works (about 700 000 lev) in rendering the Large cave and the cliff wreath safe. (Photos 9,10). Switzerland gave as a present a protective net for securing the rock massive and the donors wanted the usage of Swiss technology in which the bolts go in as deep as a meter and a half. As this was considered risky it was decided (by experts from the BAS) that the process should be done in accordance with Bulgarian technology by using 25 cm long bolts. A safety fence was erected by the 386 steps that lead to the plateau above the Horseman. (26.03.2008 г.- <http://news.bg>).

The number of visitors, which in previous years was about 35000-48 000per year, fell to 28 000 (6 000 foreigner) in 2006. In the next few years, in spite of the safety measures, there was a decrease in the number of visitors with 25-30 up to 50 %. (26.03.2008 г.- <http://news.bg>).

There was a significant increase in the number of visitors after the completion of the safety measures. Based on the data from the *Info Tourism* site the number of visitors was: 2009 - 49 000; 2010 - 33 640 (27 110 Bulgarians и 6 530 foreigners; 2011 – more than 37 000 (7 480 foreigners; 2013 - 50 400; 2014 – 49 460; 2015 – 61 121 (11 000 foreigners from Germany, France, Romania, New Zealand, Russia, Thailand, Taiwan and so on); 2016 – 62 607; 2017 - 65 696; the first half of 2018 - 34 149 visitors, 15% more than the same period in 2017. Statistics states that about 60% of tourists visit the reserve in July, August and September and about 30-40% of the tourists visit all the sites in the Madara NHAR.

<http://www.infotourism.net/>

Photo 9: Fortifying the cliff wreath over the Large cave with the help of bolts and a net.

Photo 10: Fortifying with the help of steel ropes and wedges.



Despite all the fortification work on some of the most often visited sites a group of scientists from Shumen University under my guidance has been monitoring the activity of the large megalith blocks and key sections of the plateau. Besides the terrain measurements there have also been remote investigations based on planned and perspective aerial photographing with the help of a DJI Phantom-3 quadcopter.

The photos have been taken from an altitude of 25m above the ridge of the plateau in accordance with the requirements of photogrammetric panoramic aerial photographing and the geomorphological peculiarities of the area. The images were developed with the help of Pix4D Capture software for planning the flight; DJI Go for controlling the flight of the drone; Agisoft Photo Scan и Global Mapper for processing the photographed images and generating various digital products. The ready models are an exact replica of the photographed area, presented in a suitable scale.

It was found out through the remote photographing and the software processing that the largest rock mega block is separated from the monolithic formation of the Madara Plateau on all sides (almost to the base). A big niche is forming at the base of the block which undermines it exactly on the side of its separation. The niche is 25 m long more than 3 m deep.

The results of the terrain and remote researches were used to calculate the real surfaces, volumes, subsidence of the rock blocks (Fig. 3,4,5,6).

Figure 3:

Figure 4:

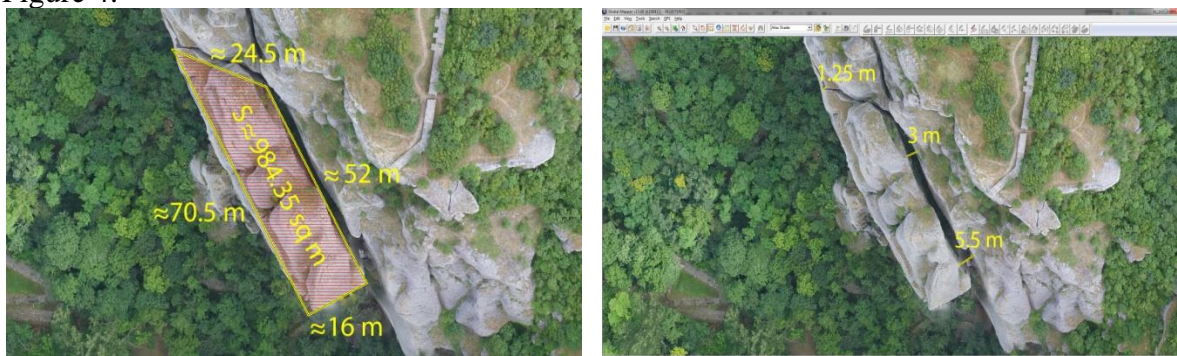


Figure 5:

Figure 6:

Figure 3-6: *Model (with calculated parameters) of the largest and potentially most dangerous for the tourist separated megalith block, situated above the tourist path and the Nimfite cave.*



A complex diagnostic of the rock wreath and an analysis of the current situation and the activity of the morpho dynamic processes have been made. The speed of the widening of the cracks in the largest, separated block in the *Madara* NHAR has been determined.

Conclusion

The research in the region of the *Madara* NHAR led to the conclusion that the safety and maintenance activities in the last decades are not enough to fully guarantee the safety of tourists and their easy and trouble-free access to all interesting sites in the area of the historical-archeological reserve.

It is necessary to install new metal railings in the steepest sections and put warning and informative boards (in Bulgarian, English and Russian).

It is obligatory and very important to map and make a list with problematic sections and sites where monitoring of current destructive (mainly landslip, scree and landslide) processes should be carried out.

After processing the information, gathered in different ways, a group of experts will be able to assess the problem and what should be done in each case. Safety activities should include not only the installment of nets, metal posts, steel ropes and other equipment but also limiting the access to some sites in cases of potential danger. The dimensional model could also be used in the monitoring by comparing it to following models obtained by the same technology.

A very potential (although quite expensive) way of remote monitoring in real time could be achieved by installing gauges in the rock crevices and connecting them with a system of early announcing. Control is also possible using cameras installed in certain places.

Part of the results concerning sites potentially dangerous for tourists as well well-formulated recommendations were sent to Prime minister Mr Boyko Borisov at the beginning of 2017 asking for competent measures.

In order to fulfill the recommendations and turn the *Madara* NHAR into safer, more easily accessible and attractive tourist destination is needed a significant quantity of money. It could be obtained through EU *Regional development* Operative program. To achieve this goal, the

state, respectively the Ministry of culture, represented by the Regional historical museum in Shumen on the 20.06.2019 transferred the ownership of the *Madara* NHAR to the municipality of Shumen. In this way the local authorities could look for financing in realizing the *Bulgaria started here* project EU *Regional development* Operative program.

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HEALTH TOURISM IN THE FUNCTION OF DEVELOPING RURAL DESTINATIONS OF SERBIA

Drago Cvijanović¹; Snežana Milićević²; Nataša Đorđević³

Abstract

Tourism has been identified as one of the key sectors of importance for rural areas in Serbia which make up a large part of its territory. Different forms of tourism can be developed in rural areas depending on the specific natural and anthropogenic resources. The aim of the paper is to show what are the key resources for the development of health tourism in rural destinations of Serbia. Health tourism is one of the current trends in the tourism market and there is a growing effort of different destinations to create the offer that would refer to healing, rehabilitation, recovery, surgery interventions, prevention. In rural areas of Serbia, the basis for the health tourism development is natural healing factors such as climate, flora and mineral waters. In addition, an important part of the health tourism offer is organic food and a stay in a natural environment.

Key Words: *health tourism, rural tourism, rural destinations, Serbia, development*
JEL classification: L83, Z32

Introduction

Health, wellness and medical tourism have grown exponentially in recent years to become increasingly relevant in many destinations. Health tourism is an emerging, global, complex and rapidly changing segment that needs to be better understood by destinations willing to leverage opportunities and better address challenges (UNWTO, 2018). It is the term which has been applied to the industry catering for combined health and tourism motivations (Laws, 2015).

Some studies indicate that there is a belief that life in the countryside is better for health, that there is less crime and it is expected to live longer in such an environment (Đenadić et al., 2016). On the other side, environmental medicine research has highlighted the negative effects of urban pollution on human health (Droli, & Osti, 2013). Both rural and urban attributes can be structured via opposing adjectives linked to them: e.g. clean–polluted, tranquil–turbulent, natural–artificial, authentic–staged, silent–noisy, spacious–crowded, safe–dangerous, etc. (Bell et al., 2009). The Finrelax study analyses Finnish wellbeing tourism in rural areas and identifies the following attributes, most of which are non-compatible with the urban image: lakes, watersheds, coasts, the archipelago, the sea, forests, hills, fields, meadows, tundra, wilderness,

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natural phenomena (northern lights, seasons), landscapes, cleanliness, clean air, water, resources (berries, mushrooms), topography and unbuilt countryside. These give the most “authentic” nature, food (game, wild food, countryside food, traditional food), peace and quiet, safety, freedom, uncrowdedness, non-violence, the diversity of activities (ice swimming, rowing, cruises, courses, familiarization with forms of agriculture), traditions and cultural experiences (Pesonen, Tuohino, 2016). Therefore, rural areas are perceived as healthier, offering fresher air, cleaner water and the opportunity for outdoor recreation (Podovac, et al., 2019).

The aim of the paper is to show what are the key resources for the development of health tourism in rural destinations of Serbia. Serbia has great potential for development of wide range of non-agricultural activities in the countryside, considering its richness of diversity in rural areas, significant natural resources, preserved natural environment of rural areas (Mihailović et al., 2012).

Health tourism concept

The positive impact of the very temporary change of life and work environment to the psycho-physical state of a man is well-known, especially the positive effect of staying in a climate-comfortable and primarily healing natural environment which is more and more intensely used by tourism, through a unique composition of elements and factors such as climate, flora, fauna, which are due to their attractiveness and healing effect the strongest reason for tourist journeys. Precisely for the purpose of optimal usage of the healing effect of the natural environment in tourism, there is a need to form a selective form of tourist offer which would maximally use the advantages of the combination of the natural environment and medical procedures and content, which is today listed under the term health tourism (Đorđević et al., 2018). Climatic, balneological, thermal and mineral water or other natural healing factors, along with other tangible and intangible products, make the health tourism destination (Milićević & Jovanović, 2015).

There are three forms of health tourism (Milićević, 2013):

- Traditional healing, i.e. spa tourism;
- Wellness tourism;
- Medical tourism.

Traditional healing, i.e. spa tourism in thermal facilities of Europe, includes preventive, curative or rehabilitation by the application of natural healing resources (thermo-mineral springs, salty lakes, mud and radioactive sand, climate, etc.).

Wellness tourism implies the acquiring of physical and mental welfare with the usage of natural healing factors and other types of activities. Medical tourism can move from operational procedures in Thailand through dental tourism in Hungary to aesthetic surgery in Switzerland.

On the supply side, Central and Eastern Europe has a strong focus on medical waters and natural assets (Smith & Puczkó, 2013), treatments based on the benefits of healing water does have a curative effect. However, in other cultures, balneotherapy is not known or understood that – because of the lack in perception – can influence the success of such developments. In order to benefit the most of the available resources, many of the Central and Eastern European governments (e.g. Hungary) invest a lot in developing the ‘medical’ pillar of health tourism,

and so developing a medical health tourism including high quality services, providing modern, innovative and attractive experience to the participants (Papp & Lőrincz, 2016).

Characteristics of Serbian rural areas

Serbia has no official definition of rural areas. Criteria used by the Statistical Office of the Republic of Serbia do not include standard rural indicators that meet international practice (population density, population, the participation of the agricultural population, etc.), but rural areas are considered as parts of the country that do not belong to urban (Cvijanović, et al., 2016b).

Rural Serbia represents a key part of the Serbian population and resources. Currently around 78% of Serbia's territory is rural. Although lower than urban, the unemployment rate in rural areas is still high. The rural economy in Serbia is highly dependent on agriculture, food industry, mining, and energy industry, and rural infrastructure is underdeveloped (National Programme for Rural Development (NPRD) from 2018 to 2020). Some unfavourable demographic trends (population decrease, youth migrations) are caused by numerous factors, such as limited access to quality services and public goods like infrastructure, access to quality education, health services, lack of social life in the rural community, as well as the dominance of primary agriculture and poor diversification of production and non-production activities, etc. (Republic of Serbia IPARD Programme for 2014-2020).

Using cluster analysis to more than forty indicators are defined homogeneous rural regions in which a reasonable extent reflect the specificities of rural areas in Serbia (Cvijanović, et al. 2014):

- **Region of highly intensive agricultural production and integrated economy** is located in the northern part of Serbia that covers the territory of AP Vojvodina and territory of north-western part of Serbia (Mačva). This region is characterized by a plain high quality land and significant water resources: large rivers that flow through this region (Danube, Sava, and Tisa). Specific lowland landscapes, rivers, lakes, national park Fruška Gora and Deliblatska sandstone is an essential part of the tourist offer of the region, but under special protection is more than 200 natural resources.
- **Region of small urban economy with intensive agriculture** is located in the northern parts of Central Serbia, Šumadija, and parts of Mačve and Stig. The hilly landscape is dominated by the mountains of the western and the eastern edge of the region. Region of small urban economy with intensive agriculture is more developed with infrastructure compared with other rural regions of Central Serbia. Being located near large urban centres has better infrastructure, as well as easier access to public utility services.
- **Mountain region, with an economy based on natural resources**, is the most rural region in Serbia and it covers 29% of the territory. A significant part of this area includes parts of Serbia with an altitude of over 500 m, and can be divided into the hilly and mountainous area. In the valley of the Danube, Morava and South Timoka are present lowland areas, where diversity of landscapes and heterogeneous nature of the resources contributed to an extremely diversified economy and agricultural structure. The main limiting factors for the development of agriculture in this region are under-used land potential shortage of labour, unorganized market and the lack of adequate rural infrastructure.
- **Region of high tourism potential with poor agricultural structure** is the smallest rural region in Serbia. It covered 14% of the territory and considering the natural and geographical conditions of the region is relatively homogeneous. This region is one of the most powerful assets for successful positioning of Serbian tourism product, with an

extraordinary combination of tradition, history and natural beauty. Development priority in the region is building the Ibar highway, but with the simultaneous protection and rational use of natural attractions and areas.

Tourism development potentials in Serbian rural areas

Diverse resources and attraction structure of the Republic of Serbia represent a basis for the development of a diversified tourism product portfolio (thermal springs, untouched nature, cultural heritage, internationally recognized protected natural areas and monuments, gastronomy) (The Tourism Development Strategy of the Republic of Serbia from 2016 to 2025).

Climate of Serbia varies between continental climates in the north, to more Adriatic climate in the south. South and South-west Serbia is subjected to Mediterranean influences (Armenski et al., 2011). There are numerous mountains, gorges, caves and other forms of relief. The most interesting are speleological objects, first of all caves. There are nearly 500 in Serbia. The canyons are a special attraction in the tourist offer of our country. The Tara has carved the greatest canyon valley in Europe 78 km long and 1,300 m deep. Đerdap is the biggest penetration in Europe and the longest gorge here (100 km). It is made of several gorges. Hydrologic tourist motifs of Serbia reflect in myriad rivers (the Danube, the Sava, the Velika Morava, the Kolubara, the Ibar...), lakes and thermo-mineral springs. (Štetić & Šimčević, 2008).

Serbia has over 1,000 cold and warm mineral water springs, and a great wealth of natural mineral gases and medicinal mud. Serbian spas have: natural curative factor, medical indications, skilled medical personnel, equipped special hospitals, different types of accommodation, affordable prices, spa&wellness supply, sport and recreation, culture and entertainment. Besides the rich medicinal water spas, Serbia has "climatic spas", which have been designated health resorts thanks to their favourable climate and geographical location (Milićević, 2015).

Rural areas of Serbia are rich in forest, medical plants and herbs (Tara, Rtanj mountain, Stara planina, Goč, etc.) and there are places where organic agriculture is present.

Analysis of rural tourism in Serbia shows that it already contributes to the rural economy and has great potential for further development. Vojvodina, Western Serbia and Central Serbia have good examples and significant experience in rural tourism. It is estimated that there are more than 32,000 beds (registered and not registered) available for touristic use on rural holdings (Republic of Serbia IPARD Programme for 2014-2020). The main characteristics on which the promotion of rural tourism in Serbia is based are: home atmosphere, traditional cuisine (homemade brandy, cheese, cream, sour cabbage or beans in earthen pots, pies, cabbage, cornbread, home gibanica etc.), festivals, additional activities, such as rafting, mountain climbing, hiking, fishing, etc., a healthy natural environment, away from the noise, crowds and pollution (Rural Tourism in Serbia, 2019).

Tourists traffic of the Republic of Serbia

Analyzing the tourist traffic of the Republic of Serbia for 2018 (Table 1), it can be noticed that the most visited region is Region of Šumadija and Western Serbia (1,184,051 tourist arrivals), while on the second place is the Belgrade region (1,160,582 tourist arrivals), which is more urban and of all other regions of Serbia it is the most visited by foreign tourists (971,942 foreign

tourists in 2018). Significantly smaller tourist traffic is recorded in Vojvodina (538,472 tourist arrivals) and in the Region of South and East Serbia (547,417 tourist arrivals), which are largely comprised of rural areas (The Statistical Office of the Republic of Serbia, 2018).

Table 1: *Tourists arrivals and nights spent by tourists by region, 2018*

Region	Arrivals			Nights		
	Total	Domestic	Foreign	Total	Domestic	Foreign
Republic of Serbia	3,430,522	1,720,008	1,710,514	9,336,103	5,678,235	3,657,868
Belgrade region	1,160,582	188,640	971,942	2,480,516	469,767	2,010,749
Vojvodina region	538,472	278,516	259,956	1,314,968	756,832	558,136
Šumadija region and Western Serbia	1,184,051	890,187	293,864	3,926,783	3,183,718	743,065
Region of South and East Serbia	547,417	362,665	184,752	1,613,836	1,267,918	345,918
Kosovo and Metohia

Source: *The Statistical Office of the Republic of Serbia, 2018*

Since there is no precise statistic for the tourist traffic of rural areas of Serbia, in Table 2 there is tourist traffic for places that are not defined as cities. In this regard, tourist traffic is presented for tourist places such as spas, mountains and other places that are more rural, and according to this table, the tourist traffic of rural areas of Serbia can be closely considered. Very attractive tourist destinations of Serbia, spas (596,884 tourists arrivals) and mountains (596,313 tourist arrivals) had approximately the same number of tourists in 2018. The total number of tourists who visited these tourist sites (spas, mountains and other places) for the observed year was 1,352,683, which makes 39.4% of the total tourist arrivals of the Republic of Serbia, while the total number of nights spent by tourists is 5,088,849, which makes 54.5% of the total number of nights spent by tourists in Serbia.

Table 2: *Tourists arrivals and nights spent by tourists in tourist places, 2018*

Tourist places	Arrivals			Nights		
	Total	Domestic	Foreign	Total	Domestic	Foreign
Spas	596,884	487,302	109,582	2,542,391	2,226,627	315,764
Mountains	596,313	474,464	121,849	2,172,906	1,827,830	345,076
Other places	159,486	80,516	78,970	373,552	220,106	153,446

Source: *The Statistical Office of the Republic of Serbia, 2018*.

In spite of the natural and cultural attractiveness of rural area, rural tourism, especially in agricultural holdings, develops slowly in relation to demand and supply in the surrounding countries. Some reasons for the slow development of rural tourism are underdeveloped infrastructure and unfavorable age structure of the population

Conclusion

Rural areas of Serbia have significant natural and cultural resources that can be used for the development of different forms of tourism. The primary form of tourism in these areas is rural tourism, but natural resources allow the development of a traditional form of health tourism, which involves the use of natural healing factors. Key resources, ie natural healing factors for the development of this form of tourism in the rural areas of Serbia are: thermo-mineral waters, medicinal mud, medicinal plants and herbs, clean air, pleasant climate, organic food, stay in natural surroundings, activities that can improve human health (walks, climbing, fishing etc.) and other.

For the development of medical and wellness tourism in rural areas of Serbia, significant investments are needed in the transport infrastructure, hospitals, individual medical offices, wellness centres that will improve the offer and complete the health tourism product of the rural areas of Serbia.

The entire offer of health tourism in Serbia should connect natural resources, agricultural production, crafts, domestic crafts, etc. Experiences of developed countries transferred to the territory of Serbia and the Balkans would imply the cultivation of original and ethno style. The connection with spirituality and the promotion of cultural and historical monuments would complement the offer of health tourism (Cvijanović, et al., 2016a).

A stay in rural areas has a beneficial effect on human health, which is why health tourism should be promoted in the context of rural tourism. As Rodrigues et al., (2010) suggested that "health and wellness tourism should be integrated into rural tourism destination marketing".

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CHARACTERISTICS OF CONTRACTS FROM INTERNATIONAL TRADE – KEY LEGAL INSTRUMENT FOR SUCCESSFUL FOREIGN AND TRADE OPERATION

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Abstract

In order the trade with goods and services, it is necessary to be normed with legal instruments. These instruments are contracts in the international trade which specify all activities of the entities that are part of the trade with goods and services. They are the most important instrument in the trade because all other instruments applied in the realization of the trade such as the customs; foreign currencies, administrative regulation instruments etc. are consequence of the contracts in the international trade.

With the appearance and development of the international exchange and development of the international economic relations, the conclusion of the contracts underwent a transformation from their beginning until today's dynamic development. That is completely logical due to reasons that the modern degree of international relations is consisted of dynamic and modern manner of conclusion and norming in comparison to the initial slow and symbolic contracts.

There are several concepts regarding what the conclusion of an contracts, i.e. conclusion of an international trade contracts is. We can divide them into groups which correspond to the degree of the development of the contractual relations.

According the classical conception, which roots back in to Roman law, a contract shall be concluded in accordance with the will of the contracting parties that exchange their consent regarding the subject-matter of the contracts having in min a specific goal. Therefore, this concept is based on the philosophy of autonomy of wills.

The concept of autonomy of will of the parties as a base for conclusion of contracts was highlighted during the liberal capitalism.

Key Words: *international relations, International law, trade, key instruments*

JEL classification: *B17*

Introduction

With the appearance and development of the international exchange and development of the international economic relations, the conclusion of the contracts underwent a transformation from their beginning until today's dynamic development. That is completely logical due to reasons that the modern degree of international relations is consisted of dynamic and modern manner of conclusion and norming in comparison to the initial slow and symbolic contracting. There are several concepts regarding what the conclusion of a contract, i.e. conclusion of an international trade contract is. We can divide them into groups which correspond to the degree of the development of the contractual relations.

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According to the classical conception, which roots back in to Roman law, a contract shall be concluded in accordance with the will of the contracting parties that exchange their consent regarding the subject-matter of the contract having in mind a specific goal. Therefore, this concept is based on the philosophy of autonomy of wills. The concept of autonomy of will of the parties as a base for conclusion of contracts was highlighted during the liberal capitalism.

During the period of monopoly and state capitalism comes to "restriction of the autonomy of will" in the area of conclusion of contracts having in mind that the economic legalities of the capitalist society are put first, where all forms that justify the profit are "allowed". There was a third will during that period - will of the state and will of the economically powerful companies in terms of the international trade contracts. Therefore, the standard contracts as well as the creation of general contracting conditions are characterized for this period. In this case, the autonomy of will of the parties comes down to whether they will accept the conditions envisaged in the standard contracts, i.e. the general terms and conditions.

The modern period of development of the contractual relation in the international trade brings a trend of wide intervention by the state (national legislation) in the regulation of the international contractual relations. Each and every state, within the defined and adopted national economic policy, attempts to regulate the economic flows by adopting many positive regulations. These regulations strongly influence the international contractual relations of the economic entities, i.e. on the possibility of the foreign economic entities to establish contractual relations with the national economic enterprises. This encompasses the various export and import licenses, customs, establishment of contingents and regime of payment, different types of embargoes etc. Also, the countries by signing and accepting international contracts from various areas determine de facto the direction and terrain of the international contracting between entities in trade. This kind of intervention by the state in the international economic contracting some French international law theoreticians even call "triangle concept of contract" where both parties are contracting parties of an international contract, and the third one is the state.

The modern conclusion of international trade contracts introduced modern methods of their conclusion:

- The development of the new means of communication enables conditions for conclusion of larger spatial distance.
- Conclusion of contracts between parties that does not know each other.
- Conclusion of contracts for various types of goods on completely different manner (for example, for goods of serial production through standard contracts, and investment contracts with slow and phase contracting).
- Seeking a most preferred partner due to development of the market and large number of products and manufacturers etc.

All previously listed features must be taken into consideration when concluding international trade contracts. The presence of foreign element in the trade contracts has its own feature which the economic entities must pay special attention to. The national rights of the parties of the international trade contracts are always different so there must be common rules, i.e. an international law in this area must be created. Our further interest is exactly that, to study the conclusion of international trade contracts and their regulation in the national legislations through common rules as well as international private rules.

Comprising parts of the contracts

The national rights of all states regarding the conclusion of contracts envisage that there is no need of agreement between the contracting parties on all points (elements) of the contract. Certain unexpected or not harmonized conditions of the contractual relations are implied and regulated with additional rules of the national legislations. This encompasses the positive and custom rules. For example, today in the modern business communication through the means of communication (telex, telefax, internet etc.), it is impossible and unnecessary the international contract between the contracting parties to be concluded with all elements. However, all national legislations envisage that every contract concluded on any manner must contain agreement of the will of the contracting parties regarding certain *important elements of the contract* (*essentialia negotii*). That means that the parties must agree on the type of contract they conclude, the elements that characterize that type of contract which it cannot exist without and which are reason for conclusion.

But the national rights differ in the establishment of the important elements of the contracts, which also means that the contracts in the international trade differ. Certain elements are important for certain national rights, and other elements for other international rights.

In the *countries from the European continental law*, the subject-matter and the price are important elements of the sales contract, and the parties should agree on the manner of their determination. All other modalities shall be established according the additional regulations for sales contracts. Also according the continental law (the national rights under that name) not even the mentioned important elements of the sales contract must be precisely determined but they can be established on the basis of the content of the contract. The quality of goods categorized by type may also not be an obligatory element of the contract. The additional law shall be applied in this case, i.e. the rule according to which the seller shall deliver certain goods to the buyer with quality for the purpose it is intended. If the seller is not familiar with the end goal, the goods must be of a average quality at least. Also according the continental law, the price as an important element of the contract may not be always provided with the contract. It is enough for the clauses of the sales contract to allow establishment of a price on the basis of elements that do not depend on the will of the contracting parties. In that case, the parties agree “marker” or “current prices” which are the prices at the time of conclusion of the contract; “price of competition” which is the price of a loyal competitor for the same goods; “invoice price” which is the price listed in the invoice by the seller; “price from former contract” – this encompasses the price from previously concluded contract; “price according calculation” – this shows the price established by seller according the calculation of the its elements etc. Besides the mentioned “exceptions” when the subject-matter and price in the contract of international trade are not obligatory to be established but determined with provisions from another positive law, they still remain important elements of the sales contracts according the continental law. There are exceptions in certain national legislations in the continental law regarding whether the important elements of the sales contract are envisaged or not. According to Article 1474 of the Italian Civil Code, if subject-matter of the contract are goods which the seller sales regularly, if the parties did not agree the price nor the manner of its establishment nor it is established by the public authorities, it is assumed that the price of the regular sale is accepted. The Swiss Law on Obligations (Article 212 paragraph 1) envisages that when a buyer makes an order but the price is not determined, it is determined according the average market price valid in the time and place of implementation of the contract.

According the *Anglo-Saxon law*, the agreement on price in the international trade contract between the parties is not necessary. According this law there is an additional law which

provides that a price of goods shall mean a reasonable price. *According to the legislation of the Scandinavian countries*, the price is not an important element of the contracts. If it is not established with the contract, the buyer is obliged to pay a price that the seller will request (unless it is unreasonable). In terms of this question, Article 57 of the Uniform Law on International Sales of Goods provides that the buyer is obliged to pay the price which the seller regularly collects at the time of conclusion of the contract if the price is not envisaged with the contract.

Vienna Convention on Contracts for the International Sales of Goods contains two (opposite) solutions: a) According to Article 14 of the Convention states that a proposal is sufficiently definite if it indicates the goods and expressly or implicitly fixes or makes provision for determining the quantity and the price; b) Article 15 of the same Convention states that the contract is valid (validity is estimated according the national law), and the price of the contract is not determined expressly or implicitly nor the contract contains provisions on the basis of which it can be determined, it shall be considered that the parties implicitly accepted the price which at the moment of conclusion of the contract was regularly paid for the appropriate trade goods sold under similar circumstances, unless otherwise provided.

Unimportant elements lie in the very nature of the contract. When we talk about the nominate contract, the unimportant elements are envisaged by law and other legal regulations (deadline, place of delivery, payment, quality), and in the case of innominate contracts, the additional rights are provided by the judge according the rule of analogy with the rules valid for similar nominate contracts.

If the unimportant elements are determined by a regulation, the contracting parties may establish them otherwise according their will: directly by regulating them or indirectly by calling on the trade customs, ways, general conditions or trade clauses.

Phases of conclusion of contracts

The conclusion of almost every international trade contract is followed by several phases. Generally, the phases of contract conclusion are divided to: negotiations, offer and acceptance of the offer, and conclusion of the contract.

Of course, not all contracts go through these phases and some contracts are concluded immediately without formal implementation of all said phases. Every phase of conclusion of the international trade contracts shall be elaborated in details further in the text.⁴

Period (phase) of negotiations

The period of negotiations happens when the entities question each other and found out the condition about the solvency of the other entity, its place in the international trade etc. What would be the elements of the eventual contract, the economic and legal consequences from concluding that contract, the volume etc. During the period of negotiation, the parties communicate, talk, give proposals and counter-proposals, accepts, refuse, modify etc. Also, every party looks after their own interest.

⁴Nikolovski A. – Krstanoski M. “Law of the contracts in the international trade (with practical examples) first editions 1999” Studentski zbor – Skopje 1999. Printed by Grafotehna – Kichevo, p.113.

It is very difficult to make a difference between the phase of negotiations and the phase of giving offer in the practice because the activities in both phases interweave. However, the negotiations are just a reflection of the will to consider and negotiate a legal affair, while the offer is given with the will to conclude the contract. The legal action of everything accomplished by the parties during the negotiations is conditioned by the conclusion of the contract. Another important element from the negotiation phase is that if there is any future need the contract to be interpreted and if the intention of the parties is evaluated, it is mostly evaluated through the negotiation phase. Therefore, it will be evaluated what each party wanted to achieve with the contract.

Offer to conclude the contract

The offer to conclude the international trade contract is a statement of will where a person declares that is prepared to conclude a contract. The national rights differ several types of offers among which the most basic are: the negotiation offer and the offer to conclude the contract. The negotiation offer is not binding while the offer to conclude the contract is binding for the parties. There are authors who divide this categorization to call for negotiation and the ultimatum offer (Kahn, Lavente international commerciale pp.53-56).

The legal practice and some modern sources of laws have strong and non-binding offer. According to them, strong offer is an offer made in a signed document which clearly shows that the offeror wants to make a strong commitment. Strong offer as a term operates in the Uniform Law on International Sales of Goods, General Terms and Conditions of the European Economic Commission for Foreign Procurements and General Terms and Conditions of EEC for international trade of tropical fruits. The non-binding offer means a call for the other party to make a offer which should be accepted or denied.

As a result, the offer to conclude the contract is a final proposal of an entity in the legal trade intended for other entity/is in order conclusion of a contract. The contract offer is different from the contract itself until its acceptance.

In terms of the offer for international contract, the unified international law in the area of international trade contracts provides the following solutions:

Uniform Law on International Sales of Goods and the Convention on Contracts for the International Sales of Goods envisage that the offer (proposal, statement) that one entity in the legal trade shall give to another entity or larger number of entities in order conclusion of sales contract shall be an offer if it is clearly enough definite that by its acceptance a contract can be concluded and if it expresses the will of the offeror to make a commitment.

According the said international legal acts the offer must have the following features:

- a) To be intended to definite entities
- b) to be definite enough to be accepted and
- c) to express the will of commitment.

If the offer is intended for certain entity/ies, it means that the person whom the offer is directed to is known to the offeror. In both theory and practice there is a difference regarding whether the offer might be intended for indefinite entity/ies. The French practice states that the notices directed towards indefinite entities are considered an offer. The German law refers to the trade practice which is effective regarding when the call to indefinite number of persons is an offer.

Our law (Article 26 of the Law on Obligations) states that the listing of price on a certain product is an offer. The Swiss and French law have the same view. The English law envisages that if a product is displayed with a price (offer), this does not present an offer in a positive legal sense. The English seller, according to that, has a right to select their costumers (this rule applies for stores and not in the international trade).

The offer which provides the content of the contract (what, how, where, how much, when etc.) which should be concluded after, by applying other additional norms, is considered a sufficiently definite enough in all national laws.

The will for commitment is a statement of will by the offeror to conclude an international trade contract. If they do not want that and after the final offer want to remain free, the offer is not valid according the unified rules of international sales.⁵

Compulsory and revocable offers

The offeror is not obliged regarding his/her offer until it reaches the offeree and the offeree turns it down. An offer is compulsory when it reaches the offeree. He may revoke the offer before it reaches the offeree or at the time of its arrival. In terms of the compulsory offer, different national laws have different acts.

The US and English law prescribe that the offer can always be revoked. The offer is not binding not even when there is a deadline for its acceptance nor shall when the offeror declares that within a certain period of time the offer not be revoked. According to this law, the offeror is only obliged to revoke the offer before the conclusion of the contract. The contract is deemed concluded at the time of sending the acceptance.

Opposite to that, the Common Trade Code of USA provides that the strong offer cannot be revoked for three months at the longest. According the French law, the offer without a deadline can be revoked at any time. Therefore, the offeror should compensate the damage done with the revoking. If the offer has a deadline of acceptance, it cannot be revoked during that deadline.

In terms of the Middle European continental laws, such as the Scandinavian law, the offer is of compulsory nature.

The Uniformed Law on International Sales of Goods generally accepts the standpoint of revoking the offer but with certain exclusions. The offer cannot be revoked if the revoking is not reasonable and in accordance with the market loyalty. Also, if the offer has an acceptance deadline or it is specified that it is a strong and irrevocable offer, it cannot be revoked. According to our Law on Obligations (Article 28), the offer may be revoked before the arrival of the offer at the offeree or at the same time with the arrival of the offer.⁶

Deadline of the offer

In terms of time until when the offer is binding to the offeror, the solutions in different legislations depend on whether the offeror specified a deadline for acceptance of the offer or not.

⁵Ibid, pp.115-117

⁶Ibid, pp.117-118

In terms of the contracts between the present parties, the offeree must immediately accept or refuse the offer, and between absent parties the offer is binding to the offeror for the time necessary for the offer to reach the offeree, its consideration, decision and the delivery of the contract.

Most Middle European legal system has the same criteria in terms of duration of the compulsory offer. That is the time of sending the offer, reasonable deadline for consideration and deadline for returning the contract (Swiss Code, Scandinavian law, Soviet, Czech, Hungarian, Macedonian law etc.)

The statement for acceptance of the offer received after the deadline of the offer is not binding to the offeror. In that case, this statement shall be considered as a new offer.

Acceptance of the offer

The acceptance of the offer shall be a statement of the will of the offeree which completely accepts the offer of the offeror for conclusion of international contract. By accepting the offer the agreed will by both parties for conclusion of the contract is expressed and it will be considered that the contract is concluded.

The offer shall be accepted with a statement of acceptance comprised in any form but in complete accordance with the offer. The statement of acceptance may be given by the offeree or his proxy (representative).

The offer must be accepted in timely manner during its validity period. It may happen the statement of acceptance to contain certain modification. In that case it will be considered that a new offer is made where the offeror and the offeree switch their roles (also according to our Law on Obligations, Article 33). But if the modifications in the statement of acceptance are of unimportant nature, the statement of acceptance is effective – valid. The international sources of the law regulate the acceptance of the offer on the following manner: the Uniform Law on International Sales of Movables and UN Convention on Contracts for International Sales provide that the acceptance of the offer should match the offer. If the reply to the offer contains additional or different elements which generally do not change the provisions from the offer, then it shall be considered as accepted if the offeror does not point out to those difference in a short period.

According to the Common Trade Code of USA, the final and expired statement of acceptance or written confirmation sent within a reasonable deadline shall be considered as acceptance regardless that might contain additional or different provisions than those in the offer (different and more liberal than others).

In the international trade practice, the acceptance of the offer is usually called an order. The question of what is there is a delay of acceptance of the offer is asked in both theory and practice.

According the Swiss Law on Obligations and the German Civil Code, a contract is concluded if the offeror does not inform the offeree that the acceptance is delayed and that the contract is not concluded immediately after the receiver of the statement of acceptance. But in that case the offeror should immediately, or the first work day at the latest, to inform the offeree. According the Italian Civil Code, the delayed acceptance can be considered as valid by the

offeror if he immediately informs the other party. According to the Uniformed Law and the Italian Code, the delayed acceptance shall not be considered a new offer.

The manner of acceptance may be expressed or implicit. According the regulations for trade of good, there is an implicit acceptance of the offer, for example when one of the parties accepted the goods without returning it; the forwarding officer accepted the goods with a specified address of destination: the warehouse worker loaded the goods in the warehouse etc. It shall be considered that the offered is implicitly accepted and contract is concluded in all cases.

The international legislation deems that the offer can be implicitly accepted. The Uniform Law on International Sales of Good envisages that the acceptance may be perform by sending of things or price as well as any other activity that on the basis on the offer, practice between the parties or customs may be considered as complete statement of acceptance of the offer (for example: the offeree to the sales price this implicitly accepting the offer meaning that the contract is de facto concluded. Our Law on Obligation regulates the implicit acceptance of the offer on this manner also. The offer is accepted when offeror will send the subject-matter or pay the price as well as any other activity which on the basis of the offer, practice determined between the interested parties or customs may be considered a statement of acceptance (Article 31 paragraph 2).

According the Uniform Law on International Sales of Goods every clause in the offer that establishes that the silence shall be considered acceptance of the goods is void.

As the offer may be revoked until a certain phase so the accepted offer may be revoked. The revoking should reach the offeror before the statement of acceptance of the offer or at the same time. The revoking of the accepted offer after that deadline is not legally binding. This standpoint is accepted in all national laws and international sources of international trade of contracts.⁷

Time and place of the contract **Time of the contract**

Conclusion of contract between present persons – the moment (time) of the contract is especially important legal and internationally legal category due to several reasons. The first and basic reason is that that from that point on the begins the implementation of the international contract, the rights and obligations of the contracting parties become effective; Second, the option to revoke the accepted offer depends on how the moment (time) of conclusion of the contract is established. Third, that moment is valid in terms of acknowledging the acquired rights, for evaluation of the moment for application of new regulations, rights of the parties in case of bankruptcy, occurrence of tax, customs and other liabilities etc. Fourth, the resolution of (eventual) large number of problems depends from the time of conclusion of the contract: 1) what party should bare the risk if the statement of acceptance is delayed; 2) what are the facts that should be proven that a contract is concluded; 3) the place of the contract; 4) moment of transfer of ownership and risk etc.

Place of the contract

The international trade contracts as well as the international sales deem the place of conclusion of the contract as very important from the aspect of the international private legal regulations.

⁷Ibid, st.119-121

According to the place of the contract, many national laws determine which law shall be applied for the validity of the contract, the form and jurisdiction for resolution of any eventual issues arising from the contract.

In terms of the written contract the place (and time) of the contract are established by the contracting parties, however if the parties did not do that, it shall be considered that the contract is concluded at the place where the last fact necessary for the conclusion of the contract occurred. According to that, the establishment of the place of the contract is closely related to the establishment of the time of the contract.

For example, if we take the previously mentioned theories as a starting point, according to the theory of statement and the theory of sending, the place of the contract is the place where the offer is accepted, i.e. the place when the acceptance was sent from. According to the theory of acceptance, that is the place where the replay from the offeror for acceptance of the offer is received. According to the theory for acknowledgment, that is the place where the offeror found out about the acceptance of his offer by the offeree.

Due to the subject of our study, it is especially important that the regulations and trade customs of all national law determine the place of the contract if the contracting parties do not do that according to the autonomy of their will. In case of international trade contracts concluded between present parties, the place of the contract shall be the place where the parties were present at the moment when they agreed the important elements of the contract.

Conclusion of *contracts* through the means of communication (telephone, telegram, teleprinter)

Separate contracts (especially sales contracts) may be concluded through the modern technological means of fast communication such as the telephone, telegram, teleprinter etc.

Conclusion of contract through telephone - shall be considered as conclusion of contract between present persons in terms of the moment of conclusion of the contract. This practice is accepted by the legislations of more countries such as England, Switzerland, Germany, Macedonia and other as well as in the legal theory in the countries that did not envisage that as a regulation.

The conclusion of contract through telephone in our law is regulated with general conditions. According to them, the offeror should confirm with a letter of receipt at the same day or the next business day his offer and the offeree his statement of acceptance made by telephone. If they do not do that, the contract is valid but the party did not give written confirmation and is liable before the other party for any eventual damage that might have occurred due to this oversight.

According to the English law, the contract concluded through telephone shall be deemed concluded between the present parties. However according to the Swiss and Italian legislation the statement given through the telephone may be denied as a decision made in delusion.

The conclusion of the contract through telegram is deemed a contract between absent parties. In the countries that accept the theory of receiving, the contract is concluded at the moment of receiving of the telegram. In order the risk of transfer of the telegram to be avoided as well as any eventual mistakes, more national laws envisage the content of the telegram to be confirmed

by letter of receipt. According to our law, the offer and the statement of acceptance by telegram are considered a contract concluded between the absent parties. The French and German laws exclude the liability of the state for any damage due to improper transfer of the telegram (its irregularities).

The teleprinter as a mean of communication and manner through which a contract can be concluded is not envisaged in any national legislation having in mind its newer application. However, our laws envisage its use in the contracts. Therefore (law No. 31 paragraph 2), the offer and statement of acceptance given through teleprinter are considered concluded between the absent persons. Also, the sender cannot challenge the validity of the offer or the statement of acceptance given in his name through his teleprinter (law No. 31 paragraph 3). As opposite, according the German law the offer through teleprinter is considered an offer between absent persons. In terms of the moment of conclusion of the contract, the English law accepts the theory of receiving, and more legal systems the theory of sending.⁸

Conclusion of contracts through proxy

The parties can conclude the contracts in the international trade through proxy where one party may be the contracting party and the other part a proxy of the other contracting party or both contracting parties can be represented by proxies. A proxy is the person who the party entrusted such duties which, according to the normal flow of works, result with authorization for certain contracts in the international trade. Issues may occur when international contracts are concluded through proxies. The signing the international contract through proxies is under the Convention on Agency in International Sale of Goods adopted in 1983 as special international source of law. This Convention regulates the norms and resolution of two basic issues related to conclusion of contracts in the international trade through proxy as follows: 1. the issues with the validity of the proxy 2. the issue with violation of the power-of-attorney. According to this Convention, the power-of-attorney of the proxy may be express and implicit.

Conclusion of adhesion contracts

With the everyday growth of the international trade exchange, new forms and types of conclusion of contracts in the international trade appear. As an exception from the basic rule that the contract is a reflection of the agreement between two contracting parties are the adhesion contracts as called by the French science. The adhesion contract occurred as consequence if the economic monopoly and power of certain entities in the trade on one hand and frequent repetition of certain types of contracts on other. Basic features of the adhesion contract are: 1) economic superiority where one side creates de fact possibility to dictate its conditions to the other; 2) unilateral nature of the clauses prepared by the more powerful mostly in his interest and 3) their inalterability, i.e. a whole that might be accepted or refused. Adhesion contract actually are type of standard contract without the pre-negotiation and agreement of elements of the contract. The contracting entity is in position only accept or refuse the contract. He has a freedom to conclude but not a freedom to formulate. This kind of contracts is formed general conditions which the entities might accept or refuse.

⁸Ibid, pg.125-126

Form of contracts

In terms of the form of conclusion of the contract in the international trade, most laws have a standpoint that agreement between the parties is generally sufficient regardless the manner of making that agreement – *freedom of the form*. That arises from the principle of freedom of the autonomy of the wills of the parties.

Also, all national laws envisage certain limitation of freedom of the form due to the fact that it is prescribed in the national laws for certain types of contracts. When we talk about the written form of the contracts in the international trade, we encompass the telegrams, fax messages, teleprinter and other modern means of communication. That way, the written form of the contracts in the international trade often appears, and almost always in the practice. This is also a consequence of the fact that these contracts often incorporate the clause for jurisdiction and according to all legislation must be in written form.

The written form of the contracts in international trade, by rule, serves for provision of evidence for existence and content of the contract, and it is not a condition for validity of the contract. The contract is comprised and signed due to any eventual dispute because if there is no dispute, the written form of the contract is completely irrelevant except those contracts when it is envisaged as an obligation. In that sense, the science makes difference between two types of contracts:

- 1) contracts where the written form is a condition for their validity (*ad solemnitatem form*) and
- 2) contracts where the written form only has an evidence function (*ad probationem*).

In terms of the form of the contracts, our Law on Obligation envisages that the contract may be concluded in any form unless otherwise determined by law. The contract that is not concluded in written form has no legal action as well as the contract which is not concluded in the agreed form (Articles 59 and 61).⁹

Conclusion

From this article we can conclude that the national rights of all states regarding the conclusion of contracts envisage that there is no need of contract between the contracting parties on all points (elements) of the contract. Certain unexpected or not harmonized conditions of the contractual relations are implied and regulated with additional rules of the national legislations. This encompasses the positive and custom rules.

However, all national legislations envisage that every contract concluded on any manner must contain agreement of the will of the contracting parties regarding certain important elements of the contract (*essentialia negotii*). That means that the parties must agree on the type of agreement they conclude, the elements that characterize that type of contract which it cannot exist without and which are reason for conclusion. But the national rights differ in the establishment of the important elements of the contracts, which also means that the contracts in the international trade differ. Certain elements are important for certain national rights, and other elements for other international rights.

In the countries from the European continental law, the subject-matter and the price are important elements of the sales contract, and the parties should agree on the manner of their

⁹Ibid, pp.130-133

determination. All other modalities shall be established according the additional regulations for sales contracts. Also according the continental law (the national rights under that name) not even the mentioned important elements of the sales contract must be precisely determined but they can be established on the basis of the content of the contract.

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ASYMMETRIC AUCTION MECHANISM VS BILATERAL TRADE INEFFICIENCY THEOREM

Dushko Josheski¹; Mico Apostolov²

Abstract

In this paper asymmetric auctions have been revisited and have been tested in order to proof that Myerson-Satterthwaite theorem does hold when auction is the mechanism of trade. This result is actually an extension of the theorem. In asymmetric auctions bidders are of different types (different CDF's) i.e. they follow different distribution types, convergence achieved is inefficient, we present a case of double auctions also that is inefficient though efficiency there can be "improved" through k-level of thinking.

Key Words: Myerson-Satterthwaite theorem, asymmetric auctions, BNE

JEL classification: D44, D82

Introduction

Myerson-Satterthwaite theorem was introduced in Myerson, Satterthwaite (1983). Informally this theorem explained that: there is no efficient way for two parties to trade a good when each party has varying private density valuations for the object that are unknown to other party, without forcing other party to trade with loss. Proofs of this theorem are provided in the auction theory graduate textbooks such as Krishna (2009) and Milgrom (2004). This theory relates back to most famous adverse selection problem posed as the lemons problem, as Akerlof (1970). As in this example the assumptions of M-S theorem are posed: Individual rationality: $U_b, U_s \geq 0$, weak balanced budget (the auctioneer does not subsidize trade). But the Bayesian-Nash equilibrium is not incentive compatible (trade participants namely seller's cheat), $\forall v'_b: U_b(v_B, v'_b) \not\geq U_b(v_B, v_b)$ and it is not ex-post Pareto efficient that the item should be given to then one that values most but here his value is not equal to the expected quality (there are costs of dishonesty). Market produces gains only for sellers and loss only for the buyers, so this trade is not efficient. This is the basic motivation of this paper. A typical feature of auctions is the presence of asymmetric information (see Klemperer (1999), Gibbons (1992)), the appropriate concept therefore is Bayesian Nash equilibrium³, (Kajii, A., Morris, S. (1997), Harsanyi, John C., (1967/1968)). A trade with private preferences (known to him) may demand more favorable terms than he is in truth willing to accept, and such behavior will lessen the gains from trade or will make some to even trade with loss, Rustichini, A., Satterthwaite, M. A., Williams, S. R., (1994). Auctions are type of games where player's payoff depends on other's types of market participants, e.g. Akerlof (1970), and this market models where participants

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³A Bayesian Nash equilibrium is defined as a strategy profile that maximizes the expected payoff for each player given their beliefs and given the strategies played by the other players. That is, a strategy profile θ is a Bayesian Nash equilibrium if and only if for every player i , keeping the strategies of every other player fixed, strategy θ_i maximizes the expected payoff of player i according to his beliefs. Or in general BNE equilibrium is a Nash equilibrium of a Bayesian game: $Eu_i(s_i | s_{-i}, \theta_i) \geq Eu_i(s'_i | s_{-i}, \theta_i), \forall s'_i(\theta_i) \in S_i$, where $s_i \in \Theta_i \rightarrow A_i$, and $\theta_i \in \Theta_i$ also utilities are $u_i: A_1 \times A_2 \times \dots \times A_i \times \theta_1 \times \theta_2 \times \dots \times \theta_i \rightarrow \mathbb{R}$, where $a_i \in A_i$ denotes finite action set.

have information that affects other player's payoffs are called adverse selection models. Most notable advances in the theory of auctions from 1960's and 1970's include: Vickrey (1961, 1962, 1976), Wilson (1967, 1969, 1977, 1979), Cassady, 1967, Griesmer, Levitan and Shubik (1967), Ortega (1968), Rothkopf (1969), Hurwicz (1973), Holmstrom (1977, 1979), Green and Laffont (1977), Milgrom (1979), Myerson (1979), etc. Seminal paper in the literature of asymmetric auctions is written by Maskin, Riley (2000), previously bidders were risk neutral and each bidder has a private valuation different from the others (different cumulative distribution functions and probability density functions), the bidders possess symmetric information, expected payments are functions of their bids, McAfee, McMillan, (1987). Symmetric beliefs are rejected in this paper. Which means that Revenue equivalence theorem (RET) will not apply here. FPA-First price auction and SPA-Second price auction where winners play second best price will not exert same revenues. On this topic (optimal auctions) furthermore Myerson (1981), designed Bayesian-optimal mechanism where it makes use of virtual valuations (virtual values are the derivative of the revenue curve). First in the paper formal statement of the MS theorem is given followed by proofs of inefficiency in Asymmetric N-bidder auctions. Ex-ante Asymmetric information among the bidders is the source of inefficiency, Hafalir, I., Krishna, V. (2009).

Myerson-Satterthwaite theorem

Theorem Myerson-Satterthwaite (notation): $\exists s \sim F_s(\underline{s}, \bar{s}) > 0; \exists b \sim F_b(\underline{b}, \bar{b})$, where F_s and F_b are common knowledge. In the DRG (direct revelation game) traders s -seller and b -bidder report their values and the outcome is selected, an outcome specifies probability of trade p , and the terms of trade x (payoffs). A DRG is a pair of outcome functions where $(p, x): p(s, b)$ is a probability of trade and $x(s, b)$ are thus the expected payments from buyer to seller. Utilities are given as:

equation 1

$$u(s, b) = x(s, b) - s(p, b); v(b, s) = bp(s, b) - x(s, b).$$

Payoffs are defined as:

equation 2

$$X(s) = \int_{\underline{b}}^{\bar{b}} x(s, b) f_b(b) db; X(b) = \int_{\underline{s}}^{\bar{s}} x(s, b) f_s(s) ds.$$

Probabilities of trade are given as:

equation 3

$$P(s) = \int_{\underline{b}}^{\bar{b}} p(s, b) f_b(b) db; P(b) = \int_{\underline{s}}^{\bar{s}} p(s, b) f_s(s) ds.$$

Interim utilities are given as:

equation 4

$$U(s) = X(s) - P(s); V(b) = bP(b) - X(b).$$

Incentive compatible mechanism (IC) (p, x) is given as:

equation 5

$$IC: U(s) \geq X(s') - P(s'); V(b) \geq bP(b) - X(b).$$

Incentive rational mechanism (IR) is:

equation 6

$$\forall s \in [\underline{s}, \bar{s}] \vee \forall b \in [\underline{b}, \bar{b}], U(s) \geq 0; V(b) \geq 0.$$

Lemma IC: The mechanism is IC if and only if $P(s)$ is increasing and $P(b)$ decreasing and:

equation 7

$$\begin{cases} U(s) = U(\underline{s}) + \int_{\underline{s}}^{\bar{s}} P(s)(\theta) d\theta \\ V(b) = V(\underline{b}) + \int_{\underline{b}}^{\bar{b}} P(b)(\theta) d\theta. \end{cases}$$

Lemma 1 proof: Form previous definition we know that $U(s') \geq X(s') - s'P(s')$; $U(s) \geq X(s) - sP(s)$

equation 8

$$\begin{cases} U(s) \geq X(s') - sP(s') = U(s') + (s' - s)P(s'), \\ U(s') \geq X(s) - s'P(s) = U(s) + (s - s')P(s). \end{cases}$$

If we subtract these inequalities it will yield:

equation 9

$$(s' - s)P(s) \geq U(s) - U(s') \geq (s' - s)P(s').$$

Now if we take that $s' > s$ implies that $P(s)$ is decreasing, if we divide by $(s' - s)$ and letting $s' \rightarrow s$ yields $\frac{dU(s)}{ds} = -P(s)$ and integrating produces IC(s'). The same is true for the buyer.

To prove the IC for the seller it is suffice to show that following applies:

equation 10

$$s[P(s) - P(s')] + [X(s') - X(s)] \leq 0 \forall s, s' \in [\underline{s}, \bar{s}].$$

Now from previous by substituting for $X(s)$ and $X(s')$ and by using IC(s') the following will yield:

equation 11

$$X(s) = sP(s) + U(\bar{s}) + \int_{\underline{s}}^{\bar{s}} P(\theta) d\theta.$$

And following to hold:

equation 12

$$\begin{aligned} 0 &\geq s[P(s)P(s')] + sP(s) + \int_{s'}^{\bar{s}} P(\theta) d\theta - sP(s) \\ &\quad - \int_s^{\bar{s}} P(\theta) d\theta = (s' - s)P(s') + \int_{s'}^s P(\theta) d\theta \\ &= \int_{s'}^s [P(\theta) - P(s')] d\theta. \end{aligned}$$

Previous holds only because $P(\cdot)$ is decreasing.

Lemma IR: IC mechanism is individually rational IR if and only if:

equation 13

$$U(\bar{s}) \geq 0 \vee V(\underline{b}) \geq 0.$$

Corollary:

equation 14

$$U(\bar{s}) + V(\underline{b}) = \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} \left[b - \frac{1 - F(b)}{F(b)} - s - \frac{1 - F(s)}{F(s)} \right] p(s, b) f(s) f(b) ds db \geq 0.$$

Proof: From the IC we know that following holds:

equation 15

$$X(s) = sP(s) + U(\bar{s}) + \int_{\underline{s}}^{\bar{s}} P(\theta) d\theta.$$

Now from the corollary:

equation 16

$$\int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} x(s, b) f(s) f(b) ds = U(\bar{s}) + \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} sp(s, b) f(s) f(b) ds db + \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} p(s, b) F(s) f(b) ds db.$$

The third term in the right side follows since:

equation 17

$$\int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} p(\theta, b) F(s) f(b) d\theta db = \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\theta} p(\theta, b) F(s) f(b) d\theta db = \int_{\underline{s}}^{\bar{s}} p(s, b) F(s) f(b) ds db.$$

Analogously for the buyer follows that:

equation 18

$$\int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} x(s, b) f(s) f(b) ds db = -V(\underline{b}) + \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} bp(s, b) F(s) f(b) ds db - \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} p(s, b) F(s) (1 - F(b)) ds db.$$

Now if we equate the both right hand sides proof is completed:

equation 19

$$\begin{aligned} V(\underline{b}) &= \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} p(s, b) F(s) (1 - F(b)) ds db - \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\bar{s}} bp(s, b) F(s) f(b) ds db \\ &= \int_{\underline{s}}^{\bar{s}} p(s, b) F(s) f(b) ds db. \blacksquare \end{aligned}$$

IR mechanism is proved since $V(\underline{b}) \geq 0$.

Theorem Myerson-Satterthwaite (continued): It is not common knowledge that if trade gains exist i.e. the supports of the CDF functions (Cumulative distributions) of traders have non-empty intersections then no IC (incentive compatibility) and IR (individual rationality) trading mechanism can be ex-post efficient.

Proof: A trading mechanism is ex-post efficient if and only if trade occurs whenever $s \leq b$

equation 20

$$p(s, b) = \begin{cases} 1 & \text{if } s \leq b \\ 0 & \text{if } s > b \end{cases}.$$

In the previous expression $p(s, b)$ is a probability of trade which takes value 1 if trade occurs and zero if it doesn't. To prove that ex-post efficiency cannot be attained, it is enough to show that inequality (*) in the corollary hence:

equation 21

$$\int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\min(b, \bar{s})} \left[b - \frac{1 - F(b)}{f(b)} - s - \frac{F(s)}{f(s)} \right] f(s) f(b) ds db.$$

Previous expression equals to:

equation 22

$$\int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\min(b, \bar{s})} [bf(b) + F(b) - 1]f(s)dsdb - \int_{\underline{b}}^{\bar{b}} \int_{\underline{s}}^{\min(b, \bar{s})} [sf(s) + F(s)]f(b)dsd = - \int_{\underline{b}}^{\bar{s}} [1 - F(\theta)]F(\theta)d\theta < 0, \underline{b} < \bar{s}. \blacksquare$$

Previous result is proof of Myerson-Satterthwaite theorem about trade inefficiency. Some weaker efficiency criterion is Pareto optimality, one may use that criterion if ex-post efficiency does not work.

Definition: BNE equilibrium.

A Bayesian Nash equilibrium is defined as a strategy profile that maximizes the expected payoff for each player given their beliefs and given the strategies played by the other players. That is, a strategy profile θ is a Bayesian Nash equilibrium if and only if for every player i , keeping the strategies of every other player fixed, strategy θ_i maximizes the expected payoff of player i according to his beliefs. Or in general BNE equilibrium is a Nash equilibrium of a Bayesian game

$Eu_i(s_i|s_{-i}, \theta_i) \geq Eu_i(s'_i|s_{-i}, \theta_i), \forall s'_i(\theta_i) \in S_i$, where $s_i \in \Theta_i \rightarrow A_i$, and $\theta_i \in \Theta_i$ also utilities are $u_i: A_1 \times A_2 \times \dots \times A_i \times \theta_1 \times \theta_2 \times \dots \times \theta_i \rightarrow \mathbb{R}$, where $a_i \in A_i$ denotes finite action set.

Definition: Incentive compatibility (Bayesian Incentive compatibility (BIC)

A mechanism $f(p_1, \dots, p_n)$ is called incentive compatible if for every player i $v_i \in V_i, \dots, v_n$ and $\forall v_i \in V_i \forall v'_b: U_b(v_B, v'_b) \geq U_b(v_B, v_b)$ where v'_b is the value for the buyer ex-post trade. Valuation function is given as: $v_i: A \rightarrow \mathfrak{R}$, and $f(p_1, \dots, p_n)$ is representing the payment functions.

Definition: Direct revelation mechanism

A direct revelation mechanism is a social choice function $f: V_1 \times \dots \times V_n \rightarrow A$ and a vector of payment functions p_1, \dots, p_n where $p_i: V_1 \times \dots \times V_n \rightarrow \mathfrak{R}$

Asymmetric auctions

There exists literature in the subject of asymmetric auctions namely: Maskin, Riley (2000), Fibich, Gavious (2003), Fibich, Gavish (2011), Güth, et al. (2005), Gayle, Richard (2008), Hubbard, et al. (2013).

Basic setup

There exist set: $\Theta = \{1, 2, \dots, N\}$, of types of bidders. And $\forall \theta \in \{1, 2, \dots, N\}$ and $\exists n(\theta) \geq 1$, which are bidders of type θ . Bidders of type θ draw an IPV for the object from CDF $F: [\omega_H, \omega_L] \rightarrow R$. It is assumed that $F \in C^2([\omega_H, \omega_L])$ and $f \equiv F' > 0$, on ω_H . The inverse of equilibrium bidding strategy, Maskin and Riley (2000) and Fibich and Gavish (2011) is given as:

equation 23

$$v'_i(b) = \frac{F_i(\beta^{-1}(b))}{f_i(\beta^{-1}(b))} = \left[\left(\frac{1}{n-1} \sum_{j=1}^n \frac{1}{v_j(b) - b} \right) - \frac{1}{v_i(b) - b} \right], i = 1, \dots, n.$$

Inverse bid functions are solutions that gives profit maximization problem:

equation 24

$$\frac{\partial U_i(b; v_i)}{\partial b} = (v_i - b) \sum_{j=1, j \neq i}^n \left(\prod_{k=1, k \neq i}^n F_k(v_k(b)) \right) f_j(v_j(b)) v'_j(b) - \prod_{j=1, j \neq i}^n F_j(v_j(b)) = 0.$$

Maximization problem here is given as in:

$$\max_b U_i(b; v_i) = (v_i - b) \prod_{j=1, j \neq i}^n F_j(v_j(b)), i=1, \dots, n.$$

Where one solution is:

equation 25

$$\sum_{j=1, j \neq i}^n \frac{f_j(v_j(b)) v'_j(b)}{F_j(v_j(b))} - \frac{1}{v_i(b) - b}, i = 1, \dots, n.$$

Or bidder chooses to maximize his expected surplus $S = \pi_i$ as in McAfee and McMillan (1987):

equation 26

$$\pi_i = (v_i - b_i) F(v)^{n-1} \quad \frac{\partial \pi_i}{\partial b_i} = 0, \quad \frac{dy}{dx} = \frac{\partial \pi_i}{\partial v_i} = F(\beta^{-1}(b_1))^{n-1}.$$

Bidders expected revenue in FPA asymmetric auction is given as:

equation 27

$$E_i(p, b_i, v_i) = k_i \int_r^{b(\omega_h)} [F_i^{-1}(\ell_i(v)) - v] \cdot \frac{\ell'_i(v)}{\ell_i(v)} \prod_{j=1}^n [\ell_j(v)]^{k_j} dv.$$

Where in previous expression: $= \frac{(2-\lambda+\mu)}{1-\lambda}$, and bidder maximizes:

equation 28

$$\beta(\beta^{-1}(b_1)) = \arg \max_{u \in (0, \omega_h)} (v - u) \cdot [F_i(\lambda_i(u))]^{k_i-1} \prod_{j=1}^n [F_j(\lambda_j(u))]^{k_j}.$$

$\exists u = \sum_{i=1}^n u_i$, where u_i denotes the player of type i . Where in previous expressions $\ell_i(v) = F_i(\lambda_i(v))$, and probabilities of winning the reserve price auction are given as:

equation 29

$$p_i(r) = k_i \int_r^{\omega_h} \frac{\ell'_i(v)}{\ell_i(v)} \prod_{j=1}^n [\ell_j(v)]^{k_j} dv.$$

Auctioneer expected revenue is given with the following expression:

equation 30

$$E(p, b_i, v_i) = \omega_h - r \prod_{j=1}^n [F_j(r)]^{k_j} - \int_r^{b(\omega_h)} \frac{\ell'_i(v)}{\ell_i(v)} \prod_{j=1}^n [\ell_j(v)]^{k_j} dv.$$

Here $U(p_i, E_i, r) = p_i \cdot (r - E_i)$, by the envelope theorem optimal values are denoted by asterisk $U^{*'}(r) = p^*(r)$, as in Milgrom (1989), and one can integrate to obtain the previous result.

equation 31

$$U^*(x) = \int_0^r p^*(v)dv .$$

Following is sort of prove of RET, that in a way expected revenue depends on the optimal auction price and that revenue does not depend on the auction mechanism. In asymmetric auctions there are stochastically dominant and stochastically weak bidders.

Theorem: Suppose that $F_S(v) \leq F_W(v)$, meaning that F_S conditionally first-order stochastically dominates F_W . Then when one compares FPA and SPA, both uniformly distributed following applies:

1. $\forall b_S^{-1}(b) = v_S, \because E(b_{FPA}(v)) < E(b_{SPA}(v))$ for $b_S^{-1}(b) = v_S$
2. $\forall b_W^{-1}(b) \neq v_W, \because E(b_{FPA}(v)) > E(b_{SPA}(v))$ for $b_W^{-1}(b) \neq v_W$

Proof: For purposes of the proof $b_S(v), b_W(v)$ have the same range so a matching function is defined as: $m(v) \equiv b_W^{-1}(b_S(v))$ or as a weak bidder that bids equal to strong bidder in FPA. Since from previous we know that $b_S(v) < b_W(v)$ in FPA, now we know that $m(v) = v$. The strong bidder expected payoff is given as:

equation 32

$$E[\pi(v_i)] = \Pr(b_W(v_W) < b)(v - b) .$$

If we take derivative with respect to v we get: $E_v[\pi(v_i)] = \Pr(b_W(v_W) < b)$

And by replacing $b = b_S(v)$, which gives us the following identity:

equation 33

$$\begin{aligned} E_v[\pi(v_i)] &= \Pr(b_W(v_W) < b_S(v)) = P_r(v_W < m(v)) \\ &= F_W(m(v)) . \end{aligned}$$

Because $\Pr(v < a) = F(a)$ when distribution of values is uniform. By the envelope theorem Milgrom and Ilya 2002 value function for FPA is given as:

equation 34

$$V_S^{FPA}(v) = \int_{\omega_l}^{\omega_h} F_W(m(w))dv .$$

And for the SPA, where bidder's bid their true valuation (there is no bid shading):

equation 35

$$V_S^{SPA}(v) = \int_{\omega_l}^{\omega_h} F_W(v)dv .$$

Since $m(v) < v$ and that F_W is strictly increasing, the strong bidder prefers SPA. For the weak bidders expected payoff for the FPA is given as:

equation 36

$$V_W^{FPA}(v) = \int_{\omega_l}^{\omega_h} F_S\left(\frac{v}{m}\right) ds .$$

And for the SPA we have got:

equation 37

$$V_S^{SPA}(v) = \int_{\omega_l}^{\omega_h} F_S(v)dv .$$

Since $m^{-1}(v) > v$, expected payoff is higher for the weak bidder in the FPA.

Revenue equivalence theorem failure

Proposition : the weak bidder values is: $b_w \sim \left[0, \frac{1}{1+x}\right]$, and that strong bidder valuation is distributed as $b_s \sim \left[0, \frac{1}{1-x}\right]$. In equilibrium the weak and strong bidder bid functions are given as:

equation 38

$$b_w^{-1}(b) = \frac{1}{1+(2b)^2} \text{ and } b_s^{-1}(b) = \frac{1}{1-(2b)^2}.$$

FPA and SPA CDFs are given as:

equation 39

$$F_{FPA}(b) = \frac{(1-x^2)(2b)^2}{1-x^2(2b)^4}; F_{SPA}(b) = 2b - (1-x)b^2.$$

If $x = 0$ both auctions yield revenue. When $x > 0$ the expected revenue is strictly greater for the first price auction than for the English auction (SPA auction). So the exert same revenue only in the case of uniform distribution.

Distributions from Plum class and Cheng class

When bidders are asymmetric solutions to the equilibrium bidding strategies of FPA auctions are difficult to obtain and there are three known classes of distributions for which equilibria in FPA auctions are known. Plum (1992) derives FPA bidding strategies when the distributions belong to class \mathcal{P} consisting of F_1 and F_2 such that:

equation 40

$$F_1(x) = \left(\frac{x}{\omega_1}\right)^\alpha; F_2(x) = \left(\frac{x}{\omega_2}\right)^\alpha$$

where $x \in (0,1)$, $\omega_1 = \frac{3}{2}$; $\omega_2 = 1$; $a = 3$. In Cheng (2006) FPA bidding strategies belong the class \mathcal{C}_1 where : $F_1(x) = \left(\frac{x}{\omega_1}\right)^{\alpha_1}$; $F_2(x) = \left(\frac{x}{\omega_2}\right)^{\alpha_1}$, where : $a_1 > a_2 > 0$; $\omega_2 = \left(\frac{a_2}{a_2+1} * \frac{a_1+1}{a_1}\right)$; $\omega_1 = \frac{3}{2}$; $\omega_2 = 1$; $a = 3$. And in Cheng (2007) , FPA bidding strategies belong to \mathcal{C}_2 class where : $F_1(x) = \left(\frac{x-1}{a}\right)^a \in [1, a+1]$ and $F_2(x) = \exp\left(\frac{a}{a+1}x - a\right) \in [0, a+1]$, where $a > 0$. Hafalir, I., Krishna, V. (2009), prove that RET fails in FOA and FPA with resale , and that FPA with resale is stochastically dominant in terms of revenue.

Double actions

Double auction (Chatterjee, Samuelson 1983)

Two players $N = \{b, s\}$, p_s asking price and p_b where $p_s \geq 0$; $p_b \geq 0$ values attached to the good by the seller and the buyer are : $\{v_s, v_b\}$ and $0 \leq v_s \leq 1$; $0 \leq v_b \leq 1$. Buyer and seller beliefs are : $\mu_b = 1$; $\mu_s = 1$. The average price if $p_b \geq p_s$ is $p_{avg} = \left(\frac{p_s+p_b}{2}\right)$; and if $p_b < p_s$ then no trade occurs. The payoff function of the buyer and the seller are given as:

equation 41

$$u_s(p_s, p_b; v_s, v_b) = \begin{cases} \frac{p_s+p_b}{2}, & p_b \geq p_s \\ v_s; & p_b \leq p_s \end{cases}; u_b(p_s, p_b; v_s, v_b) = \begin{cases} v_b - \frac{p_s+p_b}{2}, & p_b \geq p_s \\ 0; & p_b \leq p_s \end{cases}$$

The strategies for this game are given as: $p_s(v_s); p_b(v_b)$. The maximization problem is given as:

equation 42

$$\max_{p_s} E_{v_b} \{u_s(p_s, p_b; v_s, v_b) | v_s, p_b(v_b)\}$$

Now if the seller substitutes $p_b(v_b)$, then we have $u_s(p_s, p_b; v_s, v_b) = \begin{cases} \frac{p_s + p_b(v_b)}{2}, p_b(v_b) \geq p_s \\ v_s; p_b(v_b) \leq p_s \end{cases}$ or :

$$u_s(p_s, p_b; v_s, v_b) = \begin{cases} \frac{p_s + p_b(v_b)}{2}, v_b \geq p_b^{-1}(p_s) \\ v_s; v_b \leq p_b^{-1}(p_s) \end{cases}. \text{ Or the maximization problem now is given as:}$$

equation 43

$$\max_{p_s} \int_{v_b=0}^{p_b^{-1}(p_s)} v_s dv_b + \int_{v_b=p_b^{-1}(p_s)}^1 \frac{p_s + p_b(v_b)}{2} dv_b$$

This problem FOC is given as:

equation 44

$$v_s \frac{dp_b^{-1}(p_s)}{dp_s} - \frac{1}{2} (p_s + p_b(p_b^{-1}(p_s))) \frac{dp_b^{-1}(p_s)}{dp_s} + \int_{p_b^{-1}(p_s)}^1 \frac{1}{2} dv_b = 0$$

And because $p_s = p_b(p_b^{-1}(p_s))$:

$$(v_s - p_s) \frac{dp_b^{-1}(p_s)}{dp_s} + \frac{1}{2} [v_b]_{p_b^{-1}(p_s)}^1 = 0 \text{ Or: } (v_s - p_s) \frac{dp_b^{-1}(p_s)}{dp_s} + [1 - p_b^{-1}(p_s)] = 0$$

And since $p_s^{-1}(\cdot) = q_s(\cdot)$ and $p_b^{-1}(\cdot) = q_b(\cdot)$. The best replies are defined as :

equation 45

$$[q_s(p_s) - p_s] q'_b(p_s) + \frac{1}{2} [1 - q_b(p_s)] = 0 ; [q_b(p_b) - p_s] q'_s(p_b) + \frac{1}{2} q_s(p_b) = 0$$

$$q'_b(p_b) = \frac{1}{2} \left[3 - \frac{q_s(p_b) q''_s(p_b)}{[q'_s(p_b)]^2} \right]$$

Then the SODE is given as:

equation 46

$$[q_s(p_s) - p_s] \left[3 - \frac{q_s(p_s) q''_s(p_s)}{[q'_s(p_s)]^2} \right] + \left[1 - p_s - \frac{q_s(p_s)}{2 q'_s(p_s)} \right] = 0$$

This second order differential equation has two parameter solution: $q_s(p_s) = \alpha p_s + \beta$ where $\alpha = \frac{3}{2}$ and $\beta = -\frac{3}{8}$, so $q_s p_s = v_s = \frac{3}{2} p_s - \frac{3}{8}$; $q_b(p_b) = v_b = \frac{3}{2} p_b - \frac{1}{8} \Rightarrow p_s = \frac{2}{3} v_s + \frac{1}{4}$; $p_b = \frac{2}{3} v_b + \frac{1}{12}$. This is the BNE equilibrium of this game. Double auction game occurs whenever $p_b \geq p_s$ or $\frac{2}{3} v_b + \frac{1}{12} \geq \frac{2}{3} v_s + \frac{1}{4}$ or $v_b \geq v_s + \frac{1}{4}$. Next, we still show the properties of L1 buyers, $b(v)$ is maximized over $b \in [0, 1]$:

equation 47

$$\int_0^b \left(v - \left(\frac{s+b}{2} \right) \right) f(s_*^{-1}(s)) ds + \int_b^1 0 ds$$

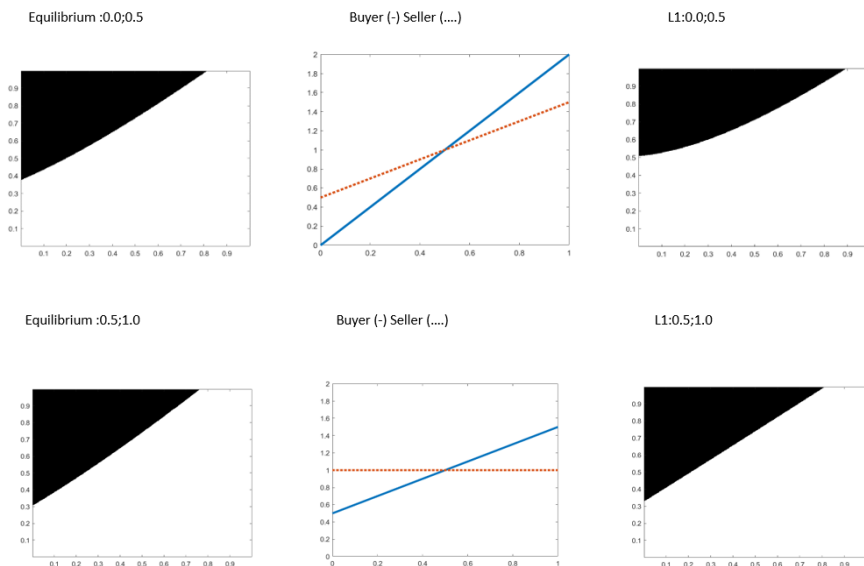
$f(s_x^{-1}(s))$ is the density of the equilibrium strategy, equilibrium buyers bid is $b^*(v)$ and $b \in (0,1)$, b is bid and s denotes ask (seller) and $s \in (0,1)$, and $\frac{s+b}{2}$ is the price by which buyer receives the item of auction. Similarly, L1 sellers must maximize over $b \in [0,1]$:

equation 48

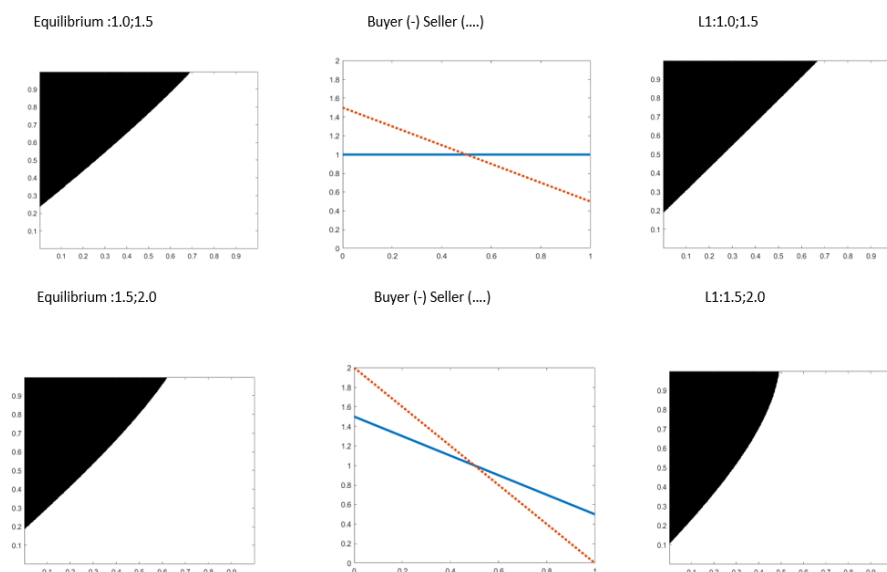
$$\int_s^1 \frac{s+b}{2} db + \int_0^s C db$$

Where in previous expression C denotes the sellers' costs. In Level K thinking agents trade not based on their beliefs about the fundamental value of the item of sale but based on other people beliefs about the value. Level zero player is non-strategic and will chose actions without regard to the actions of other players, Stahl (1993). Next graphically is depicted trade in double auctions within level K framework. Black regions are those where trade may take place and the equilibrium is also depicted, and L1 player response to L0 players strategy¹. This figure was produced in MATLAB and the used code was written by Crawford (2015). This is non-equilibrium model of Level K thinking that predicts initial responses to games and is focusing on direct mechanisms. In the Level K game all players think that are most sophisticated. In case of private information predictive power of level K thinking is significantly weakened, Shapiro, Shi, Zillante (2011). L0 player distribution is assumed to be uniform so his value will be mean of the distribution. Reserve price in presence of L0 player is reducing the gap for trade. Most of the computations in the literature show that double auction without reserve price is in fact optimal. the K-level thinking just proves the statement: that no incentive compatible, interim individually rational mechanism can assure ex-post efficiency, is fully compatible to K-level of thinking. This is show on the following graph on the next page.

Figure 1: Trading regions are black, for the equilibrium incentive mechanisms and the mechanisms that are incentive in the set of L1 IC mechanisms



¹ Example of Level-K thinking is so called Keynesian beauty contest, introduced by the John Maynard Keynes in chapter 12 of The General Theory of Employment, Interest and Money (1936), where he used to explain price fluctuations in the equity markets.



Conclusion

Bilateral trade is inefficient, but also N-bidder asymmetric auctions are ex-post inefficient. Asymmetries are the source of the inefficiency. This result can be proved numerically also. For instance, Backward shooting method calculates Bayesian Nash equilibrium, though solution is much above the means values that different bidders place on the item of sale. Bayesian Nash equilibrium is allocative inefficient result. In the case of asymmetric auctions, we have proved that Revenue equivalence theorem does not apply for FPA and SPA auctions. Anyway, for the truthful bidders SPA is weakly dominant strategy, and for a weak bidder expected payoff is higher in FPA auction. This means that one party is also forced to trade at loss due to incomplete information. Also, equilibrium is maybe feasible but in no case is efficient. This equilibrium is IR or individually rational for every trading buyer $p \leq b$ and for every seller $p \geq s$, but not IC or truthful, it is efficient since highest bid wins the auction. Since information about the value of the object sale is not common knowledge and in BNE equilibrium payoffs depend not only on one agent type but also on other types, this game results in winners curse result, where winning agent tends to overpay due to emotional reasons or incomplete information. Or in a case of double auction if $s > b$ no trade takes place (seller wants more than the buyer pays), and if $b > s$ than $p = \frac{s+b}{2}$, the utility of buyer and the seller is zero in case when $s > b$ or for the buyer $u_b = b - p$ if $s \leq b$, and for the seller $u_s = p - s$ if $s \leq b$ this means that there will be trade which will result in the same utilities for the buyer and the seller like : $U_s = p - s = \frac{s+b}{2} - s = \frac{s+b-2s}{2} = \frac{b-s}{2}$; $u_b = b - p = b - \frac{s+b}{2} = \frac{b-s}{2}$ only if the buyers bid is higher than the true valuation of the seller which means that buyers will overpay and trade at loss.

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HOW CAN STUDENTS MANAGE THEIR LIVES IN THE REPUBLIC OF NORTH MACEDONIA

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Abstract

The main goal of this paper is to measure the quality of student life analyzed through the current theoretical knowledge, as well as analyzes of the results of the research carried out among the students at the Faculty of Tourism and Business Logistics at the "Goce Delchev" University, Shtip.

The conclusions that come out offer a model for improving psychophysical health, in order to improve the quality of life of the student, thereby promoting the social progress and contributing to the strengthening of the links between society, family, institutions and scientific research work.

Key Words: *student, psychophysical health, satisfaction, quality of life, model.*

JEL classification: *123, 131*

Introduction

The life of a man today is like "the speed of light", where his tasks and responsibilities lie behind him, and he is not even aware of it. In addition to the fact that a person focuses on his existence, he simultaneously strengthens his status, education, new knowledge, etc., in order to keep up with the progress of this world. At the moment when the human organism with its limitations comes in a position not to overcome all the tasks that life sets before it, the individual comes in a certain stressful state. Because of the fact that stress has a significant impact on health and is impossible to avoid, the question is how to deal with it.

It is obvious that academic stress affects student development, some in larger and others to a lesser extent. Of course, it is not the same, if the student returns home and children and housework wait for him, or they come home where there are no other obligations except learning and going out with friends, as it is not the same if the student has to go to work after the lectures. This research could be a starting point for referral and reflection on some other models of study among regular students who are alarmingly exposed to stress, which can negatively affect not only the results of studying, but also the ability to work and even and their health.

In order to improve the quality of life of the student, and thus of one nation and forming a larger social and health policy, it is not enough to take into account and measure only the economic and social indicators. There is a lack of a model for the promotion of psychophysical health in order to improve the quality of life of the student, thereby promoting social progress and

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contributing to the strengthening of the links between society, family, institutions and scientific research.

Literature review

In literature, for quality of life, we find hundreds of definitions and models with different interpretations, as well as several theories and measurement instruments. However, there is still no international agreement on defining the quality of life or the universally accepted "gold standard" of measurements. Since there is no single, universally accepted definition of quality of life, this project focuses on the individual nature of quality of life the student. The quality of life for the student is in the difference between the wishes and the expectations of the individual and his real experience and will depend on personal past experience, the current way of life and the hopes and ambitions for the future.

The human organism develops a state of disturbed balance under the influence of various external and internal factors. Stress aims to enable adaptation of the organism, i.e. adaptation to sudden changes, i.e. to alter living conditions (Petz, 2005; Mejovšek, 2002). Stress is a state of endangering the bio-social balance of the organism (Havelka, 1995). Most people experience stress as part of everyday life (Berti, Molnari & Speltini, 2010; Lazarus & Folkman, 1984). Adapting to a new environment, studying, a new job, a new beginning, can be very stressful. It is true that stress cannot always be avoided, but it can be learned to live with it, with a tendency to reduce the risk of various physical and mental illnesses. On this issue, many authors attempted to give a concise and comprehensive answer, describing individually the phenomena of the stressful situation and the stress response (Maslach & Schaufeli, 1993; Maslach, Jackson and Leiter, 1996). In this case, the stress situation is determined as a condition caused by changes in the external or internal environment. While a stress response is defined as a response to an organism toward a particular trigger-stressor. According to the definition of some authors, stress can be defined as a physical, chemical and emotional stimulation from the environment that in the individual causes inability to adjust and physical tension that can lead to the onset of disease (McCrae & John, 1992; Soliemanifar & Shaabani, (2012).

The definition of many authors of stress research is very interesting, which in a very original way define stress as: a sum of total body spending over his lifetime (Backovic, 2002). The modern man is under the strong influence of many factors. He is under constant pressure to maintain the adaptation to accelerated changes in the environment and in his organism. According to Mejovshek (2002), at the same time, the accelerated dynamics of environmental events and the conditions to be adapted create greater barriers to the possibilities of meeting internal needs, which is perceived as a state of more frequent frustration. The dangers that lurk around the environment to impair human integrity are multiplied, so the student often confronts with fears and concerns, as well as with uncertain future. Everyday disruptions to the ecological environment are the more frequent wars spread around the world, existential uncertainty; disruptions in family and social relations become real and constant sources of stress. The effect of physical stress on the body can be easily measured. For example, if an individual is doing something exciting, as the excitement increases, so does the number of heart rate and breathing speed. The secretion of adrenaline and cortisol increases, energy release into the body, but a large amount of that energy is released through heart rate and rapid breathing. In this way, the body copes with physical stress (Salami, 2002; Yang, 2004).

Apart from the social support and general health, the mental health is particularly important for the quality of life. The World Health Organization recognized the importance of mental health,

and one of the main activities of this organization is the development of positive mental health (WHO report, 2004; John, 1990). Positive mental health involves self-esteem and positive self-image, ability to maintain close relationships with others, respect for diversity in relation to others, self-awareness and empathy for others, problem-solving capabilities and stresses without serious dysfunctions, involvement in constructive activities in the community, use of talent and giftedness, ability for self-development, ability of the student to defend himself from commercial pressures for risk behaviors, critically analyzed information and a good estimation of decisions and development of creative ways to solve problems.

Research methodology

The main goal of this paper is to measure the quality of student life as one of the main factors that influence the prosperity of the student not only on the professional level but also on their individual development (Chory - Assad, 2002; Holmgren & Bolkan, 2014; Horan, Martin & Weber, 2012; Uludag & Yaratana, 2013). This paper covers ten indicators that play a major role in presenting a clear picture that shows the impact of all these aspects on higher education students. The results we received from this research that will be carried out at the Faculty of Tourism and Business Logistics at the "Goce Delchev" University in Shtip can be taken as a benchmark for all other faculties, since the rules for life are general, which leads to the conclusion that the obtained results are widely applicable.

When talking about the quality of life among students that has been studied for the most part in this research, the questionnaire for collecting data was so designed that it covers the dimensions included in the sum of psychophysical health: the emotional role, social functioning and the psychic health that bring benefits or quality in life. In this way, through the subject of research, a collection of data was presented that represents the specifics and features of the student's life in terms of psychophysical health. This is the basis of labor and subject to comparison with the benchmark.

The data obtained are unique and thus contribute to the improvement of the quality and the importance and significance of the results obtained. The data refer to students whose identity is hidden and presented in a coded form, and they are used in the direction of finding specificities. The conducted research united the experiences and the reality of a significant number of students from the Faculty of Tourism and Business Logistics, in order to develop a model for improving the quality of student life. Through the conclusions that follow, measures are proposed to promote psychophysical health in order to improve the quality of life of the student and his satisfaction with life, thereby promoting social progress and contributing to strengthening the links between society, the family, institutions and scientific research. In this way, it seeks to influence the improvement of the performance of student life, especially in the area of incentives and development of the young population as a key pillar of our society. By researching the sources in domestic and foreign literature, it is concluded that such research, with this approach, is not present in our country.

Short description of the Faculty of Tourism and Business Logistics (FTBL)

The educational process of the Faculty of Tourism and Business Logistics at the University "Goce Delchev" in Shtip, takes place through the realization of five (5) study programs in the first cycle of studies: Tourism, Business Logistics, Gastronomy, Nutrition and Dietetics, Business Administration and Hotel-restaurant study program with the possibility of three and four years of study. The second cycle of studies are taught in two study programs: International tourism and business logistics, while the third cycle studies are taught in the study program

Tourism and Hospitality. In the school year 2018/2019, there are 842 full-time students enrolled in the faculty, subject to research in this paper, Table 1.

Table 1: *Total number of enrolled students at the faculty of Tourism and Business logistics at the University “Goce Delchev” - Shtip in the academic 2018/ 2019*

	<i>Total enrolled students in the first year</i>	<i>Total enrolled students in the second year</i>	<i>Total enrolled students in the third year</i>	<i>Total enrolled students in the fourth year</i>
<i>Business logistics</i>	143	60	45	24
<i>Business administration</i>	62	48	38	22
<i>Gastronomy, diet and dietetics</i>	26	54	29	36
<i>Hotel-restaurant</i>	41	38	29	34
<i>Tourism</i>	42	45	21	5
Total	314	245	162	121

Source: *Annual Report of the Faculty of Tourism and Business Logistics*

Methods in the Research and Analyses of the Results

For the purpose of the research, qualitative and quantitative methods were used. The qualitative approach includes a review of the literature of many publications that generally address the issues of quality of life among students and the creation of mental models for improving the quality of life of students. At the same time, many websites were followed, where there were information about initiatives to improve the quality of life of students in higher education. The quantitative approach consisted of a survey designed for students of all study years and all study programs at the Faculty of Tourism and Business Logistics. The survey was conducted in December 2018. The survey was voluntary and anonymous. Students filled out the questionnaire in the faculty premises. The sample was made according to the list obtained from the student service at the Faculty of Tourism and Business Logistics (Table 2). In the survey that was conducted in December 2018, out of the total number of 842 full-time students enrolled at the faculty, answers were received from 318 students. The participation of students in the survey is 37.8% of the total number of enrolled full-time students, which is a good basis for analyzing the quality of life results for students from higher education.

Table 2: *Dispersion of results per student year at the Faculty of Tourism and Business Logistics*

	<i>Total number of enrolled students</i>	<i>Total number of surveyed students</i>	<i>Percentage data display (%) per study year</i>
<i>The first year</i>	314	83	26,1
<i>The second year</i>	245	79	24,8
<i>The third year</i>	162	57	17,9
<i>The fourth year</i>	121	99	31,1
<i>Total</i>	842	318	37,8

The survey is a powerful weapon for data collection and is one of the most used research methods, as it is the easiest way to carry out and collect information that arrives in a form that is easy to analyze. The survey consisted of a questionnaire structured in two parts:

Part I: General data (gender, marital status, year of study and study program they study, place of residence, number of family members);

Part II: Indicators for Measuring Quality of Life among students according to the Comprehensive Quality of Life Scale for Adults by Robert. A. Cummins (2003), that is, the part that refers to the subjective quality of life where the satisfaction is measured by the scale.

The instrument consists of a scale for assessing the importance of the indicators of quality of life from 0 to 10. The questions in the questionnaire are compiled for the measurement of 10 indicators selected from the numerous indicators previously applied and discussed by many authors for determining the quality of life of students. By obtaining the results of the questionnaire from the student survey - test for the quality of student life, an excellent basis for a quantitative analysis of the quality of life among students is obtained. In general, the survey concluded that the students surveyed had different views on the research topics, and the asked questions and indicators measured were intended to determine the current level of quality of life among students at the Faculty of Tourism and Business Logistics.

The intention was to identify whether enrolled students were more or less satisfied with life based on an analysis of ten measures we called life satisfaction. Measures that we call the quality of life are:

1. Personal well-being and happiness;
2. Student life;
3. The environment where the student lives (community affiliation);
4. Events during the past week;
5. Intimacy (close relationships with others, friends and / or family);
6. Confrontation with problems that arise in life;
7. Something or more about yourself;
8. Expectations for the future;
9. Type of person;
10. Life in relation to the available aspects.

The importance of each indicator is measured with a 0-10 scale with defined endpoints. Values range from 0 (not at all important) to 10 (most importantly) or from 0 (not at all worthwhile) to 10 (are completely valuable). Satisfaction is measured on a 10-point scale with defined endpoints of 0 (extremely dissatisfied) to 10 (extremely satisfied) or extremely unhappy to extremely happy. The original values are transformed into a standardized form and are displayed in the form of a percentage of the scale maximum (% CM). A total of more than half the points is an acceptable quality of life. The results according to the scale of importance and satisfaction are expressed individually for each scale, and the average result of values is expressed through five satisfaction scales representing the total measure of subjective measurement of quality of life. The instrument has good metric features (Cummins, 2003; Cummins, et al., 1994). In doing so, when interpreting the mean values of the results in quantifying the influence factor, the following scheme was applied: 0.00-2.80 (very low); 2.81-4.60 (low); 4.61-6.40 (medium); 6.41-8.20 (high); and 8.21-10.00 (very high).

The research conducted by the students of FTBL will be presented and directed towards the importance of the psychological health of the quality of life of students measured through 10 indicators. Table 3 presents the aggregate results for questions related to the quality of life of students that relate to 37 particles for assessing the quality of life by 10 indicators.

Table 3: Collective results obtained from the answers to questions related to the indicators for assessing the quality of life of students (average grade)

Indicators for assessment of the quality of life level among students at the Faculty of Tourism and Business Logistics		Average grade
I. Personal well-being and sense of happiness		
1	How satisfied are you with your life - in general?	7,87
2	How satisfied are you with your standard of living?	6,14
3	How satisfied are you with what you have achieved in your life?	7,63
Arithmetic mean of values		7,21
II. Student life		
4	How satisfied are you with your student life as a whole?	7,14
5	How satisfied are you with your life at the University?	7,12
6	How satisfied are you with your control over your own student life?	7,98
Arithmetic mean of values		7,41
III. The environment in which the student lives (community affiliation)		
7	How satisfied are you with life in your neighborhood as a whole (environment)?	5,91
8	How satisfied are you with the level of trust in your neighborhood?	5,86
9	How satisfied are you with your participation in social events in the neighborhood?	6,06
Arithmetic mean of values		5,94
IV. Events during the past week		
10	I was struggling like: " Against the Wind "	5,11
11	I felt gray and lonely	2,84
12	I feel as if I'm not worth much as a person	2,37
Arithmetic mean of values		3,44
V. Relation to other people		
13	How often have you felt lonely?	3,84
14	How often have you felt isolated from others?	3,49
15	How often have you felt that others are around you, but not with you?	4,26
Arithmetic mean of values		3,86
VI. Facing life		
18	When something bad happens to me, I ask others for help and advice	5,40
19	When something bad happens, I'm looking for a way to improve the situation	7,88

20	When something bad happens to me, I use my abilities to overcome the problem	8,20
	Arithmetic mean of values	7,16
	VII. Something more about yourself	
21	All in all, I am satisfied with myself.	5,71
22	From time to time, I think I'm good at everything.	7,13
23	I think I have many good qualities.	8,14
	Arithmetic mean of values	6,99
	VIII. Expectations for the future	
24	Generally, I expect to do more good things than bad ones.	8,28
25	I am always optimistic about my future.	8,00
26	In uncertain times, I usually expect the best.	7,64
	Arithmetic mean of values	7,97
	IX. Type of person	
27	I see myself as extroverted and enthusiastic.	6,90
28	I see myself as anxious and easily troubled.	4,48
29	I see myself as reserved and calm.	6,21
30	I see myself as calm and emotionally stable	7,14
	Arithmetic mean of values	6,18
	X. Assessment of life in terms of different aspects	
31	Do you get what you want from life?	6,90
32	Are you satisfied with what you receive from life in relation to the average of people of your age	7,17
33	Do you have life (do you live your life) that you deserve	6,89
34	Do you have a kind of life that you need?	7,21
35	Are you satisfied with the current situation in terms of what you expected three years ago	7,09
36	Are you satisfied with the situation you expect in the next five year	6,92
37	Whether the life you have now is the best you had, in terms of the past?	6,61
	Arithmetic mean of values	6,97
	Arithmetic mean of all indicators	6,31

Note:

The impact factor is represented visually by color according to the following legend:

0.00-2.80 (very low)	2.81-4.60 (low)	4.61-6.40 (medium)	6.41-8.20 (high)	8.21-10.00 (very high)
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From Table 3 it can be seen that there is a small number of indicators where the quality of life of students is low, and this is related to the issues of trust, socialization and frustrations of the young population. Table 4 presents those indicators for assessing the quality of life of students in higher education who are high on the scale for the quality of life level.

Table 4: *Collective results obtained from the answers to questions related to the indicators for assessing the quality of life level (high and very high) in students (average grade)*

Indicators for assessment of the quality of life level among students at the Faculty of Tourism and Business Logistics		Average grade
Personal well-being and sense of happiness		
1	How satisfied are you with your life - in general?	7,87
3	How satisfied are you with what you have achieved in your life?	7,63
Student life		
4	How satisfied are you with your student life as a whole?	7,14
5	How satisfied are you with your life at the University?	7,12
6	How satisfied are you with your control over your own student life?	7,98
Facing life		
18	When something bad happens, I'm looking for a way to improve the situation	7,88
19	When something bad happens to me, I use my abilities to overcome the problem	8,20
More about yourself		
21	From time to time, I think I'm good at everything.	7,13
22	I think I have many good qualities.	8,14
Expectations for the future		
23	Generally, I expect more good things to happen than bad ones	8,28
24	I am always optimistic about my future.	8,00
25	In uncertain times, I usually expect the best.	7,64
Type of person		
26	I see myself as extroverted and enthusiastic.	6,90
29	I see myself as calm and emotionally stable	7,14
Assessment of life in terms of different aspects		
30	Do you get what you want from life?	6,90
31	Are you satisfied with what you receive from life in relation to the average of people of your age	7,15
32	Do you have life (do you live your life) that you deserve	6,89
33	Do you have a life that you need	7,21
34	Are you satisfied with the current situation in terms of what you expected three years ago	7,09
35	Are you satisfied with the situation you expect in the next five years	6,92
36	Whether the life you have now is the best you had, in terms of the past?	6,61
Arithmetic mean of all indicators		6,97
		6,13

Note: The impact factor is represented visually by color according to the following legend:

6.41-8.20 (high)	8.21-10.00 (very high)
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While Table 5 shows the extreme indicators regarding the quality of life level, from very low to the highest level, as well as the arithmetic mean of the values of all indicators, which is **6.31**, which according to the factor of influence is in the middle zone. The current Measuring National Welfare program uses a scale of 0-10.

Our problem is the individual differences in the use of the scales and how to treat them in the analysis. My view is that life satisfaction on a scale of 0-10 is a constant, not a variable, and it is always around 7.8. Although in Macedonia, the influence factor is 6.31, which means that the satisfaction of the student life is in the middle zone.

Table 5: *Collective results obtained from the answers to questions related to the indicators for assessing the quality of life level (very low, medium, and very high) among students (average grade)*

Indicators for assessment of the quality of life level among students at the Faculty of Tourism and Business Logistics		Average grade
11	I felt gray and lonely	2,84
23	Generally, I expect more good things to happen than bad ones	8,28
Arithmetic mean of all indicators		6,13

Note:

The impact factor is represented visually by color according to the following legend:

0.00-2.80 (very low)	4.61-6.40 (medium)	8.21-10.00 (very high)
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Conclusion

This research seeks to identify the approach by which Macedonian students will become happy and satisfied in the process of higher education. Over the last few decades, stress has become a current term, which is often used throughout the talks, and is known as the main source of everything that happens when it comes to the health and illness of students.

In addition to the fact that a person focuses on his existence, he also strengthens his status, education, new knowledge, and so on, in order to keep up with the progress of this world. At the moment when the human organism with its limitations comes into being unable to overcome all the tasks that life sets before it, the individual comes to a certain state, called stress. Because stress has a significant impact on health and is impossible to avoid, the question is how to deal with it.

It is obvious that academic stress affects the development and level of stress among students, some in larger and others to a lesser extent. If students are stressed, the probability of completing tasks will be less successful. It is very important to know and recognize the signs of stress, because, when they are recognized, they can be managed. It is also important to be able to

recognize the symptoms of stress in other people, so that they can better understand and communicate more easily.

This research should be the starting point for referring and thinking about some other study models to the regular students who are alarmingly exposed to stress, which can negatively affect not only the results of studying, but also the ability to work and even of their health.

Positive effects have those activities that include relaxation techniques, autogenous training, biofeedback, Jacobson's progressive relaxation method, yoga, meditation, and so on. These techniques are commonly used with visualization techniques that the student uses with the feeling that he leaves school with successfully passed exams and a nice day.

Some studies have shown that positive emotions in the body cause effects other than the effects of stress. It is therefore advisable to practice various exercises of positive psychology that improve satisfaction, happiness, optimism, hope. During pauses before and after learning, activities that do not mentally burden are needed. Physical activities are recommended, but they must not be exhaustive in order to have energy to continue learning. It is also an essential element to strengthen self-esteem and reinforce the spirit.

How can students manage their lives?

If students are surrounded by friends, family, and other friendly people, they are more likely to find support for their problems, and might have the opportunity to help others with similar problems.

Find a trusted person who they can talk to and tell their problems, especially when they become unbearable. Most often it is someone from a close family, a friend or a professional who can be trusted.

Maintain a constant physical fitness regardless of whether professionally or not involved in sports in a student's life, any physical activity has a positive effect on the student's mental health.

Incorporate healthy foods in diet with balanced meals.

To make a balance between the duties of the faculty and the private life, especially by putting emphasis on various forms of hobbies, socializing with friends; all that is not related to the faculty.

Faculties should provide pre-requisites for students to have positive first experiences in studying. Too often, a negative experience, such as a confusing enrollment / registration process or hostile personnel will deter the student from enrolling.

Student engagement should be in many and different forms where students openly feel that they are part of the community. Most faculty websites are incredibly confusing when visiting and even for employees. Faculties should engage students on suggestions for redesigning their website and to teach students what information they need most and how to approach them.

Creating groups of students with similar interests on Facebook sites allow same-minded people to approach and discuss together the issues that matter most to them. At the university, these platforms are perfect for students to form close links outside the faculty.

Not all students study the same way, many decide to stay quiet at lectures, make notes and preserve their questions and opinions. With access to online forums, students can continue their learning at their own pace, work together on group projects and exchange knowledge with different considerations about their course topics. Not all student groups are the same, and the role of the teacher is to understand their pulse before applying the teaching method. There are many teaching techniques and strategies that deliver impressive results in improving student learning. The Dean Administration also needs to offer assistance to support teachers in implementing advanced and creative teaching strategies.

With the advancement of mobile technology and digital education, smart faculty software and educational applications play an important role in student life. Parents also have the same responsibility to provide a comfortable environment and productive support to their children to help them have a pleasant learning environment.

The student should not understand life too seriously neither too carefree. In each activity, a certain amount of humor should be included, especially in moments of failure.

The student should make a timetable of obligations. In this way, there will be full control over the servicing of obligations that would be distributed over a timeframe without any additional pressure.

The student should pay more attention to health because long-term exposure to stress will cause negative effects on the health condition. If the obligations are too many, it is not a disgrace to reduce the goals and criteria.

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**MODERN AMONG CIVILIZATIONAL CONFLICTS AND THE TOURISM
CONTRIBUTION FOR PRESERVING AND PROMOTING THE CULTURAL
LEGACY AND STRENGTHENING THE WORLD PEACE**

Ivaylo Vladdev¹; Rositsa Vladeva²

Abstract

The goal of the current study is to define the areas of formation of world civilizations and their religious fundament, to point out and analyze the hearths of modern-days conflicts that arise at the borders between different civilizations and the reasons behind them. The contribution of tourism for preserving and popularizing cultural heritage and strengthening world peace is proven.

In a world that is facing many challenges and conflicts, cultural tourism has an enormous potential for overcoming separation, strengthening vulnerable societies and improving international relations. These days the stress is put on the necessity of the existence of different cultures and treasuring civilizational diversity. Strengthening the cooperation in the field of cultural heritage and the international cultural relations will help for the future development of communication between nations and civilizations and for strengthening peace. These actions will contribute to making our planet a stronger factor for steady growth, peace and mutual understanding.

Key Words: *civilization, conflicts, tourism, cultural legacy, a global problem*

JEL classification: *L83, Z32*

Introduction

The diverse cultural contacts between people are some of the most remarkable manifestations in the contemporary process of communication. They have their roots back in ancient times through the exchange of objects of material culture between primordial tribes and continue in modern days in the large-scale integration of regional cultures and civilizations. Such synthesis of cultures helps in preventing isolation between nations and overcoming the fear of everything new and unusual.

At the end of the 20th century and the beginning of the 21st, the world started changing at an unexpected speed. Cultural expansion is no longer strictly related to territorial conquests. Nowadays economical relationships are immensely strengthened, the global communication network and the mass information services are expanding, the exchange of cultural valuables during different national and international programs is gaining popularity, and the destiny of the nations is merging in the destiny of the world.

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Meanwhile, the world is changing. The confrontation between the East and the West disappeared. But we have to face new challenges such as the economic and financial crisis, international terrorism, ecological threats, the disintegration of multinational and multi-ethnic countries and the founding of new ones, increasing the number of ethnic conflicts and regional and sub-regional crisis situations, the lack of political will for resolving long-lasting conflicts. Human rights and the main liberties are being broken more often and more seriously, the norms of international law are being trampled on and wrongly interpreted. The compulsory decisions of the Security Council of the UN are not always carried out. The acute rivalry between the countries in the economical, the military and the ideological fields is closely related to culture and civilization.

A. Kortunov (2017) defines the newly forming reality as “neo-modernism” and grounds a neo-modernist program as he identifies four main characteristics. They are: nationalism which shows in accentuating on the specific national interests of the countries against the global universalism of postmodernists; a transactional approach towards national politics that resembles interaction with partners and opponents on the international business arena as every participant in the negotiations is trying to get the best of the future deal; the principle of holism that deprives economics of its central place in foreign-political priorities, declaring less important terms as national safety, ethno-cultural identity and state sovereignty; and the principle of historicism according to which neo-modernists are more prone to search for political landmarks in the national past rather than in the global future.

The conclusion that Kortunov made is that for most neo-modernists the problem of democracy and authoritarianism comes second as it makes place for the more important matter about the line between order and chaos in international relations. The problem isn't so much about development rather than about survival, not so much about prosperity but rather about security. (Российский совет по международным делам, 2017).

In the era of globalization, two parallel processes flow – of intimacy and integration between nations and on the other hand – of particularization – of development of national cultures, of their rise at a new stage. Realistically, humanity can't have only one universal culture or civilization. Individual civilizations will always exist in the mega-civilization.

Civilizational approach and contemporary civilization conflicts

Studying culture and civilizations is aimed at forming an idea of the mechanisms of interaction between nature, society and human thoughts in the spatial-temporal continuum. Usually, by culture we mean the human activity in different forms that includes all ways of expression and self-awareness as well as acquired knowledge, skills and habits. Culture is a combination of steady forms of lifestyle people adopted, without which it can't reproduce itself – or in other words, can't exist. All the best that is thought of, spoken and created is considered culture. The term “culture” is also used to characterize social lifestyle from different historical periods, regions, countries and ethnic groups as a whole. In this case the term “culture” becomes a synonym for civilization.

Developed cultural formations that are established in certain spatial-temporal dimensions are called civilizations. It's widely accepted societies that have unique characteristics to be labeled with this term (Veber, 2012).

In the mind of a regular person, civilization is most often associated with the ideal of progress, well-being and is personified as a pseudonym for safety and a comfortable life. It's a complex of multi-disciplinary cultural phenomena and processes whose core is the creative activity of the human kind.

The terms "culture" and "civilization" are closely related with social development and the progress of society. That's why many scholars believe that the cultural and the civilizational level is connected to people's aspiration to high social standards and constant improvement. That way culture and civilization turn out to be everything that was made by humans and becomes their possession. They are seen as life course of the whole society, whose positive experience is being kept and passed on to the next generations.

According to Lobjanidze, Zayats (2013), "civilization is a geographical space that is filled with certain cultural contents. Nowadays the term "civilization" is more and more used to label the sum of certain achievements – historical and geographical, that exist from cultures of all times that have the full rights to be called civilizations" (p. 7).

Cultures and civilizations generalize the whole world by incarnating its unique characteristics. The cultural-civilizational dynamics demonstrate unchanging logic and regularities. From this point of view, the typology of civilizations sparks a remarkable interest.

The civilizational approach views human history as a united process with regular degrees through which every human community goes through. It's kind of like "a philosophy of history". The term "civilization" is used at three levels – global (it means human history), worldly (it means global civilization at a certain stage of its development) and local (it means the biggest human communities – ethnic groups and nations, that are united by a mutual historical destiny, by economical and geopolitical interests, by religion, customs and traditions) (Naydenov, 2017).

The diversity of local civilizations allows humanity to survive and to adapt to the changes in the natural and the social-economic environment. Some of the local civilizations disappear from the global historical arena with no trace, others die out but turn over their cultural heritage to new civilizations, and others emerge and develop. It should be pointed out that for local civilizations that culture is the core of each of them – the combination of values, norms, institutions, behavioral stereotypes, lifestyle, customs, traditions, which are mutual for the ones, inhabiting the territory of the civilizations. Religion is the core of culture.

One of the most remarkable representatives of the civilizational paradigm is A. Toynbee. According to Toynbee (2001), civilizations emerge when a certain human community, as a result of changes in the nature, climate and social conditions, is put in a situation where it can't survive, and when as a result of the challenge, a creative minority appears and discovers a new way of interaction with the environment and a new way of building social relationships. He states that in the 20th century five living civilizations existed, which are in close relations with many other civilizations – dead ones that existed in ancient times and the Middle ages. Except for them, there are two more types of civilizations: still-born ones and civilizations that stopped to develop. Toynbee defined 26 civilizations in total in the development of humanity.

The principles of selection of modern civilizations are controversial until this day. The relations between the nations and the countries that belong to different civilizations in our days are

expanding but that doesn't eliminate but rather strengthens the self-awareness, the sense for belonging to a certain civilization.

It's understandable that civilizations can be defined by objective criteria (history, religion, language, culture, traditions, institutions), as well as by subjective ones (self-identification). They can spread among many countries as the Western, the Orthodox-Christian one, the Islamic, the Latin American, the African or just one – the Japanese one, the Jewish one. The civilizations can be positioned relatively compactly on the territory (Hinduist, Orthodox) or scattered (the Western). The compactness strengthens the sub-cultures in the ethno-cultural region.

The opinion that the spiritual culture is mostly defined by the religion is widely spread. That's why most authors define the different types of local civilizations based on the dominating religion. This approach is used by the American political scientist S. Huntington (2002) for distinguishing the 9 contemporary civilizations. We share his views and we think that there are 10 world civilizations, as we add the Jewish one, that have their own area of formation, religious fundamentals and territorial range (Table 1).

Table 1: *World civilizations*

№	World civilization	Formation area	Religious fundament	Territorial range
1.	Western (Atlantic)	Rome	Catholicism, Protestantism	Southern, Western, Northern and Central Europe. North America, Australia and Oceania, South Africa, Philippines
2.	Orthodox-Christian	Constantinople	Orthodoxy	Eastern Europe, the Balkans, Siberia, the Caucasus
3.	Islamic	Mecca and Medina	Islam	South-West Asia, Central Asia, a part of South-East Asia, North Africa
4.	Chinese (Confucian)	The Great Chinese plain	Confucianism, Daoism, Buddhism	East Asia
5.	Japanese (Pacific)	Japanese islands	Shintoism and Buddhism	Japan
6.	Hinduist	The Gang and Indus rivers	Hinduism	The Hindustan peninsula
7.	Buddhist	Tibet and North-East India	Buddhism	Central and South-East Asia
8.	Latin American	The central and the southern part of Mexico, Guatemala, the Andes	Local beliefs and rethought Catholicism	Central and South America
9.	African	Ancient Egypt, the Nubia area, the middle stream of the Niger river, the upper stream of the Lualaba river, Zimbabwe	Traditional beliefs, rethought Catholicism, Protestantism and Islam	Tropical Africa
10	Jewish	Palestine	Judaism	Israel

Source: A. Lobjanidze, D. Zayats, 2013

Every civilization is different with its own specifics and inner structure. The typological image of civilizations is formed in the conditions of constant interaction. Civilizational contacts flow

in different ways but mostly through cultural exchange. Societies that go through those processes experience a cultural-historical metamorphosis and gain cultural elements that are new for them. That's why modern civilizations have many hybrid elements and parallel structures.

The influence of unique values and attributes and also the ability of each civilization to connect with other civilizations should be taken into account for important typological features of civilizations. In the last decades attention is paid especially to world politics in the conceptions of the civilizational factor.

Huntington's theory (2002) for "the collision of civilizations" is very popular among scholars. His main thesis is that "culture and cultural identity, which in its broadest meaning is civilizational identity, form the models of unifying, disintegration and conflicts in the world after World War II". (p. 20).

World politics themselves are "a collision of civilizations" and the cultural differences are the reason for wars. As a result of that, a new order that is based on civilizations comes into being: societies that have close cultural similarities collaborate with each other; the attempts for shifting them from the conditions of one civilization to those of another turn out to be pointless; countries unite around leading or centrally placed countries of their own civilization.

Confrontation between cultures and civilizations continues indirectly between countries that belong to different cultural-historical types. Differences between civilizations are deep and real and so they are politically important. That's why developing concrete forms of peaceful mutual existence between different cultures and civilizations should be considered an important political task nowadays.

These days, the most remarkable differences between civilizations can be seen on "the lines of failure" which results in military conflicts that lead to separation into countries and regions and also to the spread of international terrorism. One of those "lines of civilizational failure" is the arc of Islamic countries from Africa (from the Guinea bay) to Central Asia with a number of military conflicts: between Islamic and Western (Nigeria), between Islamic and African (South Sudan), between Islamic and Jewish (Palestine and Israel), between Islamic and Hinduist (Pakistan and India), between Islamic and Buddhist (Myanmar) (Table 2).

Table 2: *Modern civilizational conflicts*

№	Borders of the civilizations	Conflict zone	Beginning	End	Root of the conflict
1.	Islamic and Hinduist	The disputable state Jammu and Kashmir in India	1947 г.	ongoing	Separation of the Islamic state and 4 Indo-Pakistani wars
2.	Islamic and Jewish	Palestine and Israel	1947 г.	ongoing	The Arabs that live in the Gaza sector and the western coast of the Joran river are fighting for the founding of their own independent country – Palestine (announced in 1988), and Israel is against that
3.	Chinese and Buddhist	Tiber (Lhasa river)	1959 г.	1960 г.	The desideration of the Lamaist Tibet that was

					occupied by China to separate from China
4.	Western and Islamic	Mindanao island in the south part of the Philippines	1969 г.	ongoing	An armed conflict between the central government and armed groups of Filipino Muslims (“moro”)
5.	Islamic and Orthodox-Christian	Cyprus island	20. 07. 1974 г.	18. 08. 1974 г.	Splitting Cyprus into a Northern (Islamic, Turkish) part and Southern (Orthodox, Greek) part
6.	Buddhist and Hinduist	Sri Lanka	1983 г.	2009 г.	A civil war between the government and the terrorist group “Tigers for the liberation of Tamil Eelan”
7.	Islamic and Orthodox-Christian	The Upper Karabakh district that is inhabited by ethnic Armenians in the territory of Azerbaijan	1988 г.	1994 г.	An Upper-Karabakh conflict between Azerbaijani and Armenian armed forces because of the district separating from Azerbaijan
8.	Islamic and Orthodox-Christian	Kosovo	1998 г.	1999 г.	The separation of Kosovo from the former Soviet Republic Yugoslavia
9.	Islamic and Western	Nigeria	2009 г.	ongoing	Religious wars between Muslims and Christians
10	Islamic and African	South Sudan	2013 г.	2018 г.	An attempt of the Sudanese Arabs to Islamize the Nilotic nations dinka, nuer and bari
11	Buddhist and Islamic	Rakhine State in North-West Myanmar	2016 г.	ongoing	Prosecuting the rohingya Muslims by Buddhists in Myanmar

Source: *author's work*

Problems still exist on the line of the Islamic and the Orthodox-Christian civilization, especially in Europe. There are Muslims and Christians that can't fully embrace the idea of religious pluralism. There still are people who see the differences in others as a danger and even as an enemy. That's exactly why the ideas of tolerance and communication should be popularized. Hate between Muslims and Christians should definitely be overcome by showing that the problem is not the Quran, the Tora, or the Bible, not in the religion but in the believers and the way they treat each other.

Reasons for conflicts between civilizations derive from social conditions – from strong social differences, from poverty, from illiteracy. In most developing countries there is a lack of a political system. Some African countries are even ruled by half-military groups. There are international factors that influence the development of conflicts between civilizations. First of all, we can point out the way of understanding and carrying our globalization all over the world. Now globalization is developing one-sidedly and it isn't helping for equalizing the lifestyle standard of the South and the North. Some analyzers think that borders between nations and

national cultures will disappear because of globalization and a worldly civilization and culture will come into being, and because of that, there is no need to take care for the development and the preservation of our ethnic and cultural identity.

In modern times, the matters of national and cultural identity are of greatest importance. The ethnic-cultural self-awareness defines its political and social role, behavior in society, including steady groups of people that have similar moral and ethical norms. As a result of the processes of globalization, mass migration and mutual pervasion of innovations, which includes cultural ones too, human society becomes more diverse with each decade. The diversity has a few dimensions: ethnic – by language and culture and confessional – by religion and spiritual experience (Table 3).

Table 3: *Changes in the confessional structure of world population in the period 1900-2018*

№	Религија	Световна цивилизација	1900	2000	2018
1.	Christianity	Western, Orthodox-Christian, Latin American, African	34,2	33,0	32,1
2.	Islam	Islamic, African	13,3	19,5	22,7
3.	Hinduism	Hinduist	13,7	14,7	14,8
4.	Buddhism	Buddhist, Japanese, Chinese	7,8	5,9	5,4
5.	Confucianism and Daoism	Chinese	14,0	3,9	4,3
6.	Others	Jewish, Japanese, Latin American, African	16,8	3,0	1,2
7.	Atheists	From all civilizations	0,2	20,0	19,5
8.	Total		100	100	100

Source: *S. Gorohov, 2011 and author's calculations*

At the end of the 20th century and the 20s of the 21st century a few tendencies in confessional life come into being and influence the development of civilizations. First of all, the period from the beginning of the previous century until now is characterized with the spread of free thinking and agnosticism. If in 1900 atheists were barely 0,2% of the world population, in 2018 they are already 19,5%. Secondly, the past century has been an arena of strong competition between confessions. Religious extremism and fanaticism that were forgotten since the times of the Crusades and the Middle ages are returning in the global political life.

By analyzing the data about the changes in the confessional situation of the world population from the last 118 years, we can determine that in the 21st century the religious balance will be characterized by the opposition between Christianity and Islam. Christianity will lead in terms of missionary growth while the followers of Islam will lead in the demographic growth. The main opponents of Christianity and Islam in the 21st century most likely won't be other religions but the ideas of atheism, secularism and free thinking.

Conclusion

Culture and civilizations have a deep substance with vividly expressed humanitarian characteristics and typological peculiarities. These days the world is a conglomerate of cultural-civilizational systems that consist of groups of "related countries". The threat of conflicts between civilizations needs the efforts of the leading countries and world leaders to ensure the cultural-civilizational interaction and steady development of human society.

The attempts to grade civilizations and some of them to be put into the arriére-garde are ungrounded. That causes reactions in different layers, especially in the Islamic world and that's

how terrorism is fed up. We all know the concept of Huntington for the collision of civilizations which was formulated at the end of the 20th century, which was followed by the invasion of the USA in Iraq and Afghanistan. Huntington's supporters already insist that the collision has begun. In reality, however, when we analyze the events, we'll see that this is not a collision of civilizations. We're most likely witnessing a collision between the extremes of the Islamic and the Western worlds.

There will always be differences between religions and cultures. What's important is not to reach a point of collision because humanity has to face many serious problems, which can't be solved by just one country or a group of countries. Those are global issues that have to do with ecology, the nuclear war, pandemic, global catastrophes and natural disasters, global warming, social inequality, education. Cooperation between religions, cultures and civilizations is needed for solving those problems.

Cultural exchange and the activities in the field of cultural cooperation and cultural tourism, including the audio-visual sphere, can contribute for establishing relationships that are based on partnership, for strengthening the place and fortifying the role of civil society, for the processes of democratization and good government, as well as for strengthening human rights and the main liberties. The cultural dialogue can contribute for the intimacy between people and nations, for preventing conflicts and for the processes of achieving reconciliation, especially in the regions that are facing political instability.

Culture is this important element of economics that is based on knowledge and is a field with a strong economic potential, especially the cultural and the creative industries and the steady cultural tourism.

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WINE TOURISM AS FACTOR IN THE DEVELOPMENT OF RURAL AREAS

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Abstract

The rural tourism can be defined as an activity or a movement in which the human from an urban environment goes back to nature. This tourism enables the tourists to relax in nature and to avoid stress that is present in the urban environments. The rural tourism is a broad term that encompasses all the tourist services available in the total areas such as: hunting, fishing, gastro and wine tourism, eco-tourism, health services etc.

Wine and tourism have been connected for a long time. The wine tourism can be defined as a process of visiting of vine plantations, vineyards, wine festivals etc.

The wine tourism is a characteristic type of rural tourism that is connected to wine and depended on the wine, the production process and the wine-growing. This type of tourism is concentrated on the wine, but it also means experiencing the area that is being visited. There are vineyards for this particular aim, which have a specific way of offering elements interrelated to the wine.

Key Words: *vine plantations, wine, vineyards*

JEL classification: *L66, L83, Z32*

Introduction

The story of Macedonian wine is a story of countless characters, tastes and secrets of recipes that have traditionally been passed down from generation to generation. **"It's a story that doesn't know the beginning and the end."** In Republic of North Macedonia, Wine is one of the symbols of the earth along with the Sun, food and endless natural beauty. According to old storytellers that you can meet at the vineyard plantation, the biggest secret of Wine tastes in the Republic of North Macedonia is the Sun that in the regions of central Macedonia gives its specificity to each grape.

When you travel from Veles to Kavadarci, Negotino, Demir Kapija and all the way to Gevgelija, you are surrounded by vineyards and large and small wineries that tell the Macedonian wine a story in a very authentic way their architecture.

In Republic of North Macedonia, in the last ten years, the Wine Tourism has also been developing intensively with the small Wineries that bring you back to the past and the tradition of enjoying the wine story through its original atmosphere. From the capital city Skopje to the South of the country, real small oases with wine houses, wineries and wonderful multi-day offerings for lovers of Wine and Wine Tasting and authentic Macedonian food are already in function.

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General facts about alternative (wine and rural) tourism

Wine tourism is that part of tourism that involves visiting wineries, consuming wine, tasting cheese, as one of the dishes that is characteristic and intertwined with wine. The Republic of North Macedonia is a country with great potential for development of this type of tourism. Some of the Macedonian wineries are working intensively in this direction. The wineries in their offer include accommodation in their facilities in order to attract tourists who would like to experience something different. While staying in one of the wineries' apartments, almost every part that is involved with wine production, grape growing, packaging, sorting, etc. is within reach of tourists and can fully understand the process of making new wine. Some of the Macedonian wineries have a rich and long history. From that point, you can really experience something different than the usual routine vacation that includes beach and lake / sea. The Republic of North Macedonia as a mountainous country with numerous villages, with mild climate characteristics, rich in forests, excellent landscape values, rich hydrography and traditional gastronomic offer has a great potential for development of rural tourism as part of alternative tourism.

Historical development of wine tourism

Since the mid-19th century, wine has emerged as a specific tourist motivator when Grand Tour travelers visit vineyards and taste wine. Then there was the revolution of discovering several factors of travel: the revolution of the means of transport (railway development), the social revolution (middle-aged people looking for quality wines). In 1855, a Gironde wine classification was issued that gives wine and wine regions the identity of a tourist attraction for the first time. In the modern era, wine routes have appeared in the German tourism industry since the 1930s and have developed in other countries in Europe (Rozovic 2015). In the Republic of North Macedonia, wine history dates back to ancient times. The wine in this area was among the favorite beverages of the ancient king Philip II and his son Alexander the Great. There are written facts in history that describe these kings as great wine-lovers. Later in the history the Macedonian wine region is one of the most important for the Roman Empire, where the wine is a particularly valuable drink. With the advent of Christianity in these areas and the symbolic presentation of wine as the "blood of God" wine becomes perhaps the most famous drink at the time. From then on, in Republic of North Macedonia wine has been one of the most produced beverages, and recently wine production has been experiencing a real revival.

Wine tourism in the Republic of North Macedonia has been developing since 2005 when the Tikvesh Wine Route Foundation also started. Wine and rural tourism are closely linked. In the tourism industry wine is an important element for discovering destinations. Wine tourism is about building a connection with visitors during one-day trips or longer visits to one place.

Defining a tourist destination (wine and rural tourism)

A tourist destination is a geographical area in which there are all elements relevant to a vacation (landscape, flora, fauna, climatic conditions, attractions, accommodation facilities, entertainment facilities). Due to this mix of different elements, the traveler selects the tourist destination for his vacation and at the same time the destination is marketed by travel agencies or tour operators. Definition and concept of wine tourism is not available for single access. Most definitions refer to opportunity to experience and motivate tourists. Wine tourism can be as attractive as visiting vineyards, wineries, wine festivals.

Wine tourism is based on wine-related interests, while tourists can be motivated by destination (wine environment) or activity (wine tasting). This type of tourism involves short vacations or outings which are very important for winemakers as it is one of the ways they directly link their products.

According to Getzu (2000) wine tourism, besides wine tasting, also includes vineyards, wineries, wine cellars, participation in wine production, and acquaintance with the cultural and historical customs of the area. Such activities give tourists a certain experience. Wine tourism also complements other forms of tourism offered at a destination.

Wine tourism besides the wine itself includes the experience of the nature alongside its various natural, social and cultural elements. Preserved and beautiful vineyards, natural geographical elements, various wine-related manifestations as a continuation of the tradition that had been held in ancient Macedonia since ancient times, when "Dionysius Days" were held in honor of Dionysus, the god of wine, and the vine, which is an integral part of wine tourism. This type of tourism also includes the senses of: taste (wine), smell (grapes, fresh peasants, village dwellings, restaurants, flowers, etc.), touch (the practical experience of wine production, bottles, glasses, cooking with wine, grape harvesting), type (wine color, traditional festivals, vineyards, local population processing vineyards, etc.) and hearing (bottling wine, glass pouring, wine making equipment). All this affects the development of complementary forms and forms of selective tourism (cultural, rural, etc.).

Rural tourism has various names: eco-tourism, rural tourism, agro-tourism, eco-rural tourism and so on. Rural tourism is a concept of tourism in rural households, which is based on the use of rural space in the context of tourist offers. It is outside urban areas and has no mass form. Rural tourism implies encouraging the development of new tourist destinations. It takes place in rural farms whose livelihoods are based on agriculture, and the surplus of their products is marketed through the new sales channel - tourism.

Wine regions in the Republic of North Macedonia

Wine is one of the most popular drinks in the world and one of the most important ingredients in European and Mediterranean cuisine.

According to the EU climate characteristics and classification, the Republic of North Macedonia is considered as a III-C-b wine-growing zone and has adopted the oenological rules applicable to this zone. The main feature of this zone is that the wines may have acidification but not to be enriched, which corresponds to the legislation and current wine production practice in the country.

In the Republic of North Macedonia there is one vineyard region, which can be geographically divided into three regions:

- 1) Vardar Valley, i.e. in the Central region (former Povardarie Vineyard region) - covers about 83% of total production,
- 2) Western region (former Pelagonia-Polog vine region) - covers 13% of production and
- 3) Eastern region (former Pcinja-Osogovo vineyard region) - covers for 4% of total production.

The three regions are divided into 16 sub-regions (wineries) that are characterized by different production conditions and different production intensities. The largest production of wine

grapes and wine takes place in the Tikvesh region. Tikvesh covers all areas suitable for wine grape cultivation in the municipalities of Kavadarci, Negotino and Demir Kapija, as well as parts of the municipalities of Prilep and Veles. Climate conditions in the region enable successful cultivation of different varieties of wine grapes with all stages of ripening of grapes. The main varieties grown in the region are red Vranec, Merlot, Cabernet Sauvignon, Pinot Noir, Kadarka, white Chardonnay, Bellan, Muscat, Riesling, Sauvignon Blanc, Semilon, Smederevka, Rkatsiteli, Muscat Otonel, Temjanika, Zilavka and Rose Stanusina. The Macedonian wine region has very favorable conditions for growing grapes for wine production, considering that these regions are affected by the Continental and Mediterranean climate.

There are more than 80 registered wineries in the Republic of North Macedonia today.

Opportunities for development of wine and rural tourism

Wine tourism is a characteristic form of rural tourism that is interconnected and dependent on wine, wine production and vineyards. From here the wine tourism infrastructure is of particular importance for the development of wine tourism. Although this type of tourism is concentrated around the wine, it also involves a complex experience of the place to visit. For this purpose, a Wine Route has been established which offers all the attractive elements in an organized way where the wine is the center of attention.

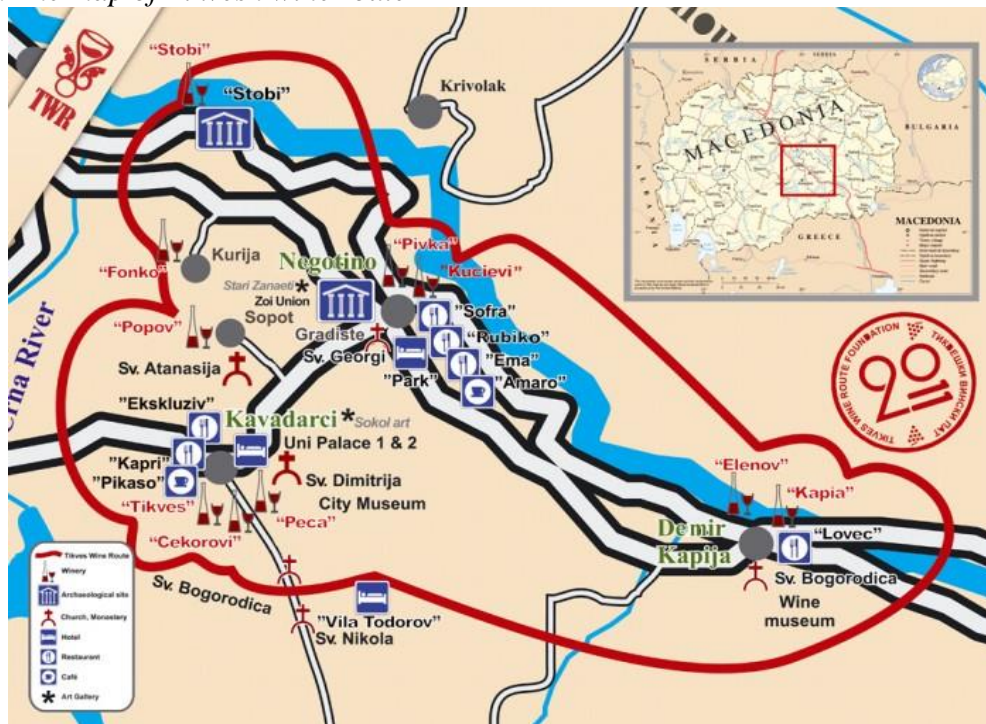
The wine route in the Republic of North Macedonia is established with one purpose and it is the best way to get to know the Macedonian wines. This tour allows tourists to get acquainted with the five Macedonian wineries. In addition to visiting the winery and the farm, they will have the opportunity to taste some of the better wines and be offered traditional food. The first one is the Grkov winery, located in the village of Krnevo, one of the latest wineries in the Republic of North Macedonia. Here tourists have the opportunity to visit the nearby monastery. Before visiting the next winery, tourists have the opportunity to take a short break to visit the Museum of Wine History.

Visitors to the Elenov Winery in Demir Kapija, as well as the Popova Kula Winery, have the opportunity to follow the wine making process. Here tourists have the opportunity to visit the ancient city of Stobi. This city was on the territory of the old Macedonian tribe Paionci, and in the time of Philip II, it was part of the Macedonian state. Then tourists visit the Bovin winery where tourists have the opportunity to taste some of the award-winning wines from Bovin Winery.

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The wine road ends with a visit to the Tikves winery. At the attractive authentic restaurant, along with the Tikvesh finest wines, tourists can taste specialties from traditional Macedonian cuisine as well as amazing international specialties.

Figure1: *The map of Tikvesh wine route*



The wine path comprises the natural beauties and the special space through which it passes; the culture and historical sites, the tradition and the specialties of the wine regions.

Other wine related events are organized, and they are linked to the wine route:

1. Wine Festival - held in Skopje where tasting of several products is possible and simultaneous comparison of quality and taste. The most famous varieties of grapes are presented, the wine categories and their order of service, the correct way of opening the bottles, the wine service protocol and the appropriate combination of certain types of wine and food. Apart from wineries, there are also dairy and meat producers. Visitors also receive a free glass of wine with each ticket purchased. Traditionally this event is held in two periods of winter and summer and is always organized at different locations in the city.
2. Veles Pie and Wine Festival - Traditionally held in Veles municipality every year in October
3. Vinidonia Wine Fair - held annually at the Marriott Hotel in Skopje, organized by the Sommelier Association of the Republic of North Macedonia.
4. Wine Trainings - Established Academy of Wine and Strong Spirits of the Republic of North Macedonia where wine expert organizes lectures in a wine salon. Here tourists will get information about our wines and our wine industry. This is a part of the strategy that the Academy needs to help promoting Macedonian wines and the Macedonian wine region.
5. Promotion of Macedonian wines - The wine in the Republic of North Macedonia has a long tradition and history. Foreign and domestic tourists taste quality wines, promotional material is needed to highlight the characteristics of the Macedonian wine and at the same time the beauties of the Republic of North Macedonia as a tourist destination. All wineries invest in all aspects of the marketing mix and, together with the Government of the Republic of North Macedonia, try to promote Macedonian wine.

6. Organizing workshops - trainings for the local population on how to use their own resources for tourism development and businesses within the project "Enogastronomic Route through Tikvesh" implemented by the Tikvesh Wine Route Foundation with the support of the Ministry of Economy.
7. Tikvesh Vintage, organized by the Local Self-Government of the Municipality of Kavadarci - it is a continuation of a long and rich tradition that was held in these areas since ancient Macedonia, when "Dionysians" were held in honor of the god of wine Dionysus and the vine days". These celebrations lasted for several days and were attended by the entire population (both free citizens and slaves). The ancient Macedonians cultivated and nurtured this culture with great skill and love, as evidenced by the numerous tombstones, mosaics and reliefs at the numerous archaeological sites in Tikvesh. In the Middle Ages, viticulture continued to be nurtured in these areas, with its main centers being church and monastery estates, where the most beautiful wine was produced. With the arrival of the Turks its production stagnated, since the use of alcoholic beverages was forbidden by the Koran. Each year representatives of the vintage are elected: the king, queen and their companions.

The defile is enriched every year by guests: ensembles and art companies from our Republic, the former Yugoslav countries, neighboring countries, Romania, Brazil ... In the evening there are a number of concerts held by famous bands and performers from the Republic of North Macedonia and the Balkans.

Macedonia is a country with great potential for development of this type of tourism. Some of the Macedonian wineries have a rich and long history. From this point of view, you can experience something different than the usual routine vacation which includes beach and lake / sea. Based on the fact that it has ideal climatic and soil conditions, excellent vineyards that produce high quality varieties of grapes and at the same time has investment and private initiative, this enables Macedonian wine to become recognizable and sought after by consumers wine all over the world.

Tourism activities in rural areas for development of wine tourism

The tourist offer of the local population from the rural areas consists of providing the following services:

- Accommodating guests on their own farm
- Offering custom products
- Offering meals from their own kitchen
- Offering drinks from their own cellar
- Food tasting and wine tasting
- Organizing outings in the surrounding area
- Vintage
- Photo safari
- Horse for riding
- Renting bicycles and more.

The most important feature is that food and drinks are produced in a classic and traditional way, and thus the trends for a healthy diet can be followed. The advantage in rural tourism is that local people make a living in their own backyards, where the whole family is actively involved.

SWOT ANALYSIS for wine tourism as a factor for development of rural areas

The SWOT analysis gives an overview of the main points that influence wine tourism as a factor for rural development. It contains four factors:

- The strengths of wine tourism as a factor for rural development are the short distance between different destinations and attractions.
- Weaknesses and disadvantages appear at certain points such as: still relatively unknown tourist destination, weak organizational structure below national level, limited number of accommodation facilities, poor development of tourism products at regional / local level due to lack of knowledge and financial resources, lack of co-ordination of various tourism-related activities at national, regional and local level, no subsidy program for accommodation facilities or tourist attractions.
- Opportunities that will deliver better results First of all, weaknesses and limitations need to be eliminated.
- Threats that may prevent the development and improvement of wine tourism as a factor for the development of rural areas

Table 1: *Swot analysis for wine tourism*

advantages	disadvantages
- You can travel all year round - Short distance between different destinations and attractions, - Organizing trainings for the local population, - Offering rest and relaxation in order to avoid the demands of everyday life - Replenishment of the longer main holiday with the so-called wine tours - Increased leisure time for older "mature" people gives them the opportunity to use this type of tourism and be involved in the process of offering this type of tourism.	Lack of projects that would move wine tourism forward as a factor for rural tourism development, - Insufficient affirmation (ads, flyers, etc.)
opportunities	threats
growing interest in individual travel, - benefits from transit tourists passing through the Republic of North Macedonia, - financing of various projects related to the development of wine and rural tourism, - granting subsidies if certain pre-defined package conditions are met,	- economic instability, - uncoordinated development,

- alternative ways to spend time and money constantly competing with the holidays,	
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The SWOT analysis is designed to show the advantages and disadvantages of wine tourism as a factor for the development of rural areas. Hence, we can see not only the points that we can boast of, but also the critical points that need to be changed in future.

Conclusion

Due to its geographical location and favorable climate conditions, the Republic of North Macedonia has a long history of wine production. The landscape is attractive and can offer new tourist products, most of which will be included in one-day excursions due to lack of accommodation. Wine tourism as a factor for rural development is at an early stage of development. The Ministry of Economy (Tourism Sector), HOTAM and ATAM, the Agency for Promotion and Support of Tourism and the Chamber of Commerce of Tourism should continue financing and developing projects and strategies related to the development of wine and rural tourism.

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REGIONAL DEVELOPMENT AND ITS IMPACT ON TOURISM POLICY-MAKING

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Abstract

The main purpose of the present article is to present and trigger the discussion about the problems of regional development in the present times. An attempt for giving a definition of the specific features and trends in the regional development and geo-urbanism is made in this article. A comparative analysis of the present status of the regional development sciences is made. Also, a methodological assessment of the regional development and tourism peculiarities was made as well as the inter-disciplinary relationships with other sciences have been outlined. The foundations of the regional studies have been highlighted and new possible tendencies for the development of this scientific field have been drawn. A mention of the different branches of the regional development studies has been made while a focus on the problems of the urban development and the surrounding environment was put. Also, the problems of the separate territorial communities and the processes of regionalization were analyzed. Last, but not least the article aims at provoking a discussion on the regional development problems and completing the methodology of the regional studies.

Key Words: *regional studies, regional development, processes, geo-urbanism, science, problems*

JEL classification: R58, Z32

Introduction

The object of the study of regional development planning. In this territory has formed smaller administrative units of different ranks, study their structure and behavior as a prerequisite to understand the core of their vital activity designed mainly through their development and regional development. In our country these distinct areas are subject to our research and ensuing problems with their administrative spatial planning and overall implementation of policies for regional development. In order development has put the settlement structure that forms the basis of the existence and interaction of society and thus offers geo-demographic characteristics of the territory. So the combination population and urban structure highlights approaches and methods for use in the most efficient way of territorial resources, including the potential of poles / development centers. First make attempts to systematize these problems is Varenus (1622-1650), which distinguishes "General" and "special" geography. The difference between them is the focus of special Geography places and regions as broader territory in places. This helps using mathematics to support geographic description. This gives us ground later to assume that planning is an element of polycentric development that takes into account the various ongoing grades as well as in horizontal and in vertical direction and economic processes phenomena stimulating competition in the development of society and cooperation between the major urban centers of each level. In this direction, the purpose of our study is to highlight those processes of regionalization and regionalization that could promote regional development policies and secondly to show deficits accumulated tradition of the structure and management

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of regional communities in Bulgaria. This approach requires in structural terms to conceptual approaches to the problems of the device and the vitality of the national territory on the one hand and on the other side of the evaluation and analysis of selected models of polycentric development and structuring settlements locations corresponding rank and importance. In this direction, we must consider the state variable related to a state of nature and society. Namely their uniqueness makes them well assembled "army" of which human vision can bring powerful new industries and to seek optimal disposition of population. De la Blash tries to explain why in a natural environment has different foods, different ethno-confessional and other structure of the population. In this Carl Sauer direction only survives classical paradigm "to describe the world" and placed in its center the man. It ranks among the humanists in geography to "read" a new way cultural geography. Here comes the pleasure of way of life, including the choice of location for the realization of this life.

The explanation the world can only be done through the use of human experience in finding the right places to life. This is largely related to the delineation of groups of different problems order who are depending on planning the territory and direct depending on its socio-economic base and development opportunities. So regionally take place a number of processes and phenomena whose description having to derive the relationship between multiple input and multiple other surface mines output variables impact on the territory. This allows to make descriptive part acquisition processes and phenomena, or in other words how the existing environment and development scheme. In context of change or when we have external influences affecting the described system and reported on the model, they lead to a change in the territorial plan and perceived impact or input independent variables influencing regional development of the various territorial communities.

The need for regionalization and making regions of Bulgaria

With the accession of Bulgaria to the European Union comes to the fore and the concept of polycentric development of urban structures of countries national and European context. This in turn creates the necessary expectations reducing existing regional disparities and ensuring a level playing field a general economic and social development. An important contribution is the availability of connecting infrastructure quality and capacity. Development of balanced and functional polycentric system of cities is a prerequisite, but also the objective of sustainable spatial development (defined at EU level by spatial planning documents such as the European perspective spatial development (ESDP), the Territorial Agenda of the European Union and Leipzig Charter) in theoretical and applied nature, they are part of territorial systems fall within the field of regional science. The aim of any regional policy (regional economic development strategy) is in search of balanced regional development in which, on the one hand, regional economic differences may play a positive role as far as the differences are always a stimulus for development, on the other hand, do not give rise acute socio-economic problems in regional terms. Returning on spatial development spatial plan of the country holding the settlements, social and economic infrastructure, density and population are not evenly spaced. This due to three main factors that influence in various historical stages in the development of Bulgaria: natural, historical and economic. In fact, back in the nineteenth century the final perceive territorial approach places a as important elements to fill the space. It is alleging Friedrich Ratzel and Hetner imposed by their spatial (Chorological) concept. Both emphasize on the material space by Ratzel develop political geography through the concept of living space, and Hetner "under the laws of beauty" writes about the aesthetics of the landscape and aesthetic geography. The central role of space and the location is seen in the work of Martin Heidegger from the late XIX and early XX century. He sees the world as a home and vice versa. Trying to

"sort" home-based world requirements of nature and reminiscent of the Hellenistic-Roman concepts, where the south means heat and the northern means cold. In the theoretical order, we can assume that authors seek appropriate structure to reflect the existing system, but to change or find problems in it in order to equilibrium and development have to bring to the fore the poles of development in it. Overall the approach to poles of development can be characterized generally as part of spatial / settlement structures that are attractive for investment and living as they have certain properties. It is for example more number and density of population, economic capacity above average, modern transport and technical infrastructure, skilled labor force, representation of sectors with high added value, concentration capacity for research and development and higher education institutions (Colleges and universities), potential for innovation. On the other hand, we can accept the thesis of leading regionalists that there are existing development axes for Bulgaria as a developed transport and communications infrastructure. These are Sofia - Varna, Ruse and Burgas - development axes that are formed as a result of previously established economic relations with the countries of the former Soviet Union. The new economic realities and the development of our relations with EU countries suggest the formation of further development axes in the direction of Western Europe as an emerging major trading partner of Bulgaria. Of course, the new geo-economic realities give us reason to conclude that for Bulgaria more important is the movement in the direction of "North-South", part of which can emerge from the economic interaction between Sofia and Thessaloniki - with further direction to Athens. Remains current and direction of „East- West" and especially Sofia-Nish- Belgrade and Budapest on the north and west of Zagreb. Continuation of this axis of development in the opposite direction Sofia-Istanbul toward the Middle East. The question is which of the two strands has a greater significance. So another economic axis with a particularly positive outlook and growth potential can be found in the construction of the third bridge at Silistra, which will have important multilateral positive effect. It should be noted that direction Silistra-Shumen-Yambol- Lesovo Istanbul, is also called to build a strong infrastructure newly established axis for economic development of the entire Northeast region planning, and later found a sequel in Razgrad Rouse, Bucharest and Budapest to Central Europe. Necessary economic prerequisites for the rapid development of these new axes are present, but their implementation will depend not only on economic but also of political cooperation in South Eastern Europe. The construction of these new economic axis's of development involves the improvement and expansion of infrastructure of trans-European transport corridors. In practice in Bulgaria pass routes 5 of 10 transport infrastructure corridors. In order pragmatic development of Bulgaria's infrastructure is the key to future regional development of our territory. In practice, only the construction of the infrastructure is not enough, it is necessary to proceed to a region-creating of the country. So from an economic point of view the present and future development of regional communities goes through the process of zoning the territory and creating opportunities for economic development through respective cores and axes and poles of regional development. In this respect the role of socio-economic zoning is to establish differences in the territories and to propose measures for their solution, to rationally exploit the potential of areas with the aim of improving people's lives. In this respect it is worth to take into account the analysis of place setting of Boyadzhiev who takes "place" is a key concept for the concentrate location. Using the human experience space becomes a place, which means that you specify. There is a need for an assessment of ideas for space. Another important feature on the process of areas are border areas. Border mutual influences of the surrounding territory. It is a linear or area in which the transition is not abrupt. And in both cases is an important contrast between foreclosed natural or social phenomena. As the contrast is greater, the greater is the dividing function of the boundary, and vice versa. Border classic is the antithesis of the center, but with minor differences between separation phenomena she could play the role of center. The creation of EU traditional centers of countries

in Western Europe are far from borders and border territory LDCs. Today, the situation is just the opposite and interstate Grannies are places attracts population and economic activities due to the possibility to enjoy the strong resources of neighboring countries. The structure of the spatial organization of society interacts spatial / geographic / division of labor processes equal formation and complexation. The territorial division of labor is closely associated with spatial differentiation of natural and socio-economic conditions, the territorial concentration of production and population spatial specialization and economic structure of the regions, development and placement of production and social infrastructure, the use of labor and migration of population the integration of labor, the cultural aspect and the provision of ecological balance. Diverse forms of spatial organization of society and their components determine the need for research on various regional numbers of sciences: economic, social, geographical. The specifics of the social economic geography are defined by integrity, approach to learning objects. Unlike the sciences dealing with different components and functionality, argue publicly-structural formations, she studied production and territorial complexes and socio-economic systems. They last appeared main form of spatial organization of society.

The features of zoning and regionalization as processes

Under socio-economic territorial system means economic and socially efficient combinations of interrelated elements of society, purposeful functioning of a particular territory as units of public / in that direction and territorial division of labor and integration of labor. Main elements of the socio-economic territorial systems appear objects of material production, non-production sphere and demographic resources. In this population and objects of the service sector relate to social and sites mining and processing sphere - to the economic elements of the systems. Both a social and economic element of the system can be viewed workforce. In terms of public consumption, the workforce has a social character, but from the standpoint of production - it is an important economic category. In all socio- territorial systems economical seen or population in connection with the holding or farm on population. The system has certain territorial scope. The area serves as a protection, securing space community social and economic elements of the system, thanks to which it differs from other structures on the specifics of development and management. With a territory are linked and characteristics of natural conditions and resources, which are the basis for the development of demographic and economic processes. Thus socio-economic zoning developed in two main areas: scientific objectives and implementation of practical skills in the areas of implementation of a targeted policy and proper management. Issues of socio-economic zoning have always been the subject of study by the Bulgarian economic geography. The first attempts to zoning on the territory of Bulgaria were made by Anastas Beshkov in 1934. It offers country be divided into seven economic regions: Western-Myza, Middle- Myza, Eastern- Myza, Sofia, Pirinski-Thracian Rhodope and South. The next stage in which it is proposed to have a new economic division is the period 1952 ÷ 1953. Formed conference BAS featuring a wide range economic- geographic express the view that "economic division of the country does not match the existing scheme of administrative-territorial units' districts and municipalities." Of discussion Acad. Beshkov again proposed scheme for the area 7 of 1934. That imposed by Ignat Penkov, which supports the view that "administrative-territorial units" counties "are economic development, in other words there is coverage of the administrative units with economic development. Another scheme that is offered is that of Tyanko Yordanov from five economic regions: North, East, South, Mariska-Rodopi and South. A team led by Hristo Marinov offers country to be divided into three regions: northern Bulgaria, western Bulgaria and Southern Bulgaria. Intensive development and studies conducted during 1956 ÷ 1960. The results of the research are published in the "Geography of Bulgaria" Volume II in 1961, And "Economic zoning of NRB", 1963. By offering a total 10 schemes zoning,

which include production, demographic and socio-economic activities and more. Another scheme that should be considered in this study is on the lower hierarchical units: sub-regions and micro offered by a team of BAS (1983). For micro accepted former districts, the current municipal centers. Studies in which were proven all above listed hierarchical units, mainly from 1965. until 1985. As a final result of research and analysis led to the formation of the nine socio-economic areas: South-eastern, Western Up- Thracian- Rodopski, Eastern Uo-Thracian-Rodopski, South-eastern, North-eastern littoral, North-eastern near-Danuabe, and North-western team of BAS (1989). To reduce the critical minimum the negative effects of improper and irrational administrative division is looking for new models and approaches both at national and at regional and local level. It became increasingly clear that implementation of most departmental and sectoral policies to solve these problems throughout the country do not give the desired results. Therefore, their solution is already looking at cross-industry level through the use of instruments and mechanisms of regional policy. Regional policy has pronounced integral character.

Approaches to regional spatial planning of the Republic of Bulgaria

Regional development is the science of management, administration and the economy of the territory in terms of establishing functional patterns of territorial development. The center of the system is surrounded by concentric sector-functional area. When approaching the limits of the system reduces the number of functions in the field. By moving away from the center of the system, the field shows high selectivity spheres of human activity and is the smallest functional load. This approach is associated scheme for the diffusion of innovation / concretization of statistical regularities / a Swedish scientist Haogerstrand known later as a model "center-periphery". Territorial systems such as spatial forms of life of the community are characterized by hierarchical subordination. The taxonomic status of each system is measured on the basis of the analysis and synthesis of system-connections. In manifestation of hierarchical taxonomists into account all types of connections as only their combination forms an organic integrity system. Usually separate macro, meso and micro. All these levels of ranks include several administrative-formed and unshaped taxonomists. It should be noted that no such effective methods for objectively determining the amount of levels in the hierarchy of systems of every kind. In existing proposals for structuring systems are used heuristic methods based on expert assessments and quality characteristics for the operation of a particular system. Therefore, depending on the purpose of the study of one or another structure may be separated different amount hierarchical subsystems.

In 1959 committed new administrative-territorial division of country. Overall it was dictated by the objective processes of social economic development of the country. Many experts agree that this reform is not the most successful, as Dimitrov (2015) considers that "most of the county centers are settlements with established administrative functions, exercising considerable gravitational potential in terms of territory adjoining. This is evidenced by the fact that most of them (109) are scientifically proven in making the 70s of XX century." Mentioned above author brings new administrative structure and the territorial division of the existing 14 counties of 30, including 3 cities: Sofia, Plovdiv and Varna. The number of municipalities reaches 979, which they are divided into urban and rural, and are formed on the principle of existing over 5300 settlements. In 1964 the districts of Plovdiv City and Varna city were closed after which until 1987 their number was set at 28 totally 19. In practice in this period the foundations of progressive centralization of government because 14 district cities are more developed than county centers, they also have opportunities for sharper industrial profile. The increase to 28 county towns leads to overestimation of 14 district centers and clean additional load them with

economic and social functions, and the rest district centers are assimilated to municipalities and naturally they go to decline and fall under gravity of the regional centers. In this period actually strengthens and bureaucracy in county towns and they increasingly resemble administrative centers and begin to reduce the economic importance of pull-economic development of the country. This may largely be regarded as a controversial decision, mainly due to an increase in the concentration of responsibilities in the municipal center and reduce the flexibility of local government. The number of municipalities was established in 3984. In the areas delegated only certain features of supra-municipal significance - mainly control and coordination. In practice, the reduction of 979 municipalities of 249 sets new problems for the regional development of the country due to the fact that municipalities in this period have already built socio-economic profile in consolidation quickly loses accumulated branch connections and flexibility territorial communities and become stunted incumbent to practice effective self-government. The new communities are a juxtaposition of purely urban areas to rural areas, which sets new sets of problems in transition after 1989 for sustainable form of local government. In order to develop a territory, it is necessary to help solve economic and social problems in the area. So after 1990 think about the return of a large number of municipalities in the range of 545 and linking them with branch and economic nature, as the smallest municipalities should not be less than 2,500. Work is also on view to introduce 45 districts and 14 regions, but ultimately selected model introduction of 28 districts and 265 municipalities. As with the adoption of the new Constitution from 12.07.1991, the start to adopt and packages laws governing local government and regional development in Bulgaria. In 1999 was adopted and the Law on regional development 21 in which define the object, the object and purpose spatial and territorial management of our national territory. Regional Development Act is the formal mark a new stage, which seeks to solve the main problems of regional development policy and conceptual transition to integrated, financially secure and publicly proclaimed and observed regional policy.

So today the Republic of Bulgaria occupies an area of 110.9 thousand. Square kilometers at the end of 2016 has a population of 7.23 million people. Bulgaria is divided into six planning regions (NUTS 2 level), 28 districts (NUTS 3) and 264 municipalities (LAU 1). According to the European typology of "urban-rural" areas, 15 areas are mostly rural, 12 - intermediate, and only one is established as a predominantly urban area (Sofia-Capital). Mostly rural area has 59.49 thousand sq. Km and a population 2719 thousand people but intermediate - respectively 50.13 thousand sq. Km and 3263 thousand. People (Table 1). The population density in mostly rural areas is 47 people per square km, and is similar to that in the EU-27 (51 in 2011). The population density in the intermediate areas is 67 people per square km, and is much lower than the average for the EU-28 (108 in 2015).

It is aimed at establishing rules for the allocation and use of funds for regional development and settlement of relations between the agents of regional development and the creation of conditions to meet the requirements of the EU's regional policy. Law should be viewed not as an end but as a beginning of a long and difficult process. It was followed by the development of a significant number of regulations, establishment and strengthening of a new institutional organization, carrying out intensive process planning. At national level, ultimate responsibility for the formulation and implementation of regional policy is the Council of Ministers. He adopted the National Plan for Regional Development (NPRD) and the National Economic Development Plan (NDP) annual report on the implementation of the Regional Development Plan and its update sets special impact areas, the coordination of central and local executive authorities and their administrations. Members of the Administration Council of Ministers is a separate Directorate "Regional Coordination", which supports the government and provides methodological assistance to local bodies of executive power, prepares opinions on regional

development projects and others. "Economic Policy" and "European Integration" coordinate and monitor implementation of the national plan for economic development and national investment programs and participate in the preparation of programs financed by the EU. For coordinating the regional policy at national level a Council for Regional Development Council of Ministers, whose members are the majority of ministers, regional governors and a representative of National Association of Municipalities in Republic of Bulgaria. The Council shall coordinate NRDP prior to its submission to the Cabinet and coordinates the activities of ministries and agencies with a regional character, coordinates the annual plan accounts extra budgetary funds pronounced impact on regional development consider major infrastructure projects approved allocation of funds to build roads and municipal roads and others. Central role in formulation and implementation of regional development policy has Ministry of Regional Development and Public Works. It implements the state and develops policy objectives and priorities of the state strategy on Regional Development, organizes the development, implementation and control implementation of the Regional Development Plan submitted to the Council of Ministers an annual report on implementation the plan renders methodological assistance to other authorities in the development and implementation of NRDP. At regional level the main responsibility for conducting regional policy and coordination of national and local interests is the governor. It implements the state policy; coordinate the work of the executive authorities and their administrations region and their interaction with the local authority; organizes the development and implementation of regional strategies and programs for regional development; interact with local authorities and local administration. Regional governors interact also with the territorial structures of trade unions, employers' organizations, organizations for social protection and NGOs. In performing its functions, the governor is assisted by departments of regional development in regional administrations (which tend to have 3-4 employees). In regional centers were established territorial units of the Ministry of Regional Development and Public Works (Works) (with 1 employee) that support the planning, coordination and control of implementation of the plans. As regional administrations and territorial units of Works have very limited experience in programming, implementation, monitoring, funding of programs and projects for regional development. Municipalities play a specific role in regional planning and implementation of regional development policy. As a self-governing administrative - territorial units they are autonomous bodies to manage and own, albeit limited financial resources. Local authorities are the main generator of ideas, initiatives and regional development projects, a key partner of the central authorities in the preparation of regional development plans, including and through the participation of their representatives in district councils for regional development commissions for economic and social cohesion in the planning regions and nationally - by a representative of the National Association of Municipalities in Republic of Bulgaria in the Regional Council Development Ministers. They are particularly suitable partner for attracting private sector and NGOs to participate in the development and implementation of regional development projects. Strengthening the capacity of the control of Regional Development is a strategic necessity for the improvement of regional development policy. Improving coordination and partnership between the participants in regional development is also essential to streamline their collaboration. Regional and District Development Councils have significant functions in the strategic planning of regional development, monitoring and evaluation in implementation of regional development plans, coordination of strategies Development of the fields and in the process of regional coordination implementation of operational programs co-financed from EU funds affecting the development of the regions of Level 2 and Level 3.

Expanding the functions of regional and district development councils and their participation in the development, updating, monitoring and evaluation of strategic planning documents –

regional development plans and regional development strategies, impose the need for expert studies of the administrative and management capacity of these socio advisory authorities to conduct state policy for regional development, as well as other authorities, bodies and partners at regional level. Within the meaning of this law RDA since 2008. 23 regions are formed on the basis of their geographical location and population. Areas that form level 1 do not constitute administrative-territorial units and are as follows:

1. Area "North and South Bulgaria", including the Northwest region, North Central Region, Northeast Region and Southeast region;
2. Region "Southwest and South-Central Bulgaria", including the Southwest region and the South-Central Region.
- 3.

The areas that make up level 2 do not represent an administrative-territorial units and territorial range as follows:

1. North region including the districts of Vidin, Vratsa, Lovech, Montana and Pleven
2. North Central region, which includes the regions of Veliko Tarnovo, Gabrovo, Razgrad, Ruse and Silistra;
3. North region including the districts of Varna, Dobrich, Targovishte and Shumen;
4. South region including the districts of Burgas, Sliven, Stara Zagora and Yambol;
5. South region including the districts of Blagoevgrad, Kyustendil, Pernik, Sofia and Sofia;
6. South Central region, including the districts of Kardzhali, Pazardzhik, Plovdiv, Smolyan, and Haskovo. Based on this classification, the Republic of Bulgaria is divided into three levels: NUTS1 covers both territorial areas of North and South Bulgaria and Southwest and South-Central Region; NUTS2 covers six statistical areas (North, North Central, North, South, South Central and South region); NUST3 28 administrative territorial districts. Locally LAU1 265 municipalities and 231 belong to rural areas (2016).

It should be emphasized that interest in the regions and in particular to regional studies have from larger countries of Western Europe, Germany, France, Italy, England and others. Activating the "regional ideas" on the continent is reported in 1996, when during this period in Europe there are over 300 different region territories, political and administrative management with a population of over 400 mln.d. In the adopted "Declaration on regionalism in Europe" is the concept "remote" regions to submit their institutional frameworks countries. The initiator of this event is the Assembly of Regions in Europe and seeks to affirm the "Declaration" is not so much about Europe as elsewhere. The formation of regional policy within the European Union is to achieve the necessary pace of sustainable development to reduce structural disparities between regions in the EEC / EU and accelerate the balanced development on territories within the whole European area. It follows that all targets and tasks related to regional policy is based on the concepts of cohesion and economic cooperation between member states.

Structuring and features of zoning of rural areas for tourism making

In a sufficiently long period of time rural population was crucial for the overall development of the country. From Liberation to the first years after World War II, Bulgaria retains the agricultural character economic development of Bulgaria as its dominant importance is agriculture population. During the same period, there is rapid growth of its cash lasted until the mid-twentieth century. At the census in 1946 the rural population reaches its absolute maximum of 5 294 thousand people, which compared with Census in 1887, representing a doubling of its numbers. This requires searching a look of important strategic dependence of the structure of

the population and rural areas in the administrative and territorial unit of Bulgaria. Practically rural areas are areas that are not urbanized. They are low-density population and typically much of the land is occupied with agriculture. After the start of the accession of Bulgaria to the EU is to create strategies and modernization of existing contracts and accepting programs of territorial development. In this regard EEC / EU pursues a policy of rural development for all member states. Rural areas in the EEC / EU occupy more than 90% of the territory and are home to approximately 60% of the population. Policies pursued by the EU Rural Development aims to support a significant proportion of the rural population of the Community. Many of these areas are facing major social, economic, environmental and infrastructural challenges. Business activities and operating enterprises, employment in rural areas, agriculture and forestry are still not sufficiently competitive. By 2011, the country and in other countries in EU rural areas were selected on a single indicator, namely the population of the main village not exceed 30 thousand residents. In the same year introduced a new, more complex methodology requiring digitization in the country and the determination of geographical population density on territorial cells. Difficulties application of the new method can lead to the delay or return of administrative approach in determining rural. In literature the term "rural areas" is considered individually by given their specialization aimed at developing activities related to the agrarian economy. The formation of rural areas is carried out under the influence of certain factors: location, agro-climatic, ecological, socio-economic, geo demographic, policy formation, infrastructure and others. These areas are in a continuous process of change and development depending on their location, proximity to large social and economic center, metropolitan areas, availability of technical and social infrastructure and others. In terms of terminology and the formation of "Rural areas", there are various explanatory and opinions. In the European Union for rural areas adopt territorial units have a population density of 100e / km² or share of agricultural employment equal to two times higher than the Community average for any year after 1985. Developments in socio-economic objectives of a particular EU country affects the overall development of rural regions. The most general by the term "rural area ... means: certain small administrative units that have population below the threshold for urban area ... ".

New projects to improve regional development tourism policy in Bulgaria

In territorial terms Bulgaria may adopt a project approach as efforts focus on building large infrastructure enable regional connectivity in North-South direction, and then to focus towards the development of regional economy. This can be done by attracting strategic investors or creating conditions for support productions specific regions of the country that give appropriate branch and specific model of regional development. Largely in spatially impact should start from the Danube coast. Looking more globally at the concentrate of Bulgarian Danube coast as part of the national territory is necessary to bring out its specific characteristics of the coastal territory associated with geopolitical and geo-economic dimensions. Development of the route of the 7th Euro corridors in the region. The most important elements in its infrastructure development and functional linkage Danube ports of Silistra, Ruse and Svishtov. Their technical and technological modernization will allow in the region to develop intelligent transport systems and combined transport in transport -More Atlantic destinations from the Rhine-Main-Danube in the Black Sea for Caucasus-Central Asia and the Far East to the Middle East and North Africa. Important component of its infrastructure development is building a parallel (in along the river. River) high-speed road, which will be very important for economic linking the Danube riparian areas of the district. For the realization of projects on this route it is important that participation and Danubian municipalities in the region in the implementation of the EU Danube Strategy. In this direction is need to go to create a legal opportunity for

development in the Black Sea and the Danube private ports. Simplification of procedures in the construction of new ports and expanding existing ones. The abolition of the institution of the right to use water body. The main problem standing in front of building new or expanding existing public transport ports and ports of art. 107-109 LSSIWPRB (marinas, fishing ports and special purpose) is rooted in the status of the seabed (and the bed and the flood plain of the River Danube). The seabeds are unquestionably state property (not exclusive) and therefore falls under the prohibition of Art. 7, paragraph. 1 LSP to be burdened with rights of third parties. This determines the inability for the construction and expansion of the port, which is not owned by the state. Since the business has clearly manifested the desire to overcome existing legal obstacle currently is absolute, for construction of new or expansion of existing ports - municipal and private property. For example, in Silistra is necessary to build new grain port on the Danube. River at p. Aydemir near Silistra. The size of the port terminal should be at least 4 berths and storage silo with a total capacity of 68 000 tons. We need the government to commit to building a new inlet and path asphaltting of part of the existing to the future port terminal. The planned turnover volume of grain is 150,000 tons after the start of operation at full capacity of the base. In these amounts will be 70% cereals and 30% oilseeds. Upon adoption of any legislative approach to overcome the problem is to find a balance between public interest and the private interest of investors. Possibility, people who wills to build a port with a property which is between more owners is more than acceptable for the safety and security of shipping and the macroeconomic logic. To overcome this problem the state should at some point to withdraw the rights to build new ports, which would mean adopting approach "first in time is stronger in law." This approach is fully in line fair competition and do not fit fully into the modern community. Another possibility to overcome that disadvantage is the creation on objective criteria, with the result that it can be determined which owners to grant rights and which - not. The state can hardly control the process through detailed development plan for violations macroeconomic logic can hardly become a reason to give up coordination of the plan. Strategic importance may have Northeastern Bulgaria. First it has to be renovated and double railway line Ruse-Varna and turning and speed highway and railway electrification. Samuel-line Silistra, while seeking an opportunity to build speed road in the direction of Silistra-Shumen-Rishki Pass-Karnobat. An important condition regional development is the certification of airports in Targovishte and Silistra in international terminals for cargo and low-cost civil flights. That intentions Bulgarian state must structure a new Economic Development Plan for the period 2020- 2030 year as special attention is given to Dobrich, Silistra and Shumen regions as areas that can quickly become regions with sustained economic growth. In this direction it is necessary to pay special attention to North coast. Emerging new challenges, especially considering the emerging new pattern of regional relations mainly in direction "North-South" requires the search for new creative solutions for regional development. Recently seriously raises the question is building new port terminals can therefore assess the feasibility of the implementation of the second industrial port in the Northern Black sea coast. Localization such port may be mostly about Shabla, but this cannot happen due to the inclusion of this area within the "Natura 2000". However, this can create conditions to be realized natural extension of the European Transport Corridor №8 from Varna to Constanza and eventually to Ukraine Moldova. On the Romanian side is good to finish the highway Constanta-Vama. Now and the Bulgarian side to create a link from the Hemus highway after Aksakovo over Balchik towards Romanian border and connect to Romanian pathway in the border. The realization of this project is necessary in order to strengthen transport traffic on 8th Euro corridors within the country through the port Constanta Bulgaria to be integrated into this new geo-economic area. For similar project and its realization is appropriate adoption of new spatial development solutions. This means that apart from the construction of express road is necessary and modernizing rail links in the direction Dobrich- Kardam-Constanta mostly through its

electrification and increasing maximum speed of 140-160 km. A significant role in the regional development of the country may have Ruse. Reason for this is that the strong gravitational potential of Ruse, which has strong implications with Razgrad, Svishtov, Levski, White and Municipality. This gives grounds to appear on the spinning plan Ruse need to have a real gravitational potential to influence the dynamics and direction of movement labor resources (labor force), the direction of the dominant vector of both cultural and educational ties, and those under the administrative, legal, communal services to the population in North Central Region Planning. Overall strengthening the role of Ruse could be regarded as logical and reasoned. Ruse has crucial update on the construction of the route of the 9th Euro corridors in the country. In this respect, the update of the master plan of Ruse mainly construction of new railway track to Danube Bridge I, which is displaced by urban area also planning a new bridge to replace the old facility in the coming 15-20 years. Then it is important that building speed road Ruse - Gorna Oryahovitsa on a new route to mine outside urban areas and settlements. In the new conditions necessary Gorna Oryahovitsa to become a major transport hub in northern Bulgaria where you meet "Hemus" highway, alternative paths to Pleven and the need to build new express road in the direction of Upper Oryahovitsa- Lyaskovetz-Sheremetya-Malak Chiflik Debelec to be carried traffic along Veliko Tarnovo. In this part the most important turns detour of Gabrovo and construction road tunnel under the Shipka Pass. In practice, infrastructure development Central Bulgaria the route of the transport corridor will directly and indirectly influence on the whole of northern Bulgaria, and later it will name direct relation for the technical modernization of ports Somovit, Belene, the route of road, road Nikopol-Pleven-Lovech-Troyan and multi multi highway tunnel Troyan- Hr. Pole. So, it will give a new horizon of transport and urban axis through extra modernization and construction of high-speed road Ruse- Byala- Pleven Jablanica. In practice, economic specialization in the central parts of Northern Bulgaria is strengthening the role of engineering industries, chemical, food and light industry. Their technological and territorial restructuring takes place and they have prospects for development due to its territory of important factors for sustainable development of the processing industry: according to production traditions of the population in the period of economic transition, developed resource base and availability of markets for their produce. At the same time the region has extra need for development of agriculture and agribusiness. In Northern Bulgaria there was a clear specialization and zoning in the development of vegetable (near Danube's areas and along the rivers Yantra, Ruse Lom, Osam, Vit), grain (northern and central areas, Danube plain, Ludogorie), cultivation of perennial crops and potatoes (area of the region), the development of environmentally pastoralism (Fore and Stara Planina). In South Bulgaria it is necessary to pay attention to improving on the main road. Road between Highway was built south in the foothills of the Balkan Mountains to connect Sofia and Burgas. This is the shortest route between two end points. There is great economic importance for the development of infrastructure, industry and agriculture in the settlements of this region of Bulgaria. The transition between Sofia Plain and Zlatitsa-Pirdop valley is done with the mountain pass through the saddle Galabets. For its construction was used and the favorable earthy relief Balkan valleys between the Balkan and Central Forest. In this direction it is necessary to create conditions for economic interaction on both sides of the Balkan Mountains mainly through the establishment of joint factories and companies, as well as putting the competitive advantages of settlements in both parts of the mountain. This means at national level according to changes in the Law on Regional Development to draw up a specialized program for the development of the Balkan region. This effectively means Putting municipalities as Berkovitsa Republic, Tryavna Kazanlak, Pavel Banya, Elena, Kotel, Sungurlare, Troyan, Karlovo and others to deliberately influence on their regional development and measuring the priorities for their regional economy. In this direction we can go towards the development of regional industrial clusters to consolidate further economic territory of the

Balkan region. This means that the utilization of cultural, historical and natural-resource and potential for the development of regional economy creates opportunities for investment and construction of facilities that may have significant potential, which is a prerequisite for sustainable development of regional economy. The economy in South Bulgaria was marked by ups and partial standstill. Positively affected major infrastructure projects south of the Balkan Mountain proximity to Greece and Turkey led to significant investment flows in the region, the crisis hit hard and southern regions. But lengthening recovery after her most of the new jobs were created in the southern part of the country. Economic development of South Bulgaria was supported by projects such as highways "Maritza", "Thrace" and "Struma". However, in economic terms more back to its European neighbors and the three southern regions. Focus if toward the most developed area of our Southwest region, if you look at areas shows that only in Sofia there is development, and the rest as Blagoevgrad, Kyustendil and Pernik or worsen, or have stalled. At the same time the analysis of socio-economic indicators for the implementation of regional plans developments indicate that southern regions have serious economic change. On terms of GDP per capita is not noticed a steady increase, and more rather, there is a standstill. Measures taken to attract foreign Investment retaining investors is difficult in some areas. There has been growth revenue from tourism, which is a positive indicator of increased tourist interest to Southern Bulgaria. However, this is not very helpful to our economy because demographic problems are exacerbated (emigration and aging) the employment rate of the population decreased by 3.3 IP. Points for the last years and continues the negative trend of increasing unemployment in South Bulgaria. To the extent we can say that noticeable improvement region, which has averages in almost all major indicators compared to six regions in the country. In terms of the GDP and Gross Value Added (GVA) regional economy registered and stability resistance close to the average in the country. Market growth, market size and access to international and regional markets are among the most important factors that influence the choice of location for investment by companies, followed by the quality of the business environment, including the availability of skilled labor, suppliers and adequate infrastructure. Embedding Bulgarian regions in the economy at the international level can be done by delivering products at competitive prices without sufficient and good quality electricity, telecommunications and transport networks and without the presence of other key factors such as mass access to drinking water. This means that regional development of Bulgarian territory must have its focus and adequacy, and leads to improved well-being of our environment. So that the participation of large corporations in concessions such as "build - acquisition - service" or management contracts to become real and to create conditions for permanent presence of economically active persons in the Bulgarian regions to be develop branch and specialized Bulgarian regional economy.

Conclusion

The aim of conducting regional policy is related to finding opportunities for purposeful impact on the territory through tools and activities that should highlight the regional development as a national priority of the contemporary modern state. *Practically regional development means a balance between the priorities of municipalities districts and planning regions and search for the most important issues for them solving related to national priorities and understandings of development regions as separate territorial communities* In practice, the creation of conditions for balanced development of different regions of the country and support territorial bodies and activities through financial, credit and investment policy means that regional development must be the foundation of regional economy and outlines its contours through effective policies regional development. This can be a sufficient condition for our country to be suitable for foreign companies along with stable tax policy and lowest Europe's corporate tax rate of 10%.

As a positive fact can be mentioning that there are 600 million euros invested in production facilities, but necessary good infrastructure to facilitate investors. It is expected to simplify the bureaucratic procedures for large investors and long-term programs return to the country of Bulgarian specialists. Therefore, conduct policy regional development is an important strategic task of the government especially CS villages and small towns (population) remaining outside the national definition for rural areas should enjoy the same rights and opportunities for social, economic and financial programs. This should be done through constant and qualitative zoning and modeling of spatial development of the various territorial communities. The combination of sustainable development models based on the potential for modernization and efficiency of their development poles providing a high level of competitiveness; it is a prerequisite for long growth and prosperity. Speaking of them, imagine cores of metropolitan agglomerations and objectives regions of metropolitan agglomerations without effective zoning and modern infrastructure. Practically poles of development play an important role in the relationship with their wider ambient areas covering suburban, and rural areas and they are subject to appropriate management and administrable. Poles create development impulses that transmit in their environment and thus have an effect on its development. Another important measure is to overcome adverse developments for the backwardness of rural areas. This effectively require the implementation of targeted programs related to the demographic future of Cities and villages in the country, which is consistent with the clear definition of what the rural areas and which urban systems. As a result of the general negative demographic trends in the country the majority of districts in Bulgaria decreased their significant demographic and socio-economic potential. This practice tends to reduce territorial basis for the realization of large-scale regional infrastructure projects. This them negative impact is understood by regional business and seek a solution to their problems of larger territorial levels (beyond regional boundaries) by participation in various economic or political projects. Thus, they accept that the more successful will be able to influence pursued by central government regional policy in larger-scale regions. This is very important confirmation the thesis that today's zoning and regionalization of the country is more inappropriate and does not have the sharpness and territorial basis for the formation of regional level of government in the country.

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IMPLEMENTATION OF CONTEMPORARY TRENDS IN LOGISTICS IN THE TRANSPORT COMPANIES

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Abstract

The transport and logistics sector is an area that requires huge investments and human capital, as well as labor for development. That is why the challenges that this sector faces are large, complex and often need a lot of reforms, time, education and funds to solve them. Efficient freight transport provides a range of economic benefits that enhance living standards through multiple effects, such as better market access, employment and additional investment. The role that transport have in the economy has contributed in the past years, continuously investing in the development of this activity in order to improve the quality of the services, as well as introducing innovations in order to better respond to the demands of clients that are equally present in the production sector, and among consumers.

Key Words: *transport, logistics, economy, benefits.*

JEL Classification: *L91, N7, R41*

Introduction

With the emergence of e-commerce and rising digital literacy among the consumers, the global logistics industry has been changing significantly in the recent years. Factors such as rising disposable incomes, dual-income households, and constant urbanization have encouraged consumers across both developed and emerging economies to follow upcoming logistics trends. This has further resulted in the rapid development of retail channels requiring efficient inventory management and warehousing solutions for helping the customers to make informed purchase decisions.

There is no doubt that the transport and logistics sector is undergoing an important transformation as new technological solutions come into everyday use, driven by market trends. At no point in recent history have we witnessed such a large degree of political, economic, social, technological, environmental and legal changes influencing this segment of the economy. As complexity of modern transport and logistics grows, it is more and more difficult to understand what should be the short vs long term focus and what to invest in. This is why we have made an attempt to identify the key forces transforming the transport and logistics segment.

Based on analysis of trends, as well as evaluation of maturity and the potential impact of emerging transport and logistics solutions, we have concluded that the primary forces transforming transport & logistics are: digitalization, shifts in international trade, software-

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driven process changes, changes in markets, domestic commerce, machine-driven process changes.

Future transportation technologies and trends that will change transportation

Modern transportation is currently experiencing major changes thanks to transformative transportation technologies. Although we've become accustomed to long international flights, jam-packed public transportation and diesel trucks that only get 20 mpg, the future of transportation promises to change all of that and much more — and it's closer than many people realize. Let's take a look at the follow transportation technologies sure to impact the trucking and transportation industries forever.

➤ **Self-driving vehicles**

Self-driving vehicles have been defined as “vehicles in which operation occurs without direct driver input to control the steering, acceleration, and braking”, according to the National Highway Traffic Safety Administration. In this type of vehicle, the driver is “not expected to constantly monitor the roadway while operating in self-driving mode”.

This definition assumes that the vehicle will always have a driver. However, this isn't essential – autonomous technologies are already able to perform all of the required functions for a vehicle to move safely from A to B without anyone on board at all. The widespread adoption of driverless vehicles may seem a distant vision – something we would expect to see in a futuristic movie perhaps. However, the reality is that some of the world's leading automotive and technology companies are already showcasing first prototypes and discussing the advent of “the next automotive revolution”. First trials of fully driverless vehicles are already underway. And if you look closely at the vehicles on our roads today, you'll find that many adopt a number of the key technologies required for autonomous driving.

Figure 1: *Self-driving vehicles in logistics*



Source: www.delivering-tomorrow.com

The hype surrounding autonomous driving clearly suggests that there must be advantages to be gained from investing in driverless vehicles. And these benefits will increase exponentially as more and more people adopt this method of transportation. Imagine a world where our streets and highways are full of driverless trucks and cars moving in perfect sync with each other. Road traffic accidents caused by human error will become a thing of the past. Our daily commute to

work will be stress-free and safe – we'll get into our cars, enjoy a cup of coffee, read the latest news, interact with other passengers, and even catch up on some sleep!

The American public had this dream already some 70 years ago. We'll arrive relaxed and refreshed at our destination and step out of our vehicle and directly in through our office door. We'll leave the car to find an available parking space autonomously.

➤ **Next-Gen GPS Devices**

GPS units are nothing new — they've been around for decades. The biggest difference when comparing modern GPS devices to earlier models is the amount of functionality seen in the newer hardware. In the past, GPS devices were very limited. They could calculate total mileage and provide an estimated time of arrival to a final location — but that was about it.

Today's GPS units are much more versatile. Not only do they fulfill the basic functionality of planning a trip, but they can make adjustments for extreme weather, traffic conditions or even your preferred route.

The idea of business has changed with the advancement of technology and businesses nowadays highly rely on the technology due to its multiple advantages. Global Positioning System (GPS) technology or GPS has changed the traditional aspect of logistics businesses and it has emerged as an important factor in the business of transportation and logistics in the recent years. On the other hand, the emergence and development of smart gadgets, mobile apps and other relevant technologies have helped it to reach up to the next level and offer greater logistics mobility solutions to the consumers.

The vast reach of the high-speed Internet and the easy availability of smartphones have helped the GPS Technology to transform the transportation industry in the recent years. GPS tracking app development has redefined the transportation and logistics business. The advanced business-effectual tool can fulfil the requirements of your business and the consumers. For example, now you can easily track the products or packages with the help of advanced technology and you don't have to visit any particular place for this. You can do it from anywhere using your Smartphone and the internet. The same features can also help a logistics business to manage several operations and plan drivers' assignments in an effective way. GPS tracking application development has changed the idea of transportation and logistics business and it can help your business in numerous ways. These features will help you get rid of the lengthy reports and hundreds of phone calls for the management.

Advantages of Vehicle GPS Tracking:

- Improved Fleet Management
- Optimization of the Resources
- Enhance the Performance and Drivers Safety
- Direct Statistics from the Vehicle
- Cost Efficiency
- Reduced Risk of Theft
- Top-Quality Customer Service

You have to keep it in mind that you can get these facilities only if you use apps developed by top mobile app development companies. A top-ranked mobile app developer can offer top-notch mobility solutions with the best app functionality. They have gained years of expertise and it will be the best choice for your business to offer the best mobile experience to your

customers. Customer satisfaction is one of the greatest concerns of any business and a GPS tracking app can easily monitor the transportation activities from time to time. It will save your precious time and you will get 100% customer satisfaction at the same time.

➤ **Transportation Technologies will Impact Public Transportation for Individuals**

Typically reserved for big cities and crowded residential areas, public transportation often comes with negative connotations. Not only are these vehicles often overstuffed with passengers, but in some areas, they're hotbeds of crime and suspicious activity. Future public transportation hopes to change all of that thanks to forthcoming and developing transportation technologies. There's only room for one passenger per pod, which immediately reduces the risk of crime or personal injury, and their intuitiveness makes them an excellent example of how easy it is to integrate new transportation technologies into everyday life.

➤ **High-Speed Rail Networks**

High-speed rail networks are generating tremendous interest all around the globe. The Shinkansen bullet train was officially unveiled in Japan in 1964, and countries have been hoping to introduce their networks ever since. Although there's been little progress, some nations are still pursuing these plans. Officials in the United States are currently considering no less than ten high-speed rail networks in the country alone. The Hyperloop — originally conceived by Elon Musk — is an underground rail that shows speeds up to 240 mph in early tests. Developers hope to achieve three times that speed with the finished version.

Figure 2: *High-Speed Rail: the future of freight*



Source: www.worldfinance.com/infrastructure-investment/high-speed-rail-the-future-of-freight

At present, high-speed rail is used only as a mode of passenger transport. Yet, the acceleration of logistics and freight transport flows could be compatible with high-speed rail capabilities.

➤ **Gyroscopic Vehicles**

Although flying cars might be too complicated for mainstream use any time soon, hovering vehicles — which are propelled with the assistance of monorails and balanced through the innovative use of next-gen gyroscopes — could solve public transportation issues across the globe. While these vehicles look like they're something out of a sci-fi comic book or television show, they could become a reality sooner than expected.

Figure 3: *Gyroscopic vehicles the future of urban travel*



Source: <https://inhabitat.com/gyroscopic-driving-cabins-may-revolutionize-urban-travel/>

Sometimes referred to as gyrocars, their size makes them more akin to modern busses or trains. Early conceptualizations show a vehicle that can move along on city streets and even raise its body via built-in stilts to navigate through traffic congestion without stopping.

Next-generation transport and logistics management solutions the transportation companies use

➤ Supply chain collaboration

Supply chain collaboration is a hot topic today. Companies that use innovative digital solutions to collaborate effectively across the supply chain are seeing huge business advantages:

- Up to 35% cost reductions
- Up to 50% lower carbon footprint
- Increased forecast accuracy (up to 25%)
- Up to a 20% reduction in inventories
- Improved SLAs for delivery accuracy (in some cases up to 98% or above)
- Up to a 10% reduction in administrative workforce

➤ Moving from B2B to B2B2C

B2C (business-to-consumer) and B2B (business-to-business) have currently been kept separate when discussing logistics. With the growth of e-commerce, consumers (in B2C operations) have been used to being continuously informed about the movement of goods, even with the possibility of changing the destination while the product is moving. These experiences – amplified by the influx of new, young talent into businesses – lead to new requirements also in B2B logistics operations. B2B2C is the hottest new business model trend, where transparency, flexibility, sustainability, and efficiency go hand in hand.

➤ Green logistics

Increasingly, logistics companies are integrating sustainable development goals into their business. With an objective to decrease the environmental burden of transportation and supply chains, the industry is turning to green logistics. Advantages of integrating sustainability into the supply chain management approach are:

- Stronger company reputation
- Lowered supply chain costs
- Increased process and product innovation, generating additional revenue streams
- Increased customer loyalty.

➤ **Elastic logistics**

Elastic logistics is a new concept in the logistics environment. It refers to the ability to expand and shrink logistics capabilities to align with the demands of any given situation within a logistics operation.

Flexible cloud-based solutions for supply chain integration and visibility help logistics companies adjust to market fluctuations. Elastic logistics enable companies to deliver on time while keeping their costs down – despite the rise in demand. This brings many benefits, such as:

- Enhancing customer experience
- Adding real-time supply chain visibility
- Connecting all business processes
- Providing agility and scalability

➤ **Digital logistics**

There is no elastic logistics without digital logistics. In an industry marred by inefficiency, the now and future is about digital supply networks. The push towards digital logistics (ie. moving beyond paper-based processes and rigid legacy systems) will continue in 2020 and onwards, as the benefits and opportunities are numerous:

- New product development
- More innovation
- New sources of revenue
- A more dynamic, secure and interactive supply chain
- Improved access to real-time data and information
- Better decision-making
- More agile and efficient processes and operations
- Increased control, visibility and collaboration
- Enhanced responsiveness to market conditions (elastic logistics)
- Faster planning and execution capabilities
- Reduced time to market
- Better customer service and higher customer satisfaction.

Conclusion

When identifying key trends in logistics, one truth is abundantly clear: digital is in full swing. As advances in transportation and logistics technologies continue to evolve, innovative supply chain leaders embrace these options and move their operations to the cloud, in open logistics networks. Doing so, they meet and exceed the expectations of their customers and improve their position in the marketplace. Globalization and technological advances have brought rapid change to the transportation and logistics sector in recent years and 2020 promises to be no different. Whether businesses are able to adapt and take advantage of those changes is a top priority for companies in the industry. From changes in the modern consumer's needs and the

skyrocketing growth of ecommerce to digitalization of the supply chain, automation technology, and the overall economic shift to the cloud, we see 2020 as being a pivotal year for transportation and logistics companies.

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THE ROLE OF ECOTOURISM IN MANAGEMENT OF PROTECTED AREAS IN SERBIA AND NORTH MACEDONIA

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Abstract

In recent decades, there has been a change in people's interest in traveling, by demanding more variety in needs, types, and patterns of travel. Special-interest form of tourism such as ecotourism is now more putting on a journey emphasis on environmental and social aspects. The concept of ecotourism travel includes programs that minimize the negative aspects of mass tourism on the environment and enhance the cultural integrity of local community. Destinations of ecotourism are due to its natural value placed under the umbrella of protection, and tourism that is organized in them is sustainable and strictly controlled. Integrated management of the mentioned destinations is of great importance for their proper development and exploitation of unique natural values that they have, while preserving them for future generations. The paper will also present examples of good practice of managing the protected areas in the territory of Serbia and North Macedonia, as well as the involvement of the local population through the promotion of tourist offer.

Key Words: *protected areas, management, sustainable development, ecotourism*

JEL classification: *L83, Z32*

Introduction

Today, tourism is an inevitable form of development of a protected area. In what direction this development will move depends on the manager in the protected area and the policy makers of the development of the given area. It is therefore of the most importance that, even in the first stages of the development of a protected area, recognizes the importance of ecotourism as a form of sustainable tourism and sustainable development globally. Each country tends to create a tourism policy and thus leads the planning and management of tourism development. Researchers opinion on the economic impact of the global ecotourism economy are different and some of them believe that ecotourism is developing faster than 20% of the world tourism market (Stamenković et al., 2016). Ecotourism, as a market, has seen intensified growth within tourism as a branch of the economy. According to the World Tourism Organization with an annual growth of 5% in global terms, representing 6% of the world's gross output, as well as 11.4% of consumption, the ecotourism market deserves special attention. Ecotourism in global terms very quickly becomes the most popular type of vacation (UNWTO, 2017). Protected natural areas are complex and attractive values for tourism development with a number of comparative advantages. It is evident that the development of tourism, unlike other industries, relatively easily aligns with the goals of environment protection, and that valorization and

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presentation of natural and cultural values of protected areas increases awareness of the value of the nature and need for their protection. Tourism in protected areas needs to be managed for environmentally and ecologically sustainable outcomes. Tourism encourages the development of other complementary sectors (agriculture, forestry, traffic, service trades, etc.) and brings significant economic effects, both to local people and to society as a whole.

Taking into account the facts that there is approximately 6.5% of protected territory in Serbia and 9.05% in North Macedonia, and that the intentions of both countries are to increase the area under national and international status of nature protection, it is obvious that the development of tourism in protected areas has equally economic and environmental perspective. Management of protected areas has to be founded on the concept of nature conservation, which is not focused only on conservation of selected elements of natural features, but should embrace maintenance of the ecosystem, support natural processes, protect nature as a whole and benefit local communities and in that manner becoming of tourism products.

Numerous authors point out that management of protected areas could face with the main challenges that occur during the implementation of the concept of ecotourism in order to promote the potentials of protected areas (Bernard et al., 2009; La Page, 2010; Luo et al., 2016; Poon, 1993). Certain management problems can be identified by monitoring the situation in protected areas, such as illegal construction, inappropriately established municipal infrastructure, inadequate exploitation of natural resources and mineral raw materials etc. Ecotourism will often take place in areas of ecological importance containing rich and/or fragile ecosystems as well as endangered species of fauna and flora, why it can be threatening to the conservation of nature and to local traditions and indigenous cultures. It can also lead to the commercialization of culture, change of traditional social norms and values.

Literature review

The concept of ecotourism became popular, especially in the 1970s and 1980s, as a result of the negative social and environmental impacts associated with mass tourism. Increasing concerns about the impact of mass tourism on both the natural environment and local communities and cultures, together with the emergence of the sustainable development concept, led to the rise in popularity of sustainable forms of tourism, including ecotourism. One of the first definitions was given by Ceballos-Lascurain to whom ecotourism is travelling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations (both past and present) found in these areas (Ceballos-Lascurain, 1987). It was precisely the modified version of this definition that was adopted as the International Union for Conservation of Nature's definition, which is as follows: ecotourism is the responsible travel to relatively conserved natural areas, in order to enjoy and appreciate their natural and (accompanying) cultural features, that promotes the importance of conserving these areas, has minimal negative impact on the environment, and provides for socio-economic effects to a local community (<http://iucn.org/about/work/programmes>). Jacobson and Robles (1992) also note that ecotourism necessitates high-quality maintenance of resources such as landscapes, rivers, forests, and wildlife. Chiutsi et al. (2011) underline the fact that, however satisfactory such a definition of ecotourism is, it falls short in defining the impacts that this form of tourism can have on the cultural and ecological environment of the destination. Several

authors point out that while there has to be a balance between the socio-cultural and environmental sustainability, there must also be economic stability (Buckley, Pickering, & Weaver, 2003; Fennell, 2001; Goodwin, 1996; WWF, n.d.). The most inclusive definition of ecotourism was eventually proposed by the IES as responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education (The International Ecotourism Society, 2015).

Ecotourism destination represents protected natural area (mainly national parks) or a landscape with perceived natural characteristics and rich biodiversity, where the intensity of developed and urbanized is at a very low level, and where tourism is not developed at the expense of fundamental natural resources. Ecotourism can strengthen the links between conservation and sustainable development (Mondino and Beery, 2018). Previous research shows it is possible, and Tortuguero National Park in Costa Rica, (Jacobson & Robles, 1992) and the Amazonian regions of Ecuador, Peru, and Bolivia (Stronza & Gordillo, 2008) serve as good examples. In relation to this, training people with local knowledge as guides and interpreters is an important sustainable development strategy (Harris, Griffin, & Williams, 2002). Examples of international best practice confirms that with the development of ecotourism in protected areas in addition to protection and conservation of biodiversity and cultural values, they can certainly improve regional development (Ceballos-Lascuráin, 1996; Hong and Chan, 2010; Sayyed et al., 2013; Puhakka and Saarinen, 2013; Öztürk, 2015; Cobbinah, 2015; Santarem et al., 2015).

Numerous authors have explored the possibilities for developing sustainable tourism in protected areas in Serbia (Banjac et al., 2016; Belij et al., 2016; Белиј, 2017; Бранков, Жујовић, 2008; Dolinaj et al., 2009; Đerčan et al., 2016; Jakšić, Stamenković, 2013; Jegdić, 2010; Kalenjuk et al., 2016; Stojanović, 2003; Stojanović et al., 2009; Stojanović et al., 2014; Stojanović, Pavić, 2016) and North Macedonia (Calkov, Angelkova Petkova, 2013; Dimitrov et al., 2018; Magdincheva–Sopova et al., 2017; Metodijeski et al., 2018), as well as their management (Чучуловић и др., 2012; Đurđić i dr., 2011; Filipović, Petrović, 2015; Stamenković et al., 2016; Stojanović, Savić, 2013; Stojković et al., 2015).

System of protection of nature and potentials for ecotourism development in Serbia and North Macedonia

The growing popularity of ecotourism in protected areas, simultaneously with possible manifestations of negative impacts, it is explained, in accordance with the definition of ecotourism as a selective form of tourism with minimal negative effects, which can contribute directly and indirectly to species and habitat maintenance, including responsible environmental behavior, ecological management of the destination and sustainable development of local communities (Belij and Belij, 2017). Government must play a leading role in providing the necessary finance and budget, adequately management circumstances which would allow the private sector running smoothly and efficiently. According to Stamenković et al. (2016) that means that the government should: facilitate the efficiency of private sector activity; provide a favorable macro-economic environment; guarantee respect for law and order, as well as dispute resolution; provide the necessary and adequate infrastructure; ensure the development of human resources; protect the public interest without obstructing the activities of the private sector with more regulations; promote private sector activity and confirm the role of small enterprises and facilitate their business.

Current state of the nature conservation in Serbia is based on the regulations of the Law on the Protection of Nature (2009). For the first time after several decades based on this law, problem of the protection of nature in Serbia was covered by this fundamental systemic judicial act which is coordinated with international standards in this area (Đurđić, 2017). Nature protection is, by this Law, set with the postulates that respect high degree of nature preservation, natural assets, and sustainability, application of measures and conditions for the nature conservation through the essential protection and cooperation, but also through close implementation of international law from this area (Law on the Protection of Nature, 2009). There are many necessary accompanying legal documents and bylaws to this systemic law, some of them are National Parks Law (2009), Environmental Protection Law (2009), Forestry Law (2010), Wild Game and Hunting Law (2010) and many others. Protected natural resources in Serbia consist of protected areas (national park, nature park, landscape of outstanding features, nature reserve – general and special, nature monument and protected habitat), protected species (strictly protected wild species and protected wild species) and protected movable natural documents. According to the data from the central register from Institute for Protection of Nature Serbia (2019) there is 6.51% or 575, 310 ha of protected Serbian territory, which is an area whose size considerably deviates from the area intended by the Spatial Plan of the Republic of Serbia (2010). Namely, in the year 2021, 12% of the country's territory should be protected (Spatial Plan of the Republic of Serbia, 2010). The 461 protected areas, out of which there are 5 national parks (Fruška Gora, Kopaonik, Đerdap, Tara and Šar planina), 17 nature parks, 20 landscapes of outstanding features, 68 strict and special nature reserves, 3 protected habitats, 310 nature monuments and 38 areas of cultural and historical significance, are currently included in the protection plan. Besides for protected areas, there are 1760 strictly protected wild species of flora, fungus and fauna, as well as 868 protected wild plant species, mushrooms and animals that are included in the protection (www.zzps.rs). According to the program “Man and Biosphere”, the Nature Park “Golija”, along with the protected surrounding of Studenica monastery, was designated as Biosphere Reserve “Golija – Studenica” in 2001 and “Bačko podunavlje” in 2017. Also, in the territory of Serbia there are natural areas of importance for the European and world heritage such as 10 Ramsar sites, 42 internationally important bird areas (within the program Important Bird Area / IBA), 61 internationally Important Plant Area (IPA), 40 Prime Butterfly Areas / PBA and 61 areas proposed for Emerald European ecological network (www.zzps.rs).

One of the best practice examples of the quality level of tourism presentation of natural values is Special Nature Reserve Zasavica (managed by non-government organization “Pokret gorana”). In a short period, it has become one of leading tourism destinations among the protected areas in Serbia. Moreover, it is obvious increased interest in tourism development and introduction of new tourism services (visitor information centres, educational trails, info boards, facilities for birdwatching, boat “Umbra”) in protected areas that exchange experience, establish some form of international cooperation or participate in cross-border projects. For instance, Special Nature Reserve Gornje Podunavlje received European Chart for sustainable tourism (Europark) in 2015, parallel to designing new tourism content (educational trails). The largest national park of Serbia – Đerdap develops an offer of ecotourism. Some of the ecotourism activities already exist (hiking and enjoying nature, bird watching, biking), but the offer should be expanded (photo safari, watching wildlife, riding horses, canoeing, the opportunity to meet and share experiences with the local population, summer eco-camps, tourist research expeditions, competition in orientation, etc.). As the official nomination of Đerdap

National Park as the first Serbian geopark is underway it is to be expected that the future geotourism will contribute to the developmental chances of this area (www.npdjerdap.org).

In 2018, Republic of North Macedonia developed “The National Strategy for Nature Protection” within the framework of the project: “Nature Conservation Program of Macedonia”, which is being realized with financial assistance by the Swiss Agency for Development and Cooperation (SDC). This integral strategic is imposed document for the protection and sustainable use of nature, covers all components of nature, as well as objects and areas that are distinguished by special natural values and therefore deserve to be treated with an appropriate degree of protection. Nevertheless, the need for National ecotourism strategy and alternative forms of tourism was already addressed by the Agency for Promotion and Support of Tourism in the country, since North Macedonia has the ideal conditions for developing ecotourism that need to complete the existing attractions of the destinations. Ecotourism should complete the vacuum space between demand and supply among tour operators and the interest in travel and new destinations for free travelers. According to Ornat & Reinés (2007), categories of protected areas in North Macedonia are classified as level 2 of harmonization with IUCN categorization, or categories are practically identical to those of IUCN, though IUCN is not referred to specifically in the national law. The following categories of protected areas and their respective goals of management are specified in Articles 66-90 of the Law on Nature Protection: Category I - (Ia) Strict Nature Reserve, and (Ib) Wilderness Area; Category II - National Park; Category III - Natural Monument; Category IV - Park of Nature; Category V - Protected Landscape; and Category VI - Multipurpose Area. The 86 protected areas, out of which there are 2 Strict Nature Reserve, 3 National Parks, 67 Natural Monument, 12 Park of Nature, 1 Protected landscape and 1 Multipurpose Area. Several areas in the North Macedonia have international status of protection, and higher number of areas important for birds, plants and butterflies have been identified and designated in accordance with international criteria. The proposed Representative Protected Areas System (RPAS) is consisted of 99 areas: 34 already protected, 42 proposed for protection (according to National Spatial Plan – MEPP, 2004) and 23 additionally proposed areas. The portion of the land in North Macedonia covered by this proposal is 20.25% which is in agreement with the CBD target for 2020 and EU requirements/target. Many of the biodiversity important sites had to be excluded from the system due to conflicts with the human activities (Melovski et al., 2011).

The network of protected areas in the Republic of North Macedonia includes 81 areas covering around 9.05% of the national territory. The largest portion is occupied by the three National Parks – Pelister, Galichica and Mavrovo with around 4,5%, Natural Monuments cover 2.7% and multipurpose area Jasen 1% of the country’s territory. Relatively small area (0.4%) is occupied by Strict Natural Reserves, Protected Landscapes with 0.21%, while the smallest portion of 0.1% is covered by the category of Park of Nature. At national level, species diversity is represented with around 18.000 taxa of the wild flora, fungia and fauna. It is of particular importance that as many as 976 endemic species exist in Macedonia, of which 870 are Macedonian endemics. Total of 270 plant communities with domination of grassland and forest communities have been registered in the Republic of North Macedonia (www.moep.gov.mk). Ecotourism in the North Macedonia best finds its practice in the villages Ljubojno and Brajcino, both located on the slopes of Mount Baba, in the Prespa region. The surroundings of the villages abound with lush vegetation and a diverse forest that is suitable for long walks along the marked hiking trails. In the lower parts, the oak forest is mostly present, while in the higher parts (up to

2000 meters above sea level) there is pure beech and spruce forest. The increase of tourists in this region resulted the establishing of the Association for Sustainable Development - Brajcino in 2003 as a result of the initiative for development of ecotourism and the activities of the Project for Preservation of Pelister Mountain (www.brajcino.mk).

Promotion of potentials for the ecotourism development in Serbia and North Macedonia

The largest effort in promoting ecotourism by non-governmental organizations (NGOs) was achieved by Centre for Responsible and Sustainable Development of Ecotourism (CENORT), a nonprofit organization whose one of the goals is fostering the development of special forms of tourism (www.cenort.rs). In order to promote the ecotourism of Serbia, in 2013, it was launched in Serbian and English "EcoVirtour", web presentation and mobile application of ecotourism sites in Serbia. In this presentation, all elements of sustainable tourism and ecotourism are integrated: sustainable management of protected areas, protection of the environment, protection and promotion of cultural heritage and the life of the local population, while encouraging their economic well-being in accordance with the global criteria of sustainable tourism (www.serbiaecotour.rs/en). Tourist portal "THE CULTERTRIP" under the concept of ecotourism, specifically ecotourism experience in Serbia, proposes visits to the farms in Vojvodina and Fruska Gora, organic farming, visit Ramsar sites, visit the house on the river Drina, campsite in Zlatibor and visit artistic alternative markets in Belgrade. The information reveals the diversity and variety of the offer, with no more specific details. Portal "INCOMING SERBIA" offers an interesting multimedia presentation based on the offer of one-day and multi-day trips to cultural and historical sites throughout Serbia. "LONELY PLANET" under the search of eco-tourism in Serbia offers a mix of articles on cultural destinations, wine testing, city visits and visits to the Đerdap National Park, but without the final information leading to the realization of the trip. There are no tourist products related to Serbia under the name or sign of ecotourism on the "TRIPADVISOR" website. The Tourist Organization of Serbia provides selected information about individual locations with very poor-quality visual presentation and user experience. There is no emphasis on ecotourism. On the "Birdwatchserbia" website, you can find a lot of information about birdwatching sites, but the latest current tours provided by 2015 are available. Most domestic classic agencies also offer one-day or two-day trips to the nature of Serbia, which are mainly based on visiting religious sites with a long lunch and perhaps some activity, such as boat rides or visiting waterfalls.

The most massive travel organizers in terms of ecotourism are mountaineering societies and alliances that offer daily and multi-day trips for their members at low prices (mountain actions), which, in addition to hiking activities, include accommodation in hiking houses, or with hosts, as well as campsites in the nature, and certainly provide insignificant contribution to the local community. They also educate the general population and tend the tradition of preserving and protecting nature. The most active creators of the trips in the field of ecotourism, adventure and cyclotourism in Serbia are "A.C.E. Adventure" from Niš and "WildSerbia" from Valjevo. In their organization, they offer one-day and multi-day tours to the Western, Central and Eastern parts of Serbia. Their tours are intended for foreign as well as domestic tourists and companies, with "WildSerbia" more attentive and extreme sports in nature. "ACE Adventure" is the subcontractor of the "Highlights of Serbia" tours - the only tours the British giant in the field of outdoor tourism "EXPLORE" offers to tourists on its market.

According to current investments, it seems that one of North Macedonia's strategic commitments from economic development point of view is the development of tourism. Several strategic documents have been developed in the recent period with regard to tourism development on national level: National Strategy for Tourism Development, 2009-2013, National Tourism Strategy of the Republic of Macedonia, 2016-2021 prepared by Kohl & Partner who should be seen as a continuation of the National Tourism Strategy 2009-2013, National Strategy for Rural Tourism, 2012-2017, National Strategy for Health Tourism, 2012-2018, Sub-strategy for the development of sports tourism with an action plan 2015-2018, Sub-strategy for the development of MICE tourism and Sub-strategy for the development of traditions and events in Republic of Macedonia. For the purposes of tourism development, the Government of the Republic of North Macedonia has promoted establishment of tourism development zones (TDZ). Tourism development zone has been defined in the Law on Tourism Development Zones (Official Gazette of the Republic of North Macedonia no. 141/12) as a specific fenced and marked area which is functional whole established for tourism development by introduction of standards in the segment of services, as well as efficient use of resources by application of the highest ecological standards where activities are performed under conditions specified in the law. The Law will initially cover eight locations sized between 13 and 50 hectares in the areas of Struga, Prespa, Dojran and Ohrid. From among announced locations, three are situated within the boundaries of NP Galichica (TDZ "Ljubanishta", TDZ "Stenje", and TDZ "Oteshevo") (National Biodiversity Strategy and Action Plan, 2018).

Apart from the activities of the Government of the Republic of North Macedonia and the competent Ministry of Economy and Agency for Promotion and Support of Tourism carried out on national level, plans for tourism development at regional or local levels have been prepared as of lately. In these plans, promotion of various forms of alternative tourism, ecotourism, hunting tourism, rural tourism, establishment of planning, recreation and biking paths, etc., prevails. All these documents (national, regional, local) reveal poor familiarity with the potentials offered by biological diversity of the Republic of North Macedonia. Regarding the issue of ecotourism, two municipalities in the eastern part of North Macedonia developed their own strategies: "Development of eco / rural tourism in the Municipality of Bosilovo" and "Strategy for development of ecotourism in Municipality of Berovo". Also, the planning of tourism development does not pay sufficient attention to effects on nature and especially biological diversity, and tourism zones for mass tourism are often planned in protected areas or other significant localities. Ecotourism is a potentially important economic branch in North Macedonia which could be founded on the high diversity of flora, fauna and ecosystems in certain regions (National Biodiversity Strategy and Action Plan, 2018). One of the most significant projects was "Sustainable development through ecotourism and environmental education in protected areas" financed by the German agency GTZ. It was implemented in Galichica National Park by the Alliance for Lake Cooperation in Ohrid and Prespa with the help of six NGOs from Serbia, Albania and Bulgaria and the UNDP project (2010) "Strengthening the Ecological, Institutional and Financial Sustainability of Macedonia's National Protected Areas System".

Conclusion

Although it is certain that ecotourism is not leading strategic orientation of tourism development of either Serbia or North Macedonia, it wouldn't be wise to neglect so far underutilized

contribution to the formation of the image of these countries as a state with well-preserved, authentic, and rare natural heritage. The preservation of the ecotourism potentials is an absolute condition for long-term maintenance of the recreational tourism values of both countries, Serbia and North Macedonia. Also, increasing the area under protection during next period, could significantly contribute to preservation of the most important natural and tourist values and could create favorable prospects of ecotourism in these countries. Although Serbia and North Macedonia have a good resource potential for the development of ecotourism, examples of protected natural resources which promote natural values through the organized tourist activities of special content that are environmentally oriented and justified, and organized with the professional tour guide service are still rare. Still, it is not possible to get complete overview of the realized number of visitors and incomes gained in this way by the management of protected areas. Also, it is evident a lack of formulated ethical standards for ecotourism, certifications based on international recommendations and ecolabels.

For the sustainability of protected areas, ecotourism would be the most appropriate industry, which could contribute to the sustainability and its further development. In countries with limited economic resources, such as Serbia and North Macedonia, project development of sustainable ecotourism in protected areas requires a strategic approach based on step by step principle which can lead to continuous improvement of performances and realization of the economic sustainability concept. Ecotourism is also a potential tool to improve sustainability by modifying human social behavior in regard to environmental conservation.

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MODERN TRENDS IN LOGISTICS: ANALYSIS OF OMNI-CHANNEL LOGISTICS

Marija Magdinceva-Sopova¹; Magdalena Miceva²; Vladimir Kitanov³

Abstract

Omni-channel logistics enables businesses to tailor how their products are purchased and delivered to meet the needs of a modern customer. Consumers expect to find the products they want both in-store and online, to use technology to make purchases with a swipe of a finger and to have their purchase delivered to their doorstep the very next day. The expectation of instant consumer gratification has made businesses scrambling to shore up their supply chain to ensure cost-effective on-time delivery, which is where omni-channel logistics comes into play. The past few years have seen a steady push for more omnichannel logistics solutions, such as online or in-store returns, purchasing or shipping. Powered by cloud-based technologies and advanced automated protocol integration (API), consumers' demand for omnichannel logistics solutions was stronger in 2018 than ever before. More interestingly, companies saw this demand and answered the call.

Key Words: *transport, logistics, economy, trends.*

JEL Classification: N7

Introduction

Today's consumer journey typically moves across channels, starting and ending at different points based on individual preferences. A traditional multi-channel approach just cannot achieve the information availability, delivery speed, and personalized experiences that modern shoppers expect. Currently most businesses employ a traditional multichannel approach, seeking to optimize the consumer experience in each channel. The channels operate independently and often in competition with each other. And there can be considerable variation across the different channels in customer experience, product information, pricing, and service levels. The omni-channel approach is the next logical evolutionary step after a multi-channel approach. It requires the previously separate sales channels to converge into a single seamless channel of orchestrated product flow – this flow must be designed to deliver not just products but also the highly personalized shopping experience customers have come to expect. Omni-channel is therefore driving a rethink and a makeover of everything from marketing and merchandising to ordering systems, fulfillment, and returns. It is a new and different way of managing and incentivizing business.

Why Invest in Omni-channel?

The omni-channel approach is more complex than the traditional multi-channel approach because the customer experience in every channel must be identical, and switching from one

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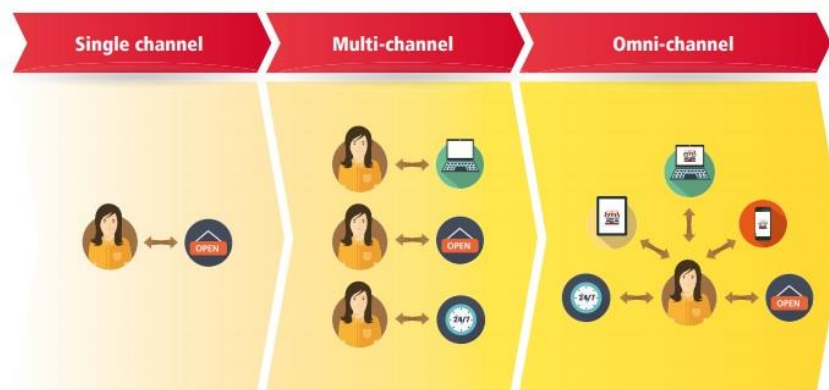
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channel to another must be seamless. If the retailer knows the preferences of an in-store customer, this information must be shared with the online channel (and vice versa). This must be done in a timely manner, ideally in real time, as this information could impact buying decisions. Similarly, the retailer must capture each customer interaction in each channel and leverage these purchasing behavior insights to build the optimal omni-channel strategy.

Logistics and supply chains are the backbone of every omni-channel strategy. They are the key enablers to consistently and cost-effectively deliver personalized service and flexible fulfillment. And they enable retailers to achieve cross-channel inventory visibility and optimization (crucial to the success of omni-channel implementation) and meet customer expectations, generating higher satisfaction and loyalty.

Figure 1: *Omni-channel delivers a seamless customer experience across all channels*



Source: *Omni-channel logistics* (www.dhl.com)

Meeting the omni-channel shopper's expectation is complex and expensive. So it's essential to build the business case. The number of smartphone subscriptions is expected to increase from 1.6 billion in 2013 to 5.6 billion in 2019.4 By 2019, 90% of the world's population will be able to access fast mobile Internet connection. The popularity of smartphones and growing Internet penetration will only magnify omni-channel customer behavior.

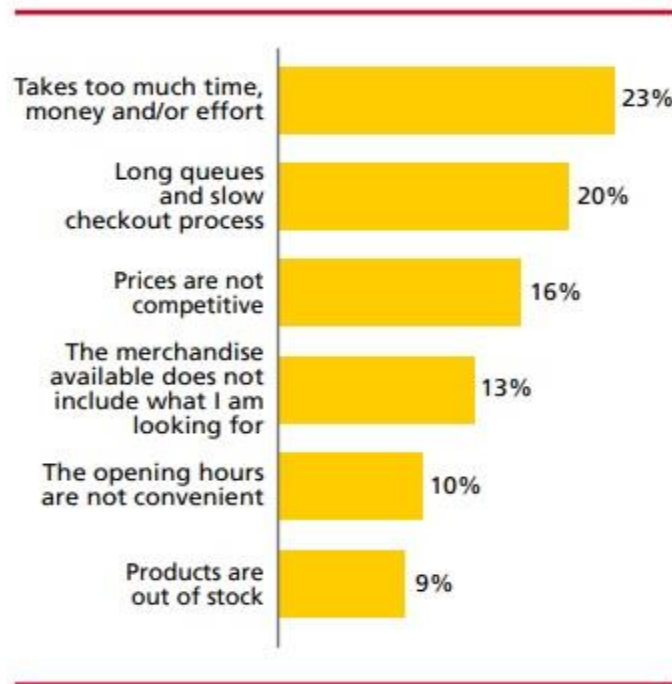
These trends greatly increase 'one-click shopping' expectations and make omni-channel the only sustainable way of doing business in future. Innovations in technology are also driving the uptake of omni-channel retailing, supporting new capabilities in personalized consumer engagement. These game-changers include smart sensor-based systems that enable customer recognition, advances in store digitization technologies, predictive logistics, and virtual assistance. These new technologies have the potential to disrupt existing business models in the same way as Amazon disrupted traditional brick-and-mortar sales many years ago. And bear in mind that after this kind of shift, customer behavior doesn't revert back.

In future, competition models will be very different, driven by the modern consumer preference to engage across several channels. Already e-commerce giants are trying to get closer to customers; they are starting to add physical presence by collaborating with local retailers. Meanwhile, brick-and-mortar retailers are seeking to strengthen their competitive advantage by adding online stores while also reinventing the customer experience and the role of their stores (for example, by using stores as fulfillment centers for online orders).

Personalized In-store Shopping - Experience

A study conducted by IDC Retail Insights in June 2015 among more than 2,600 consumers in Asia found the top two reasons that prevent shoppers from buying products in shops: the time it takes and the inconvenience of the shopping experience (Figure 2). The omni-channel approach has the potential to overcome both these objections.

Figure 2: Top shopping inhibitors



Source: IDC Retail Insights Survey, June 2015

Figure 3: A seamless personalized customer experience inside and beyond the store



Source: IDC Retail Insights Survey, June 2015

Omni-channel logistics: Fulfilling the customer promise

Traditional supply chains are coming under considerable pressure as demand for ‘anytime, anywhere, from any device’ service and the use of new technologies extend the range and breadth of consumer choice. Currently an evolving approach, seamless omni-channel logistics will become a key requirement in the future. Technology trends already on the supply chain agenda include data analytics, Internet of Things (IoT), and automation. As organizations transform to omni-channel, they can leverage these new capabilities. Companies must rethink existing logistics structures and network strategies, and adopt a far more active role in managing and delivering the consumer promise.

Emerging strategies that blend in-store operations with traditional and e-commerce supply chains expect to deliver profit and performance gains. To design and develop a cost-effective omni-channel supply chain, companies must focus on two key areas (Figure 4).

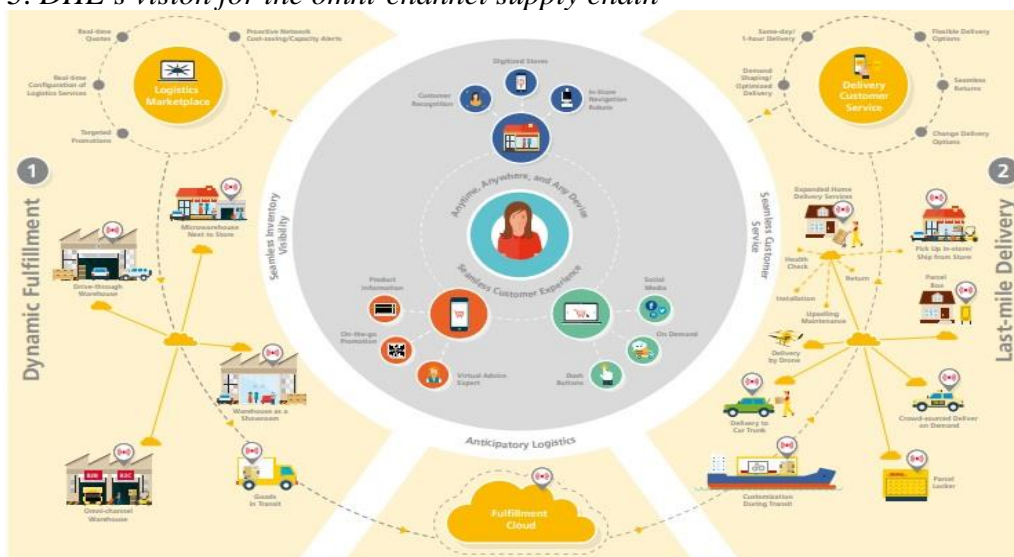
Figure 4: Key areas of seamless omni-channel logistics



Source: *Omni-channel logistics (www.dhl.com)*

DHL’s vision for the omni-channel supply chain is illustrated in Figure 5. This supply chain is demand- oriented, flexible, highly responsive, and channel- agnostic. It focuses on optimizing the consumer experience while ensuring ‘anytime, anywhere, from any device’ service.

Figure 5: DHL’s vision for the omni-channel supply chain

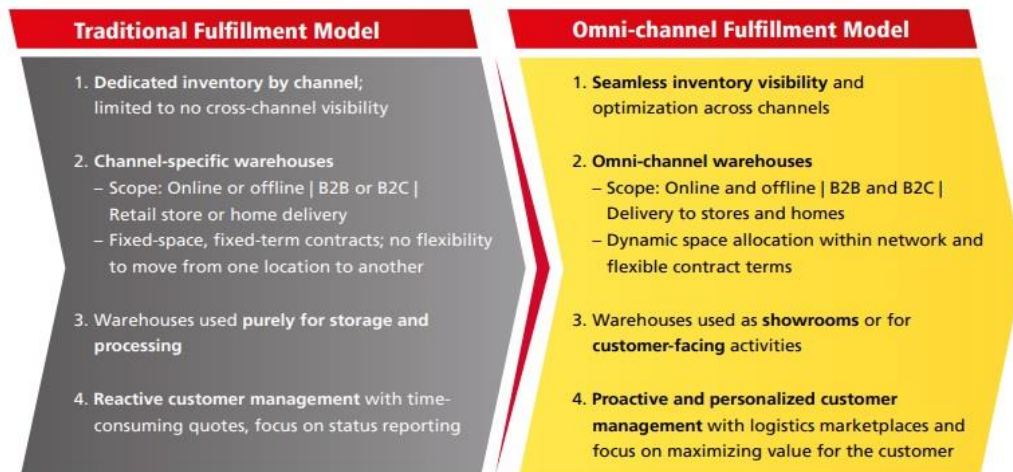


Source: *Omni-channel logistics (www.dhl.com)*

Enable High-performing, Cost-effective: Omni-channel Fulfillment

Orchestrating flexible fulfillment options across channels requires much greater flexibility in supply chain networks. An omni-channel fulfillment network differs from traditional ones in a few ways (Figure 6).

Figure 6: Differences between traditional and omni-channel fulfillment



Source: *Omni-channel logistics (www.dhl.com)*

Omni-channel Starter Kit

As these various case studies demonstrate, the omni-channel approach requires significant IT investment. Forward-looking organizations have already committed the required expenditure, time, and effort; but many more have yet to make this investment. One way to get an omni-channel approach off the ground is for logistics providers to offer a replicable, standardized, and cost-effective IT solution: an omni-channel starter kit (Figure 7).

Figure 7: Differences between traditional and omni-channel fulfillment



Source: *Omni-channel logistics (www.dhl.com)*

The concept is quite simple. This kit would provide a pay-per-use cloud-based solution that is easily integrated across multiple supply chain channels and partners. Set up as a control tower above the stores and online channels, it would enable seamless information flow and inventory visibility. Suitable for small and large organizations alike, it would allow return on investment (ROI) to be proved prior to making a more substantial and widespread investment.

Conclusion

Omni-channel is here to stay. Companies that enable consumers to find, buy, receive, and return goods most conveniently and at the lowest cost are being rewarded with increased customer loyalty, revenue growth, differentiation, and profitability.

Right now, omni-channel is bringing companies closer to customers with more real-time and personalized engagement. Looking ahead, we expect to see the physical assets of logistics networks being virtualized and managed much more dynamically in line with customer demands. We also anticipate more focus on predictive logistics and analytics to support the omnichannel network. 3D printing will take cost-effective product customization to a new level and predictive technologies enabled by smart sensors will improve customer service and convenience.

Will omni-channel completely transform the way businesses are managed? The answer is yes, but this will not be a sudden transformation. Retailers in mature e-commerce markets such as the US and UK have been on this journey for more than a decade. Implementation requires significant organizational change and investment. Internet businesses such as Google and Facebook are at an advantage, as they started out as user-centric organizations with a wealth of customer insights generated via online usage profiles. To compete effectively, traditional businesses must leverage new technologies and big data analytics. Locked-in assets in the form of brick-and-mortar stores can be turned to competitive advantage by rethinking their role and scope in the new omni-channel business. For any company embarking on the journey to omnichannel, the starting point is clear. You need to consider how your customers would like to shop, and then commit to enhancing and personalizing the customer experience.

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GEOGRAPHY OF CONSUMPTION, CULTURAL GEOGRAPHY, CULINARY TOURISM - RELATIONSHIPS AND CORRELATIONS

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Abstract

Cultural geography is a new, modern branch in geography. Although its an initial appearance was at the dawn of the 20th century, today it explores new issues. One of them is consumption. This paper reviews these studies over the last decade. Consideration is given to the geographic use of two aspects: shortage of raw materials and food (limited consumption) and their abundance (overuse and negative impact). One main subject area in the geography of consumption is accessibility to food resources. Specific examples of inconvenience / dissatisfaction with them by countries and continents are given. Consumption also has its socio-cultural determinant. The desire for possession has its geographical meaning too. It develops new "energy" in a new direction towards the the creation of regional cultures and subcultures such as the shopping mall culture, fast food culture, etc.

Key Words: *cultural geography, consumption, food, shopping mall culture, fast food culture, food tourism*

JEL classification: L83, Z32

Geography of consumption

As a spatial science, geography studies different processes and phenomena in regional aspect. Consumption – in its various dimensions – may also be the subject of spatial study. Consumption can be regarded as the interest in buying certain goods, preferences for particular foods, as well as their availability or absence. Another aspect can be the sufficiency with certain consumer items (television sets, access to Internet, etc.), as well as individual preferences for specific services (recreational, social, etc.). Geography of consumption is a relatively young branch of social and cultural geography. In the narrow sense, geography of consumption studies the level of satisfaction of spiritual, cultural and educational needs of the population. It analyzes the spatial differences in people's satisfaction and preference with regard to food, clothing, household items, and even the preferences for a particular car or mobile phone. These preferences vary depending on natural conditions, national and religious traditions, demographic and social structure of the population, its territorial distribution by income levels and the economic development of the territory.

The object of study of geography of consumption changes over time. After entering the postmodern society of Western civilization, the study of purchasing behavior (the preference for buying certain goods) became an object of interest. Later, the interest has been directed to the behavior of the users, then the users themselves (gender, ethnicity and religion, purchasing opportunities, etc.), and finally, the theoretical study of consumption (the factors, the main

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actors in it, etc.). Today, all of this is combined into a common science that is often referred to in Western publications as "cultural economy". For this reason, geography of consumption can be regarded as a border science between sociology, psychology, religion, medicine, demography, and so forth.

In this paper, the authors mainly address food consumption and related specific features in people's behavior and attitudes.

Cultural-cognitive tourism

The emergence of cultural tourism as a research topic dates back to the early 20th century, but it was not until 2002 that the International Council on Monuments and Sites published an official definition as follows: "Cultural or cultural-cognitive tourism is the form of tourism, which focuses on the cultural environment, which in turn may include cultural and historical attractions of a given destination or cultural heritage, values and lifestyle, arts, crafts, traditions and customs of the local population. Moreover, cultural and cognitive routes can be extended visits or participation in cultural events, visits to museums, concerts, exhibitions, galleries etc. (International Council on Monuments and Sites (ICOMOS)).

Cultural tourism is defined by the World Tourism Organization (WTO Report, 2012) as "journeys whose main or additional goal is visiting sites and events whose cultural and historical value has become part of the cultural heritage of a given community."

Assuming that tourism resources are an objective indicator in the process of regionalization of cultural tourism, we can focus our attention on sites other than archaeological ones, located *in situ* in a given environment. The distribution of the museum network by districts also allows the spotting of the leading regions for this type of tourism. Moreover, since the development of the museum network is in an urban environment, it largely determines the tourist flow into those regions.

Culinary (food) tourism

"Culinary tourism" - stopped using to describe our industry in 2012 because our research indicated that it gave a misleading impression. While "culinary" technically can be used for anything relating to food and drink and initially seemed to make good sense, the perception among the majority of English-speakers we interviewed is that the word "culinary" is elitist. Nothing could be further from the truth about what our industry and our Association are all about. So we introduced the term "food tourism," which is still the overarching term we use today. "Food Tourism" includes the full range of experiences, from food carts and street vendors, to the locals-only (gastro) pubs, dramatic wineries, or one-of-a-kind restaurants. There is something for everyone in the food tourism industry (WFTA³).

We say "food tourism," but drinking beverages is an implied and associated activity. It is also cumbersome to say "food and drink tourism."

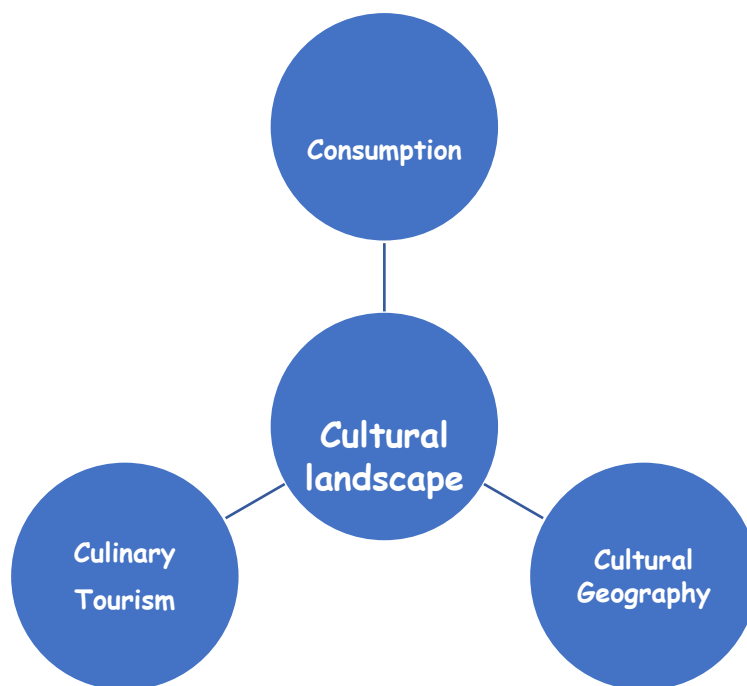
Summarizing definition for food tourism gives WFTA: "*Food tourism is the act of traveling for a taste of place in order to get a sense of place.*"

³World Food Travel Association

Relationships between Consumption, Cultural Geography, Culinary Tourism

In the analysis of the interrelations between those three elements, the environment (the territory) is considered as a unifying factor. The geographical range is different, so are the boundaries, but in the socio-cultural aspect it is the concept of the cultural landscape which is considered leading (Figure 1).

Figure 1: *Relationships between Consumption, Cultural Geography and Culinary Tourism*



The term *cultural landscape* has been in use since the emergence of the so-called *cultural geography* (i.e. the beginning of the 20th century). **By *cultural landscape*, we understand a natural-cultural complex formed under the influence of the general impact of both nature and man on it.** Human society changes that landscape (paysage) with its socio-cultural and economic activity. As early as 1932, the German scholar Krebs poetically described the cultural landscape as "created on top of the natural landscape as a fine (or inappropriate) clothing on the body of a man". In fact, the cultural landscape is the environment that surrounds us, altered by human activity under the influence of the natural conditions, our historical past, based on religious and ethnic views, and the resulting specific culture – the type of architecture, which people in a given area have set up, differs from that of other cultural landscapes; the lifestyles and livelihoods vary between the different geographic regions even within a single country.

Since the cultural landscape is a natural-cultural complex (see the definition above), it is composed of separate components (elements) that interact continuously and within a system with each other. The main elements are: **the natural landscape, the settlements of the people, their economy, the language (including the geographical environment's toponymy⁴), the spiritual non-material culture (mainly folklore).** In fact, these are the elements that form the objects of the material and the intangible cultural heritage. In the theoretical aspects of cultural

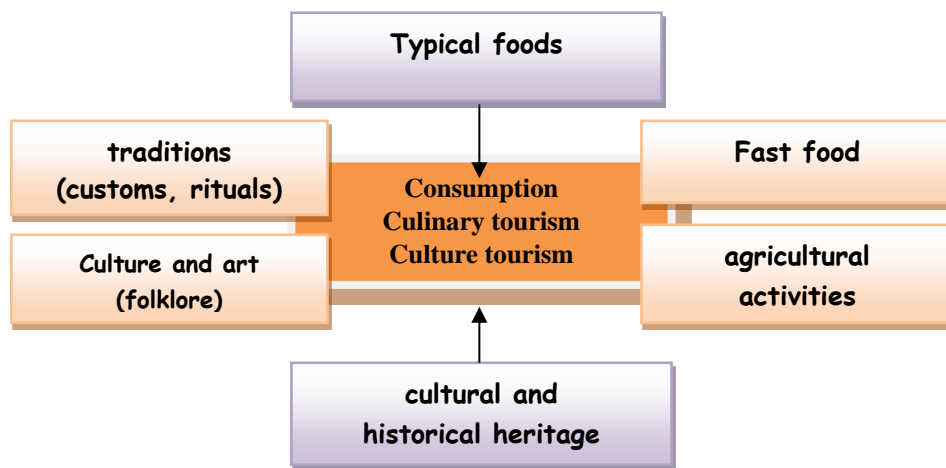
⁴Toponymy: the science of names. Very often, the names of the settlements and the localities reflect the cultivated landscape.

tourism, those are the tourism resources that determine and develop it. This theoretical-methodological similarity is of particular importance.

Between these two components, consumption is a soldering factor. On the one hand, this is the cultural landscape with its inherent agricultural landscapes and products (for example, the mass consumption of bean crops in the Lower Danube and the Dobrudzha region), while on the other hand, there is the urban consumer's leaning towards the so-called "fast food". Those two peculiarities form different types of culinary tourism.

The so described cultural landscape has its limits. Within its framework, culture, food and consumption are specific and representative of the territory. The following indicators can be used in the cultural landscape "frameworks" in order to establish specific connections between the activities under investigation (Figure 2):

Figure 2: *Components of the Consumption, Culinary tourism and Cultural tourism*



The modern concept in cultural geography, namely – "imagined geographies" – is both an additional "soldering" factor (apart from the cultural landscape), but also a driver for the development of culinary and cultural tourism and the related consumption (geography of consumption). In particular, the authors also elaborate on the so-called *tourist image* – a term which is closer to the functional connections between the studied elements.

Regarding the concept of "imagined geographies", some clarification should be made both for the concept of "image" and that of "imagined geographies". This subject has been studied in a number of publications mostly by Russian authors (Zamyatin, 2013, Mitin, 2013, Kalutzkov, 2016, etc.).

The tourist image. The tourist image is a function of the geographic image. Built on a wide range of details and sources of information, the tourist image is a symbol of the tourist potential of the place (location, settlement, region, country) (Krastev, 2014). Contemporary scientific publications on the topic of tourist image are rare. This is because the "image" is a geographically inherent category, and in this sense is an object of study of the geographical science.

By analyzing the terminological features of imagined geographies, we define notions such as "image" and "identity". These are categories which are common for the tourism industry just as well. In this paper we're attempting to look at both concepts in definition terms.

In fact, in the concept of imagined geographies the geographic image is equally important as "the image of the territory" is. The latter is a system of basic concepts for a given geographic space. Through the media, this image is shaped, modeled and retransmitted to certain groups of "users".

Functional links. There is certain coexistence between the two categories. It is often considered that the image of the territory is part of the general geographic image. The geographic image of a given space is more stable and objective on the mental level, and the image of that same space is more dynamic depending on the influence of external "suggestions". Therefore, the image can often change in a positive or a negative direction. The main difference between the two concepts is revealed by the fact that the image can be manipulable and inconsistent. As part of the geographic image, however, the tourist image is "controlled" by the geographic one and by our notions of the territory. This means that personal impressions about the formation of the geographic image are very important. Moreover, it is the geographic image of distant territories (including tourist destinations), which we have not visited, which actually forms the image of this territory in our consciousness. It is based on literary sources, promotional materials, social networks and contacts, etc.

A possible generalized example of this is presented in Fig. 3. It actually represents the hierarchical relationship between the studied activities (components). Culinary tourism most often is still an additional element to the cultural-cognitive tourism, while geography of consumption is related to the geographical and tourist image of a given territory (without having visited Italy, we know that we must try pizza and pasta while there!).

Figure 3: *Hierarchical subordination and connection to the "tourist image"*



Festivals – a form of "presentation" and "consumption" of culinary and cultural tourism

According to most terminology dictionaries³, the festival is *an organized special event with specific public manifestations, on a specific topic and in a specific place, organized on a particular day or period. The aim is to bring people together so that they share a certain experience and establish mutual contact with each other.*

According to the European Association of Festivals, those are *"mostly festive events, a unified program of artistic performances, which exceeds the qualities of the everyday program so as to achieve a level of exceptional festivity in a particular place. Therefore, it has a unique attractiveness that can only be maintained for a certain period of time..."*

Examples:

The Watermelon Festival – the village of Salmanovo

The Watermelon Festival in the village of Salmanovo (Shumen district) has been taking place every August since the end of the 1980s and is the only one of its kind in Bulgaria. A prerequisite for this is the well-developed production of watermelons in the area, which local farmers demonstrate at the festival. During the festival, various activities, competitions and contests are organized for the residents and the guests of Salmanovo. The celebrations gather up to 4000 people in the village's park. In 2019, the Watermelon Festival was organized for a 32nd time.



Roštiljijada

The Leskovac Grill Festival (Roštiljijada), also translated as "barbecue week" is a yearly grilled-meat festival organised in Leskovac, Serbia at the beginning of September. During the event, the main boulevard is closed for traffic, night and day for five days, and all its way there are grill-stands constructed, to create many temporary restaurants. Many visitors from all over Serbia and many tourists from abroad come to Leskovac to enjoy a grill and entertainment. The festival is the highlight of the season in Leskovac.



Ouzo fest, Plomari (Lesvos, Greece)

The “motherland” of Greece's quintessential firewater, the eastern Aegean island of Lesvos is hosting a three-day festival celebrating all things ouzo: the gum that flavors it, the folk who distill it, the sellers who sell it, the exporters who send it around the world and, of course, the people who drink it. Visitors will have a chance to sample more than 40 different brands of the stuff, along with a bunch of great food that complements its strong flavors and fragrant aromas. The festival will take place in the island's capital, Mytilene, on Saturday and Sunday, July 14 and 15, and then move the true center of ouzo, Plomari, on Saturday, July 22. It also includes different musical and culinary events at local taverns and kafeneios, giving visitors the full ouzo experience.



The presented events are of local nature (in regional or national aspect). They all present local products. The popularity of some events, however, exceeds the national boundaries. Such events, therefore, evolve as separate cultural and tourist products – they result in purposeful attendance by people who want to "experience" the "tourist place" and to form a direct "tourist image" of it. In all cases these events are a product of the local cultural landscape. That is why festivals – as a type of event tourism – successfully combine cultural and culinary tourism, as well as consumption of local products. This is the most appropriate practice-applied intersection of the studied elements.

A unifying factor for all three is the so-called identity.

Identity is a concept which is very difficult to define. The reason is in its multi aspect and wide summary content. The word "identity" origin from the Latin pronoun "idem" (the same) and after it its noun "identias" (means uniformity, sameness, parity). With their identity people have determined themselves and have divided from others. In this specific aspect the "identity" consist summarized characteristics which allow to describe the personal imagination "for" individuality as and the processes for group consolidation on the base of some sameness. Cross point between and tourism have to be considered in separation of types cultures in some interactions. According Koprinarov (2013) they are four types: "*The structuring of the tourism as field for inter cultural interactions allows to stand out four types cultures – Culture of the emitting country, Culture of the tourists (where to each national culture is added the specific culture of the leisure time), Culture of the accepting country and Culture of the personal in the touristic branch...*" All these culture types have their features and each is different from the others. According the foregoing categories interactions for this article are important cultural identical features of the accepting country. They carry their ethnographical and culinary identity which make them touristic attractive.

Conclusion

In the above-mentioned theses, the intersections between the cultural tourism and food tourism sites on the one hand, and the cultural landscape on the other, are indisputable. In fact, these two can be regarded as identical territories, sites and objects, which are merely viewed from a different angle. Geography of consumption is the connecting element between them.

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ANALYSIS AND EVALUATION OF RESOURCE POTENTIAL OF THE BLACK SEA SPA RIVIERA IN BULGARIA

Milena Stoyanova¹; Stefka Hristova²; Svetla Stankova³

Abstract

The actuality of the chosen topic is related to the fact that in recent years the term “spa” entered and gained popularity in Bulgaria. Spa tourism evolves dynamically, creating spa resorts that combine nature, climate, mineral water and appropriate infrastructure. Therefore, at the end of 2018, the Ministry of Tourism created a map with seven balneo and spa destinations in Bulgaria. This article aims to characterize the resource potential of the Black Sea balneo and SPA destination (the Black Sea SPA Riviera). Based on surveys, a quantified SWOT analysis has been carried out to assess the baseline situation for the development of balneo and spa tourism in this destination, outlining its strengths, weaknesses, threats and competitive advantages. It should contribute of taking adequate steps to preserve current tourists and to expand the opportunities of attracting new users to the tourist product in destination. On the other hand, it will be the basis for the preparation of professional and competent strategy to create competitive advantage and achieving the satisfaction of visitors.

Key Words: *tourist resources, the Black Sea balneo and SPA destination (the Black Sea SPA Riviera), quantified SWOT analysis*

JEL classification: *L83, Z32*

Introduction

On a global scale, the aspiration for quality SPA and wellness trips is the new minimal standard for the tourist business. On an international scale this strategy is accepted by countries that have mineral waters and have built a tourist branch which is characterized by its consistency, security, reliability and economic efficiency by ensuring an unforgettable SPA and wellness experience.

Bulgaria is a tourist destination that has the chance to attract visitors by offering possibilities for experiences which satisfy their higher expectations and demands. That way tourist sites will get more repeated visitations and a positive advertisement by word of mouth by satisfied visitors as well as building and maintaining a competitive privilege.

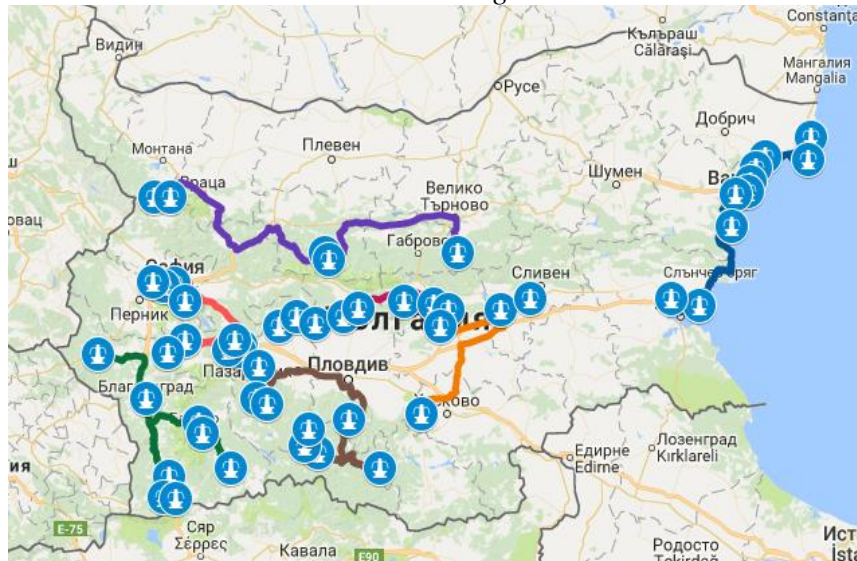
At the end of 2018 the Ministry of tourism created a map of 7 SPA destinations in Bulgaria.

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Figure 1: *Seven balneo and SPA destinations in Bulgaria*



Source: <http://www.tourism.government.bg/bg/kategorii/novini/ministur-angelkova-sedemte-balneo-i-spa-destinacii-na-interaktivna-karta-shte> (18.11.2018)

This article aims at characterizing the resource potential of the Black Sea balneo and SPA destination (Black Sea SPA Riviera). It's a fact that there is a remarkable potential for improvement of the existing SPA and wellness practices and tourist services that our centers offer to visitors. Perceiving the level of the results achieved will vary depending on the experience and the expectations of the visitors. A quantified SWOT-analysis is made based on conducted surveys with the goal of assessing the current situation of development of SPA tourism in the destination as it clarifies the strong the weak spots, the threats and its competitive advantages.

Characteristics of resources for development of balneological and SPA tourism in the Black Sea balneological and SPA destination

Tourist resources are main or secondary objects and phenomenon that attract tourist streams with the main goal of restoring their total and specific work capacity and of improving their health status. For the SPA and wellness tourist product, the main type of resources is the natural ones. They are characterized by their special conservatism – the places visited by the tourists are fixed in space, they can 't be moved around.

Some of the key characteristics of these resources are that they can be used multiple times; the little need of capital which is a condition for getting profit relatively fast. But the intensity of exploitation should be in such degree that allows self-recreation of the natural tourist resources. If they're exposed to such destruction that oversteps the naturally determined boundaries, some negative processes and phenomenon take place and resources can't deal with them. Because of that, a correct way of exploitation and the range of ecologically and economically friendly development of tourism should be determined. That's why the correct assessment of the tourist resources in the destination is of such great importance.

The potential of natural resources in Bulgaria for development of SPA and wellness tourism includes mineral waters that are diverse by their contents and characteristics and a few types of healing mud deposits. In a quantity aspect mineral waters exceed 12 000 l/s, as ¼ of them are discovered in the Black Sea SPA destination. The diversity of mineral waters is distinctive

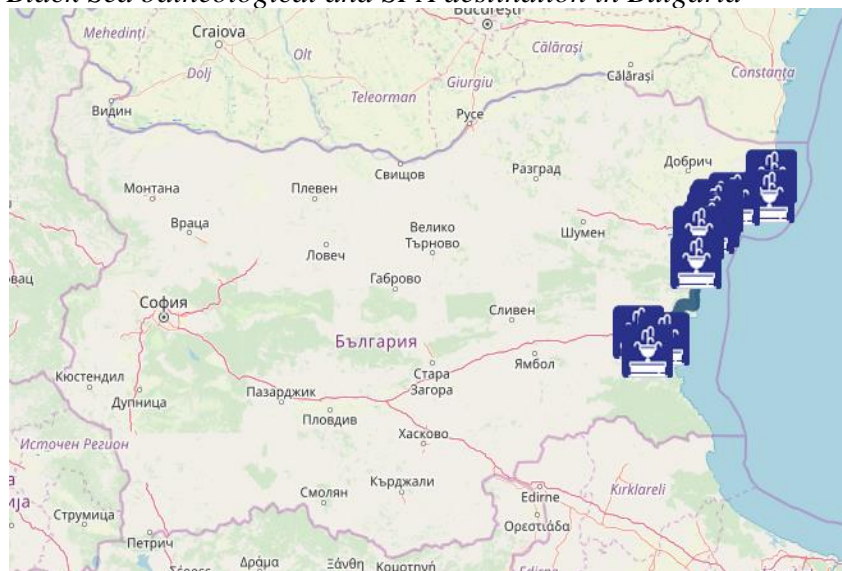
which along with the usual bio-climatic, sea-healing and peloid resources defines the development of SPA and wellness tourism.

Table 1: *Main characteristics of mineral waters in the Black Sea balneological and spa destination*

Tourist center	T°C	Debit (l/s)	pH
Shabla	40	100	7.1 – 7.4
Rousalka	32	50	7.5
Balchik	21 - 22	1	7.83
Balchishka tuzla	33	20	7.3
Albena	30	1031	7.4
Kranevo	24	13	7.6 – 7.7
Golden Sands	31 - 48	60	7.5 – 8.0
Riviera	11.8	38	7,3
St. Konstantin	40 - 60	40	7,3
Varna	28 - 52	312	7.4 – 7.9
Mouth of the Kamchia river	25 – 47 (67)	2 - 3	7.4 – 7.6
Pomorie	20 - 28	1	8.3
Burgas and Mineral Baths Burgas	41.5	36 - 48	9.8

Source: Eurostat/*Regions in the European Union* (2013); Щерев (1964). Алексиева, Стамов. (2003); *Ministry of Tourism* (2019) <http://www.tourism.government.bg/bg/spa-destinations/6458/6459> (3.07.2019)

Figure 2: *The Black Sea balneological and SPA destination in Bulgaria*



Source: <http://www.tourism.government.bg/bg/spa-destinations/6458> (18.11.2018)

- *Shabla*

Shabla is located close to the town of Kavarna, at 83 km North-West of Varna and 24 km away from the border with Romania. It's popular with the first petrol deposit found in Bulgaria. Cape Shabla is the most Eastern point of Bulgaria. The oldest sea light on the Black Sea coast is also there. A lot of drillings for searching, examination and production of oil were set at the Shabla-Tyulenovo region at the end of the 50s of the 20th century. Many of them revealed thermal mineral waters of different water-bringing horizons. The main interest is aimed at the so called Malm-Valanginian aquiferous horizon which is about 700 m thick. It's built of cracked and cavernous limestones and dolomites. For this region, it's peculiar that in spite of the relatively more shallow bedding of the aquiferous horizon (between 350 and 500 m) compared to the other parts of the Black Sea coast, here the water has higher mineralisation of up to 4-5g/l.

An interesting site as a SPA destination is the Tuzla of Shabla which is located 6 km East from the town of Shabla. The lake has the area of 250 da. It's fully separated from the Black Sea with by a spit which is about 100 m wide. It's a salty lake – a lagoon, which is formed mainly by the soaking in of salty sea water under the sand dunes which separate it from the sea and also of underground waters from the Sarmatian water horizon. Its average depth is about 0,6 m. It's supply of healing mud are about 200 000 t

(<http://www.tourism.government.bg/bg/spa-destinations/6458/6459>).

- *Rusalka*

„Rusalka“ is a vacation complex of 600 villas which is located at about 80 km North-East of Varna. The resort is located very close to the virgin nature of the nature sanctuary „Tauk firth“ – „The bird bay“ where rare species of birds can be seen. The vacation town which was later named vacation club „Rusalka“ („Mermaid“) was founded in 1968 based on the French model of „Club Méditerranée“. The resort is situated on a spacious beach strip which is over 5 km long and wide about 150. A source of thermal water is drilling P-8x which is located in The bird bay which has waters from the Malm-Valanginian aquiferous horizon. It's 777 m deep and was laid in 1965 during the examination of the Tyulenovo oil deposit. The deposit of peloids which is near Rusalka is of great importance. It has an area of 20 da. The total supplies of healing mud of the Rusalka lake are about 28 500 t. The healing mud from Rusalka has the highest organics and humidity which has an impact on the indicators of treatment

(<http://www.tourism.government.bg/bg/spa-destinations/6458/6460>).

- *Balchik and the Balchik tuzla*

In the town of Balchik there are two deposits of mineral water – one of them is in the town itself while the other is in a spot named Tuzlata. The characteristics of the water from the two locations are different. The water that springs from Balchik contains sulfides - 5 mg/l, debit - 12 l/s, temperature +21°C and mineralization 622 mg/l. The one that springs from the Balchik tuzla has the following characteristics: sulfides - 2 mg/l, debit - 20 l/s, temperature +33°C, mineralization 659 mg/l. Those characteristics of the two sources are exceptionally suitable for the treatment of different illnesses and help for the full recovery of the organism.

The deposit of mud at the Balchik tuzla is one of the seaside (lagoon-firth) deposits which are located on the Black Sea coast. Firth mud is homogenous, thick, plastic mass colored in black and smells like sulphuretted hydrogen. Its formation is a very slow process (1 mm per year at good conditions). Its contents are mainly non-organic. Its healing effects are mostly defined by its physical and chemical characteristics. The mud from the Balchik tuzla is used at the specialized hospital for rehabilitation „Tuzlata“ in Balchik as well as at the centres that offer treatment (<https://experience.bg/balneo-destinaciya-balchik>).

- *Albena*

The resort is situated on a beach strip which is over 5 km long and about 150 m wide. It's located 14 km North from The Golden Sands and 32 km North from Varna. The climate of Albena is typical for the Northern Black Sea coast of the country but has better ecological indicators – fresh air, which is rich in salts, ozone, bromine, calcium, iodine. The humidity of the air is 63-65%. The mineral springs of Albena have a temperature of up to 30°C and a total debit of 1031 l/s. Those priceless natural resources have the following characteristics: slightly mineralized water (0.614 g/l), hydrocarbonate-magnesium- sodium, with a slightly alkaline reaction (pH 7.4) and contents of oxidisable sulfur compounds 2 mg/l and fluorine 0.3 mg/l. The mineral waters are clear, transparent with favorable taste qualities. They are used for medical treatment and prevention of disturbances of the respiratory organs, cardio-vascular diseases, disturbances of the endocrine system, secondary anemias, disorders of the locomotor system, neurological diseases, gynecological and skin diseases.

- *Kranevo*

Kranevo is located 36 km away from Varna. Thermal waters from two aquifers – Eocene (limestones, sands, sandstones) and the Malm-Valanginian one (limestones and dolomites), are exploited in its region. The drill works started in 1960. The waters from the upper aquifer were first found at a depth of 500-600 m. In 1980 a drill 1500 m deep was built and it revealed the bottom horizon under 776 m. The mineral water from the deposit is hypothermal +24°C, pH 7.6 with a total mineralization of 0.55 g/l. It contains hydrocarbonated, chlorine and sodium ions with a low concentration of H₂S gas (<http://www.tourism.government.bg/bg/spa-destinations/6458/6463>).

- *The Golden Sands*

The Golden Sands is one of the oldest and the biggest resorts on the Black Sea coast. It's located 17 km North from Varna close to the nature park „The Golden Sands“. In the area of the resort in 1959-1960 drills with the depth of 800 m were built. At a depth of 600-700 m limestones, sands and sandstones were found. In 1989 a drill which was 1500 m deep was built and it reached the limestones and the dolomites from the Malm-Valanginian horizon that were deeper. The complex has a few hydrothermal sources with a temperature from 31 to 48°C and a total debit of 60 l/s. The water is lowly mineralized (0.560 – 0.680 g/l), hydrocarbonated and contains chlorides, sodium, calcium and magnesium, with a slightly alkaline reaction (pH 7.5 – 8.0). The water is used for treating chronic diseases of the respiratory organs, of the nervous system and etc. (Алексиева, Стамов, 2003).

- *Vacation complex „Riviera“* is located 17 km North of Varna and 9 km away from St St Constantin and Elena. It has a naturally healing and balneological potential which is the main reason for the development of SPA and wellness tourism. The climate is at the border of the ultraviolet comfort which creates an actual possibility for helium therapy. The average yearly temperature is 11.8°C. Practically the temperature, the air circulation, the humidity the UV rays in a combination with healing waters and the beach form the so called thermically active complex which creates conditions for the normal functioning of the human body.

Chemically, the sea water is of the sodium-chloride type (75 percent sodium chloride) and the bitter magnesium-sulphate type of waters but its mineralization as a whole is low – 18 g/l. The recreational importance of sea water manifests in its overall hardening and therapeutically effects for the organism. Its internal usage includes inhalations and drinking and because of that the water is processed, filtered and disinfected. Its outer usage includes sea baths, procedures with warmed up sea water sometimes enriched with healing herbs where the chemical,

mechanical and thermal effect on the joints and for nervous, gynecological and cardio-vascular diseases is used. Vacation complex “Riviera” is one of the resorts which are developed based on high quality sulphide, iodine-bromine and carbon acidic waters with different mineralization and a temperature of 38°C. Just as the sea water, they are used internally and externally for different diseases.

- *St. St. Constantine and Helena*

This is one of the best Black Sea resorts in Bulgaria and it's located 9 km away from the sea capital Varna. It has an ancient history. The first vacation station visited by Czech, Polish and German tourists was built in 1908. Today the visitation rate of this resort is high because of the specific micro-climate with purifying negative ions, forests and mineral springs.

The mineral water is delivered from several drills. Their physical-chemical characteristics are very similar: lowly mineralized hydro carbonated, with chlorine, sodium, calcium and magnesium; it also contains hydrogen sulphide and carbon dioxide. It's suitable for balneotreatment and balneo-prevention of diseases of: the digestive, the secretory and the endocrine system – by drinking; the locomotor system, the nervous and the cardio-vascular system and for gynecological issues – externally; by inhalations – for respiratory problems. The high debit and the contents of the mineral water allow it to be used for sports means, for powering recreation installations for bottling and for the production of soft drinks. The high temperature can be used as a source of power.

- *Varna*

It is the biggest sea resort on the Black Sea coast (Алексиева, Стамов, 2003). Around the coast there are 12 hydrothermal springs with a debit of 312 l/s. The waters are lowly mineralized (0.470 – 0.670 g/l), hydrocarbonated with chlorides and magnesium (and with a bit of calcium) with a slightly alkaline reaction (pH 7.4 – 7.9) and a temperature from 28 to 52°C. Even though the waters differ in hardness, they are clear, transparent, with pleasant taste qualities.

The mineral waters are used of their own or are combined with climate balneo-treatment. They are used for treating the cardio-vascular, the nervous, the locomotor system, and the respiratory organs and for strengthening and hardening the organism as a whole.

- *The mouth of Kamchia River*

The sanatorium healing complex „Kamchia“ is located 25 km South from Varna in one of the most picturesque areas of the Bulgarian Black Sea coast – the mouth of Kamchia river near the nature reserve in a dense forest directly on the beach. The area around the mouth of Kamchia River is an interesting geological structure in which exist the conditions for in-depth bedding of several aquifers and Eocene limestones are the richest in waters. They are discovered by several drills where the underground waters are highly mineralized and contain various chemical elements and compounds. That's why iodine and bromine were industrially produced from these waters and there used to be a factory for that. The last drill was built not long ago and is 2000 m deep.

- *Pomorie*

The town has become a center of medical, SPA and wellness tourism, as thousands of citizens from the country and abroad go there to recover their health through the whole year to use the healing characteristics of the well-known Pomorie mud. The contemporary mud-healing procedures have made Pomorie in a nice place for rest and healing. The town provides the numerous visitors good conditions for rest, sports and entertainment. The mineral water is

interesting with its characteristics. In spite of its low mineralization, it contains high quantities of magnesium which makes it one of the rare types of mineral water. It's hypothermal with a low debit. It's also characterized as fluorine, hypocarbonated-sulphided, with chlorides and sodium and iodine. The healing firth mud which is drawn from a lagoon has really precious physical and chemical characteristics. It's used in its natural state without regeneration. Healing lye is also extracted in the resorts.

Pomorie is the most popular Bulgarian heling sea resort because of the combination and the diversity of the natural healing resources. The most common are the problems with the locomotor system and the nervous system, gynecological problems and sterility. Pomorie is also famous for the possibility for treating skin conditions. The mineral water combined with the sea climate has a good influence for respiratory problems and the sea baths are great when it comes to functional nervous diseases. Because of its low debit the water is only suitable for inhalations for lung diseases and for drinking for phosphate lithiasis, obesity, atherosclerosis, intoxication with heavy metals and more.

- *Burgas and the Burgas mineral baths are a balneo-healing and mud-healing resort of national importance.* They are located 15 km away from Burgas in a big park, They are characterized by their hot water (41°C), which is lowly mineralized (0.604 g/l), chloride, hydrocarbonated and sodic with a high alkaline reaction (pH 9.95), silic (94 mg meta silicium acid in l), moderately fluoric (8 mg fluoride в l), with a total debit of 36 l/s or about 3 million l/day. The mineral water is clear, transperant, with no smell and with very good taste qualities to which the low hardness contributes (0.3 German degrees, the so called „soft water“). The therapeutic effect of the baths has been know ever since ancient times when the town was called Aqua Callide by the Romans . Later Byzantian chronists and medieval travellers and geographers have written about the healing springs.

The tourism branch has scored a great development of the SPA concept on an international scale which comes late in Bulgaria. That's why the specialized necessary equipment was developed just in the recent years. That's one of the most characteristic features of the SPA tourism in the Black Sea balneo and SPA destination (Стоянова, 2019). All of the centres on the Black Sea Riviera are a private property, as the clasification has been according to Regulation № 2 from 29.01.2016 and promulgated in the State Gazette, issue 11 from 9.02.2016 for the requirements for the certification of „Balneohealing (Medical SPA) centre“, „SPA centre“, „Wellness centre“ и „Thalassotherapeutic cetre“. It describes the minimal requirements about creation, service and the services offered. 28 centres have been certified until this moment.

Table 2: *Registered specialized centers in the Black Sea balneological and spa destination*

Center type	Balneological	SPA	Wellness
Number	7	17	4

Source: <https://ntr.tourism.government.bg/CategorizationAll.nsf/spa.xsp>

SWOT analysis of the Black Sea balneological and SPA destination

In order to define the position of the Black Sea Riviera, the SWOT-analysis requires the following stuff to be determined in a synthesized form: the advantages; the disadvantages; the possibilities – the resources that aren't being fully used; the threats are the most unfavorable elements that put up barriers in front of the currents or the future state of the activity.

The most important advantages, disadvantages, possibilities and threats that will have the biggest influence on the development of tourism in the destination have been selected from the SWOT-analysis. It solves two main issues: first, it offers a synthesized representation of a complex image of the state of the balneo and SPA tourism and the conditions for its development in the destination and second, it helps the development of sectors of high priority for future development and points problems to solve of high priority in different times.

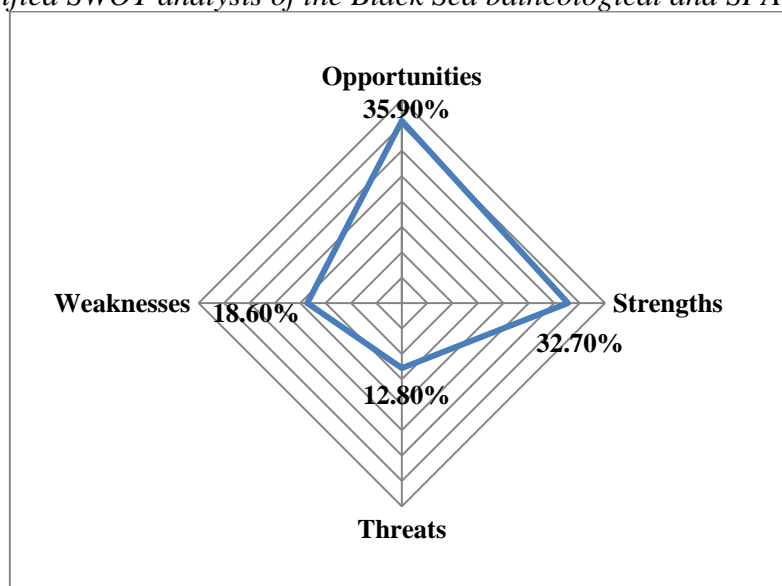
Then a quantified SWOT-analysis is used where the advantages, the disadvantages, the possibilities and the threats are assessed or they are arranged according to their importance. A grade from 10 (maximal) to 0 (minimal) is put for every criterion in the fields of the matrix. The rule is that the greater the influence of the factor is, the higher the grade is.

An anonymous survey among 10 leading experts was conducted for better reliability and to avoid subjectivity. After summing up the grades for the advantages, disadvantages, the possibilities and the threats, their average value is calculated. This is done to avoid the effect of the different number of factors in the quadrants.

The analysis shows that the advantages have on average 8.73 points (32.7%), the disadvantages – 7.03 points (18.6%), the possibilities – 8.73 points (35.9%) and the threats – 7.25 points (12.8%). The grades are plotted on the coordinate system and are connected with a line.

After further research and discussion, the final result - the main matrix of the SWOT analysis - is finalized. Positioning of the destination was made according to the quadrant in which it occupies the largest area. It falls into the first quadrant and is based on the strengths and opportunities i.e. it has the most favorable strategic position. This strategy is called aggressive, where each object strives to occupy a maximum area between strengths and opportunities. The development strategy should be built so that the area occupied by it only increases.

Figure 3: *Quantified SWOT analysis of the Black Sea balneological and SPA destination*



The link between opportunities and strengths also gives an idea of the levers of development. This is extremely important in constructing future strategies for the development of balneological and SPA tourism in the Black Sea destination. On this basis, it is assessed which

opportunities can be used to develop new strengths within the strategy horizon. The aggressive strategy consists of expanding and improving current activities and projects, target groups, and entering new areas of activity.

Conclusion

On the basis of the SWOT analysis and in relation to the future development of the Black Sea and spa tourism destination, the following main conclusions can be made:

- The destination has a good geographical disposition that is accessible through all means of transportation;
- It has resources for the development of tourism that combine a diversity of an unique nature, a good antropogenous environment, common heritage, traditions and practices that are typical for sea tourism, attractive landscapes and a favorable climate;
- A rich geo- and hydrothermal resource with a diversity of characteristics and healing qualities that are suitable for balneo and SPA tourism;
- Established traditions in balneotherapy, in the field of health care: internationally acknowledged doctors of different majors and low prices of medical services;
- The popular sea tourism can be used as an „engine“ for increasing the practice of SPA/balneo tourism;
- Creating of an united and complex tourist product combining medical and healthcare with accompanying additional services;
- Offering different types of therapies based on healing mood and lye as well as on the natural base of natural oils that are typical for Bulgaria – roses, lavender, grapes and etc.;
- Studying good practices and using them for the realization of the main priciples of steady development if the balneo and SPA tourism;
- Activizing the professional contacts between the academic institutions in the field of tourism and regional development and the tourist branch in creating tourist clusters;
- A scientifically based strategical planning oriented towards a balanced, socially responsible balneo and SPA tourism that perserves the environment.

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THE IMPACTS OF CRUISE TOURISM IN THE EUROPEAN TOURIST REGION

Milena Stoyanova¹

Abstract

The cruise industry in Europe is a dynamic source of economic activity, providing economic benefits to almost all industries and countries across Europe. Cruise tourism in Europe has an impact on all major aspects of the industry, including: ports of call, scheduled ports, shipbuilding, ship maintenance, provisions, sales and marketing, and cruise ship personnel and administrative facilities.

The interest in the topic is inspired by following:

- *It is no longer just about cruise tourism, but cruise industry. Indeed, the supply of cruise tourism products leads to the growth of a number of other economic sectors – ship design and shipbuilding, furniture and equipment of vessels, food supply, employment of a large number of staff and others. This poses the interesting question - what in cruise tourism helps to expand the accompanying activities?*

- *Cruise tourism manages to overcome the crisis and continues to grow. This is due not only to the advantages of cruise travel itself, but also to the peculiarities of the product-marketing policy of cruise operators, which is also of interest for research.*

Key Words: *cruise industry, European tourist region, economic and social impacts*

JEL classification: Z32

Introduction

At the beginning of the 21st century tourism is a leading industry in many countries and is the fastest growing branch of economy in terms of revenue and employment. The development of tourism is related to the change of tourists as a main subject of demand and with the changes of the tourist industry as a source of supply and with the tourist policies of the institutions. The interest in the topic is inspired by following:

- It is no longer just about cruise tourism, but cruise industry. Indeed, the supply of cruise tourism products leads to the growth of a number of other economic sectors – ship design and shipbuilding, furniture and equipment of vessels, food supply, employment of a large number of staff and others; this poses the interesting question - what in cruise tourism helps to expand the accompanying activities;

- Cruise tourism manages to overcome the crisis and continues to grow. This is due not only to the advantages of cruise travel itself, but also to the peculiarities of the product-marketing policy of cruise operators, which is also of interest for research.

- The cruise industry contributed a record €47.86 billion to the European economy in 2017, according to Cruise Lines International Association (CLIA). This represents an increase of 16.9 per cent against the previous figure released in 2015.

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Impacts of cruising industry

The cruise industry in Europe is a dynamic source of economic activity, providing economic benefits to almost all industries and countries across Europe. Cruise tourism in Europe impacts all of the major aspects of the industry, including: ports of embarkation, ports-of-call, shipbuilding, ship maintenance, provisioning, sales and marketing and the staffing of cruise ships and administrative facilities. The direct economic impacts of the cruise industry are derived from a broad range of activities including:

- Port services and cruise industry employment;
- Transportation of cruise passengers from their place of residence to the ports of embarkation;
- Travel agent commissions;
- Spending for tours and pre- and post-cruise stays in European port cities;
- Passenger spending for retail goods in European port cities; and
- Purchases of supplies by the cruise lines from European businesses.

Despite the long-term decline of merchant shipbuilding in Europe, the region has retained market share in a number of specialist sectors. The most important of these is cruise ship construction in which the European industry has been the world leader for nearly 50 years.

- All but two of the oceanic cruise ships currently under construction through the end of 2019 are being built in European yards.
 - The yards in Italy, Germany, France, and Finland are the most important suppliers to the market and currently account for most of the new ships due for delivery within Europe from 2016 to 2019.
 - Germany and Italy are the current leaders with 67% of the European order book between them.
 - Some diversification from the customary pattern is taking place with five smaller ships under construction in Norway and two in Croatia.
 - Japan is currently completing orders for two ships but does not appear to be competing for new orders.
 - Although other non-European yards have the capacity and technology to build cruise ships, they may not have project management capability, aptitude or the desired balance of labor and skills required to deliver a cost-effective result within a required budget in the contracted delivery time. However, Far Eastern yards have been studying the market diligently and the entry of China in particular to the market cannot be ruled out.
 - The majority of cruise ships serving the European market are dry-docked in Europe, together with a number of North American ships summering in the region.

Table 1: *Planned construction of sea cruise ships 2016 – 2019*

Country of Build	Number	GT (Gross Tonnage)	Pax (Passengers) Lower Berths	Cost € Millions	Share of Cost
Italy	18	1,698,600	43,026	9,507	34.9%
Germany	12	1,679,700	39,287	8,904	32.6%
France	6	1,078,564	27,588	5,306	19.5%
Finland	5	568,000	15,000	2,646	9.7%
Norway	5	60,000	1,336	677	2.5%
Croatia	2	24,770	528	235	0.9%
Total	48	5,109,634	126,765	27,275	100.0%

Source: *Contribution of Cruise Tourism to the Economics of Europe 2015*

The global cruise industry spent €4.6 billion, 27% of total cruise industry expenditures in Europe during 2015. Expenditures for new construction and maintenance increased by 1.2% from 2014 after increasing by 12.8% % in 2014 and 4.7% in 2013. Prior to 2012, shipbuilding expenditures had declined for three consecutive years.

Since the cruise ship order book peaked in 2007, new orders fell in each of the next three years. As a consequence, the growth in shipbuilding expenditures declined in 2008 and actual expenditures fell during the 2009-11 period. Since then demand has recovered and the contracts placed in European yards over the past year appear to confirm Europe’s continued pre-eminence in cruise shipbuilding over the remainder of the current decade and beyond.

Expenditures for shipbuilding and repair declined in 2010 and 2011 primarily in response to recession conditions. They have since rebounded in the following four years. Since 2010, annual shipbuilding and repair expenditures have increased by 10.3% from €4.17 billion to €4.60 billion in 2015. Since 2012, however, annual shipbuilding and repair expenditures have increased by 46 percent from €3.85 billion to €5.63 billion in 2017.

Table 2: *Cruise Industry Expenditures for Newbuildings and Refurbishment (Millions)*

Country	€ New buildings	€ Refurbishment	€Total
Germany	961	316	1,277
Italy	1,006	261	1,267
France	470	53	523
Finland	432	73	505
Other EU +3	803	229	1,032
Total	3,672	932	4,604

Source: *Contribution of Cruise Tourism to the Economics of Europe 2015*

- Eighty percent (80%) of these expenditures relate to the work-in-progress for the construction of new cruise ships, with the remaining 20% covering conversion, refitting, refurbishment and maintenance of cruise ships.
 - Among the four major shipbuilding countries in Europe, expenditures for new construction increased in France and Finland during 2015, by 18.3% and 9.8% respectively. Expenditures declined by 4.6% in Italy and by 22.7% in Germany.
 - European yards also undertake major conversions such as replacement of main engines and insertion of a mid-body to lengthen the ship.
 - The outstanding reputation of European yards has meant that US cruise lines have continued to order ships in Europe despite the fluctuations of the US dollar against the euro.
 - Europe offers an abundance of specialist skills and sophisticated technology in areas such as navigation and outfitting, which support European cruise ship construction and assist the yards in maintaining a competitive edge over their rivals in other parts of the world.

Cruise tourism generated an estimated €16.89 billion in direct expenditures throughout Europe in 2015, an increase of 1.5% over 2014. In 2017, the cruise industry generated direct expenditures of €19.70 billion. These expenditures included the following: The cruise industry also spent an estimated €1.42 billion on financial and business services including: advertising, engineering and other professional services, computer programming and support services and direct mail and market research. This was an increase of 2.4% over 2014. Even as the growth rate declined from 2014, this was the fourth successive annual increase in these expenditures. The €53 million increase in shipbuilding and maintenance expenditures accounted for 21.2%

of the net increase in total cruise expenditures in 2015. €5.63 billion in spending for the construction of new cruise ships and the maintenance and refurbishment of existing ships with European shipyards, a 22 percent increase from 2015. The €1 billion increase in shipbuilding and maintenance expenditures accounted for 37 percent of the net increase in total cruise expenditures in 2017 over 2015.

At the outset of 2015 there were 29 cruise ships on the order books of the European shipyards. Currently, including deliveries during the first half of 2016, European shipyards are under contract to build 48 cruise ships with a combined value of €27.0 billion through to 2019. As of May, 2018, including deliveries during the first half of 2018, European shipyards are under contract to build 66 cruise ships with a combined value of €29.4 billion through to 2021.

€6.90 billion in spending by cruise lines with European businesses for goods and services in support of their cruise operations represented a 1.0% decline from 2014. This represented a €67 million decrease in cruise line spending. In 2017, €8.17 billion in spending by cruise lines with European businesses for goods and services in support of their cruise operations represented an 18 percent increase from 2015. Among the major expenditures were the following:

- Cruise lines purchased nearly €690 million in provisions consumed on board cruise ships from European food and beverage manufacturers, an increase of 2.6% from 2014. And cruise lines purchased nearly €807 million, an increase of 17 percent from 2015.
- As a result of the growth in cruise passengers sourced from Europe, an estimated €815 million in commissions were paid to European travel agents.
- The cruise lines' expenditures of €1.44 billion for financial and business services, including: insurance, advertising, engineering and other professional services, increased by 3.5% from 2014. The cruise lines' expenditures of €1.68 billion for financial and business services in 2017 increased by 18 percent from 2015.
- Finally, with the falling price of oil during 2015, cruise lines' expenditures for fuel in Europe fell by 25% to an estimated €590 million, a reduction of nearly €€200 million from 2014. The decline in fuel expenditures more than offset the €130 million increase in all other direct expenditures of the cruise lines. Cruise lines spent more than €1.95 billion on transportation and utilities in 2017, up about 17 percent over 2015.

In 2015, € 3.83 billion in cruise passenger and crew was spending, and €4.23 billion in cruise passenger and crew was spending in 2017. Passenger expenditures included spending for shore excursions, pre- and post-cruise hotel stays, air travel and other merchandise at ports-of-embarkation and ports-of-call. Crew spending was concentrated in expenditures for retail goods and food and beverages. Passenger expenditures included spending for shore excursions, pre- and post-cruise hotel stays, air travel and other merchandise at ports-of-embarkation and ports-of-call. Crew spending was concentrated in expenditures for retail goods and food and beverages.

Given the 4.6% increase in embarkations and the 7.6% gain in passenger visits at European ports-of-call, total passenger and crew expenditures rose by 5.4% from 2014 after falling by 4.2% in the prior year. The €195 million increase in passenger and crew expenditures accounted for nearly 80% of the net increase in total industry spending during 2015. And given the 6.1 percent increase in embarkations and the 9.6 percent gain in passenger visits at European ports-of-call, total passenger and crew expenditures rose by 10.4 percent from 2015. The €400 million increase in passenger and crew expenditures accounted for about 14 percent of the net increase in total industry spending during 2017.

- Including airfares, embarking passengers spent an average of €288 (2015) and €294 (2017).
- Excluding airfares, cruise passengers spent an average of € 79.59 (2015) and €81.86 (2017) at embarkation port cities.
- Crew spending at each port call averaged €22.99 (2015) and €24.50 (2017) per crew member.
- On average, cruise passengers then spent another €64.37 at each port visit on their cruise itinerary.
- €1.55 billion in wages and salaries plus benefits, an increase of 4.6% from 2014, were paid to the European administrative staff and crew of the cruise lines. In 2017 were paid €1.67 billion, an increase of 7.7 percent from 2015.
- Cruise lines employed about 5,600 European nationals in their headquarters and administrative offices.
- An estimated 63,500 European nationals were employed as officers and ratings on cruise ships.

These expenditures generated employment and employee compensation across a wide range of industries and in virtually every country that sourced passengers and/or hosted cruise ship calls. The €16.89 billion in direct expenditures generated an estimated 175,476 direct jobs paying €5.24 billion in employee compensation. In 2017 the €19.70 billion in direct expenditures generated 195,241 direct jobs paying €6.023 billion in employee compensation.

The following three economic sectors accounted for nearly 79-80% of the direct economic impacts of the European cruise industry:

- The Manufacturing sector, led by the shipbuilding industry, accounted for 49% of the cruise industry's direct expenditures, 27% of the direct jobs and 34% of the direct employee compensation. All of these percentages fell slightly from 2015 due to the higher growth in the shipbuilding industry relative to the other expenditure categories.
- European employees of the cruise lines accounted for 35% of the direct jobs generated by the cruise industry and 28% of the compensation. These percentages are up slightly from 2015.
- The Transportation and Utilities sector, excluding the direct employees of the cruise lines and their wages but including tour operators and travel agents among others, accounted for 23% of the direct expenditures, 13% of the direct jobs and 16% of the compensation impacts. As a result of the increase in passenger visits from 2014, each of these percentages rose somewhat from 2013. The transportation and Utilities sector, including tour operators and travel agents among others, accounted for 22 percent of the direct expenditures, 14 percent of the direct jobs and 16 percent of the compensation impacts. These relative percentages were little changed from 2015.

The total economic impacts are the sum of the direct, indirect and induced impacts. The indirect impacts result from the spending by the directly impacted businesses for those goods and services they require to support the cruise industry. The induced impacts result from the spending by the impacted employees for household goods and services. Thus, the indirect impacts primarily affect business-to-business enterprises while the induced impacts primarily affect consumer businesses.

The total economic impacts are more evenly spread among the various industries than the direct economic impacts as the indirect and induced impacts affect non-cruise sectors. Yet the

manufacturing (primarily shipbuilding) and transportation sectors still account for more than half of the cruise industry's total economic impact throughout Europe.

- In 2015 the Transportation and Utilities sector, including the employees of the cruise lines, accounted for 22% of the total output, 31% of the total employment and 30% of the total compensation impacts. In 2017 the Transportation and Utilities sector, accounted for 17 percent of the total output, 13 percent of the total employment and 16 percent of the total compensation impacts.

- In 2015 the Manufacturing sector, which includes the shipbuilding industry, accounted for 36% of the total output, 24% of the jobs and 29% of the total compensation generated by the cruise industry. In 2017 The Manufacturing sector, which includes the shipbuilding industry, accounted for 36 percent of the total output, 24 percent of the jobs and 30 percent of the total compensation generated by the cruise industry.

Table 3: *Total Economic Impacts of the European Cruise Sector by Industry, 2015 and 2017*

Industry / Year	Output € Million		Jobs		Compensation € Million	
	2015	2017	2015	2017	2015	2017
Agr., Mining & Constr.	€2,211	€ 2,655	17,875	19,722	€331	€ 381
Manufacturing	€14,619	€ 17,390	85,164	98,091	€3,237	€ 3,795
Nondurable Goods	€4,568	€ 5,359	20,703	23,306	€743	€ 861
Durable Goods	€10,051	€ 12,031	64,461	74,785	€2,494	€ 2,934
Wholesale & Retail Trade	€2,388	€ 2,841	31,616	38,043	€569	€ 700
Transportation & Utilities	€8,941	€ 8,375	113,027	51,836	€3,278	€ 1,995
Hospitality	€1,323	€ 1,496	17,848	19,418	€395	€ 448
Financial & Business Svcs.	€9,532	€ 11,220	68,643	77,090	€2,421	€ 2,814
Personal Services & Govt	€1,932	€ 2,207	26,398	30,349	€820	€ 962
Cruise Line Employees	-	€ 1,674	-	69,072	-	€ 1,674
Total	€40,946	€47,858	360,571	403,621	€11,051	€12,769

Source: *Contribution of Cruise Tourism to the Economics of Europe 2015, 2017*

The economic impacts were spread throughout Europe. However, the majority of these impacts were concentrated in five countries, which accounted for about 79-80 percent of the cruise industry's impacts throughout Europe. The top five countries experienced a combined increase of just over 17 percent in direct cruise industry expenditures during 2017.

The three countries of Italy, UK and Germany accounted for 63 percent of the direct expenditures of the cruise industry, unchanged from 2015. Primarily due to the combined decline of 11% in shipbuilding and maintenance expenditures in Germany and Italy, these three countries experienced a combined decrease of 2.3% in direct expenditures from 2014 and increase of 16 percent in direct expenditures from 2015.

The remaining two countries (Spain and France) in the top five tended to be impacted in two or three major segments:

- Spain serves primarily as a source and destination market with some headquarters operations.
- France is principally a source and destination market with the addition of shipbuilding.

Since 2012 European-sourced passengers have grown by 13 percent from 6.14 million to 6.96 million in 2017. This translates to an average of 2.5 percent per year increase over the past 5 years.

Embarkations at European ports have grown at a similar pace -increasing by nearly 13 percent over the 5-year period, from 5.77 million in 2012 to 6.5 million in 2017.

Embarkations at European ports experienced an increase of 6.1 percent in 2017 over 2015 and reached a new high.

Port-of-call passenger visits have risen by 19 percent over the 2012-2017 period, growing from 28.69 million to 34.15 million. Port-of-call visits increased by 9.6 percent in 2017 over 2015 (Contribution of Cruise Tourism to the Economics of Europe 2017).

Direct expenditures have increased by 27 percent from €15.5 billion in 2012 to €19.7 billion in 2017, representing an average annual increase of 4.9 percent over the five-year period.

While total direct expenditures of the cruise industry have steadily increased over the five-year period, the growth in spending by category has varied. Over the five-year period, spending by cruise lines for goods and services and employee compensation has experienced a total increase of 24 percent, representing an average of 4.4 percent per year.

Expenditures for shipbuilding and repair had declined in 2010 and 2011 primarily in response to recession conditions. Since 2012, however, annual shipbuilding and repair expenditures have increased by 46 percent from €3.85 billion to €5.63 billion in 2017.

Following the 6.6% contraction of embarkations and transit passenger visits combined at European ports in 2014, passenger and crew visits rebounded sharply in 2015, increasing by 7.1%. As a result, passenger and crew expenditures at European ports rose by 5.4% in 2015 and reached a new high of €3.83 billion. Over the 2010-2015 period, expenditures of passengers and crew have increased by 23.4%, or an average of 4.3% per year. Passenger and crew visits at European ports continued to grow in 2017, increasing by about 9.9 percent. As a result, passenger and crew expenditures at European ports rose by 10 percent since 2015 and reached a new high of \$4.23 billion. Over the 2012-2017 period, expenditures of passengers and crew have increased by 17 percent, or an average of 3.1 percent per year.

The cruise industry's direct spending made by the cruise lines and their passengers and crew throughout Europe increased by 1.5% in 2015 to €16.89 billion after increasing by 2.8% in 2014 and 4.7% in 2013. In 2017 it increased by 17 percent from 2015 to €19.7 billion. These €16.89 billion in direct cruise tourism expenditures throughout Europe in 2015 generated an estimated 360,571 jobs (direct, indirect and induced).

The €19.70 billion in direct cruise tourism expenditures throughout Europe in 2017 generated an estimated 403,621 jobs (direct, indirect and induced), up by 12 percent from 2015.

The total employment associated with the total output discussed above has increased by 23 percent from 326.9 thousand jobs in 2012 to 403.6 thousand jobs in 2017. Since 2012, the total employment impact has increased each year and has averaged 4.3 percent per year.

The total output of the industries affected by the direct, indirect and induced impacts of the European cruise industry has risen by 26 percent from €37.86 billion in 2012 to €47.86 billion in 2017. This increase in total output mirrors the growth in direct expenditures reported above. The cruise industry has the potential to ensure economic benefits for each seaport country. These economic benefits come from five main sources:

- 1) Expenses of the passengers and the crew
- 2) The staff at the coasts of the cruise lines for their headquarters, marketing and tourist operations
- 3) Expenses of the cruise lines for goods and services that are needed for the cruise flights
- 4) Expenses from the cruise lines for port services
- 5) Expenses with cruise lines for maintenance.

The admittance of big cruise ships at the port, however, requires a lot of start-up investment in infrastructure as well as maintenance expenses.

The expenses for tourist cruises have direct, indirect and caused effects for the economy of a certain destination. The direct effect is on a supplier who sells goods and services directly to cruise ships, passengers with cruise and a crew.

The expenses for the cruise ship include port expenses, sea expenses, food and tickets, fuel, water and maintenance. The expenses for passengers with cruise include those which aren't a part of the cruise such as taxis, souvenirs, coast trips.

The indirect influence is a result of buying of the direct suppliers as goods from other companies. The induced effects derive from the expenses of direct and indirect receivers that come from their increased income.

Social effects are widely spread and are about the ways tourism contributes to the change in the values, family relationships, individual behavior, and levels of safety, moral behavior, collective life, creative expressions, traditional ceremonies and public organizations. As we know, the higher concentration of tourism generates more negative perceptions of the tourism industry. The crowds disrupt the usual routes and the activities that have to do with cruise tourism themselves may be a problem. It's not a coincidence that since this year Venice is trying to restrict the flow of tourists.

- The main critical effects are the effects on the environment:
- Changes in the natural and the built-up environment which are in order to allow the destination to serve as a destination for cruise lines result in a loss of natural habitats and exploitation of local construction;
- Operative effects that are connected to the usage of power, water and accidental or purposeful physical damage of the sea ecosystems;
- Effects that are caused by transferring people to and from the places of departure in the destinations increases the usage of air transportation
- The effects that leisure activities have on the wildlife as disruptions and waste, as pressure on endangered species even though they are used as presents and out of curiosity.

The physical arrival of the cruise ship is not the only cause of environmental impacts; shore excursions are too. Very few, if any, natural attractions can accommodate 2,000 visitors at one time, much less 5,000. When visitation exceeds the capacity of the attraction to recuperate, degradation occurs. These impacts are amplified when cruise passengers are not properly

briefed and monitored for responsible behavior specific to the site. Shore excursions are not limited to land-based activities, but commonly include aquatic activities such as snorkeling, diving and boat tours. Environmental impacts of these activities can be severe when not properly regulated.

Cruise tourism's social impacts are encompassed by the effects it has on local stakeholders. They may be derived from environmental impacts or arise from interaction among groups. Common impacts associated with cruise tourism are congestion, cultural heritage degradation and community disruption.

Cruise passenger visitor flows may disrupt or congest local traffic and pedestrian routes. This type of congestion, termed People Pollution, crowds' areas used by inhabitants. Impacts to a destination's cultural heritage generally result from poor management of large-scale visitation in finite periods and exist in two forms. First, local communities and traditional cultures may be impacted, especially in rural areas where their intangible heritage forms an attraction despite their not wanting to interact with cruise passengers. This can also lead to unwanted social change and threats to intangible cultural heritage. Second, cruise ship emissions or high-intensity visitor traffic may degrade cultural heritage sites.

Conclusion

In the last 10-15 years cruise tourism as whole and in the European region has bloomed quite quickly even though it's relatively young. Since 1980 until today, it's been preferred by more than 90 million people. 90% of the people that have been on a cruise trip, dream to be a part of one more in future. The trips are mainly in the Caribbean, Alaska and the Mediterranean and North Europe. The interest towards cruise trips is huge. Just in America there are over 35 companies that are responsible for more than 120 ships that transport about 4.4 million of tourists every year. The revenues are over 10 billion dollars each year. The average yearly growth is 8% which surpasses every other tourist branch. The supply has increased by 62% since 2005 until now.

More Europeans choosing a cruise holiday, more cruise passengers sailing in Europe, and more cruise ships being built in European shipyards. This all translates into substantial economic benefits for the entire continent.

In 2015 there were 448 cruise ships and in 2016, 27 new ones were ordered and were put into operation in 2017. In 2017, cruise lines spent €5.6 billion in European shipyards, representing a 22.4 per cent increase compared to 2015. 66 cruise ships are currently on the order books of European shipyards for delivery by 2021, with a total value of more than €29.4 billion.

The assessment of the current situation in the conditions of a competitive market environment and the possibilities for improving the current situation are a must for creating a strategy for development which will allow achieving a steady competitive advantage. For an objective assessment of competitiveness it's required that we take in account the value of the tourist resource which is a key factor especially when it comes to transit destinations and following the functionality of the port system, the capacity of accommodation for ships and passengers and the infrastructure and the organization of cruise destinations as a whole.

The development of the cruise sea tourism in the European region avoids the needed strategical management on a macro-level which puts it in the core of the studies for steady development

which in some areas shows the negative effects from it. That's a result of the relatively small amount of scientific documents which are aimed at creating a strategical management on a macro-level which would help solving this problem as well as the insufficient development of scientific thought on cruise which can lead to a change in practices.

All investment is already paying back. The whole tourism branch constantly increases its popularity and has more and more adherents. The overall opinion is that this is a great possibility for vacation trips which greatly surpasses vacations on land.

Cruise tourism should be a central focus for sustainable development given its potential to continue outpacing overall tourism growth in arrivals, and because of its effects on intensifying visitor flows within destinations. This is true not only for the potential risk of negative impacts, but also from the opportunities afforded from cruise tourism's scale to build awareness of responsible travel to many tourists. European destinations should consider a strategic approach to cruise tourism when implementing best practices for sustainable development. Continued tourism growth in all segments and an increasing appreciation for protecting natural and cultural heritage while benefiting local communities, enables a destination management approach of controlling demand rather than a traditional goal of just increasing visitor arrivals.

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COMPARATIVE ANALYSIS OF EMPLOYMENT AND SELF-EMPLOYMENT IN NORTH MACEDONIA AND THE WESTERN BALKANS

Mimoza Serafimova¹; Snezana Bardarova²; Drasko Atanasovski³

Abstract

Unemployment has reached historic lows in most Western Balkan countries, but remains higher than in EU countries. Unemployment continues to decline, with the region experiencing a significant decline in long-term unemployment from 1.5 million in 2011 to 776,000 people, or 10.5 percent of the labor force, in the second quarter of 2018. However, unemployment and self-employment remained significant a challenge in the Western Balkans, where levels were two to three times higher than in the respective EU countries.

The paper follows the trend of market development and market movements in the six Western Balkan countries, which includes Macedonia. The comparison is based on data on labor market indicators for South East Europe (SEE).

The purpose of this paper is to highlight the general situation data and provide guidance on how the labor markets in the Western Balkans have evolved over the past year, namely employment and self-employment, with a focus on the Macedonian labor market.

Key Words: *labor market, employees, self-employment, Western Balkans, North Macedonia*

JEL Classification: *E24, J21*

Introduction

In terms of higher growth and overall improvements in the labor market, they have not translated into better labor market conditions for low-skilled workers. The job is primarily lost to low-educated workers (down 3.8%), while higher education has the highest share of new jobs. On average, jobs increased by 4.2 percent for highly educated workers and 1.2 percent for those with secondary education (primary and secondary). The only exception is Macedonia where employment for people with low education has increased by 6 percent, while those with higher education have lost approximately 6,000 jobs (2.9%). This general trend suggests the need to prioritize policies that help integrate the low educated into the labor market. Youth unemployment has declined in all countries except Kosovo (4.2% to 54.9%) and Macedonia (0.5% to 47.6%) (<http://SEEJobsGateway.net>).

Literature review

The Keynesian economy focuses on the fact that unemployment is the result of an insufficiently effective demand for products and services in the economy. According to (Romer 1990: 64) economic growth led to internal sectoral economic changes. These changes lead to structural

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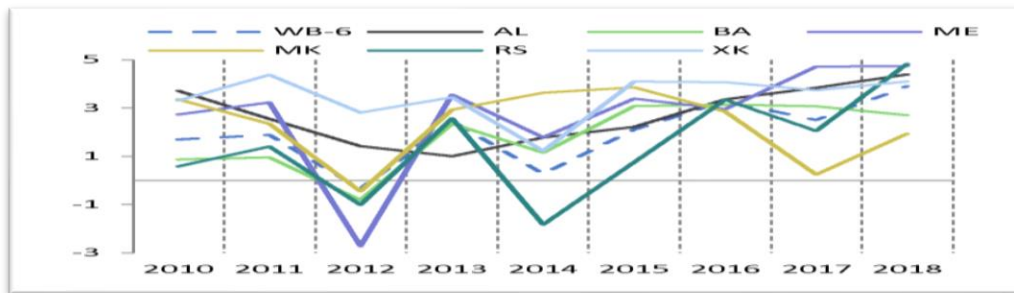
unemployment. Technological development changed the way of production by reducing the number of employees. While (Pissarides 1990) and (Postel Vinay, 1998: 1091-1115) state that technological development helped for the reduction of unemployment due to the effect of capitalism. (Zaglar, 2006: 53) analyzed the ratio between economic growth and unemployment in the United Kingdom in the period 1982-1999, and the results showed a strong and negative correlation between economic growth and unemployment. According to him, fast-moving economies will face structural unemployment for a short period. Unemployment can be minimized by effective planning and human capital improvement. Many economists analyze this ratio between economic growth and unemployment to make estimates from the Okun coefficient. In particular, Okun (1962) at the time of the Kenyanism referred to a stable ratio between the GDP growth and the change in the percentage of employment. The others on the list were Smith (1975), Gordon (1984), Knoester (1986), Kaufman (1988), Prachowny (1993), Weber (1995), Musa (1997a, 1999), Attfeld и Silverstone (1998), Lee (2000), Harris dhe Silverstone (2001), Sogner и Stiassny (2002), and Silvapulle et al (2004). In the domain of the labor market, the transition was prompted by two driving forces: ownership restructure and sectoral reallocation (Blanchard, 1997). As a result, the transition countries, in which the Republic of Macedonia belongs, represent a heterogeneous group and differ according to the experiences, as well as the degree of success in the implementation of the transitional employment reforms (Svejnar, 2002: 3-28). The countries of Central Europe (CEE), the Baltic countries and Slovenia were most successful in overcoming the initial recession, achieving dynamics of their GDP and employment, which can stylizedly be represented in the form of the Latin letter U. For the success of the transition process in these countries, recently accompanied by Romania and Bulgaria, speaks of the fact that they are today full-fledged EU members. Contrary to this group of countries, the countries that originate from the former Soviet Union, and today constitute the Commonwealth of Independent States (CIS) and the countries of Southeast Europe (SEE), still face high and persistent unemployment as a consequence of their low institutional capacity which generates modest development opportunities (Boeri, 2000: 274). Among the above groups of countries, this paper will focus on the functioning of the labor markets in the SEE countries, of which Macedonia is an integral part. Unemployment at the start of the transition has reached high rates in almost all transition countries, and especially in SEE and as such is the only historical phenomenon that requires the need to be thoroughly explored (Tichit, 2006:351). This unemployment is still termed 'transition unemployment' because it is a result of the shock of systemic reforms and, as such, differs in many respects from other types of unemployment (Mickiewicz and Bell, 2000). General characteristics of transitional unemployment are: pronounced segmentation of the labor market, long duration of unemployment and low likelihood of exit from the status of unemployment (Cazes and Nesporova, 2003). Almost all transition countries, at the beginning of the transition process, have introduced passive labor market policies that, according to their 'broad-based', are similar to those encountered in the developed countries of the OECD (Riboud et al., 2002). However, this kind of 'natural experiment' has proved unsustainable and has forced governments to shorten the rights enjoyed by the unemployed quickly (Boeri, 2000; Vodopivec et al., 2003).

Development of the Macedonian labor market in relation to the Western Balkans

Market results vary across the Western Balkans, but there is considerable variation in the countries. Macedonia has shown the largest regional differences in employment and unemployment rates. After a 2.5 percent increase in 2017, the total GDP growth of the Western Balkan countries rose to an estimated 3.9 percent in 2018 (Figure 1). Albania, Kosovo, Macedonia and Serbia, the largest economy in the region, saw higher levels of growth than the previous year. GDP growth remained unchanged between 2017 and 2018 in Montenegro and

decreased only in Bosnia and Herzegovina. As for the four peer countries, Austria and Hungary reported accelerating economic growth, while the opposite was true for Bulgaria and Croatia.

Figure 1: GDP growth, real change in % - Western Balkan countries



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat and wiiw Database.

Regional differences in employment rates were significant in Montenegro and Macedonia, and relatively low in Albania, Bosnia and Herzegovina and Serbia. Figure 2 shows the employment rates of the population aged 15 and over for the 22 NUTS-2 and NUTS-3 regions at the level (the latter refers to Macedonia). In the second quarter of 2018, the highest regional employment rates in the Western Balkans were recorded in the Southeast region of Macedonia, where 58.8 per cent of the population aged 15 years and over were employed. Rates of over 50 per cent have been reported in the eastern region and Pelagonia. The lowest employment rates, about one-third, were in the northeast and Polog regions of Macedonia. The differences in employment rates in the different regions were the largest in Macedonia (26 percentage points). Macedonia also reported above-average employment growth (2.1 per cent), partly driven by government employment programs (EC, 2018), with job creation in construction, industry and tourism. In Bosnia and Herzegovina, which reported employment growth of 0.8 percent, industry and services were the main drivers, while agriculture's contribution to job creation was negative. In Serbia, employment grew by less than 1 percent and was primarily generated in industry, while employment in agriculture declined. In Kosovo, which reported the highest employment growth in the region a year ago, employment fell by 4.5 percent; It declined in agriculture, industry and construction, but increased in the service sector, in particular trade, financial and insurance activities, information and communication technology (ICT) and the public sector. Detailed information on the contributions of individual (sub-) sectors is given in Figure 3.

Figure2: Activity rates (15-64) in %

Western Balkan countries

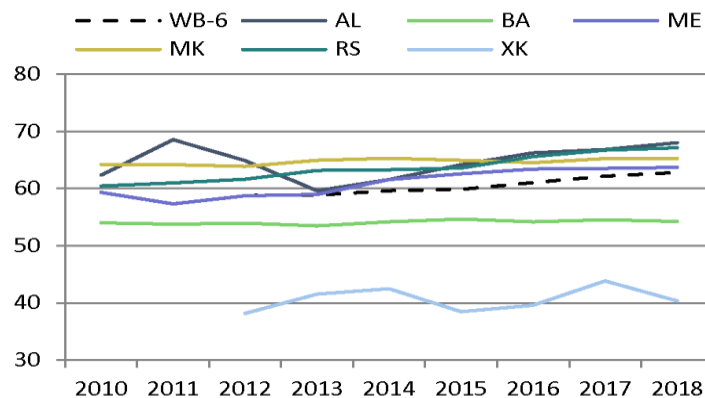


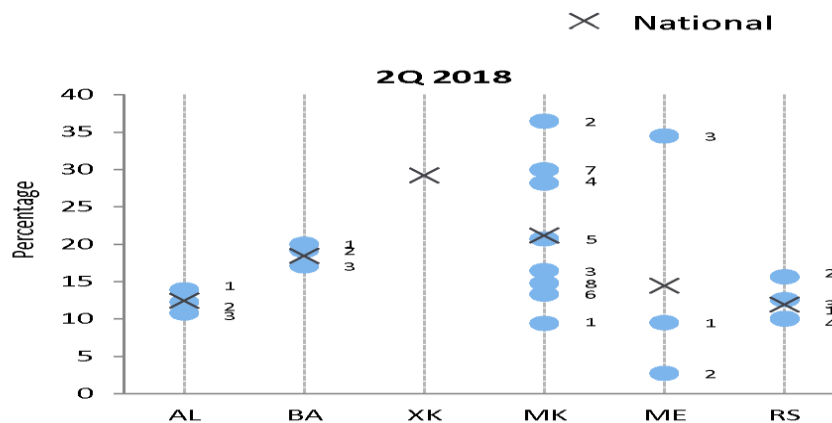
Figure 3: Activity rates (15-64) in %



Source: National Statistical Offices based on LFS of respective countries.

Employment rates have wide variations in regional unemployment, especially in Montenegro and Macedonia, while the differences are small in Albania and Bosnia and Herzegovina (Figure 4). Unemployment rates varied widely across all regions of the Western Balkans in the second quarter of 2018, with the lowest rates recorded in Montenegro's coastal region (2.7%), and highest in the Northeast Macedonia (36%) and the Northern Region. Montenegro (34.5%). Of the 22 regions of the Western Balkans, 15 reported a fall in their unemployment rate in 2018, the most significant being in Bosnia and Herzegovina and the Vardar region of Macedonia (down 8.6 and 6% respectively). By contrast, unemployment continued to rise in South and Eastern Serbia and in the Southeast region of Macedonia.

Figure 4: employment rates, in %



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Employment in Macedonia

Macedonia reported employment growth of 2 percent in 2018, and females saw higher employee benefits than men (3 percent vs. 1.4 percent.). Employment growth was supported - as part of GDP growth - through a government subsidy program. Jobs were created in a variety of activities, such as industry, construction, tourism and public services. However, most of this increase is due to employment growth in the informal sector, which accounts for about 18 percent of total employment. Self-employment is the largest share of informal workers, while

unpaid family work has declined. Unemployment continued to fall in 2018, falling to a historic low of 21.1%. In contrast, youth unemployment rose slightly to 47 percent. Regional unemployment gaps were wide, ranging between 9.4% in the eastern region and 36.5% in the northeast region.

Table 1: *Macedonia: Labor market indicator*

	2010	2012	2013	2014	2015	2016	2017	2018 Q1	2018 Q2
Total									
Total population (1,000)	2,055	2,061	2,064	2,067	2,070	2,072	2,075	.	.
Working-age population aged 15+ (1,000)	1,649	1,670	1,672	1,673	1,677	1,679	1,680	1,682	1,683
Employment aged 15+ (1,000)	638	651	679	690	706	724	741	750	755
Employment rate (% population aged 15+)	38.7	39.0	40.6	41.2	42.1	43.1	44.1	44.6	44.9
Employment rate (% population aged 15-64)	43.5	44.0	46.0	46.9	47.8	49.1	50.5	50.9	51.3
Employment rate (% population aged 20-64)	48.1	48.2	50.3	51.3	51.9	53.3	54.8	55.1	55.7
Employment rate (% population aged 15-24)	15.4	15.5	16.2	15.2	17.3	16.2	17.5	17.5	17.0
Employment rate (% population aged 25-29)	47.8	45.7	45.9	48.2	47.3	49.6	51.5	54.3	53.8
Employment rate (% population aged 25-54)	55.8	55.8	57.9	59.3	59.4	61.2	62.7	63.3	63.4
Employment rate (% population aged 55-64)	34.2	35.4	37.9	38.6	40.1	40.7	41.4	40.6	43.0
Employment rate for low skilled 15-64 (ISCED 0-2)	26.6	25.7	28.4	29.9	28.9	27.3	28.4	27.9	28.8
Employment rate for medium skilled 15-64 (ISCED 3-4)	49.9	50.1	52.4	52.5	53.6	55.4	56.4	56.7	57.3
Employment rate for high skilled 15-64 (ISCED 5-8)	70.7	68.1	67.5	69.1	72.0	72.4	73.7	74.4	73.8
Self-employed (% of total employment)	13.1	13.6	14.5	14.0	13.9	13.2	12.9	12.2	14.3
Part-time employment (% of total employment)	5.9	6.4	4.6	5.9	4.4	5.0	4.2	3.6	3.8
Temporary employment (% of total employees)	16.5	13.7	14.0	15.4	12.6	13.6	14.0	13.5	16.1
Activity rate (% population aged 15+)	56.9	56.5	57.2	57.3	57.0	56.5	56.8	56.9	56.9
Activity rate (% population aged 15-64)	64.2	63.9	64.9	65.3	64.9	64.5	65.3	65.1	65.3
Activity rate (% population aged 15-24)	33.3	33.6	33.6	32.4	32.8	31.3	32.8	31.4	32.4
Activity rate (% population aged 25-54)	79.4	78.5	79.2	80.0	78.8	78.7	79.1	79.6	78.4
Activity rate (% population aged 55-64)	47.4	47.2	49.9	49.9	50.6	49.4	49.7	48.0	51.8
Unemployment aged 15+ (1,000)	300	293	277	269	249	225	214	207	202
Unemployment rate (% labor force 15+)	32.0	31.0	29.0	28.0	26.1	23.7	22.4	21.6	21.1
Youth unemployment rate (% labor force 15-24)	53.7	53.9	51.9	53.1	47.3	48.2	46.7	44.3	47.6
NEET rate (% population aged 15-24)	25.5	24.8	24.2	25.2	24.7	24.3	24.9	.	.
Long-term unemployment rate (% labor force 15+)	26.7	25.5	23.9	23.4	21.3	19.2	17.4	15.3	15.4
Share of long-term unemployed (% of total)	83.3	82.1	82.5	83.4	81.6	80.9	77.9	70.7	73.0
Unemployment rate, low educated 15+ (ISCED 0-2)	38.9	37.7	34.2	32.1	29.7	29.1	26.5	26.4	25.3
Unemployment rate, medium educated 15+ (ISCED 3-4)	32.1	31.4	28.7	28.3	26.6	23.7	22.6	21.5	20.9
Unemployment rate, high educated 15+ (ISCED 5-8)	21.8	22.4	23.5	22.5	21.1	19.4	18.7	18.2	18.3

Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

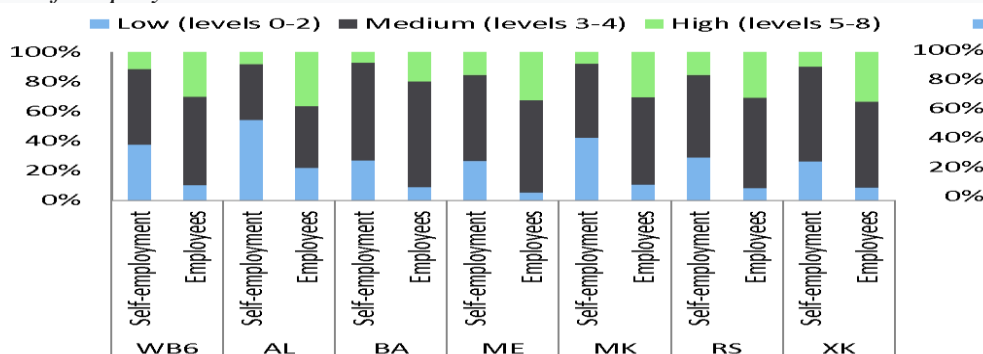
Self-employment in the region and in Macedonia

Self-employment across the region dropped by an average of 21.3 percent. As shown in Figure 5, changes in self-employment varied across the Western Balkans: declined most in Serbia, Kosovo and Bosnia and Herzegovina, and slightly increased in Montenegro and Macedonia. In 2018, self-employment was highest in Albania (34.2% of total employment), followed by Kosovo (21.2%), Serbia-Montenegro (about 19%). In contrast, with about 14 and 16 percent of total employment, self-employment is the lowest in Macedonia and Bosnia and Herzegovina. Self-employment has not changed significantly in each other's countries between 2017 and 2018, with about 10% - about a third to half of the self-employment reported for the Western Balkans.

The incidence of self-employment is significantly higher for men than for women, in almost all countries. The difference in the share of self-employment between men and women is greatest in Albania and Montenegro, followed by Serbia and Macedonia. In contrast, the difference between men and women in the incidence of self-employment is lowest in Bosnia and Herzegovina and comparable to that of EU peers. On average, about half of the self-employed

in the region have upper secondary education, while 40 percent have a low level and only 10 percent have a high level (Figure 5).

Figure 5: *Self-employed education*



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

This is significantly different from employee education, with 10% having a low level of education and 30% having a tertiary education, while almost 60% have a secondary level of education (lower secondary to upper secondary).

Table 2 *Type of education of the self-employed*

State	Education of the self-employed
Macedonia	1/3 highly educated people
Bosnia and Herzegovina	2/3 persons with secondary education
Montenegro	highly educated persons
Albania	persons with secondary education
Serbia	highly educated persons

In all countries in the region, except Albania, most of the self-employed have a secondary education level. In Bosnia and Herzegovina and Montenegro, this group represented nearly two-thirds of the self-employed in the second quarter of 2018. In Albania, the majority of the self-employed have a low level of education. Montenegro and Serbia accounted for the largest share of highly educated people, with about 15 per cent. By contrast, nearly a third of employees had a high level of education in Montenegro, Macedonia, Serbia.

Analysis and findings

As a result of the slow development of the region's economy, countries have opted for various policy interventions to improve their labor markets. In an effort to improve the demand side of the labor market, Serbia (in 2014) and Bosnia and Herzegovina (in 2015) reformed their labor legislation to improve flexibility. Montenegro is currently preparing a similar reform. On the other hand, Albania has chosen another direction, amending the Labor Law in 2017 to expand workers' rights and to accommodate European integration requirements in the field of social policy and employment. Most recently, having made some improvements in the quantitative labor market and a more favorable macroeconomic situation, regional policy makers have begun to address the problems of backward wage supply, the decline of the working population (except in Kosovo and Albania) and increases. The ammunition impulse is to raise the minimum wage, which after several years has been nominally stagnant and a real decline. In recent years, this policy has been applied most aggressively in Albania, Macedonia and Serbia, as shown in Table 2.

Table: 3 *Gross minimum Wage in EUR*

	2014	2015	2016	2017	2018
Albania	157	157	160	181	181
Federation BiH	280	280	311	311	311
Republika Srpska	295	295	295	317	337
North Macedonia	214	219	239	240	282
Kosovo	170	170	170	170	170
Montenegro	288	288	288	288	288
Serbia	235	235	235	253	285

Source: World Bank (2018), Eurostat and national statistics.

Reforming labor legislation, monetary gain for employers almost always means monetary (and non-monetary) losses for employees. In the long run, such reform can turn into a negative amount of play if it results in fewer contests between employer and employee to withdraw members of the labor force from the official labor market or their emigration. On the other hand, this analysis confirms the longstanding findings that the region's labor taxation system - and especially among high-wedge countries - is far from optimal. However, labor tax reform has inherent game benefits (positive play) for both employers and employees. This is not just a huge reform in negative earnings. It is quite clear that, in less restrictive terms, this should also apply to income-neutral tax reforms. Changes in the structure of taxation, which are neutral income, can often have a greater impact on employment than a general tax cut that significantly reduces overall income tax. In bargaining and search models - which appear to be good proxies for regional labor markets - a more progressive labor tax shifts the wage setting (labor supply) right, with a large and positive impact on employment.

Conclusion

An efficient labor market that works well is an important part of the overall business environment. According to the Labor Market Performance Indicator (GIC), the labor market efficiency was assessed at 4.2, making Macedonia ranked 71th. Although there is some improvement, work efficiency needs to continue to improve. The ILO survey (2013) shows that firms generally consider that legislation on the labor market is relatively good, but certain aspects need to be significantly improved. As main areas, the ILO (2016) Enabling Environment for Sustainable Enterprises, where necessary improvements to the regulations state: termination of employment and dismissal of workers, days of annual leave, types of work contracts and employment. , for half of employers, the regulation on safety and protection at work presents a great financial burden. It is quite clear that the processes for advancing the legislation and its adjustment to the European legislation are positives ivni because improve standards and working conditions. But on the other hand, they represent a financial burden and time-consuming large companies to respect the law.

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INCENTIVE TRAVELS AND THEIR USE IN THE REPUBLIC OF NORTH MACEDONIA

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Abstract

Incentive travels are a new tendency in entrepreneurship, and is closely correlated with tourism. This paper gives an overview of this type of travels and their use in the Republic of North Macedonia. Firstly, it is given a terminological definition and explanation of this type of travels, and their positive and negative sides. Furthermore, this paper covers the results of an international research on incentive travels. These results are compared with the results obtained from a research done which includes responses from Macedonian enterprises and travel agencies.

Key Words: *research, enterprises, motivation, stimulation, travel agencies*

JEL classification: *J33, M50, M52, O15, Z39*

Introduction

We live in an era in which business and financial gain are at the focus of modern entrepreneurs who aspire to achieve the highest income, and thus profit. The success of a particular business, i.e. enterprise is dependent on many factors. But, anyway, one of the key factors is the organizational setup i.e. enterprise management and management functions that are performed within the management itself. One of the management functions is motivation. Motivation is accomplished in order for employees to be motivated to carry out their tasks and responsibilities, thereby increasing their productivity, as well as the profitability of the entire business. Perhaps the simplest example of motivation is in fact the financial reward paid to employees, or the awarding of recognitions that emphasize a certain advantage of a particular employee in relation to the other colleagues. With the advent of tourism and its widespread expansion, the world has become an open field in which everyone can experience new, varied, individual, unusual events and fulfill a part of their lives with memories that will last long and talk about them later. It is precisely this opportunity that has been used to incorporate it into entrepreneurship and in some way enter into the motivation policy of the employees. It's about the so-called Incentive travels. This type of trip is so designed to cause employees to get more productivity in their work and accomplish better their tasks and responsibilities.

Incentive Travel - advent, notion, and explanation

Incentive travel is a reality that contributes to better entrepreneur benefits. According to Kenneth (2002) in 1906, the US company National Cash Registers of Dayton awarded 70 salespeople diamond-studded pins and a free trip to company headquarters. Few years later the winners got a free trip to New York. This is where the origins of incentive travel as a modern

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motivation tool come from. (p. 1). Since then, these types of travel have taken on a large scale of expansion and have contributed to increased results in companies, above all in sales, as they are generally targeted.

The most common definitions describe this form of business-related travel in terms of its use. The two most common are those quoted by Richie and Holland (1992):

- Incentive travel is the use of travel as a prize or premium granted when a "winner" achieves a certain purpose;
- A modern management tool that is used to meet unusual business goals by awarding employees a remarkable traveling experience according to their achievement of unusual goals (a definition proposed by the Society of Incentive Travel Executives (SITE)).

Incentive travel essentially imply unforgettable fun travel paid by employers, with the main goal of encouraging employees to reach the challenging business goals of the company by realizing their individual and/or group goals (Milic, 2010).

In fact, managers through employees' motivation policy are those who should provide this travel for employees and at the same time allow participants to feel like VIPs. Only in this way they would be successful in achieving the goals set by implementing such a policy.

All this is concrete, closely related to the so-called. leisure tourism. Hence, it is concluded that incentive trips are not just business trips, but they also have moments of leisure and everything else that is related to tourism. This means that it can be clearly noticed the contrast that contains incentive travels. Namely, business and leisure trips are completely opposite terms. But, however, the boundary between the incentive and leisure trips cannot be accurately determined.

Pauli Verhelä (2000) sees the differences between leisure and incentive travel by the level of experience. Incentive trips are individually planned for the client companies and all the amenities are more high-level and exotic. The trips are not taken off the shelf and have to be something that an individual would not experience by him/herself. The activities included are often new and exciting for the travelers (p. 23).

The effectiveness and benefits of Incentive Travel

Incentive travels have proven in many cases being a positive tool in managing human resources and achieving the goals of the organization. The effectiveness is primarily described by the employees themselves who have received the award. Regardless of how many times they have taken part in such a trip, they still want to be part of the next journey. Although these journeys are not the only method of stimulating employees (there are others such as direct / indirect financial payments), however, according to O'Brien (1997), one in four international companies uses this type of incentive travel for their employees.

The effectiveness of Incentive Travel could be best presented through the benefits provided by these trips for both employees and employers. Utilizing the advantages written below and offered by these journeys is essential in achieving as much effectiveness as possible.

Advantages for employers. They use these travels:

- To increase the productivity of employees;
- To achieve and exceed the set goals;
- Ensure a higher degree of sales;
- To achieve positive financial results;

- To facilitate communication and opportunities for "networking", especially with company executives;
- To encourage corporate culture and social interaction;
- To generate enthusiasm for the next working period;
- To encourage loyalty to the company etc.

Many might say that employee motivation would be the same or even better if the funds used for paying such trips are paid to the employees in cash or in addition to wages, but many theorists disagree. The reason for this is perceived as another advantage for employers. Namely, if financial resources are paid to them, employees will not want to talk about it with their colleagues and associates, and in that way, there will be no competitiveness and desire for success in the organization. On the other hand, with these kinds of trips, the rewarded himself will want to talk and share his experiences with his colleagues. He will try to capture the most remarkable moments of the journey, and possibly this situation would contribute to the burning desire, in the coming period the others to become competitive. They'll be willing to earn such a journey and hence their productivity will increase.

Regarding the employees, they are certainly in a position to feel the benefits of Incentive Travels.

Advantages of incentive travel related to employees are:

- Motivation, inspiration;
- Increasing the sense of love for work;
- Increasing social status;
- Recognition from the environment (from friends, neighbors, families - even more so if family members are part of that trip)
- Feeling of success.

Disadvantages of Incentive travels

Although not as numerous as the advantages, however, according to Davidson (2016) we can point out the following disadvantages:

- ***They "remove" the best employees from work.*** Although in a short or perhaps not so noticeable period, however, the absence of the best employee/s from work can cause series of unwanted events for the organization itself.
- ***They "take" people from families.*** Literally, if an employee is a recipient of incentive travel, the same can cause problems in his/her family. Here, first of all, is the absence of a family member for a long time. On the other hand, it may arise with doubts and inconveniences between the spouses, etc. This disadvantage is often solved when an employee is assigned such a trip, but along with a spouse or family member. There is even another positive effect here. Namely, if a member of the family, for example, a wife goes on such a trip, in the following period she will be motivated to send her husband to work; not reprove him if he goes to work on the days when he should have a day off or when he stays at work overtime, but on the contrary she will encourage him to do so in the upcoming period.
- ***Such a trip can be risky.*** Depending on the program and the activities that are part of the program, such trips may have a certain amount of risk. Because these journeys tend toward uniqueness, unusuality, can include certain activities and often extreme sports that can cause permanent negative consequences.

Incentive travels globally

In order to perceive the use of incentive travel globally, this part includes research results done in 2014. The SITE Foundation in collaboration with Sales & Marketing Management magazine conducted a survey on the use of incentive travel. Out of the total of 278 respondents, the majority, i.e. 55% were companies that did not use this type of trip. The results of the research have been divided as results obtained from users and non-users of these types of trips. These are elaborated below in this text.

- ***Users of incentive trips.*** Of all the companies of these trips responding to the survey, 95.5% reported that their programs were very effective or effective in achieving their program goals. Less than 5% said their programs were ineffective. The most of the decisions for these types of journeys are taken at the highest management levels. From total, 76% by executive directors, marketing directors and financial directors, 33% from the sales/marketing department (only 18% in the sales department).
As it is not surprising, most of these travel users are implementing these programs for sales purposes (48%) as group rewarding trips. 27% are combined in group and individual trips. The research found that companies which responded, they did not use exclusively incentive travels for employees' motivation, but other motivation tools too. The cash prizes and rewards in the form of goods (68% in total) are highly used.
- ***Non-users of Incentive Programs.*** When it comes to non-users of these programs, it is inevitable to note that they motivate their employees on other ways using different tools such as cash, gifts, goods / commodities, etc. According to the survey, 88% of companies have never used an incentive program, while 79% have never thought of using them. Respondents' responses indicate that the reasons for not using these programs are that they consider them an expense and an administrative problem (mostly due to the complexity of designing and implementing the program itself).

Incentive travels in the Republic of North Macedonia

When talking about Incentive travels in the Republic of North Macedonia, it is inevitable to note that data about this type of travel cannot be found. What are the reasons for this, can only be assumed? Since there are no recorded data regarding the existence and use of these trips, the authors of this paper made a short research. A survey was conducted to collect the necessary data in order to form an image of the use/non-use of Incentive Travel in the Republic of North Macedonia.

The primary goal of the research was to find out whether Macedonian companies are familiar with the notion of incentive trips and whether they use them, and on the other hand whether the travel agencies from North Macedonia were suppliers of such trips or asked for from some companies. The subject of the research on one side were the Macedonian companies (200 most successful and 200 largest companies at the Republic, or 227 as some of them are listed on both lists (2015)), i.e. their use of such types of travel and travel agencies (334 agencies), on the other hand, as possible suppliers, creators and implementers of such trips. The methods used in this research are qualitative and quantitative. For the purpose of this research, questionnaires were designed for both, the Macedonian enterprises, and Macedonian travel agencies. The data were collected electronically using the Google Forms Questionnaire platform, and the questionnaires were sent to companies via their official email addresses.

The authors collected answers by only 13 companies - including companies from Skopje (more than a half), from Veles, Stip, Radovish, Novaci and Prilep and are part of the following

industries and sectors: confectionery industry, machine industry, sheet metal, bricklaying, wholesale with meat, and the production of fats and edible oils. Considering that it is the first attempt for such research, the authors will present the results obtained.

The data show that 53.8% of these companies use some form of motivation to stimulate employees, and the others 46.2% never used any form to stimulate their employees. Many of the companies (38.5%) have never met the term Incentive Travel and they don't know its meaning. The others had heard about this model earlier. However, there are companies that have granted some type of incentive travel in the Republic of North Macedonia (30.8% of the answered questionnaires) several times. Referring to destinations to which the companies sent their employees on an incentive travel, they listed the following: Brussels, Belgrade, Sofia, Madrid, Frankfurt, Paris and Bologna.

The outcomes from the travels in the eyes of the managers are as follows: two companies claim that employees who have been on such a travel have made progress in their workplace and have increased their productivity (companies that have carried out such trips several times). One company does not know if it happened, and one considers that it did not happen at all. There was this case where the awarded employee visibly reduced productivity and responsibility, and ended with termination of the employment contract. On the other hand, entrepreneurs do not know or feel that the productivity of other employees has not increased after the realized incentive trips. Perhaps the answers are such because the respondents answered that they did not use any methods to measure the results of such trips.

Overall, entrepreneurs say they are satisfied with this employee motivation program and believe they will use it in the future (75%). A similar position is also shown by those companies that had not previously conducted this type of trip, i.e. 55.6% think they could use this form of motivation in the future, which would cause their employees to work harder more. Travel agencies (22 respondents), on the other hand, are more likely to know the meaning of incentive travel than companies, 81.8%. In 50% of the responses of the travel agencies, it was noted that company/ies asked them and they realized incentive trips. The requests were made most commonly by two to five different companies. Others had not been required any incentive travel.

The destinations in which the travel agencies implemented such type of trip are: Greece and Bulgaria (mostly), followed by Cuba, France, Spain, Germany, Cyprus, Portugal, Italy, Mexico, the Czech Republic and the Republic of North Macedonia. The same more than half (54.5%) are suggestions given by the travel agency itself. Travel agencies believe there is no trend of increasing of these types of trips, but 90% are willing to meet the needs of the companies if they require such a trip. The agencies that have not been required for this type of travel, the most (40%) believe that the companies are not familiar with this motivation concept, while the rest (per 20% of the agencies) have responded that entrepreneurs consider these trips unfounded and financially unfeasible; companies are not interested in motivating their employees and do not care about their employees.

Limitations

This paper has several limitations. Firstly, this topic is still new in North Macedonia, and there aren't a lot of papers regarding these travels. Anyway, this paper could be a reason for further researches on this or similar topic.

Secondly, since this is one of the very first attempts of making researches on this topic, the results obtained maybe are not enough to make a clear image of the use of Incentive Travels in North Macedonia. Additionally, the lack of interest in answering questionnaires by the Macedonian company contributed to minimal responses. However, this is first research on this topic in Republic of North Macedonia, and consequently it results could be a solid base for repeating this or similar research.

Finally, as limitation can be assumed the interest of the companies to motivate their employees, especially using Incentive Travels. It's an unknown concept for our companies and they probably don't find them effective. In order to remove this limitation, there should be presentations given to our companies about the advantages of the Incentive travels and the power of stimulus they have in comparison to other motivation techniques. It should be good explained and show them some case studies that were really effective in the world or the region.

Conclusion

Incentive travels are a reality that can be used in a positive connotation to keep increasing productivity and positive financial benefits for each enterprise. The realization of such programs is mostly part of the work of tourist intermediaries, and most often tourist agencies. The results obtained from this research, in particular, may not be enough to form a complete realistic picture of the state of such travels in the Republic of North Macedonia, but in any case, it is very important for creating a basic framework in which direction it is now.

In general, observing the results of this research it can be seen that the use of incentive travels in the Republic of North Macedonia differs from those in global terms. The percentage of non-users on such trips is higher by almost 20% in the Republic of North Macedonia comparing the globally obtained results. On the other hand, the Macedonian enterprises are far more dissatisfied with the realization of this program and do not see the effects of it in a higher percentage than the global results. The results obtained from those who have carried out such a trip for their employees can generally be summarized as positive. Perhaps the dissatisfaction that arises and the failure to achieve the desired results is due to the concept, i.e. the manner in which these trips are conducted in the Republic of North Macedonia. Namely, it is unlikely that all the elements needed are met in order to reach the so-called WOW effect and perhaps most often because of insufficient investment or inability to invest in creating a good program.

In general, it can be concluded that incentive travels in the Republic of North Macedonia are a novelty and haven't still reached the level of development that can be accepted as good, firm and similar to those provided by companies from Western European and American companies.

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THE IMPACT OF WORLD HOTEL CHAINS IN MACEDONIA

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Abstract

The aim of this paper is to present the impact that hotel chains have on the Macedonian market. Tourist number growth as well as tourist spending, tourist exports, foreign investments, GDP, and attractive job offers are just a few of the advantages hotel chain have on the markets due to their high ranking, reputation, and recognition. Besides their direct impact, there is also an indirect impact on the country as a whole, which includes defining the country's tourist product, modernization, standardization, opportunities for better position on the world market and competitiveness. Moreover, having world hotel chains present on the Macedonian market implies acceptance of higher working standards and consumer recognition, which lead to sustainable tourism development.

Key Words: *hotel chains, tourism, hotel market, tourist growth, tourist spending, impact*
JEL classification: *M00*

Introduction

The characteristics of domestic hotel industry have an important role defining the success of hotel company development. Moreover, the nature of demand and competitiveness of the local market creates the culture of the management team. The hotel sector includes hotels, motels, restaurants, clubs, boarding houses, fast-food restaurants, rest houses, convention houses, casinos, etc. Given that, hotels have been seen as a general aspect of the hotel industry and they represent certain type of human activity, an important social dimension, as well as a satisfaction of psychological needs for shelter and physical comfort. Seeing it from an international point of view, it is of great importance to understand that the hotel can be seen as a cultural phenomenon too.

Nowadays hotel industry is in its mature phase with expressed intensive competition, due to which the greatest growth is happening on an international level. Two of the most important factors for the international hotel segment are the domination of numerous undependable small business units, and the increased penetration of business chains. These two factors clearly indicate that the horizontal integration and consolidation in international hotel segment are his dominant features in the last period. Because of these dominant features, the demand of international hotel industry is dynamic and unpredictable, whereas hotel chains are the ones that on a world level enjoy vast benefits. Furthermore, these factors are also seen as the trends which drive the hotel industry as a whole, and which in times of crisis can help with her sustainability. Even though, the economy is one of the factors that affect the growth and development of hotel industry; it is known that the hotel industry also has impact on the economy.

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The key for success of hotel and tourism industry in R. North Macedonia, as an influential and potential driving strength of the economy, lies in their growth and development strategies. Even though, Macedonian hotel market is relatively young, it still has a satisfactory potential for the development world recognizable product.

Presence on the Macedonian market

For most people interested in doing business in the hotel industry, the most popular entrée is through owning the business. The same decision stands for either hotel or restaurant, single unit or entire chain. When the entrepreneurs chose to start their own business, they face dealing with decisions such as strategy, location, offer, financing, etc. With the hotel industry development, companies started to change the strategy they use to enter and sustain on the market.

In 1993, Mintzberg defines the term “strategy” by focusing on the plan, model, position and perspective, after which this idea is introduced in the organizations. Accordingly, the decisions for company’s growth has to be connected to their business strategy, which also affect the company as a whole redefining their operational area. As a result, the expansion is something domestic companies operating in today’s modern and dynamic economy must do. ¹

If leaders decide to expand it is necessary to analyze all possibilities for growth, meaning in which direction they want to expand their operation. Hotel chains can expand choosing from several growth strategies, none more important than the other. No matter if the hotel is established and entered the hotel industry on its own with a goal to become hotel chain, or as a part of established world hotel chain, there are five main strategies for growth and development on the international market. Those include franchise, strategic alliances, managerial contract, acquisitions, and joint ventures. ²

Several research conclusions indicate that franchise is the preferred strategy among hotel chains during expansion, and its implication results in increased market concentration of hotel chains.

According to the last official document issued in 2016 by the sector for tourism, Ministry of economy, the total number of registered hotels on the Macedonian market is 229, out of which 4 belong to an international hotel chain. ³ There are three more hotels not included in the official document of categorized hotels, increasing their number to 7. Still, the presence of world hotel chains on the Macedonian market is 3%.

The brands representing the world hotel chains are *Holiday Inn*, *Wyndham*, *Accor*, *Best Western*, *Hilton* and *Marriot*. Looking at the category to which they belong, we have the following situation:

¹ Cunill, O. (2006) *The growth strategies of hotel chains: Best business practices by leading companies*, Haworth Hospitality Press, New York, p. 8

² Sufi, T. (2008). *Hospitality industry: An overview of strategy, structure and globalization*, Journal of Hospitality Application & Research, BIT Mesra, Ranchi, 3(1), pp. 50-57, achieved from: https://www.academia.edu/1969688/HOSPITALITY_INDUSTRY_STRUCTURE_STRATEGY_AND_GLOBALIZATION

³ Министерство за економија на Р. Македонија, Сектор за туризам, Преглед на категоризирани хотели, состојба 31.1.2015 година, преземено од: http://archive.economy.gov.mk/ministerstvo/sektori_vo_ministerstvo/sektor_turizam_ugostitelstvo/4359.html

Table 1: *World hotel chains on Macedonian market*

No.	Hotel	Chain	Category
1	Hotel Ramada Plaza	Wyndham Worldwide	5* S
2	Hotel Holiday Inn	ING - InterContinental Hotels Group	5*
3	Hotel Best Western Tourist	Best Western	4* S
4	Hotel Best Western Bellevue	Best Western	4*
5	Ibis Skopje City Centre	Accor	4*
6	DoubleTree By Hilton	Hilton	5*
7	Skopje Marriot Hotel	Marriot International	5*

Source: *Adjusted from Ministry of economy of R. Macedonia, sector for tourism, Overview of categorized hotels, state as of 31.01.2015* (http://archive.economy.gov.mk/ministerstvo/sektori_vo_ministerstvo/sektor_turizam_ugostitelstvo/4359.html)

Five of the hotels mentioned above have entered the Macedonian market with the use of franchise as an expansion strategy. These are Hotel Ramada Plaza, Hotel Holiday Inn, Ibis Skopje City Centre¹, DoubleTree by Hilton², and Skopje Marriot Hotel³. Hotel Best Western Tourist and Hotel Best Western Bellevue have used the managerial contract as an entry strategy⁴. According to the research done in the monograph, the establishment and operation of a hotel under worldwide known chain on the Macedonian market is done under clear and opened conditions.⁵ These results as a model for effective and efficient entry presented in the same monograph.

Impact on the Macedonian market

Hotel industry services appear long time ago and with its growth and improved quality become more and more significant in the development of national economies. Hotel industry has numerous impacts over several sectors, on a national level as well as on a global level, including increasing direct and indirect employment, growth of an international and national tourism, local economy development, and growth in the transport industry, better infrastructure, technology, and communications. The wide impact that hotel industry has, can be explained with its definition that covers a growing flow of services, people and goods due to the increased differentiations during time.

As well as all other developing countries, the same stands for R.N. Macedonia too. The hotel industry is directly proportionate to the tourism that furthermore affects the economy as a whole. When it comes to proving its impact with facts, we look at the numbers from the State Statistical Office of R.N. Macedonia. Among the first numbers, which are of interest when it

¹ Митева, Наташа. (2018). *Раст и развој на хотелските синџири и можни стратегии за влез на македонскиот пазар: стручна монографија*. Наташа Митева. ISBN 978-608-245-266-1, стр. 261-262

² *Hilton Worldwide Enters Macedonia with Signing Of Double Tree by Hilton Skopje*. (2013) DoubleTree by Hilton, https://www.franchising.com/news/20130612_hilton_worldwide_enters_macedonia_with_signing_of_.html

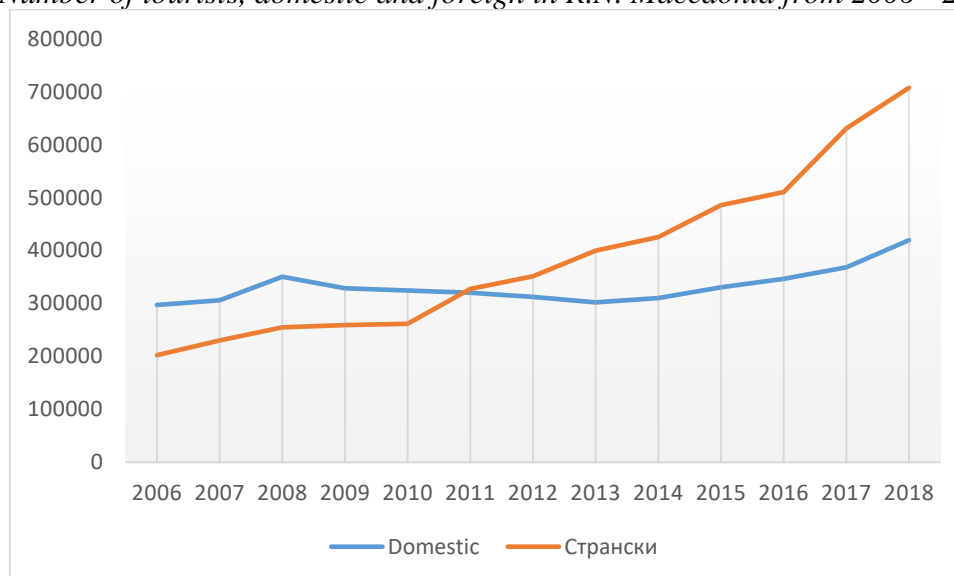
³ Marusic, J.S., (2011). *Work on First Marriott Hotel Begins in Macedonia*, achieved from: <https://balkaninsight.com/2011/06/28/marriott-hotel-construction-begins-in-macedonia/>

⁴ Same as footnote 4

⁵ Same as footnote 4

comes to analyzing the tourist and hotel industry, is the number of tourists through the years. Table 2 presents the number of tourists, domestic and foreign, from 2006 to 2018.

Table 2: *Number of tourists, domestic and foreign in R.N. Macedonia from 2006 - 2018*



Source: *Data achieved from the online database from the State statistical office of R.N. Macedonia (<http://www.stat.gov.mk>)*

From the table clearly can be seen the trend of growth in the number of tourists for the past 12 year, more or less. Furthermore, the State statistical office has a publication that analyzes the period from 2011 to 2015 during which the number of hotel chains has significantly increased. According to the publication, it can be noted that during the same period the number of tourists is increased too. The percentage of growth is around 30% total, from which 20% increase is identified in the number of foreign tourists.

The evaluations go further by analyzing the growth of hotel industry turnover, hotel turnover, number of employees, number of tourist agencies, and all the sectors influenced by the presence of hotel chains on the market. For the same period, from 2011 to 2015, the total growth in the hospitality turnover is 8.13%, and the growth in hotel turnover is increased by 10%. Looking at the employment rate, the number of employees is increased by 6%.¹ A fact that is even more interesting is the number of registered tourist agencies, which has been doubled from 2011 to 2015. Meaning, until 2011 there were 250 registered tourist agencies, and in 2015, their number went to 519.²

Since there is no official publication for an analysis of the next four year period as the one mentioned previously, we could use the data from the database of State statistical office and analyze it. The numbers included in their database suggest that from 2015 to 2018 there is an increase of 38% in the total number for tourists and 33% in the nights spend. Looking separately in the number of foreign and domestic tourists, again, the bigger change is in the number of foreign tourists and nights spend in the country, an increase of 46% and 44% respectively. The

¹ *Tourism in Republic of Macedonia 2011-2015*, State Statistical Office, 2016, achieved from: <http://www.stat.gov.mk/Publikacii/8.4.16.01.pdf>

² *Register of tourist agencies*. (2015). Sector for tourism and hospitality, Ministry of Economics of R. Macedonia, achieved from: http://archive.economy.gov.mk/ministerstvo/sektori_vo_ministerstvo/sektor_turizam_ugostitelstvo/3886.html

number of domestic tourists and nights spend in the country is also increased by 26 and 24% respectively. There is not any data for the hospitality turnover for 2018, but the change from 2015 to 2017 indicates a strong growth of almost 18%. According to the report from the State statistical office issued 2019, the number of registered tourists is 646, indicating an increase of 8%.¹

Conclusion

The number of world hotel chains on the Macedonian market is in continuous growth, due to the relatively low entry barriers and favorable conditions for establishment and sustainability. Their presence has great influence on the Macedonian hotel market, as well as the tourist industry as a whole. The entry of hotel chains on the market offers to all, either big or small hotels, opportunities for sustainability. Furthermore, their strengthening leads to a market optimization. The possibility for hotel chains entry on the Macedonian market opens the opportunity to create and promote a recognizable tourist product. As a result, there will be increased competition, which in the world practice is proven to be “healthy” or “looked-for” due to the analysis of the environment which also triggers increased marketing activities for consumer attraction. Competition is also seen as an internal motivator, as well as common motive for hotel chain merge.

Clearly, the result of hotel chain presence on the Macedonian market is profit, new knowledge, and new investments in relation to the expansion strategy used for entry, as well as growth encouragement of the Macedonian hotel market entirely. High quality standards, which world hotel players impose, bring rationality on the market, its modernization, and building a recognizable image of the Macedonian hotel market.

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¹ Register of tourist agencies. (2019). achieved from [http://www.economy.gov.mk/Upload/Documents/%D0%A0%D0%B5%D0%B3%D0%B8%D1%81%D1%82%D0%B0%D1%80%20%D0%BD%D0%B0%20%D1%82%D1%83%D1%80%D0%B8%D1%81%D1%82%D0%B8%D1%87%D0%BA%D0%B8%20AGENCIJ%20\(2\)-5\(3\).pdf](http://www.economy.gov.mk/Upload/Documents/%D0%A0%D0%B5%D0%B3%D0%B8%D1%81%D1%82%D0%B0%D1%80%20%D0%BD%D0%B0%20%D1%82%D1%83%D1%80%D0%B8%D1%81%D1%82%D0%B8%D1%87%D0%BA%D0%B8%20AGENCIJ%20(2)-5(3).pdf)

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RURAL TOURISM IN THE SPACE OF NP “PELISTER” CASE STUDY: “EIGHT PELISTER VILLAGES”

Nikola V. Dimitrov¹; Biljana Petrevska²; Aleksandra Terzić³

Abstract

This paper explores the factors for the development of several alternative forms of tourism in the rural environment of eight Bitola suburban villages (Capari, Dihovo, Kazani, Nishopole, Magarevo, Rotino and Trnovo are located less than one kilometer away of NP “Pelister”, and the village of Malovista is in the area of Pelister National Park).

Segmented and valorized are specific activities inherent in several alternative forms of tourism in the listed rural areas.

Through a number of parameters, we appreciate the space for tourism activities from which you can identify the direct market segments for many types of tourism (cultural, rural, religious, mountain, etc.).

The validity of these segments is confirmed by field research (research and interview) and qualitative - quantitative analysis. Each segment showed different characteristics on how to streamline marketing activities in the direction of development of rural tourism in the mentioned rural settlements belonging to the municipality of Bitola.

Key Words: *tourism, valorization, segmentation, rural area, municipality Bitola, NP “Pelister”, Republic of North Macedonia*

JEL classification: *Z3, Z32*

Introduction

Rural tourism in the Republic of North Macedonia⁴ started in 2003 with several initial activities in the village of Brajcino, and somewhat later in the villages Ljubojno, Dihovo, Lesnovo, Vevcani etc. (Metodijeski & Dimitrov, 2018). Today, there are about 80 villages, spread in different planning regions that practice active rural tourism, i.e. providing accommodation, food, recreational walks, visits to cultural and historical monuments, and other activities.

The early beginnings of rural tourism in the National Park (NP) “Pelister” are noted in the village of Dihovo, around 2003. Several years later there were facilities for accommodation of tourists that offered various activities in rural areas in the villages of Trnovo, Magarevo and Nishopole. However, there are still no accommodation facilities for tourists in the rural areas of Malovista, Rotino, Capari and Kazani.

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⁴The Republic of Macedonia, as of 2019 with the Prespa Agreement between the Republic of Macedonia and the Republic of Greece has a new constitutional name as the Republic of North Macedonia.

All villages except Malovista, comprising a group of seven villages (Dihovo, Kazani, Magarevo, Nizopole, Rotino, Trnovi and Capari) are less than 1 kilometer from NP “Pelister”.¹ The total area of all eight villages is 212.7 km², of which 115 km² or 54% is in the national park area.² In the total area of the NP “Pelister” which is 171.7 km², the selected eight villages participate with 66.8%. All settlements have own specifics and different conditions for practicing rural tourism. The current tourism supply of NP “Pelister” consists of hiking, walking in nature, skiing, biking, jeep safari, mountaineering near the area of the World War I, horse riding, tasting local gastronomic specialties, and more.

Methodology and materials

The research is based on quantitative and qualitative methods. It applies data from secondary sources, as the State Statistical Office and the Spatial Plan of the NP “Pelister” for the period 2016-2030. In addition, the literature review is made along with calculations from the electronic system of the state cadastre. Furthermore, the main data are gathered by a field research conducted during the period September 2018 - September 2019. The sample consisted of eight Bitola suburban villages (Capari, Dihovo, Kazani, Nizopole, Magarevo, Rotino and Trnovo, all being located less than one kilometer from the NP “Pelister”, and the village of Malovista which is located within the area of the NP “Pelister”).

Results and discussion

The main findings upon the research results are classified in three groups:

- (i) General geographical features;
- (ii) General socio-economic characteristics; and
- (iii) General characteristics of tourism activities.

General geographical features

The area of NP “Pelister” is characterized by extremely valuable natural resources, landscape and ambient values, which make the park attractive for visiting and overnings for all tourists. The area is of international importance and there is a need for a special approach to increase its competitiveness on both domestic and international market. The general geographical characteristics of the sampled villages are summarized within Table 1.

Table 1: *General geographical characteristics of the villages*

No	Settlement	Altitude in metres	Distance from Bitola (km)	Area in km ²	Population					Natural motives	Antropogenic motives	Communication motives	Receptive
					Maximum	1905	1953	2002	2019 (assessment)				
1	Dihovo	840	5	12.1	686	560	686	310	250	+	+	+	+
2	Kazani	880	16	7.7	536	536	178	75	60	+	+	+	+
3	Magarevo	1,060	7	16.1	2,400*	2,160	158	87	60	+	+	+	+

¹Total length of the border of NP “Pelister” is 86.99 km. The distance from the most eastern point to the most western point is 20.37 km and from the most northern point to the most southern point is 23.48 km. The lowest elevation of the park is 927 masl and the highest 2,601 m. Within these limits the area of NP “Pelister” is 17,170 ha, or 171.7 km² (Official Gazette of RM no. 150/07, Law on Proclaiming Part of Pelister Mountain as National Park).

²Calculations based on the gis.katastar.gov.mk/arec

4	Malovichta	1,172	20	29.3	2,300*	2,160	446	98	80	+	+	+	+
5	Nizopole	1,064	8	46.8	2,030*	940	619	186	150	+	+	+	+
6	Rotino	1,020	12	10.3	598	400	598	113	80	+	+	+	+
7	Trnovo	960	6	43.4	2,450*	1,920	306	278	230	+	+	+	+
8	Capari	1,010	15	25.4	1,904	1,904	1,809	493	380	+	+	+	+
	Total and average	8,006 1,000	89 11.1	212.7 26.6	12,904 1,613	10,58 0	4,800 600	1,640 205	1,290 161	+	+	+	+

*Data from 1900

Source: *Кънчов, В. (1900); Brancoff, D. M. (1905). SZS. (1959); SSO. (2004 a, b); Authors' field research.*

The natural values of the park are mostly to be found in the mountainous area of the eight villages in terms of geomorphological features, such as anticlines and synclines, and a multitude of almost forty mountain peaks above 2,000 m. whereas the highest is the peak "Pelister" (2,601m). There are variety of stone rivers, boulders, stone blocks, marine materials, and much more. The mountainous climate is very suitable for tourism development. Hydrographic elements, numerous springs, watercourses, waterfalls, valleys and glacial lakes (Great Lake 2,218 m. and Malo Lake 2,180 m.) are rare natural phenomena. Biological diversity is also an important factor for tourism development, especially as endemic species of flora, some of international importance, are found on the territory of the park. The wildlife is also diverse with features of specific fauna.

As per the anthropogenic values of the Park, cultural and historical values such as archaeological sites, religious sites and buildings, memorial parks and memorial landmarks and characteristic vernacular architecture, are distinguished as motives and factors for tourism development. The most significant are the religious sites and buildings such as the churches in the villages of Trnovo, Magarevo, Rotino, Capari and Malovista. Among the memorials, there are several memorial plaques and monuments most often dedicated to fallen fighters in the national liberation war. With regards to the rural settlements as characteristic ethno regions that represent potential locations for rural tourism development, all sampled eight villages are characterized with a distinctive ambient. In addition, the manifestation values are characteristic for the villages of Malovista, Nizopole, Trnovo and Capari, where cultural events are held.

Communication motives are in a relatively good condition. Namely, asphalt roads lead to all sampled villages. All rural settlements have local water supply, while wastewater is discharged into septic tanks. Hence, the energy and electronic communication links meet the needs of local residents.

The great motivational heterogeneity of the space of the eight villages gives opportunity for development of many types of tourism. Some of them have a dominant role as rural, winter sports, mountain - recreational, picnics, while others such as congress or health, are less represented. Out of the existing tourist sites, the most visited are: "Golema Livada" picnic areas above the village Magarevo, "Begova Cesma", "Mala Livada", "7 Kladenci - Infocentar", "Palisnopic", "Siroka" picnic area and "Kaj pecurkata" picnic area, ski centers "Kopanki" and "Nizopole", etc. Furthermore, the monasteries and lodgings of St. Petka (above the village of Capari), St. Anna (above the village Malovista), St. Bogorodica (in the village of Trnovo), and other rural and weekend settlements possess tourist sites with

mountain cycling trails (total length 127.5 km.) and mountain recreational trails (total length 151.6 km.).

Within the NP “Pelister” as well as the sampled eight rural settlements, there are small number of accommodation facilities such as hotels, villas, apartments and mountain cottages. Generally, they do not meet the needs of modern tourists who are increasingly seeking alternative forms of accommodation such as holiday homes and renovated rural houses. In this regard, potential buildings in NP “Pelister” as an alternative accommodation might be the forest houses, some village houses, old school village buildings or buildings of culture houses, cooperatives and similar.

Through the NP “Pelister” flow over ten larger watercourses, many springs most of which are impounded and arranged in fountains whose waters are of exceptionally high quality. Hence, further development in water management should take place in order to preserve them.

Tourist sites, like: Hotel Molika, Children's Resort, Kopanki Mountain Home and Big Lake Mountain Home, are supplied by local sources. There is no agricultural production and no irrigation activities. All this should be taken into account in the process of planning and conceptualizing rural tourism development, based on natural and created material values. At the same time, the planning process should respect the spatial, economic and social opportunities as well as the criteria for nature protection in general, with a special focus on rural development. Many recommendations should be placed within the Spatial Plan of the NP “Pelister” for its development until 2030.

General socio - economic characteristics

According to the 2002 Census (State Statistical Office, 2004) in the village Malovista and the seven settlements on the border of the NP “Pelister” (Dihovo, Kazani, Nizopole, Rotino, Capari, Magarevo and Trnovo) live 1,640 inhabitants, in 536 households and 1,262 dwellings.

Comparison of the data for the analyzed period between the census (1953-2002) shows a decrease of the total population by 3,160 inhabitants, i.e. 65.8%. The downward trend of the total population is present in all settlements, noting the most drastic data for the villages of Rotino (81%), Malovista (78%), Capari (73%) and Nizepole (70%) (SSO, 2004) (Table 1).

Furthermore, gender structure is important in many aspects. The quantitative relations between two sexes and reproductive ability influence the socio-economic development of the space, i.e. they provide the opportunity to offer labor in various sectors. This stands for tourism as an activity in which the male and female population can be equally actively involved.

The age structure is also very important for the reproductive ability of the population as a prerequisite for socio-economic development. For several decades, this structure has shown a continuous aging that directly affects the working ability of the population. This is a trend that negatively affects the development of settlements in general. Thus, according to the 2002 census data on age structure by five-year age groups, it is noted that the largest population is in the age group of 65-69 years with 172 inhabitants, followed by the 60-64 age group with 123 inhabitants, 35-39 years with 121 inhabitants, 40-44 years with 120 inhabitants, 70-74 years with 112 inhabitants, and the smallest age structure 0-4 years participates with only 67 inhabitants (SSO, 2004).

According to the basic age contingents, the high share of the mature population (20-59 years) is characteristic with 46% in relation to the total and the old population (60+> years) with 33.4%. On the other hand, the young population (0-19 years) participates with 20.4% according to data from the 2002 Census of Population, Households and Housing. Within the age groups, the largest share is in the age group of 65-69 years with 10.48% or 172 persons. The absolute number of the working population is 980 and it accounts for 59.7% of the total population in this area (SSO, 2004).

Tourism, services and activities related to land use (like: livestock breeding, forestry, orcharding, fruit growing, beekeeping, etc.) dominate the economy in the sampled villages and within the Park boundaries. Namely, 738 persons (45.0%) out of the total number of population (1,640 inhabitants) are economically active, while 665 persons are economically inactive (40.5%). The rest of 237 persons (14.5%) are people with personal income.

From the national structure data (Table 2) it can be concluded that the total population living in the eight settlements within the NP “Pelister” borders is 1,640 inhabitants. The majority of 1,235 (75.3%) are Macedonians, 264 (16.10%) are Vlachs, 126 (7.7%) are Albanians, 6 (0.36%) are Turks, 4 (0.24%) are Serbs and 5 (0.3%) are residents of other nationalities (SSO, 2004).

Table 2: *Population by nationality according to the 1953 and 2002 censuses*

Settlement	Census	Population census by Nationality in 1953 and 2002								
		Total	Mac.	Alb.	Tour.	Roma	Vlach	Serb	Bosch.	Others
Dihovo	1953	686	681	0	0	0	2	2	/	1
	2002	310	305	0	0	0	0	3	0	2
Kazani	1953	178	130	0	45	0	0	1	/	2
	2002	75	59	13	2	0	0	0	0	1
Magarevo	1953	158	81	1	0	0	76	0	/	0
	2002	87	62	0	0	0	24	0	0	1
Malovista	1953	446	143	0	0	0	300	2	/	1
	2002	98	10	1	0	0	87	0	0	0
Nizopole	1953	619	155	107	20	0	289	0	/	48
	2002	186	47	30	4	0	105	0	0	0
Rotino	1953	598	597	0	0	0	1	0	/	0
	2002	113	113	0	0	0	0	0	0	0
Trnovo	1953	306	125	41	39	0	101	0	/	0
	2002	278	146	82	0	0	48	1	0	1
Capari	1953	1,809	1,808	0	0	0	1	0	/	0
	2002	493	493	0	0	0	0	0	0	0
Total	1953	4,800	3,720	149	104	0	770	5	/	52
	%	100	77.5	3.1	2.2	0	16.0	0.1	/	1.1
	2002	1,640	1,235	126	6	0	264	4	0	5
	%	100	75.3	7.7	0.4	0	16.1	0.2	0	0.3
Difference	%	100	-2.2	+4.6	-1.8	0	+0.1	-0.1	0	-0.8
Reduce	1953/ 2002	- 3,160	-2,485	-23	-98	0	-506	-1	0	-47

Source: *RZS. (1964); SSO. (2004a, b).*

Observed by religion, Orthodox believers dominate with 91.3%, followed by Muslims with 8%, and others with 0.7% (Table 3).

Table 3: *Population by religion, 2002 Census*

Settlement	Total inhabitants	Orthodox	Muslim	Catholics	Other
Dihovo	310	306	0	1	3
Kazani	75	59	15	0	1
Magarevo	87	87	0	0	0
Malovista	98	96	0	0	2
Nizopole	186	151	34	0	1
Rotino	113	113	0	0	0
Trnovo	278	193	82	0	3
Capari	493	493	0	0	0
Total	1,640	1,498	131	1	10
%	100	91.3	8.0	0.1	0.6

Source: *SSO. (2004).*

Based on Tables 1, 2 and 3, the following observations may be concluded. Out of 1,640 inhabitants, 1,403 are over 15 years (85.5%). About 45% (738 inhabitants) of the total population in the eight settlements fall into the category of economically active population. Tourism, services and activities related to land use predominate in the economy of the sampled villages and within the Park boundaries.

All sampled settlements have a housing surplus of 726 apartments, representing 58% of the total number of dwellings. The largest housing surplus is in Dihovo, Trnovo and Nizopole, due to the large number of unoccupied flats and apartments for vacation and recreation (weekend houses). The smallest housing surplus is in Kazani (only 5% of the total number of dwellings). In the village of Malovista, the housing surplus is 47 apartments or just 6% of the total number of apartments.

The largest building activity in terms of construction was registered in the period 1971-1994 within all settlements. After 1994, there is a decline in building construction generally due to the unfavorable economic situation and depopulation of villages. The exception is the village of Trnovo where the trend of building construction continues after 1994. Today, most of tourism accommodation facilities are located in the villages of Dihovo, Capari, Nizopole and Magarevo.

General characteristics of tourism activities

Apart from the three dominant activities (agriculture, forestry and tourism), trade and traffic are less present, and in the energy sector particularly in the field of electricity production from renewable sources, there are three small hydroelectric plants.

Forestry is the only activity with a substantial development for decades, based on medium- and long-term sustainable business planning.

Agriculture, more precisely the cattle breeding, has always been a developmental theme of the Park. This maintained the characteristic of underdeveloped and extensive economic activity with an extremely unfavorable decreasing trend and a sharp decline in cattle number.

The material-production activities of this area are complemented by service activities separated in the tertiary sector whereas tourism did not meet expectations. Transition changes and unresolved ownership relationships for certain tourism facilities (like the open issues for the Begova Cema site, Strezevo neighborhood, Pelister children's resort and Kopanki mountain lodge) adversely affected the dynamics of tourism development in the Park. Active accommodation in the eight villages and the Park are: 5 hotels ("Molika", "Forest Lanterns", "Tent", "Drenka" and "Rees") over 20 villas and apartments (some of which are: "Dihovo", "Ilinden 1903", "Patricia", "Silver Pine", "Vista", "Trenchevski", "Paradiso", "Damaya", "Patele", "Babin Zab", "Three Sisters", "Edelweiss", "Zograf", "Ellen", "Montana", "Paio", "Bee", "Pelister", "Green Apartments", "Sers", "Trnovo", and others), over 10 restaurants and cafes (some of which are: "Idila", "Sokolski", "Oscar", "Glamor", "Garden", and others), 2 mountain homes ("Dimitar Ilievski Murato" at 2,222 m., "Shiroka" at 1,950 m. Due to fire in 2014, the mountain home "Kopanki" at 1,610 m. is under construction) and monasteries (St. Petka built in 1724, St. Mother of God built in 1837, and St. Anne built in 1856).

Tourist activities are manifested by the dominance of winter tourism, which is realized in a limited number of accommodation facilities, like: Hotel Molika, Children's Resort (which is not operational today), mountain homes, villas and private buildings in the villages of Trnovo, Magarevo, Dihovo and Nizopole. During summer season, tourist activities generally consists of visiting and sightseeing the distinguished "mountain eyes", i.e. the glacial Big and Small Lake, the architecture of the village Malovista and Capari, recreational and picnics areas, mountain homes, 18 churches, and many monasteries with and without lodgings.

The development of trade and crafts is characterized by a small volume of turnover of goods and services. According to available data within the boundaries of the NP "Pelister", the trade network is underdeveloped. There are only small grocery stores that do not meet modern consumer needs and standards.

In the service sector of the NP "Pelister" area, handicrafts are marginally represented. By serious and profound restructuring of personal services in households and much greater specialization of productive crafts along with sustaining and maintaining the old crafts, it may be expected to revitalize this activity that is so important for rural economy. Potential exists in restoring the traditional crafts characteristic for this area and developing the craft production of specific souvenir products with recognizable attributes of the folk culture and natural beauty of the area.

Rural activities vary, from cattle breeding to horse-keeping. For example, in Malovista, one can find sheep, goats and cows breeding, bee keeping, then picking berries and mushrooms, planting potatoes, and more. According to the field research findings, the main occupations of the local population in the sampled settlements used to be: livestock breeding, forestry, trade and crafts. On the other hand, a prospective activity for which the area has great potential is tourism, i.e. rural tourism development.

Due to the current high unemployment rate, unregular placement of agricultural products, passivity of space and other reasons, the emigration and migration processes are still present,

especially among the young work force. This is a serious problem which requires urgent measures and activities to "keep" the locals in this area. Having in mind that all rural settlements located in the NP "Pelister" and its surroundings are also attractive places and the area has excellent conditions for its development, they may attract both domestic and foreign tourists. If tourism is well planned and organized, it may contribute substantially to activation of the space by bringing numerous economic and social benefits. The more intensive development of tourism may be one of the measures to stop or reduce the process of depopulation and migration from the sampled rural settlements.

The area has many natural motives (a mountain rich in diverse geology and geomorphology, pleasant mountain climate, hydrography, flora, fauna) and anthropogenic motives (architecture, religious objects, tradition, memorials, various manifestations, etc.). In terms of social organization, migration movements and emigration have had their impact on this area, which has led to the gradual depopulation of settlements. This is due to their slow economic, cultural and educational development. Regarding the infrastructure, the settlements have well infrastructure. This is found to be a positive factor, as it directly affects settlements' organization and development as well as the functioning of non-economic activities in terms of connecting with other settlements in the gravity area and the city of Bitola as the largest nearby center.

Tourism types that are more or less practiced in the sampled villages are: mountain tourism, cultural-historical tourism, event tourism, religious or monastery tourism, ski tourism, recreational-sport tourism (hiking, hiking, cycling, mountaineering, etc.).

Until 2030, many activities in the NP "Pelister" should be undertaken with an aim to improve conditions in the existing tourist sites, in the first line by reconstructing the current accommodation facilities, increasing the attractiveness and competitiveness on domestic and international tourist market. It is envisaged to reconstruct the existing Kopanki Mountain Lodge and to open three new ski resorts at the sites of Skrkovo and Muse, which enter the boundaries of the NP "Pelister" and the site of Crna Stena in the park's contact zone. Furthermore, it is planned to activate the former quarry near the village Magarevo for the purpose of tourist attraction by actively involving tourists and visitors in making stone blocks and their symbolic incorporation in certain locations and spots.

According to the forecasts noted in the Spatial Plan of NP "Pelister", it may be expected an increase in capacity. So, from the existing number of 247 functional beds in the Park and surrounding area, along with 530 out of function beds, to increase to 2,000 beds until 2030. Besides in the current hotels, villas and mountain homes, it is planned these 2,000 beds to be dispersed in private accommodation and other alternative accommodation forms (info centers, forest houses, rural ethno houses, bungalows, etc.). The projected data may be accomplished if all tourism projects are implemented. Hence, the forecasted number of beds will allow an increase of 1,223 beds in total. This represent an increase of 2.57 times, or an increase of 9.26% per year meaning 72 new beds per year in case of a proportional projection (NSP Spatial Plan 2016-2030).

According to data from 2014, the total number of domestic tourists who visited the municipality of Bitola is 12,397, out of which only 4,997 domestic tourists visited the NP "Pelister" (40.3%). In the planning period until 2030, the percentage of domestic tourists visiting the Pelagonia region and the municipality of Bitola is expected to increase to at least 40%, while the percentage of domestic tourists visiting the municipality of Bitola and visiting the NP "Pelister", is expected to reach 60%. On the other hand, according to 2014 data, out 13,659

foreign tourists who visited the municipality of Bitola, only 982 visited the NP “Pelister” (7%). Furthermore, by 2030, it is expected that the number of foreign tourists visiting the Pelagonia Region and the municipality of Bitola will increase to at least 80%, while the number of foreign tourists visiting the municipality of Bitola and the NP “Pelister” will reach 50%. In this line, the ratio of domestic and foreign tourists is expected to be 70:30, especially given the one-day visits to the Park by domestic tourists (NSP Spatial Plan 2016-2030).

Table 4: *Basic activities for rural tourism*

Settlement	Number of basic activities for rural tourism																
	Natural motives				Anthropogenic motives				Communication motives				Receptive motives				
	Geological objects	Geomorphological objects	Hidrographic objects	Flora and fauna	Archeological sites	Memorials	Cultural and religious events	Religious buildings	Modern road	Plumbing*	Sewer** *	Other infrastructure ***	Stores	Restaurants and cafes	Accommodation facilities	Mountain trails	Tourist sightseeing
Dihovo	1	2	3	2	4	1	0	3	2	1	1	1	1	5	7	2	1
Kazani	1	2	2	3	0	1	0	1	2	1	1	1	1	1	0	1	1
Magarevo	2	12	2	11	0	1	0	2	1	1	1	2	1	2	4	2	1
Malovista	2	10	5	12	2	1	1	5	1	1	1	3	1	0	0	2	1
Nizopole	3	15	16	20	2	1	1	4	1	1	1	2	1	1	14	4	1
Rotino	1	4	4	5	4	1	0	2	1	1	1	1	0	0	0	2	1
Trnovo	1	2	2	4	6	1	3	3	1	1	1	1	1	3	5	2	1
Capari	2	10	5	13	4	1	2	6	2	1	1	1	2	1	0	2	1
Total	13	57	39	70	22	8	7	26	11	8	8	12	8	13	30	17	8
	179				63				39				76				

Note: *local water supply; **discharge of wastewater into septic tanks. The sewage treatment plant in Malovista and Trnovo is under construction; ***Electronic communication links. In Malovista there are two small flow hydropower plants, one each in the area of Magarevo and Nizopole.

In-depth tourism analysis

Tourism with all its content elements, besides sociological, is also an economic phenomenon with strong impacts where it originates and performs its basic function: reception phase, accommodating, and satisfying a wide variety of tourists’ demands and desires. With its multiplier effect in the management process, directly and indirectly, tourism includes other activities in the total supply of tourism market.

This applies primarily to catering, commerce, traffic, handicrafts, healthcare and various other services. Tourism also offers and sells intangible values as: information, customs, folklore, entertainment, sports and leisure activities.

Table 5: SWOT analysis for rural tourism development in "eight Pelister villages"

Strengths	<ul style="list-style-type: none"> • Favorable natural-geographical features and climatic conditions • Potential for alternative accommodation • Existence of tourism development initiative in NP "Pelister", • Long tradition of skiing in Kopanki, Nizopole and winter sports • Significant and diverse cultural and architectural heritage • Rich and diverse natural heritage • Closeness to Bitola • Closeness to Ohrid (the bidest tourist center in North Macedonia). 	Weaknesses	<ul style="list-style-type: none"> • Lack of strategies for promotion and development of rural tourism and other alternative tourism types • Underdeveloped and damaged road infrastructure • Low level of hygiene • Lack of packaged tourism routes • Unorganized private accommodation facilities • Insufficient maintenance of ski slopes in winter • Lack of tourism supply for winter hikers • Lack of financing investments of the local self-government and the NP "Pelister" for tourism development • Absence of regulation with parameters to respect and use traditional principles.
Opportunities	<ul style="list-style-type: none"> • Solid rural tourism resources • Solid resources for alternative accommodation capacities (rural ethno-houses, ethno villas, monastery lodgings) • Solid resources for development of various tourism types for diversification of tourism supply • Good conditions for development of extreme sports both in summer and winter • Good geomorphological and climatic conditions for development of new ski resorts as public-private partnership • Solid resources for initiating the diaspora to invest in rural tourism. 	Threats	<ul style="list-style-type: none"> • Depopulation of settlements, emigration and migration processes, demographic aging • Low living standard of locals • Extinction of old traditional crafts, traditions and cultural events • Ruining old vernacular architecture • Pollution of natural resources by uncontrolled tourist visit, • Fire threats, soil erosion and deforestation • Lack of local human resources for planning and maintaining space sustainability.

Tourism has a certain role in promoting and vitalizing spatial resources, but with a particular treatment of the resource utilization on which is based. For this reason, tourism must be developed in accordance with the protection of natural and cultural heritage within the scope of the plan. Based on tourism resources identified with the field research, an in-depth analysis of rural tourism development in the "eight Pelister villages" is performed as SWOT analysis (Table 5).

Conclusion

The eight rural settlements, which are part of the NP "Pelister", are not sufficiently promoted as tourist destinations despite the fact of possessing enormous untapped potential. All

settlements have numerous values as outstanding landscapes, along with diversified anthropology, history, culture and tradition.

The NP “Pelister” in the planning period until 2030, may complement the existing network of attractive tourist destinations, based on a previously prepared Landscape Diversity Study of the Park. In this line, it should initiate many activities for revitalizing the space and settlements and create more diversified tourism supply that would have an important place in rural tourism. Promoting and highlighting the potential of the area stands as economic benefit to the local population (training events for local recipients on the history, geography and nature of the areas, along with their inclusion as tour guides around the park, being included in preparation of traditional specialties and local crafts specific for the area).

The complex valorisation of tourism development factors of eight settlements and the NP “Pelister” as a whole, may promote this area as one of the highest quality tourist destinations in the North Macedonia. However, for all this to be feasible and for the projection to become a reality, it is necessary to invest heavily in tourism that may contribute to economic development.

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WINTER TOURISM SERVING AS BASIS FOR ECONOMIC DEVELOPMENT IN BROD- THE REGION OF PRIZREN

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Abstract

This research paper focuses on the number of local and foreign tourists during the winter in the region of Prizren more specifically in the touristic complex, Arxhena hotel in Dragash. The collected notes were compared and classified considering quantitative and qualitative methods of analyses based on the data the administration of the hotel and its professional staff provided. The data is sorted, compared and shown while taking into consideration the hours this hotel is almost frequented during the day, month and year. This research paper aims to discuss the infrastructure, hotel capacity, service and ski lift safety. The reports that confirm the annual financial income during the winter season add value to the collected data moreover it is implied that this touristic attraction has a major impact on employment social wellness and other business. The outcomes of this research are reliable and valid. The statistics of this data show that this rural area is considerably visited by foreign tourists who enjoy the snowy mountains and the traditional service. In conclusion, as the number of services added so does the number of visitors.

Key Words: winter tourism, skiing, snow paths, telepheric
JEL classification: Z32

Introduction

Kosova as a country when considering winter sports is exclusively represented with ski centers in Brezovica as one of the most known in the region. Today this asset is retained by the region of Prizren that includes the municipality of Dragash (where a new ski center is recently built). Gradually the region of Prizren is currently getting enriched with a winter tourism center, as an extra asset for developing tourism, economy, culture and social diversity.

The ski center is located in the village of Brod, under extremely favorable conditions provided by the nature. The initiatives of tourism development are completely private, including the investments, all serving to the clientele, which mainly come from the countries around like Albania.

Environmental resources, climatic factors, and other eco-diversity factors are part of the special climate of this area. The area is known for healing many types of diseases, both chronic and acute ones.

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The hotel that is placed on the edge of the Brod Mountains, the Arxhena hotel is characterized with its beautiful surroundings. Every day, the demands for winter tourism are increasing, especially for skiing, and even more when services and safety are at the level of spiritual tranquility that is the dominant factor in this touristic complex.

This touristic complex has a direct impact on economic development which leads to the increased number of employees in the hotel, the continuous work of the lifts (management and safety), the attendance of many local and international visitors and the progress of tourism development. Arxhena hotel together with the managed paths and the Ski Lift are a large touristic complex. Every segment of this complex shares' values and importance in encouraging tourists.

Photo 1: *Hotel Arxhena*



Arxhena hotel is placed at the front of the Brod Mountains, around the hotel is a stream which gives life and tranquility to the spiritual surroundings. The Arxhena hotel is 1500m above the sea level surrounded from all sides with high mountains. On the left side, in front of Arxhena Hotel there is a picturesque landscape that has both stones and rocks where one can often see wild goats. The right side of the hotel is also a powerful area with medicinal and aromatic plants stretching up to 2000 m above the sea level. In front of the hotel there is the guardian stone of the village of Brod that identifies this area as safer and appealing to the local and foreign visitors. The main architectural part of the hotel along with eco-diversive values is the ski-lifts (two of them), which is a must-see package of unsurpassed values to the people who appreciate the environment, especially winter sports.

Arxhena Hotel Brod

Arxhena hotel is well known as the pride of the Dragash Mountains. It was built between 2008-2009, with initial facilities, restaurant and accompanying rooms, and guest beds. This hotel was the trigger for the community development. It is placed 16 km away from Dragash / Dragaš

city, more concretely in the village of Brod. Arxhena hotel continuously has been improving the infrastructure inside and outside the building. It has 53 guest rooms each with one or two beds, 133 beds in total and 600 seats in restaurants. As for the number of employees, it varies from the seasons, i.e. in Winter 22 employees. The hotel within the Arxhena resort complex has 2 conference rooms, 4 restaurants, suites, saunas, standard rooms and sports grounds, all in the service of tourists. This resort complex also has a Walk or Hiking trail, which is used by many people who prefer going out in nature. Visitors are instructed before they depart; in special cases also they are accompanied if they require it. Arxhena Hotel and its visionary management keep creating opportunities for business development through tourism development, mainly during winter. The hotel is equipped with special permission from the respective institution where it has placed the ski trails and vehicles from the altitude level of 1500-2050m, at a distance of 1500m, for all the visitors.

Photo 2: *Ski-Lift in Brod-Arxhena*



Since 2018, there has been installed a Telepheric with increased capacity and creativity compared to the telepheric built long ago 2013. Telepheric 1 and 2, are parallel built and functionalized for visitors during the 12 months.

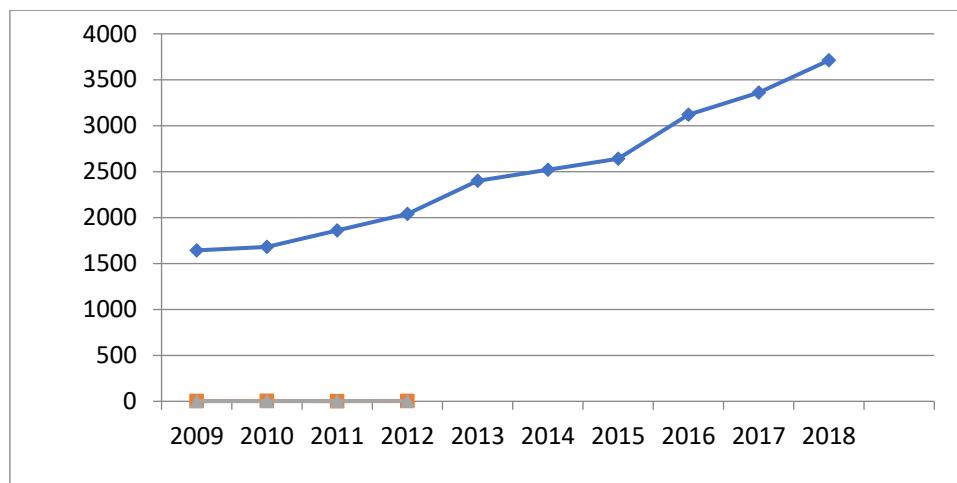
Photo 3: *The ski slopes of the Arxhena*



Table 1: *Night-stay tourists*

No	Years	Weeks	December	January	February	Annual tourism
1	2009	128	512	545	586	1.643
2	2010	140	560	563	577	1.700
3	2011	155	620	640	666	1.926
4	2012	170	680	684	698	2.062
5	2013	200	800	815	855	2.470
6	2014	210	840	843	889	2.572
7	2015	220	880	896	911	2.687
8	2016	260	1.040	1.077	1.112	3.229
9	2017	280	1.120	1.155	1.190	3.465
10	2018	300	1.200	1.256	1.255	3.711
	In total					25.465

In this table are presented of the number of tourists, who spent their holidays at the Arxhena hotel. According to the data provided by the database of the Arxhena hotel shows that the number of visitors is increasing, from 1.643 night-stay for the 3-month period in 2009, to 3711 night-stay for 3 months in 2018(December, January and February).

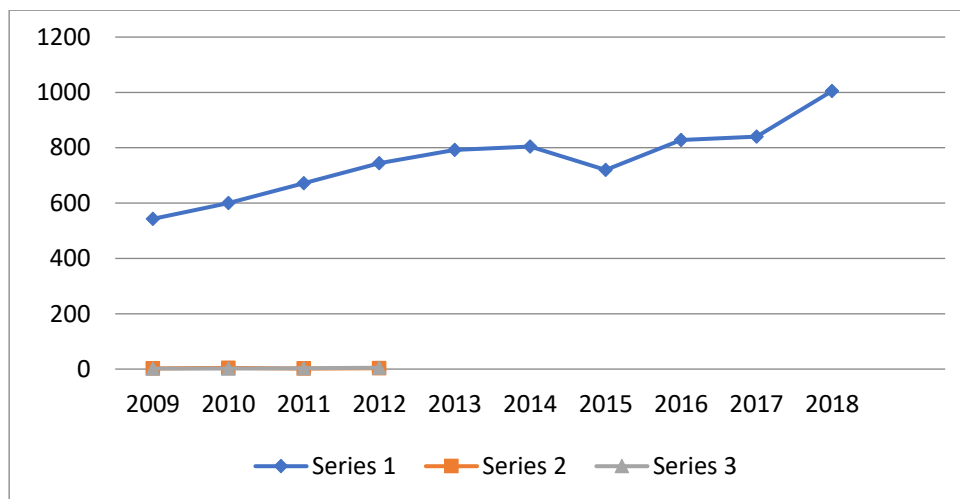


Graph. no 1. The graph shows the number of tourists in years during December, January, February (winter tourism). Arxhena hotel is creating a construction and a service as it can be seen in the graph above. It is also shown the big increase in number of tourists with over 100% between 2009 and 2018. For 9 years, the increase presented in annual percentage was about 13%.

Table 2: *Visitors that stay around a week*

No	Years	Weeks	December	January	February	Annual tourism
1	2009	45	180	189	174	543
2	2010	50	200	220	205	625
3	2011	56	224	231	214	670
4	2012	62	248	267	245	720
5	2013	66	264	293	235	792
6	2014	67	268	310	255	833
7	2015	60	240	325	282	797
8	2016	69	276	333	290	899
9	2017	70	283	345	300	928
10	2018	80	320	355	330	1.005
	In total					7.812

In the table above are presented the numerical data in a period of a week, the higher results are mainly showed on weekends. The number is relatively lower compared to the tourists who decide to stay in the hotel, however, there are still enough visitors. Daily tourists use hotel offers, gastronomy and other services outside the hotel rooms. Daily tourists prefer using the ski slopes and the telepheric, two distinctive components that are missing in many centers. The facts show that the number of visitors in daily basis is also growing, from 2009 to 543 in 3 months, reaching 1,005 in 2018. The results show that this growth was driven by improved conditions such as services-restaurants, telepherics, and opportunities for sports activities, such as open sports days.

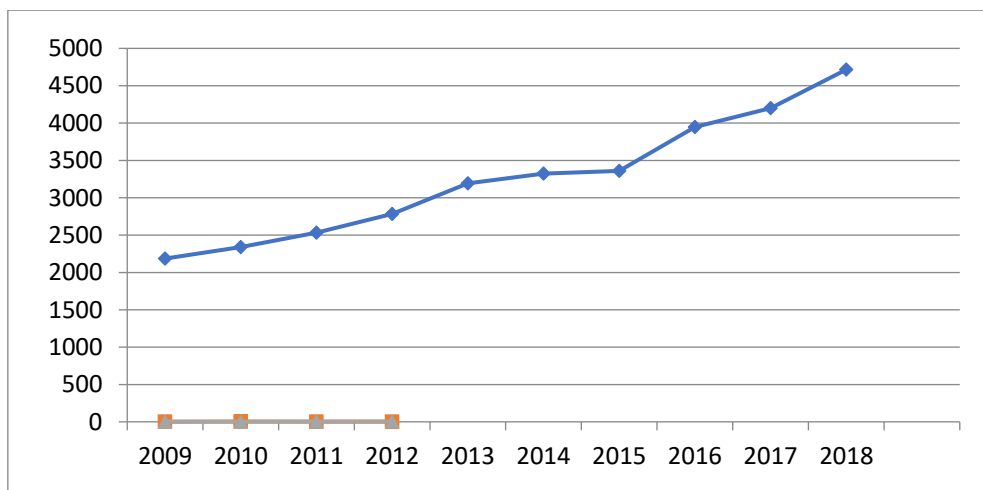


Graph no. 2. In this graph is shown the number of tourists or guests on daily basis, or what they call an active day-time, during the Winter Season (December / January / February). Precisely the distinctive elements of Arxhena hotel sports and recreational facilities, which year after year attract local tourists and other countries, impact the general number of visitors that it can be seen in Graphs from 2009 to 2018. Except for 2015 stagnation or decrease of tourist arrivals, we can generally conclude that within 9 years for 90% is the increase of the number of daily visitors or when turned in percentages is increased for 10% every year.

Table 3: Round-trip weekly / 3 Months

No	Years	Weeks	December	January	February	Annual tourism
1	2009	173	692	734	760	2.186
2	2010	190	780	783	782	2.345
3	2011	211	844	871	880	2.595
4	2012	232	928	951	943	2.822
5	2013	266	1064	1108	1.090	3.262
6	2014	277	1108	1153	1.144	3.405
7	2015	280	1120	1.221	1.193	3.534
8	2016	329	1316	1.410	1.402	4.128
9	2017	350	1400	1.500	1.490	4.390
10	2018	380	1520	1.611	1.585	4.716
	In total					33.383

In this table are presented the summary results of how much the tourists stay at the Arxhena hotel. According to the statistical data, it can be claimed that Arxhena hotel has a reasonable increase in the acceptance and accommodation of tourists, based on their requirements. The weekly and monthly increase, the 9-year surveys from 2009 to 2018, show an increase of 7-8% by 2016, while from 2016-2018 this growth is more evident after the installation of the telepheric, which percentage on a monthly basis, exceeds 12-15%. While in the total percentage from 2009 to 2018 is approximately 115%. From this table, it can be concluded that sustainable business development is achieved with sustainable, visionary and fruitful management both for the owner as well as for the employees, the community and the country itself.



Graph no. 3. It shows the total number of tourists daily, during the Winter period (December, January, February), based on the data given by the Arxhena hotel. As it is shown in graphs, this number is increasing continuously. The growth in number of tourists started from 2015. According to the data given by this hotel, the increase from 2009 was 2,186 visitors, in 2018 this number reaches 4,716, which is more than double.

Tourism as a multidimensional development phenomenon

Dragash and the 18 villages that this area includes are of Gora municipality, exceptionally in some villages where the dominant population is Albanian, as in Krushevë and Restelicë. All of these villagers, with an emphasis on Brod village and the surrounding villages, are visitors of the village of Brod, which is also the most strategic point in the whole Dragash / Dragash municipality. According to many information provided by the respondents of this village, only during the summer season the number of tourists exceeds for several times the number of residents or citizens residing in this village due to climatic conditions and geographical position as well as existing traditional restaurants, headed by the Arxhena hotel. Tourists are mostly visitors that have emigrated to western countries and who organize a family gathering during the Summer season. They usually are curious for traditional clothing exhibitions and organic dishes, therefore, they represent a good tourism model in the community. All of these tourists are recognized as summer vacation tourists driven by family ties and the eco-diversity environments surrounding this hotel. An objective of our scientific work is the Winter Tourism research that is quite different from that of Summer. There are mainly involved tourists outside of the region, very demanding type of tourism, exclusively developed after the strategic investments with additional design of hotel facility and easy access to more deep areas. Winter tourism development trends, predominantly ski-sports fans, show the touch of winter sports feelings, the use of environmental resources, the adaptation and economic, social, and cultural development. Arxhena is creating good opportunities for alternative tourism development from those in these areas, with the possibility of extending the capacities both in the hotel sector and in the Olympic-like ski paths.

Improvement of hotel services

The undeniable fact is the private investment in accommodation, hygienic conditions, quality-traditional food, convenient inventory, security, internet access, but also the opportunity to develop sports recreational activities (both inside or outside the hotel facility). Arxhena hotel has already filled the tourist agenda, perhaps even this agenda may be more attractive depending

on the visitors' requests, especially when it comes to recreational tourism, with massive touristic potential. Activities do not pause there because walking paths in higher areas, then organizing competitions, camping and various open-air games are the creative side of the hotel. Arxhena hotel, in cooperation with the clientele organizes free transport for all those who stay for 7 days at the hotel.

Trends in tourism development over the years

According to the Tables (1,2,3), we can point out that the trends of tourism development in the Arctic Complex are on a progressive growth, especially in Winter Tourism or winter sports. These trends of visitors' development in these high areas are a constant stimulation of this business to make synchronized investments, depending on the demands of tourists. Investments are of a structural nature, thus increasing the number of employees every year means increasing domestic welfare. From this hotel benefits also the community that lives here, whether directly with the sale of organic products from buffers who have over 10,000 sheep (dairy products), 250 cows (also milk products and "Sharri" cheese), over 300 beehives (organic honey), then over 200 species of medicinal and aromatic plants present to the impressive swords of the Brod Mountains. This area is increasingly open to visitors, who find themselves experiencing the miracle, both environmentally and professionally. They are taken away by the spiritual calmness that this touristic complex offers.

Conclusion

This research paper aims to reveal the Brod mountains' resources, therefore it is mostly concentrated in the winter season capacities, the main hotel of this area, development and operation on the ski slopes that are, built and functionalized by the management of the hotel complex Arxhena. This hotel (the current capacity and the professional services are included in this paper) is the best example of showing how the opportunities of tourism development can be doubled. The basis of this research is Winter Tourism, the conditions it offers and the trends of economic, social and cultural development. Arxhena Hotel has sufficient capacity for the current demands, however, by taking into consideration that this tourism development flow is continuously increasing compared to 2009 it can be foreseen that the capacity of the hotel will not be sufficient. This suggests that the capacity of the hotel should be increased due to the tourists' demands. The Telepheric construction in 2018 with equivalent services is an indication that investors are decided and persistent in accomplishing their goal- the Balkan Winter Ski Resort Center. Elements that should be highlighted are track scoutings on the track, assistance to all visitors who need skiing tips and help to the get in and get off of the telepheric are some of the professional services that are offered to the visitors. An element to be pointed out is that the health services in case of emergency are always ready for action in order to be serving at any unpleasant event that may occur during skiing. Arxhena Hotel offers highly repairable services according to the visitors' demands. The staff is willing to offer respect and appreciation of the touristic agenda for all visitors indiscriminately. Those who visit the Arxhena hotel will not hesitate next time just as the tourists who came there claimed.

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TOURISM POTENTIALS OF THE SOUTHWEST PLANNING REGION

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Abstract

Tourism in the Southwest Planning Region is identified as one of the leading industries. The used methodological approach allows for determining the potentials in volume, structure and dynamics, the appropriate use of the spatial position, natural and cultural resources and the mutual relations that occur in this region. The social conditions represent the framework in which this sector can operate in an optimal way while the communication links represent specific values a precondition for organizing the space for tourism purposes is their improvement, thus advancing the quality of receptive resources and creating competitive tourism products. The development opportunities, on the other hand, are the basis for forecasting and adopting appropriate action plans. The primary goal is ultimately to increase the share of the Gross Domestic Product of tourism in the Southwest Planning Region and the country in general.

Key Words: *Tourism potentials, Tourism development, Tourism values, Regional development, Tourism types*

JEL classification: Z32

Introduction

The Southwest Planning Region (SWPR) in the Republic of N. Macedonia is one of the most attractive spatial entities in a tourism sense. This is due to its attractive properties of natural and cultural character, created infrastructural and super-structural conditions and primarily the positive development policy in terms of balanced tourism development as well as the use of the resources in a selective sense (Sekulovska et al., 2018).

In the past there was a tendency of exploitation of the potentials that the region possesses. That meant that tourism was placed in the priority sectors, but because it is a complex and heterogeneous developmental potential, there still remain several development prospects. They refer to the tourist valorization of space, improvement of the communication and accessibility of tourist offer towards the tourist demand, the development of human potential and a paradigmatic increase of the Gross Domestic Product (GDP) in the field of tourism and hospitality as part of the total GDP of the Southwest Planning Region and in the GDP of the Republic of N. Macedonia. In order for this to be achieved there is the need to conduct several tourism related analyses that refer to determining the situations, possibilities and perspectives of the municipalities that are part of the SWPR. In this sense, highly important is the determining of the priorities, patterns of implementation, time frames and the vertical and horizontal coordination at all levels. This paper is the result of the research activities conducted as part of preparing a *Study on tourism potentials in the Southwest Planning Region* in 2013, in which the authors were directly involved. The research activities were conducted by reviewing

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and critically analyzing scientific literature, existing planning documents, strategies and other legal documents within the Southwest Planning Region which are related to the development of tourism in the region. Furthermore, conducted were statistical analyses of the official data provided by the State Statistical Office. At last, the research activities also included gathering primary data through interviewing and surveying the existing stakeholders in the region. The research sample included a total of 308 respondents. In this paper examined are the two main groups of tourism values: natural and cultural values. Furthermore, presented is an analysis of the dynamics of accommodation facilities in the SWPR in the last 10 years, which is the receptive basis for determining the level of tourism development and presents a potential by itself. More interesting is the private accommodation in the region. In this sense, analyzed is the social acceptance of the local population for receiving tourists in their homes. As one of the most important elements of the tourism potentials in the SWPR is the quality of current tourism products. Conclusions are drawn from then conducted cabinet and field research activities in the region. That means that primary and secondary data and results are gathered, processed and presented.

Natural tourism values

The natural tourism resources in the Southwest Planning Region represent a significant attractive-motivational potential. This is an important indicator of the tourism possibilities that this geographic area possesses (Marinoski & Risteski, 2010). The numerous potentials can be classified into 4 distinct groups with several subgroups: geomorphologic (mountains, mountain passes, gorges and canyons, post-volcanic landforms, karst fields and caves); climatic (air temperature, precipitation, duration of sunshine, humidity and winds); hydrographic (lakes, rivers and springs) and bio-geographic elements (flora, fauna and protected areas) (Marinoski, 2011). Due to the large volume of the existing natural values, only the conclusions of the research will be presented in this paper. The inventory of all the existing natural values is too large to include.

SWPR is characterized by an abundance of geo-morphological tourism values. This abundance is reflected by the number of landforms, as well as their heterogeneity. Tectonic processes and erosion - accumulative phenomena of the geological history conditioned the wealth of underground and surface landforms in this region, which attract the attention of tourists, or represent a significant tourist potential (Marinoski et al., 2013). The mountains on one hand represent an attraction by themselves; while on the other hand, they influence the other elements in the geographical environment, such as the climate, hydrography as well as the flora and fauna. The relative high altitude of the mountains and their mountain sides represent significant potentials for trimming ski trails (slopes of the peak Magaro and Crn Kamen). The medium high mountains are suitable for developing several winter-sports activities (skiing, sledging, snow-shoeing). Furthermore, these mountains have opportunities for development of summer activities such as hiking and climbing and creating optimal viewpoints, resting areas, picnic places and camping grounds (Plakjenska and Ilinska Mountain). The other mountains can mainly be used for developing complementary or rural tourism activities (Risteski & Marinoski, 2017). From a tourist point of view, mountain passes do not only have communicative importance, as natural predispositions for such purposes, but are also suitable for locating tourist - catering facilities (Bukovo and Preseka mountain passes). On the other hand, in the SWPR there are gorges that are significant tourist potentials (gorges on the rivers Black Drim and Treska). They have aesthetic-decorative value and are very attractive for their surroundings. The post-volcanic landforms are very interesting and attractive. Besides the thermo-mineral springs, the most attractive is the non-active post-volcanic landform Duvalo near the village of

Kosel. It is a solfatar/mofette with a miniature crater. This can be an interesting potential for conducting educational and geo-tourism activities. There are numerous caves in the SWPR which, although protected, are still insufficiently used in the current tourist offer. In this sense, the cave Slatinski Izvor in the municipality of Makedonski Brod is determined as a cave with the highest level of possible tourism potential. It is registered as a protected natural rarity cave and a natural monument. In the main channel of this cave there are cave pillars and stalactites, while in the largest room several larger stalagmites can be found. Unfortunately, other significant caves (Jaorec, Simka, Samotska Dupka, etc.) are still not touristically valorized (Risteski & Kocevski, 2018).

The climate in the SWPR is one of the most dominant attractive-motivational factors for tourism development. Air temperature, precipitation, duration of sunshine, cloudiness, humidity and winds are climatic elements that in the area of the SWPR emerge as significant tourism values (Marinoski et al., 2013). In the summer months, in the period from June to September, the average monthly temperatures allow for swimming and sunbathing activities at the lake tourism localities. The average monthly temperatures in the summer months are also moderate in the mountainous area which offers excellent conditions for hiking in the mountain tourism localities during the summer period. During the winter months their air temperatures are also moderate, both in the valleys and mountains (Lazareski, 1993). This enhances the winter-sports experiences of the tourists. The average monthly amount of precipitation in the region shows that the highest rainfalls and snowfalls occur in late autumn, winter and spring. This characteristic is present in almost all measurement points in the SWPR. This layout of precipitation has very favorable effects on outdoor tourism activities, as during the summer, so during the winter tourist season. In the lake areas, the absence of rainfall during the summer months reflects positively on swimming and sunbathing activities. In the mountainous areas, the occurrence of snowfalls determines the skiing season. The duration of sunshine is such a climatological element which affects many outdoor activities. The conducted research shows that the average monthly duration of sunshine is longer during the summer months. In all the measurement points the values are the highest in the summer months (from June to September), in which the length of sunshine is more than 250 hours. The relative air humidity is such a climatological element that expresses the degree of saturation of air with water vapor. As the most important health – recreational tourism value is considered the relative humidity which contains values from 60-70%. Humidity during the summer months is lower than the humidity in the rest of the year, especially in winter. In summer it has a value of 60-71%, but in average, the monthly relative humidity is around 65%, which should be perceived as a favorable characteristic of this region. Winds are such an element that affects the general climatological conditions. Besides the purification of the air, in the summer months they help in lowering the air temperature, which reflects very positively on tourists' stay. Winds with the most significant impact on the tourism activities are the following: Strmec, Veternik, Belichki and Sever.

Lakes represent a significant tourism value of the SWPR. One of the most important lakes in Europe is located in this region. That is the Ohrid Lake which is also a protected area (UNESCO World Natural Heritage Site) and a famous tourist attraction, in a global sense (Risteski & Kocevski, 2018). The Ohrid region is the most developed in the SWPR, in a tourism sense. That is why more attention in this paper is put on the other natural lakes which have glacial origin. Glacial lakes represent a rarity in the geographical space, because their genesis is related to specific morphological and climatological conditions. They are often not suitable for swimming activities but possess beautiful surroundings for conducting many outdoor activities. Their educational value is evident by itself. Significant glacial lakes in the region are: Podgorechko, Vevchansko, Gorno and Dolno Labunishko Lake on Jablanica Mountain; Gorno and Dolno

Lake and Marusha on Stogovo Mountain (Marinoski et al., 2013). Artificial lakes are also important for conducting several tourism activities, such as swimming, sunbathing and fishing (Debar Lake, Globochica, Slatino, and Kozjak). Rivers in the SWPR are tourism - motivational attractions, which attract tourists primarily due to their recreational and aesthetic properties, while some of them contain the component of curiosity (Rivers: Treska, Black Drim, Sateska and Radika; Springs: Vevchani, St. Naum, Biljana, Studenchishta). Rivers and springs are rarely used for swimming activities, though some rivers provide such conditions. Some rivers can partially be used for kayaking activities, but mostly in their proximity several other outdoor activities can be conducted: camping, picnic, resting places, walking and hiking, educational activities, etc. (Risteski & Kocevski, 2018). The SWPR is also characterized by the presence of thermo-mineral waters. There appear two distinctive and attractive spa outlets (Banjishte and Kosovrasti). They lack proper maintenance and marketing in order to be more competitive on the international tourism market (Risteski et al., 2012).

Under the influence by the sub-Mediterranean climate, the Mediterranean species are represented in the Ohrid valley and along the river Black Drim (Marinoski et al., 2013). From the Mediterranean species figs and almonds should be emphasized which thrive on this territory. In the structure of the forests, deciduous forests dominate in which beech and oak trees prevail. The conifer forests participate in a much smaller degree. The abundance of forests is a great opportunity for tourists to stay in the mountainous areas in the Southwest Planning Region. Pastures, rich in grassland vegetation, represent an excellent opportunity for picnics and hiking, as well as herbal tourism activities. The wetlands plant species are characteristic for swampy areas and are perfect for educational activities (Sini Viroj and Belchishta Marsh) (Risteski & Kocevski, 2018). The fauna in the SWPR is also very rich and diverse, which can be used for hunting in the areas suitable for such activities. In this sense there are several hunting sites and areas. The endangerment of protected areas is a very serious problem (Springs of St. Naum in Galichica National Park, some areas of the village Trpejca on the shores of Ohrid Lake, etc.). In this direction, tourism should be aimed at preserving and enhancing the existing values (Risteski et al., 2012).

Cultural tourism values

Besides the natural tourism values, the SWPR is also characterized by the abundance of cultural resources and potentials. This type of heritage can be differentiated into the following 3 groups: material heritage, spiritual heritage and events (Korunovski, 2008). The research activities involved municipal representatives who gave their contribution in the valorization of tourism facilities, sites, phenomena and relations in the different municipalities of the region. A detailed inventarization is impossible to include in this paper. Hence, only the conclusions are presented below. The material cultural heritage in the SWPR is unevenly distributed. Therefore, the heritage expresses greater representation in some municipalities in the region than others (Marinoski & Risteski, 2010). The material heritage is represented through the rich tangible creation of the local people in the past. This is expressed through the created cultural - historical monuments (public buildings, fortresses, archaeological sites) museums and cultural institutions, traditional architecture and folk costumes. The research showed that most of the cultural - historical monuments are located in the municipality of Ohrid (Marinoski et al., 2013). On the other hand, the other municipalities of the region possess other types of material cultural heritage which can represent a complementary element in the tourist offer. In this sense, monasteries are important for staying of tourists, churches and mosques for the development of religious tourism, museums for educational activities, while auxiliary facilities in the rural areas can be used for different rural-based tourism activities. Such types of facilities are barns, water-

mills, valajci, bachilo, etc. (Risteski & Marinovski, 2017). The research showed a negative trend of emigration from the rural areas. The development of rural tourism activities should help in lowering the scope of these trends (Risteski & Kocevski, 2018).

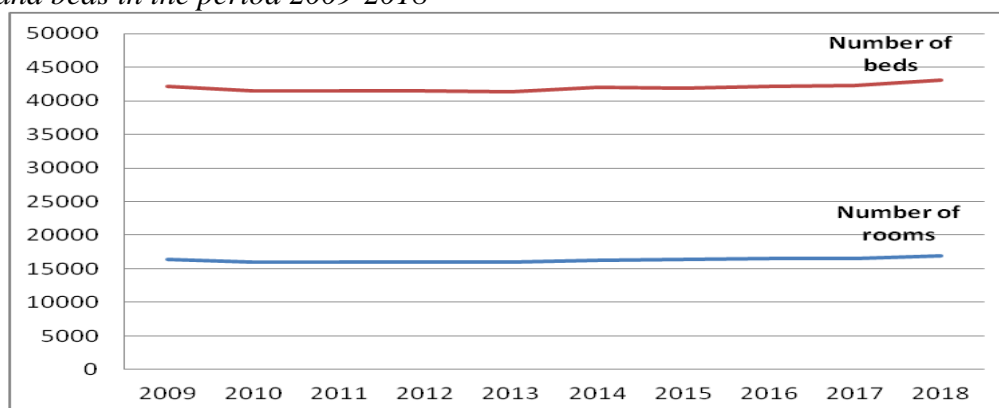
Spiritual cultural heritage, as opposed to the material heritage, represents the intangible creation of the local people. This type of heritage is largely preserved and unchanged in the region, thus representing a significant potential for the development of tourism activities. This heritage encompasses the ethnographic creation or traditional economic activities and crafts (in Ohrid: manufacturing pearls, traditional paper making, woodcarvers, icon painters, mosaic makers, stained glass, coppersmiths, and filigree artworks; in Struga: manufacturing of folk costumes, filigree artworks; in Vevchani: Façade handicraft; in Kicevo: pottery making; in Debar: builders, painters, wood carvers), typical cuisine and food, as well as folk songs and dances (Marinovski et al., 2013). These types of tourism values, if preserved, can represent a dominant element in the tourist offer, mainly included in cultural or rural tourism activities (Risteski & Marinovski, 2017).

In the SWPR there are numerous events that are represented by religious (Christian and Muslim) and secular festivals (cultural, sports, business events, etc.) (Marinovski et al., 2013). The main problem with these festivals is their insufficient promotion to a wider tourism market. Only some of them are internationally recognized and are being held in the municipality of Ohrid and Struga ("Ohrid Summer", „Balkan Festival“, „Ohrid Fest“, International Seminar on Macedonian Language, Literature and Culture, „Prlichev Sermons“, „Ohrid Feast“, Ohrid Swimming Marathon, "Struga Poetry Evenings"). These and other events can be a significant constituent element of the common tourist offer involving the different countries in the Balkans (Marinovski et al., 2012). This will allow the region not only to be more competitive compared to the surrounding regions and countries, but also to be more recognizable on the international tourism market (Risteski et al., 2012). For this to happen, the different stakeholders in the region and the surroundings should cooperate.

Accommodation facilities as a tourism potential

Accommodation facilities represent the possibility for receiving tourists and thus are an important development indicator and potential. From the conducted cabinet research, some interesting conclusions could be drawn.

Figure 1: *Accommodation facilities in the SWPR, expressed through the number of available rooms and beds in the period 2009-2018*



Source: *MakStat Database, State Statistical Office of R.N. Macedonia, <http://makstat.stat.gov.mk>, (10 June 2019)*

The gained data show a negative trend in the analyzed period. Namely, the number of beds and rooms in the SWPR increased only by 2.9% from 2009 until 2018. This low increase in the analyzed 10-year period shows the inability of the region to receive a higher volume of tourists than the current levels. If a more detailed analysis is conducted within the region, than it can be seen that most of the facilities are located in only two municipalities: Ohrid and Struga (Risteski & Rakichevikj, 2018). Therefore, more facilities should be built in the remaining municipalities in order to distribute the developmental potential more evenly. The accommodation facilities of the SWPR in the total number of accommodation facilities in the Republic of N. Macedonia participates with an average of around 55%, which is indeed an important capacity. It can be concluded that this low increase of the facilities does not have to be a negative characteristic. The current facilities should be improved in quality instead of quantity in order to accommodate tourists with higher tourist spending.

Social acceptance of tourism

The social acceptance is an important subjective factor in the receptive sphere in the region. Namely, besides all the circumstances that go hand in hand with tourism development, if the social acceptance is weak, they will be largely placed in an inferior position (Risteski & Rakichevikj, 2018). Since there are no direct indicators for this category, we used the available data from the primary research that included 308 respondents. In the survey that we conducted, one of the issues concerned the degree of visitors' satisfaction of the hospitality of the local population and service providers. The results show that no respondent expressed dissatisfaction from the provided tourism services and activities. These results were gained both for the service providers and the local population (Marinoski et al., 2013). The largest part of the respondents (57.1 %) expressed the highest level of satisfaction. In second place were the respondents that expressed a lower degree of satisfaction (32 %). Despite such high levels of satisfaction about the acceptance of tourists, there are still areas in the region in which autarchic attitudes and restrictions regarding the receiving of tourists in their homes are visible. It can be concluded that further affirmation of the high level of hospitality and acceptance of the tourists is needed. This indicator is an important argument in the intrusion on the domestic and international tourism market and is one of the most significant tourism values of the Southwest Planning Region.

Analysis of the quality of current tourism products

The quality of tourism products is a very important component for determining the tourism potential of the tourist offer in the SWPR. From the conducted field research it could be concluded that in the past period most of the package tours had outgoing character and were related to offers that are outside the region and even outside the country (Sekulovska et al., 2018). Usually these are package tours offered for travelling in Greece, Albania, Bulgaria and Turkey. In the last several years with the introduction of subsidizing measures, foreign arrivals have increased. In this direction two main types of package tours have emerged. One type includes the tourism elements and values of the region in the tourist offer, while the other type involves tourist visits in the region as part of more complex combined tours in the neighboring countries. A prime example are the tours that are being offered to Polish and German tourists in Albania.

In order to gain more substantial conclusions, we used the results from the primary research. These results were obtained from the ratings of developmental indicators by the professional

offices in all of the municipalities in the region (Marinoski et al., 2013). The evaluation of the quality of the package tours that are being carried out in the region by the travel agencies achieved the lowest average score of 2.12 (from 1 to 5). This coincides with the views and opinions of the expert community. However, the analysis of the interviews of the other stakeholders from the business sector shows a slightly higher score of 3.20. In any case, this assessment indicates that it is necessary to further improve the quality of tourism products in the SWPR. In order to be able to realize this position it is necessary to have a permanent education and training activities of the creators of tourism products as well as establishing a functioning network of all stakeholders who will include all components of the tourism offer. Given the fact that the number of domestic tourists are permanently reducing, the attention should be directed towards the creation of tourism products intended for domestic tourists. The analysis in this area shows that the number of such created tourism products is quite small.

Conclusion

The SWPR is the most developed tourism region in the country. Although in the past several years there has been an evident increase in the tourist arrivals from abroad, more substantial development strategies are needed to be implemented (Sekulovska et al., 2018). This is possible if all the tourism potentials in the region are determined. For the examining and gathering of data primary and secondary research activities were used. The primary data are the result of the conducted interviews and surveys on the most relevant stakeholders in the region. This gives the paper a practical dimension because the results can be used in the creation and implementation of programs and strategies for tourism development in the region.

There is an abundance of natural and cultural tourism values in the region which do not only possess complementary characteristics, but many can be used as independent and basic tourism values in creating diverse tourism products through the development of different selective types of tourism. This should widen the existing tourist offer and attract more quality tourism consumers. Determining these types of tourism potentials (natural and cultural values) should help the creators of tourism developmental strategies to adequately direct the tourist offer towards the right market segments.

The analysis of the dynamics of existing accommodation facilities shows a stagnation of the available beds and rooms in the region. Most of the accommodation facilities are located in the Ohrid area. Therefore it is necessary to improve this type of tourism infrastructure which represents an important potential of the receptive sphere. In this sense, the private accommodation will play a more dominant role in the years to come. That is why we analyzed the preparedness of the local population to receive tourists in their homes. The results are promising, which show that almost 90 % of the respondents are willing to provide accommodation services to tourists. This is an important potential given the fact that there is a steady increase of individual travelers worldwide.

The existing natural and cultural tourism values must be packaged in some way in order to be offered to the consumers. That is why we analyzed the quality level of current tourism products. The results are gained from the surveys and interviews of the stakeholders who evaluated the current offered package tours in the region with a very low grade. This shows the need to improve the content of the tourists' stay with the inclusion of innovative elements in the tourist offer. New interesting and attractive package tours should be created which will either offer the tourism values and elements of the region, or it will combine them with existing package tours from the surrounding countries and regions.

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ECONOMIC ASPECTS OF GASTRONOMY AS A CREATIVE INDUSTRY

Risto Gogoski¹; Vasko Cuculeski²

Abstract

The term creative economy in literature has been introduced with the intention of making a combination between the categories of creativity and economy.

Creativity is talent and ability with the presence of both, and thought and action. And in gastronomy also, creativity becomes an economic resource when creative efforts result in a product or service.

The theory is still debated for the list of creative industries, but the definition of the creative industry is related to the supply of goods and services that predominantly have cultural, artistic and entertainment value.

The paper wants to answer the question why gastronomy is not yet considered a creative industry. Whether the field of gastronomy may be too "young" to get appropriate critical acclaim in competition with other creative industries from the list established by theorists? Perhaps the gastronomy is assessed only on the tangible outcome, leaving the unexplained intangible value.

The creative industries can be present in developing countries, just as in developed economies, but illustrative cases in developing countries have little visibility. The thesis is that gastronomy can be more represented as a creative industry in developing countries. The paper deals with how gastronomy can be a way to activate the economy in developing countries.

Key Words: *creative industry; creative gastronomy; creativity; economic resource; economic development of developing countries*

JEL classification: *L23; L83; M21; O1*

Introduction

Modern economies are increasingly moving from the dominant traditional industry to an economy based on experiences in which production should be differentiated by experience. Finally, there are authors who claim that the world is now in a creativity-based economy in which production differs based on its creative and intangible value.

Creative industries are booming and they have an impact on increasing employment and growth. Although there are authors that precisely indicate the areas in which it considers that there creative industries, however for their future expansion basically important are two criteria - the art and craft.

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Where the gastronomy does fits in here? Despite international acclaim and recognition, gastronomy is not regarded as a creative industry by a number of researchers in the mapping of areas of creative economy. Therefore, the main goal in the paper is to debate gastronomy as a creative industry and creative production. After clearing these dilemmas, logically follows the interest toward gastronomy as a factor for economic development of the underdeveloped economies, especially for the Republic of North Macedonia, is logical.

Creative production, creative economy, creative industries

The concept of creative economy is a new economic phenomenon in the globalized environment of the 21st century. As a new phenomenon, it is based on sophisticated symbolic consumption not on the ordinary consumption made for the utility itself. The creative economy moves away from the consumption of so-called utilitarian demand consumption to social demand consumption. In other words, the creation of consumption comes out of the narrow theoretical economic frameworks for usefulness as a rational response to the scarcity of goods and the necessity of forming priorities. (Gogoski, 2012)

The term creative economy was introduced by John Hawkins (Howkins, 2002) in an attempt to combine creativity and economy. His definition focuses on creativity as a tool to actively beat competition in practicing business. According to Hawkins, people with ideas have become more powerful than people who work with machines. There are authors who claim that human creativity is the ultimate economic resource and that creativity is the economic property i.e. that creative production creates additional economic value. (Florida, 2003)

Creative economy, unlike "classic" economy undergoing changes on both the supply side and the demand side.

On the supply side, the creative economy as an economy of knowledge and skills can be defined as production and services based on activities with intensive knowledge that contribute to accelerating the pace of technological and scientific advantages, on the one hand, but also equally fast obsolescence, on the other hand. The knowledge is the only unlimited resource, the property that grows with the individuals themselves. Some theorists warn companies to focus less on what they own and many more that they know.

So, at the core of the theory of creative economy lie knowledge and creative workers as the key to competitiveness and growth. The combination of innovation and knowledge as a source of economic growth leads to increased attention to actors who hold that knowledge and are able to transform it into a new product. Attention to knowledge-based workforce is slowly shifting from employees inside innovative firms to innovative workers - as a separate group (class). That is very interesting fact about gastronomy as a creative activity.

Organizing and running a business historically has always been about optimization, and especially for optimizing human labor. In the agrarian era, the focus was on the earth and human physical input as a resource. In the industrial age, through machinery, the focus was on raw materials and how to make physical labor and production more efficient. Another transition to the post-industrial era followed when technological progress made the physical labor excessive (reduced). The post-industrial era focuses on intellectual work, creativity and discernment (understanding) as key elements.

The experience economics described Pin and Gilmore (Pine & Gilmore, 1998) who claim that experience occurs when a company deliberately uses the service as scenes and goods as requisites to hire individual customers in a way that creates unforgettable events. Focus is, therefore, on the ability to create and set an event, and creativity is used as a resource in the set goal - the event. Again, although not originally thought of gastronomy, fully apply to it.

The creative industry, from an economic point of view, must include the production of goods or services. The main difference between the creative industries from "classical" industries is the latter more focused on mechanical and technological aspect of production. In the production process, instead of equipment and plants, the social and cultural context is more significant. (Hesmondhalgh, 2007)

Creative production often requires skills or crafts because they represent the basis for material production. Or, in other words - creativity can result in material production but that product must be evaluated also intangible aspects. (Caves, 2002)

On the demand side, a creative economy can be discovered through the context of symbolic consumption. Symbolic consumption is undergoing constant changes. The increased costs for "pleasure services" dictate new approaches to the fashion, software, tourism and entertainment industries. They slowly shift from functional (existential) consumption to consumption, which in the context of daily consumption also gives intellectual and moral satisfaction. Finally, robotization free human been from the work process, and if the problem of distributing the results of increased productivity is solved, through free time they will further direct the individual towards creativity in consumption. Already mentioned, although not originally thought of gastronomy, fully apply to it.

Underdeveloped economies strategic development should focus on the supply side of the creative industries whose production will be creatively consumption by entities in developed economies.

Gastronomy and the need to revise the creative industries

Based on previous analysis of the emergence and essence of the concept of the creative economy in this part of the paper intention is to understand the link between gastronomy industry and creative economy. We will be mainly interested of the possibility the gastronomic consumption to be represented as a social demand for consumption.

Tourists in the 21st century are "unfulfilled" and eager for new and diverse experiences. The experience of tourists and outcome relates to whether or not fulfilled their expectations become extremely important. Exactly a creative economy plays a crucial role as "gastronomic tourists" began to care about the origin of food and gastronomy stories and legends about food. Quality of creative gastronomy is the engagement: the growing demand through the interaction of the author of the creative product with the consumer. (Цуцулески, et al., 2018)

From sources in the literature, we can conclude that there is no precise agreement towards a comprehensive definition of terms such as creativity in gastronomy, creative experiences in gastronomy and creative gastronomy. However, these "structures" are beginning to appear in the literature that contributes to the theme or concept - creative gastronomy. (Martins, 2016)

Despite great international acclaim and recognition, gastronomy is still not regarded as a creative industry. It has been going on since the beginnings of theoretical debates on the creative industries, and according to a number of influential researchers, gastronomy still does not exist in the mapping of creative economies. Finally, it turns out that something is creative until someone said it, or indeed the right people (scientists, creators of economic policies) do not say that it is. And gastronomy is a creative industry.

Knowledge of the concept of creative economy helps us to build the concept of creative gastronomy. Creative products are as such tangible, but it is exactly the intangibility aspect that differentiates creative products from the "classic". The creative product is "experience good", but customer satisfaction is a subjective reaction. In this sense gastronomic experience and gastronomic creativity complement each other. The concept of intangible seems to be defining the nature of creativity and creative gastronomic production. A value should be formed of the intangibility of the creative capacity that is in the head of the gastronomic creator.

The intangible value of a creative product in the gastronomy cannot be restored, as it can for tangible products from other activities if the consumer is dissatisfied. For this reason, creative gastronomy often uses criticism, mainly professional, to evaluate the quality of creative production, in particular the part of the intangible value.

With a greater sense of involvement in gastronomic production, we distinguish the creative from what is called uniformity - the usual and repetitive activities that do not require involvement. It is precisely this that creates a non-material gastronomic value that is economically valorized on the market.

In the area of creative industries, inputs (resources) are not easily replaceable because seek creative input of labor that varies from person to person. This means that the creative masters (chef) in gastronomy are rarely interchangeable as they allow machines to "traditional industries". The possibility of inclusion of gastronomy in the creative industries will see through the approach for determining the components of creative performance.

Table 1: *Components of Creative Performance*

Domain-Relevant Skills	Creativity-Relevant Skills	Task Motivation
<p>Includes:</p> <ul style="list-style-type: none"> - Knowledge about the domain - Technical skills required - Special domain-relevant "talent" <p>Depends on:</p> <ul style="list-style-type: none"> - Innate cognitive abilities - Innate perceptual and motor skills - Formal and informal education 	<p>Includes:</p> <ul style="list-style-type: none"> - Appropriate cognitive style - Implicit or explicit knowledge of heu-ristics for generating novel ideas - Conducive work style <p>Depends on:</p> <ul style="list-style-type: none"> - Training - Experience in idea generation - Personality characteristics 	<p>Includes:</p> <ul style="list-style-type: none"> - Attitudes toward the task - Perceptions of own motivation for undertaking the task <p>Depends on:</p> <ul style="list-style-type: none"> - Initial level of intrinsic motivation toward the task - Presence or absence of salient extrin-sic constraints - Individual ability to cognitively minimize extrinsic constraints

Source: (Amabile, 1996)

In gastronomy creativity is the same but the product is different. It is therefore important to explore the area (domain) of gastronomy to understand both, gastronomy as a craft and art, as well as the historical and cultural influences that affect gastronomy.

In this sense, to evaluate gastronomy as a creative industry it is necessary to take into account many aspects (Pedersen, 2012): historical perspective; gastronomy and culinary art; French cuisine influence on gastronomy; concept a chef; techniques in gastronomy; novelties in gastronomy; determining a geographically defined kitchen. It is concluded that in order to gain recognition of the creative production of gastronomy, the domain will have to be upgraded or reconstructed. These facts of gastronomy as a domain should be analyzed in order for the gastronomy to be recognized and valued as creative production. That is the way individual gastronomies apply the central components that affect the creative performance.

Experiences occur in the mind of the individual, when he is engaged on an emotional, physical, intellectual or spiritual level. Therefore, a new management paradigm is required in the gastronomic industry, which sets the transition from just delivering services to creation and experience.

Strengthening the creative industries and the creative gastronomy for development

Destinations and travel companies are aware of the importance of gastronomy in order to diversify tourism and stimulate local, regional and national economic development. In this point, the main interest is the gastronomy as a link for determining the development directions. The thesis is that the cultural and economic power of national cuisines can be used by developing countries to spur growth, jobs and sustainable development. The gastronomic economy emerges as a key subsector of creative and tourism economy. UNCTAD and others supranational and national organizations have focused on how this can unlock growth in developing countries.

UNCTAD emphasized the growing importance of domestic gastronomy for exports and tourism, as well as gastronomic traditions as an invaluable source for fostering entrepreneurship and innovation. Entrepreneurs in developing countries can turn into marketable new concepts of market and rank them as viable economic activities using the gastronomic heritage. In doing so, the interaction between gastronomy and creativity can contribute to local innovation and finally to economic growth and development. Food is part of the creative economy. As such, it can foster economic growth and help underdeveloped countries achieve development goals, including sustainable development goals. (UNDP, 2019)

Creative economy is recognized as a significant sector and a significant contributor to the national gross domestic product. It has spurred innovation and knowledge transfer across all sectors of the economy and is a critical sector to foster inclusive development. The creative economy has both commercial and cultural value. The recognition of this double value has led governments around the world to expand and develop their creative economies as part of economic diversification strategies and efforts to stimulate economic growth, prosperity and well-being. (UNCTAD, 2018)

Digitalization as a technology reduces marginal costs for an additional unit of a gastronomic tourist product. Media and social networks contribute to an increased focus on cultural tourism and promotion of typical local products and experiences, including food and events. Creative (gastronomic) products can be consumed everywhere by digital media. This offers

opportunities for raising awareness about national and regional cultures and stimulating their visits.

The gastronomic heritage is not the same as the material heritage of the sites and monuments. Gastronomy evolves and develops precisely because the living culture around it changes. It is therefore important to realize that the sustainable development of gastronomic tourism is not only for preserving the past, but also for creating the future. In this sense, gastronomy comes as a privileged element around which many experiences can be created, encouraging the destinations for the inclusion of local food and drinks in the tourist product. This corresponds to the current trend of the market to request authentic and unique experiences in the visited destinations. (Cavicchi & Ciampi Stancova, 2016)

With creative industries, the era of three classical factors of production, land, labor, and capital is likely to end. The environment is the fourth factor of production. It consists of functional institutions, law enforcement, rule of law, culture and religion, which, in a wider sense, define the mentality and, in the narrower economic sense, business morality and ethics. All positive or negative influences from the functionality of the economic system in Macedonia will also mean more encourages or obstacles to the creative gastronomy in our country (British Council Macedonia, 2010.)

The theory of creative industries has progressed in the developed world, but after studying the gastronomic sector in a number of underdeveloped countries, studies prove that the gastronomic industry can be present in developing countries and that they fulfill the same characteristics that contribute to the economic and social development of developed countries. In addition, after the analysis of the gastronomic sector of the underdeveloped countries, it is considered that gastronomy should be added in the existing models for the mapping of creative industries. (Motin Inostroza, 2018,)

Creative gastronomy sector is part of the so-called tertiary sector (services). However, this sector is not yet sufficiently understood and developed, especially in less developed countries that have current or inherited obstacles in the area of economic development.

In the Republic of Macedonia, in relation to creative services, there is a lack of skills and potentials in marketing and distribution for the placement of these products on the international market of creative industries. Such shortcomings, probably the fastest can be overcome in gastronomy as a branch in the economic system.

Table 2: *Creative services in the Republic of North Macedonia (million US\$)*

	2010	2014
EXPORTS		
Personal, cultural and recreational services	6.7	7.3
Telecommunications, computer and information services	49.5	80.0
Other business services	5.0	7.7
IMPORTS		
Personal, cultural and recreational services	12.9	18.4
Telecommunications, computer and information services	54.3	45.5
Other business services	8.6	6.7

Source: UNCTAD, 2018

Despite the growing opus of the creative industries, the government structures in the Republic of Macedonia have not taken advanced measures that will make the gastronomic activity a priority in their political, economic and cultural programs and engagements.

And in the case of Macedonia tourism should be special, directed and edited content programming with a high level of overlap and complement each other with different sectors other creative industries. Within this framework, the future functioning of the gastronomic industry should surely be a source of income in the units of local self-government, through intensifying the processes of decentralization and respecting the domestic regulations in the given areas of interest.

Unlike manufacturing industries, creative industries do not always imply large investments. They have creativity and knowledge as the central core of the business model, making creative industries very attractive to developing countries. It can be a way of activating the economy taking into account their limited monetary budget, i.e. the relative small savings. At the same time, banks in the underdeveloped countries rarely decide to approve loans to firms from the tourism business. Creative gastronomy as part of the tourism activities enables development through gastronomy without dependence and limitation of the banking sector. (Gogoski et al., 2018)

Perspectives for the development of gastronomic tourism in the Republic of North Macedonia are great. The factors for the existence and development of gastronomic tourism in our country are present both on the supply and demand side through the implementation of confirmed experiences of forming gastronomic routes, museums, food and beverages, gastronomic events and so on. (Metodieski et al., 2018)

Conclusion

Knowledge of the concept of creative economy helps us to build the concept of creative gastronomy.

Food, the involvement of gastronomy, the sustainable development of the place is the starting and final point in constructing the concept of creative gastronomy, through all four elements of the creative economy: creativity, culture, economics and technology. Food creativity is part of the culture of the place, the motivation for development is primarily economic (revenues, employments) and the technology is engaged in the quality, productivity and optimal utilization of the resources needed for creating food.

In Macedonia, *advantages* are identified: geographical position; climate; natural heritage; history; anthropology; an attractive environment; health organic food; authentic products. At the same time, there are certain *weaknesses*: reduction of the rural population; unfavorable age structure; small and old households; unfavorable educational structure; lethargy; lack of awareness; lack of finance; new professions. Finally, there are *challenges* for Macedonia: investments; popularity; occupations; new borders; employment; new technologies; categorization; local food; tourist clusters; package tours; differentiation in tourism.

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IMPLEMENTATION CHALLENGES AND PROSPECTIVES FOR THE DEVELOPMENT OF THE ACADEMIC STUDIES OF INTERNATIONAL HOSPITALITY SCHOOL IN MONTENEGRO

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Abstract

Montenegro has experienced touristic boom in the last two decades. Continuous growth and development of tourism was accompanied by accelerated construction of infrastructure, new tourist facilities and numerous luxury hotels.

Domestic and foreign investments also demanded quality trained human resources, educated people who will be ready and able to answer the challenge for the increasingly demanding market.

This article discusses the organization of studies of the International Hospitality and Management School. For now, it is the only program in Montenegro which is conducted in English, includes a compulsory practical part of the course and it is the only educational program that operates in Montenegro in by the franchise.

Key Words: *tourism, hospitality, management, international school*

JEL classification: Z32

Introduction

Bearing in mind the fact that tourism is a priority for development of Montenegro, it is necessary to achieve a higher level of competitiveness of this sector. The realization of these important strategic development sector is possible primarily by engaging professional, well educated and highly skilled human resources. The deficit of workers in tourism is a challenge with which employers in the Montenegrin coast have been faced in recent years.

The problem of lack of educated human resources in tourism is a serious strategic problem for Montenegro. According to the Employment Agency of Montenegro, the involvement of the tourism industry in total employment is 8.8%. In addition to this quantitative indicator, it is very important to consider the educational structure of employees in this sector, which is lagging behind the indicators on the level of total employment of Montenegro. Participation of education human resources in the tourism industry is over 47%. For comparison, the participation of educated human resources in total employment of Montenegro amounts to over 60%. Also, in order to clarify the situation of personnel in the tourism industry, it should be highlight that the exceptionally low participation of highly skilled personnel is just below 2%.

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When it comes to the tourism industry, the requirements regarding skills, experience and innovation of personnel are higher and due to direct contact with guests they directly reflect the quality of products and services.

Undoubtedly, unambiguously indicates that in Montenegro it was necessary to establish adequate educational institutions in the field of tourism. This paper discusses how Montenegro got the first high education institution with international character, establishment, implementation challenges and perspectives of the International Hospitality Management School.

Internationalization of studies at the Donja Gorica University

A key principle of development and the vision of development is internationalization of studies. This confirms the introduction of English as the official language at University Donja Gorica as well as the obligation for a student to provide evidence of knowledge of at least two foreign language, as well as obligation for a student to provide evidence of knowledge of at least two foreign languages without which a student cannot get a diploma of University Donja Gorica.

In cooperation with Vatel International Business School from France studies of International Tourism and Management taught in English. The University is in the initial phase of teaching some classes in other foreign languages. Center for Foreign Languages offers classes in around ten different foreign languages. University signed around 90 memorandums with universities all around the world. Today almost all professors and lecturers who work at University have finished studies or different programs abroad. Professors from all continents hold a lecturers at the University of Donja Gorica.

Internationalization means essential, fundamental openness of the University, the University's philosophy, the way of thinking and worldviews of all of us at the University, and not a mechanical one – agreements and from moment to moment actions and stays (Vukotic, 2019) The fact that University has the largest number of students covered by international practical training and exchange of students comparing to all universities in Montenegro and probably in the region. Cooperation with Chinese universities is more intense which takes place through another important channel – international projects. In partnership with universities from different countries each year University of Donja Gorica organized 8 international conferences. Professors and students participated in a numerous international meetings, conferences, competitions and projects.

Seed of the future - University of Donja Gorica

It is important to emphasize information details about University of Donja Gorica. It is a unique interdisciplinary institution located in Podgorica, capital of Montenegro. It was founded in 2007 as the result of entrepreneurial idea which was developed over the years by two distinguished university professors, Veselin Vukotic and Dragan Vukcevic. It offers courses at both undergraduate and postgraduate level of education, including Bachelor, Specialist, Master's and PhD level of studies. Currently, it has around 2500 domestic and international students, and 250 professors and teaching staff from country as well as from different countries region, Europe, Asia and USA.

All programs at UDG are designed according to the principles of the Bologna Declaration, which ensures students' mobility, international recognition of diplomas, as well as the possibility of partial independent profiling of the programs through a wide range of elective courses, in accordance with personal affinities and interests.

As a key ideas of UDG's existence it can be summarized as follows:

- To find the way to encourage undoubtedly talented and intelligent young people from Montenegro to develop the sense to live intensive life;
- To find the way to help them liberate themselves from prejudices and values of the local surrounding, which disturbs their success on global market;
- To find the way to develop these young people's courage to make decisions and look for new solutions, their courage to innovate;
- To find the way to develop ethical values needed for business success.

Strategic goal of education process at this institution is to increase the quality of students' knowledge and to promote international reputation of our school. Key principles that Donja Gorica University follows in order to achieve this strategic goal are based on contemporary and practical knowledge, flexibility, interdisciplinary courses, and individualism. In accordance with this idea, all programs within UDG provide freedom of choice to students, with possibility to take classes at different faculties during the course of study. A strong emphasis is put on motivating students, encouraging them, and building both their knowledge and character, thus students are very involved not only through lectures but also through various projects, tutorials, presentations, internships, and sports activities.

As it regards the physical environment, this university has the most modern university building with excellent conditions not only for learning but also for teaching and researching.

Development of cooperation with Vatel Business School

In 1981 the first Vatel School opened in Paris convinced of the necessity of internationally targeted education in Hospitality and Tourism Management. Former of the Vatel Mr. Alain Sebban decided to begin by consolidating the Group in France. For the first ten years, he established the Vatel model in France and today Vatel has 50 Campuses on four continents making up a unified and global network of higher education specialized in international hotel management. In 2016 Vatel Group and all its campuses throughout the world won the "Best Hotel Management School" award from an international jury composed of professionals in the hospitality industry in the Worldwide Hospitality Awards ceremony and today Vatel is the 1st Worldwide Business School Group in Hospitality and Tourism Management.

At the initiative of the Azmont Investments Group, taking into account the needs of the Montenegrin market in the tourism sector, an initiative has been launched to establish international academic studies in the field of hotel management. In cooperation with Azmont Investments Group and Vatel International Business School for hotel and tourism management, 2016, within the Faculty of Culture and Tourism, University of Donja Gorica, the International Hotel Management and Management program was launched.

The study program International Hospitality Management is conducted in such a way as to ensure the improvement of skills and knowledge through the symbiosis of hospitality,

management, culture, tourism industry and the economy as a whole. An innovative curriculum with a balanced relationship between theory and practice provides the opportunity for a close connection with the tourism industry, thus making our future managers competitive on the global market.

In order to achieve the desired results in each of the segments of the tourism industry, there is a close connection between the academic community and the most important actors in the field of hotel industry in our country. The realization of this program will offer trained professionals who will, among other things, significantly contribute to increasing the level and quality of the tourist offer of Montenegro and around the world.

Intents and purposes of the studies

The aim of these studies is to create an internationally accredited program of quality specialist study in the field of tourism management in Montenegro. The program should strengthen the leadership position of the country in the field of tourism, hotel industry and other related sectors, as well as to strengthen the influence of the educated young people on tourism processes in Montenegro.

The study program has been compiled in accordance with contemporary trends in tourism education according to a Vatel School curriculum. It has taken special care about the latest trends in the global tourism market, as well as their theoretical studies and practical application. Through the Vatel program of International Hospitality Management professional studies in the field of tourism, it is recognizable by its quality and uniqueness.

The course programs are designed to provide students with knowledge and skills and develop competencies for conducting managerial jobs in the private and public sector in tourism and complementary activities. The curriculum includes mentoring with students, compulsory and optional teaching subjects. Significant is the participation of students' professional practice in country and abroad. In addition to the theoretical part, the teaching method is aimed at solving specific tasks from practice as a compulsory part of studies.

Concept of global culture

Are we a part of global culture? Is it possible for country as small as Montenegro to be involved on a "list" of global culture countries? Is it happening just around us or we are already insensibly part of it? Besides a fact that in Montenegro lives people with different religion, ethnic and nationalities a fact that each year numerous of foreign citizens move for a living and working in Montenegro changes a demographic structure.

Explaining global culture Vatel Schools can be used as a one of best educational institution examples. Vatel brings together people from around 50 different nationalities from all over the world with so many different backgrounds that builds a global culture in the school. Through Marco Polo program Vatel gives its students the opportunity to develop their cross-cultural mindset by doing their second year in different Vatel school. Students have an opportunity to learn a new language, gain a rich understanding of another culture, develop increased self confidence and making friends from around the world.

Making it happen: Barriers and implementation challenges

By agreeing to establish a program for International Hospitality Management is accepted a potential risk of potential acceptance or rejection of this program by the public in Montenegro. Until then, all study programs were conducted entirely or partially in the Montenegrin language. The real challenge for the realization of this program was not only the interest of students, but the engagement of well-trained staff in the field of hospitality management and tourism who would teach in English language. A serious, strict and precise Vatel program required a responsible approach.

The first generation of students counted about 50 students. Lecturers from the country and abroad with years of national and international experience worked with students.

In addition to theoretical lessons, practical lessons as a compulsory part of the study gave additional difficulties during the establishment of this program. Even for high-ranking restaurants and hotels working with Vatel Montenegro School students were an innovation and challenge because training required additional effort, mentoring, and access. Obstacle were overcome after the first completed professional and internship practices. In addition to numerous signed contracts with hotels and restaurants in Montenegro, today school has numerous contracts with hotels from various countries around the world.

Conclusion

Since higher education institutions are the essential actors in creating well-balanced and constructive internationalization studies the main aim of international cooperation is the realization of joint projects, mobility of students and teaching staff. With dedicated work on the international network continuously developing and improving the existing teaching curricula, learning from the experiences and business practice of the developed economies is one of the conditions for following fast changes in the 21st century. Internationalization besides academic has economic, political and cultural reasons which can not be ignored. Importance of the international context influences world in several key segments: the use of a common language, the use of information and communication technologies and increasing inequalities between higher education institutions. The international dimension of higher education is already present in almost every country in the world and its importance is likely to continue to grow in national and regional systems of higher education around the world. Internationalization of education means achieving higher quality teaching and research process hence all activities need to be carefully planned according to the current demand in the world.

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ANALYSIS OF EMPLOYMENT IN TOURISM AND HOSPITALITY SME'S: THE CASE OF THE REPUBLIC OF NORTH MACEDONIA

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Abstract

Tourism and hospitality are one of the world's largest industries, or economic sectors, contributing trillions of dollars annually to the global economy, creating jobs and wealth, generating exports, boosting taxes and stimulating capital investment. Tourism makes a major contribution to the economies of most developed and developing countries. Tourism generates income from consumption of goods and services by tourists as well as taxes on businesses in the tourism industry, provides employment in services related to tourism, but also creates jobs in the tertiary sector. Tourism is an important economic activity in most countries around the world. As well as its direct economic impact, the industry has significant indirect and induced impacts. The small and medium tourism enterprises (SMTEs) are driver of inclusive economic growth in Republic of North Macedonia and the creation of sustainable jobs increasing productivity.

The subject of research in this paper is employment in SMTEs, focused on investment in human resources.

The aim of this paper is to point out the tourism and small and medium-sized enterprises impact on employment in the Republic of North Macedonia.

Key Words: *enterprises, tourism, catering, employment, job creation, human resources*

JEL classification: *E24, Z32*

Introduction

Since tourism sector is labor absorbing sector, it is relatively more effective in creating jobs than other sectors. Tourists expenditure provides direct or indirect employment opportunities in this sector. On the other hand, the data shows that Macedonian enterprises are micro, small or medium-sized. For this purpose, in the paper will be analyzed the employees in the SMTEs.

Tourism generates income from consumption of goods and services by tourists as well as taxes on businesses in the tourism industry, provides employment in services related to tourism, but also creates jobs in the tertiary sector; also, tourism generates growth of primary and secondary sectors of the industry as a result of multiplicative effects of tourism spending (Ardahaey, 2011; Önder, & Durgun; Pavlic, Tolic, & Svilokos, 2013⁴). Since tourism sector is labor absorbing

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sector, it is relatively more effective in creating jobs than other sectors.⁵ Tourists' expenditure provides direct or indirect employment opportunities in this sector.

SMMTEs as generators for employment

Today, tourism has become one of the most important areas of economic activity in the world, with great participation in national economies both in developed countries and in developing countries.⁶ A number of efforts have been made in the professional literature to distinguish the specificities under which these enterprises are differentiated from enterprises from other sectors. Mainly their specificities derive from the specifics of the service character of the core business, but are largely determined by the tourism as a phenomenon because they are the driving segment of the so-called tourist industry.

Tourism is often characterised as being dominated by small-sized enterprises (SMEs) (Smith, 2006). According to Fayed and Fletcher (2002)⁷, Cocossis, (2001)⁸ tourism plays an important role in the regional development of developing countries through job creation⁹. Tourism includes industrialised sectors such as tour operators and the airlines as well as branches dominated by small-to-medium enterprises (SMEs) such as the hotel and catering sector.

The development of SMMTEs has become an important strategy for economic development for most developing countries. According to GEM (2004), SMMTEs are becoming more than just a source of job creation globally. Hence tourism has a potential to create small businesses and therefore create jobs¹⁰. The benefits of tourism must be manifested by local job creation and entrepreneurial activity.

Kristen and Rogerson (2002)¹¹ presented a model which explains the relationship between the nature and location of the tourism project, size and sources of investment and the policy intentions and level of support that is available for entrepreneur development, which eventually leads to job creation. Lerner and Haber (2000)¹² also identified the above factors, which are considered key influences in small tourism business development and performance.

Being a socio-economic phenomenon, tourism acts both as an engine of economic development and a social force, impacting a wide range of industries. Thus, as a demand-side phenomenon, tourism refers to the activities of visitors and their role in the acquisition of goods and services.

⁵ Turner, R. and Sears Z. (2013). *Travel & Tourism as a Driver of Employment Growth*. World Economic Forum: The Travel & Tourism Competitiveness Report 2013. http://www3.weforum.org/docs/TTCR/2013/TTCR_Chapter1.5_2013.pdf

⁶ Spasic, V., Cerovic, S., "Ekonomsko-finansiska analiza poslovanja preduzeca u hotelijerstvu I turizmu", Univerzitet Singidunum., Beograd., 2014, str.5.

⁷ Fayed, H. and Fletcher, J. 2002. Globalisation of economic activity: Issues for tourism. *Tourism Economics* 8(2):207.

⁸ Cocossis, H. 2001. Sustainable development and tourism in small islands: Some lessons from Greece, *Anatolia — an International Journal of Tourism and Hospitality Research* 12(1): 53-58.

⁹ Munikrishnan Thevi, U, and Verakumaran, B., Job Creation In Small, Micro and Medium Enterprises (SMMTEs), *TEAM Journal of Hospitality & Tourism*, Vol.6, Issue 1, December 2009., https://teamjournalht.files.wordpress.com/2013/05/vol612009-team-journal-of-hospitality_tourism_2.pdf

¹⁰ Rogerson, C.M. 2001. Investment led entrepreneurship and small enterprise development in tourism: Lessons for SDI's from the international experience. *South African Geographical Journal* 83(2):105-114.

¹¹ Kristen, M and Rogerson, C. M. 2002. Tourism, business linkages and small enterprise development in South Africa. *Development Southern Africa* 19 (1):29-59.

¹² Lerner, M and Haber, S. 2000. Performance factors of small tourism ventures. The interface of tourism, entrepreneurship and environment. *Journal of Business Ventures* 16(1):77- 100.

At the same time, tourism can also be viewed from the supply side and it will then be understood as the set of productive activities that cater mainly for visitors.³ As such, tourism is an important source of job creation and countries are interested in its development for this reason.¹³

Fayed and Fletcher (2002) and Cocossis (2001) stated in their studies that tourism plays an important role in the regional development of developing countries through job creation.

Authors such as Morrison and Teixeira (2004)¹⁴ were also of the same opinion. According to them, tourism industry comprises of a large number of small firms, which are fragmented and, as a result, are widely dispersed. The role of government support and policy intentions can influence the economic and non-economic opportunities that are essential to the creation of conditions for developing small businesses¹⁵. However, some studies show that despite major effort by the government to provide incentives to encourage small business development and hence stimulate job creation, job creation results remain insignificant. According to Rutherford (2006)¹⁶, the government is now turning its attention to entrepreneurship development and the promotion of self-employment strategies to overcome the unemployment problem.

The role of tourism on employment

Tourism involves a wide range of different activities, types of establishments, employment contracts and working arrangements. It provides working people with income and working experience and therefore contributes to their social inclusion and personal development. The tourism employment pattern is characterized by notable differences between regions of a country and between seasons of the year.

Employment is of major importance in the economic analysis of productive activities and this is true also of tourism. The focus on employment in the tourism industries is further justified by the fact that tourism industries have matured into a major consumer market experiencing increasing global and national competition, market turbulence and changes in consumer demand. These changes are deserving of attention, not only to understand the quality of the tourism products and services, but also to understand the quality in human resources – one of the major assets of the tourism industries.¹⁷

Statistics can shed light on the contribution of tourism businesses to job creation and assess the impact of public policy and private investments on the job creation potential of tourism-characteristic activities or tourism industries. Such groupings of industries are usually referred to as “sectors” even though they do not constitute institutional sectors as used in the System of National Accounts.¹⁸

¹³ Measuring Employment in the Tourism Industries – Guide with Best Practices, ISBN printed version: 978-92-844-1614-1, World Tourism Organization (UNWTO), Madrid, Spain, 2014.

¹⁴ Morrison, A. and Teixeira, R.M. 2004. Small firms' performance in the context of agent and structure: a cross-cultural comparison in the tourist accommodation sector, in *Small Firms in Tourism: International Perspectives*, ed. R. Thomas, p.239-255. Elsevier: Amsterdam.

¹⁵ Lerner, M and Haber, S. 2000. Performance factors of small tourism ventures. The interface of tourism, entrepreneurship and environment. *Journal of Business Ventures* 16(1):77- 100.

¹⁶ Rutherford. 2006. Towards a development strategy for small business in tourism industry of the Southern Cape, Doctoral Thesis, University of Pretoria.

¹⁷ World Tourism Organization and United Nations (2014), *International Recommendations for Tourism Statistics 2008 – Compilation Guide*, chapter 7, UNWTO, Madrid, UN, New York.

¹⁸ *Ibid.*

Tourism is labor intensive sector, who offers opportunities for employment for persons entering the labor market for the first time or having difficulties in finding employment elsewhere. Thus, tourism plays a role in providing opportunities for low-skilled workers and workers with little qualification in general, ethnic minority groups and migrants, unemployed youth, long-term unemployed, as well as women with family responsibilities who can take only part-time jobs. In spite of the variety of jobs generated in the tourism sector, there is a general perception that the tourism industries offer mostly low-skilled jobs. This is largely due to the high proportion of hospitality workers (hotels, restaurants and similar) in service occupations; and the major source of service occupations is food and beverage operations. The low annual average wages paid in hotels, restaurants and similar establishments are due to industry-specific characteristics such as paying only minimum wages because of tips and hiring a substantial number of part-time workers. These characteristics do not relate to differences in the type of food and beverage services provided to tourists versus residents. Indeed, the low annual average wages for hotels, restaurants and similar establishments are characteristic of the food services industry in general and not unique to the tourism industry.

Tourism plays a key role in supporting developments in the national labor markets, because has real potential as a source of economic growth and job creation. For example, in the accommodation industry, globally there is an average of one employee for each hotel room. One job in the core tourism industry creates about one and a half additional (indirect) jobs in the tourism-related economy. Further, there are three workers indirectly dependent on each person working in hotels, such as travel agency staff, guides, taxi and bus drivers, food and beverage suppliers, laundry workers, textile workers, gardeners, shop staff for souvenirs and others, as well as airport employees.¹⁹

Employment in the tourism industries

Employment in the tourism industries is also reinforced by the fact that the tourism sector has matured into a consumer market through increasing global and national competition, market turbulence and changes in consumer demand. This requires paying greater attention, not only to quality in products and services, but also to quality in human resources – one of the major assets of the tourism sector. The fact that tourism's job-creating potential has long been recognized, employment in the tourism industries has up to now been one of the least studied aspects of tourism. Only a few countries have fully developed an advanced set of statistical procedures and derivative applications for measuring and analyzing a multitude of employment aspects in the tourism industries much needed to develop, implement and monitor efficient tourism labor market policies and actions. Statistics on employment in tourism industries should play an important role in monitoring developments and undertaking different types of analysis of the tourism labor market, provide tourism policy makers with valid information for tourism labor force planning and projections.

The impact of tourism industries on employment is brought in the following ways:

- *Direct employment in the tourism industries;*
- *Indirect employment in the sectors supplying inputs to the tourism industries (see above);*
- *Induced effect on employment as a result of subsequent rounds of spending; and*

¹⁹ Bolwell, D. and Weinz, W. (2008), 'Reducing poverty through tourism', International Labour Office, Sectoral Activities Programme, Working Paper No. 266, Geneva, p. 6.

- *Total effect on employment which is reflected in the employment multiplier, with the remark that a high employment multiplier of the tourism industries would indicate that countries facing high levels of unemployment could opt for tourism*
- *promotion as a possible effective means of absorbing the excess manpower.²⁰*

In terms of employment, tourism multiplier effect means that it stimulates job creation in all sectors of the area concerned. For example, to provide quality service, a hotel (tertiary sector) would most probably employ more people to look after a growing number of arriving tourists. Consequently, other sectors (primary, secondary) would then also try to cater for the growing needs of the hotel. Thus, wholesalers (secondary sector) would sell more food to our hotel which will lead to engaging more staff to work as wholesalers. In turn, this would trigger demand at the food factory down the road (primary sector) who would try to produce more food for wholesaler stocks and, as a result, the factory itself would need to employ additional staff as well.

Structure of enterprises and numbers of employment in the sector of hotels and restaurants in Republic of North Macedonia

The companies from the sector of hotels and restaurants, in the professional literature, meet under the name catering companies, make up the segment of the tourist offer, intended for acceptance of tourists, and they are precisely the ones that are crucial for achieving the economic results from the tourism, and therefore ruining his economic function. In essence, companies in the hotel and restaurant sector are entering the group of receptive factors for tourism development. Reception factors, or as they are still called acceptance factors, comprise the material objects and living labor.²¹ From the quality of the suprastructural and infrastructure facilities that participate in meeting the tourist needs, as well as the expertise and the way of organization and behavior of the employees in the tourism sector, the dynamics of tourism development will depend on a specific micro or macro location²².

Taking into account the data from the Table 1-general review of the development of catering, can be notice a tendency of decrease in almost all data except for the number of beds where a trend of increasing capacities is noted. This situation is mainly due to the construction of new accommodation facilities and expansion of the existing ones, as well as the commercialization of certain housing facilities. There is a downward trend in the number of Catering Business Units whose number in 2013 is 1957, and in 2017 their number is 1209, according to the available data from the State Statistical Office, with the notion that the number of individual catering stores is not available.

Table 1: General development overview of catering trade and services

²⁰ Economic and Social Commission for Asia and the Pacific (1990), Guidelines on Input-Output Analysis of Tourism, ST/ESCAP/836, UN, New York.

²¹ Ackovski, N. and Ackovska, M: Policy for Tourism Development, Center for Scientific Research, FTS, Ohrid, 2005, p. 119.

²²Ackovska, M: Tourism and economic development of the Republic of Macedonia. Institute of Economics, Skopje, 2009, p. 154.

	Number of catering business units	Beds in catering trade and services, private rooms and vacation facilities	Employees	Total turnover, in '000 denars	Number of inhabitants per catering establishment	Value added in million denars
2013	1 957	70 297	12 770	8 419 069	1 056	6 4091)
2014	2 004	71 225	13 076	9 289 811	1 031	6 8681)
2015	2 084	72 021	14 874	10 338 132	993	7 1061)
2016*	2 212	73 168	15 209	10 836 359	936	...
2017 ²⁾	1 209	74 257	12 439	10 085 781	1 722	...

1) The data have been revised according to the new ESA 2010 methodology, and are not comparable with the previous series

2) The data on private catering establishments are not yet available

According to Gogoski R (2019) in table 2, Gogoski showed the number of employees in the service activities in R Macedonia.

Table 2: *Employees in some of the activities in the service sector in the Republic of Macedonia*

	2014	2015	2016	2017
Total employees in all activities in the Republic of Macedonia	501 788	519 031	534 200	548 681
Total employee only service sector	195 800	205 971	215 929	220 037
Wholesale and retail trade	85 025	87 725	92 359	92 990
Transport and storage	29 529	31 188	32 841	33 066
Accommodation and food service activities	20 076	21 468	23 050	23 073
Only accommodation	4 138	4 476	4 466	5 025
Only preparing and serving food	15 938	16 992	18 584	18 048
Travel agencies and tour operators	1 186	1 254	1 267	1 318
Information and communications	10 744	12 388	13 401	14 060
Financial and insurance activities	9 391	9 150	9 421	10 811
Real estate activities	2 135	2 334	2 442	2 465

Source: *State Statistical Office, Statistical yearbook of the Republic of Macedonia 2017*, <http://www.stat.gov.mk/Publikacii/SG2017/07-PazarNaTrudot-LabourMarket.pdf> ; *Statistical yearbook of the Republic of Macedonia 2018*, <http://www.stat.gov.mk/Publikacii/SG2018/07-PazarNaTrudot-LabourMarket.pdf>

The total service sector in the total number of employees in the Republic of Macedonia participates with 40.1%. Employment in the trade and transport activities is dominant (42.3% of the total employees in the service sector), while in other activities there is no significant structural increase. The activity of information and communications has some dynamics in relation to the entire service sector, from 5.5% in 2015 to 6.4% in 2017. Trade and transport activities employment is associated with low level of qualifications, so their large share can be considered as a negative factor that slows down the productivity of the service sector, that is, indirectly the impact of economic growth in R Macedonia.

Activities for accommodation and food service activities in 2017 in the total number of employees participate with 4.2% and in the total number of employees in the service sector with 10.5%. Within the activity, accommodation and food service activities with dominant

participation in the employees has a part of food preparation and servicing, which participates with 78.2% in 2017. Tourist agencies and tour operators in 2017 in the activity accommodation and food service activities account for only 5.7%. Employment in travel agencies requires a higher degree of qualification in terms of employment in food preparation and servicing. Qualifications affect productivity in an activity that is at least represented (tourist agencies and tour operators). It has indirect consequences toward weaker influence of the economic growth in R Macedonia.

From Table 2 it can be concluded that the activity of accommodation and food service activities employs a significant number of workers in relation to all employees in the service sector. It confirms the labor-intensive nature of the activities of tourism and hospitality.

The ratio of employees / enterprises shows that in the activity accommodation and food service activities there is an average of 5,08 employees per company. The average for the Republic of Macedonia is 9.48 employees per enterprise. All service activities presented in the table 2 have a lower average employee per enterprise than the level of the Republic of Macedonia. This is confirmed by the fact that from the point of view of the number of employees, the dominant part of service enterprises are small business firms.

In the analyzed period from 2014 to 2017, there was a tendency of increasing the general employment in the Republic of North Macedonia. According to table 2-, we have a total of 501788 employees, of which in the sector accommodation and catering services there are a total of 20 076 employees, out of which 4 138 are employed in shelters for accommodation, and 15 938 persons are employed in catering units whose main activity is the provision of food and beverages, and a smaller part, i.e 16,804 of the total employment, is recorded in administrative and other service activities, which according to the National Classification of Occupations includes travel agencies, tour operators, reservation services within which 1 186 persons are registered. During the analyzed period, there is a gradual increase in the general employment and employment in the tourism and hospitality sectors. Thus, in 2017, the total employment is 548681 employees, out of which 23,073 persons are employed in the accommodation and food service sector.

Conclusion

The tourism labor market has a dynamic nature, i.e. high labor turnover between organizations, wide range of remuneration levels and schemes, seasonality, etc. In developing countries, such as Republic of North Macedonia there is typically high competition for tourism jobs by a large, often very young and undereducated, population.

Tourism has a great potential in generating employment (direct and indirect). Notably, the lower the leakages from the economy, the greater the tourism multiplier effect of the spending made in the local economy.

Based on the data presented for the participation of small and medium tourism enterprises in the employment of the people, it can be concluded that these companies have huge importance for the Macedonian economy and for its economic development. Therefore, it is necessary to take measures and actions for further development of these enterprises such as: introducing incentives to encourage investment in tourism facilities, investment in tourism product (in many types of tourism), education of employees in the field of tourism, encouraging others branches that stimulate tourism and vice versa, and professional (university) education for managers and other employees in the tourism that will ensure the

required level of quality in offering tourism and catering services.

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MEDIATION-A WAY OF SOLVING CHALLENGES IN TOURISM

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Abstract

There is an increased interest in the global development of tourism. That position of this business is due to the increasing number of relationships between companies as service providers and the consumers of these services. Tourism is becoming one of the leading industries. Our country is not left out of this trend. The increased frequency of cooperation between tourism companies and consumers can also lead to disputes. Although this activity, worldwide and at home, becomes one of the leading activities, it still lags behind in resolving disputed relationships by using alternative methods. Mediation, as an appropriate way to settle disputes out of court, is an opportunity to reduce the enormous financial resources and the time needed to settle disputes in litigation. Insufficient knowledge of the advantages of mediation versus litigation in resolving disputed relations in tourism is one of the main reasons that it is not used. Mediation offers the opportunity to resolve these disputes in a way that fully suits their nature and character, on one hand, as well as the needs of the parties in an effective and efficient dispute settlement process. The purpose of this paper is to present Mediation, to bring mediation closer to companies as service providers and consumers as service users, taking into account the interests of both service providers and service users in the area of tourism. Mediation is legally based on the Law on Mediation, in which consumer disputes are referred to as mediable disputes.

Key Words: *alternative dispute resolution, mediation, tourism, tourism companies, consumers*
JEL classification: Z32

Introduction

The tourism activity is specific both in its character and in the activities it covers. The variety of activities carried out in this activity contributes to the creation of a large number of business relationships between service providers companies and customers - customers, suppliers, employees and others. This business is set up as a market and at the same time a business with a central interest in meeting customer needs. Services that can be related to travel, selling package arrangements, accommodation, nutrition, passenger transportation, air services can lead to disputes between the parties involved. Resolution of these disputes by court is still prevalent worldwide. Insufficient implementation of mediation as a process, as an alternative way of resolving disputes and ignorance of its advantages, leads to disputes still to be resolved in courts. However, mediation is increasingly recognized as an appropriate way of resolving disputes in tourism. The nature of disputes in this field has the nature of disputes that require quick, efficient and effective resolution, deepening of cooperation, preserving business reputation and reputation. The litigation is slow, with large financial costs, ineffective precisely because of its nature. The legal possibilities for resolving litigation in several instances give rise to this character. In contrast, dispute resolution in a mediation procedure, as an alternative and appropriate way of resolving disputes, offers a swift, cost-effective, efficient settlement

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procedure with an executable settlement. Reconciliation in the process of mediation is particularly useful in resolving these disputes. The legislator recognizes mediation as an appropriate way of resolving these disputes.

What is Mediation

Mediation is a dynamic, structured, interactive process where the mediator, as a neutral third party, helps the parties having a contentious relationship to resolve it by using their communication, negotiation and negotiation skills and techniques to help the parties come to terms. to realize their true needs and interests, to come to a common solution to the disputed relationship. The word mediation comes from the Latin word *mediatio*² which means mediation. Mediation is a universal process, so flexible that it transcends historical and national legal norms and systemic differences.

In the mediation procedure, the parties discuss their disputed relationship, negotiate with the help of a licensed mediator, trained to conduct this procedure, a facilitator who leads the parties to an acceptable solution. The mediator does not make a decision as a solution to the dispute, but rather helps the parties focus on their core needs, interests and priorities, not their positions. The decision or the agreement is made by the parties involved in the mediation procedure, mutually agreed.

Regulation European Regulation

In support of alternative dispute resolution, the European Union has adopted Directive 2008/52 / E3 as regards certain aspects of mediation in civil and commercial disputes. This Directive obliges all European countries to provide legal opportunities for the implementation of the provisions of this Directive, further enabling the application of agreements reached in mediation proceedings, with a view to better application of mediation in commercial disputes, thereby ensuring conditions for improving the business climate for cross-border business relations.

European Directive 2013/11 / UE of 21 May 2013 is another important document to promote and support alternative ways of resolving disputes. It is a document of particular importance for creating the conditions for legal regulation and implementation of mediation as an alternative appropriate non-judicial way of resolving disputes. Directive 2013/11 / EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution with regard to consumer disputes and amendments entered into force on 8 July 2013. According to Article 25 (1), the Member States of the European Union were to harmonize the laws, regulations and administrative provisions and to provide conditions to start applying this Regulation by 9 July 2015. One of the aims of Directive 2013/11 / EU was to promote alternative dispute resolution. Alternative Dispute Resolution (ADR) offers a simple, fast, out-of-court settlement of disputes between consumers and traders. Another purpose was to promote the creation of certification processes and regular monitoring of the work of ADR bodies. They should ensure the continued fulfillment of the several binding conditions laid down in the Directive, in particular their impartiality, expertise, transparency, accessibility, as well as the fairness, timeliness and effectiveness of these procedures. Such regulation will improve the credibility and legitimacy of ADR bodies with regard to consumers and traders. The purpose of the Directive is to facilitate access to ADR entities and procedures and to ensure:

²Вујаклија, М. Лексикон страних речи и израза 1980 Београд

expertise, independence and impartiality, transparency, effectiveness, fairness, freedom and legality.

Law on Mediation

The peaceful resolution of disputes in our country has its historical development. The concept of alternative dispute resolution in the mediation procedure was first introduced in 2006, with the adoption of the Law on Mediation (Official Gazette of the Republic of Macedonia No. 60/2006). This law also experienced two novels in 2007 and 2009 (“Official Gazette of the Republic of Macedonia” No. 22/2007 and 114/2009). Mediation regulated by this law was very difficult to revive. The number of mediation procedures carried out was very small. Mediation has remained unnoticed as a procedure to be trusted, as a procedure in which the interests of the parties are those that guide the final outcome of the procedure. During this period, particular weaknesses were noted in the area of promotion and support of mediation and its application. The next phase in promoting the process of peaceful resolution of disputes, promoting and upholding global standards for dispute resolution and transparency in mediation is the adoption of the Law on Mediation (Official Gazette of the Republic of Macedonia No. 188/13, 148/15, 192/15 and 55/16).

This law regulates mediation in disputed relations in which the parties can freely dispose of their claims, unless otherwise provided by the law exclusively the jurisdiction of a court or other authority, whether it is enforced before or after the commencement of a court. or other procedure. Mediation applies in particular to property, family, labor, commercial, consumer, insurance, education, environmental, discrimination, and other disputes where mediation corresponds to the nature of the disputed relationship and can help to dismiss them.³

Current Law defines mediation as: any mediation, whatever its name, in resolving a disputed relationship in a mediation procedure that enables the parties to the dispute to settle it through negotiation, in a peaceful manner by means of one or more licensed mediators in order to reach a mutually acceptable solution expressed in the form of a written agreement.⁴

Mediation can be legal (when mandated by law - mandatory mediation attempt in our country), voluntary (when parties agree to settle their dispute in mediation) and contractual (when the parties have entered a provision in the business cooperation agreement). to resolve any dispute in mediation proceedings). Mediation can be carried out before a lawsuit is initiated or after a lawsuit is initiated.

The mediation procedure is conducted on the basis of the principles of voluntariness, equality, neutrality, confidentiality, exclusion of the public in mediation, equality of parties, availability of information on mediation in other proceedings, efficiency and equity.

A mediator may be a business person who holds a license to perform mediation activities. The law also regulates the conditions and procedure for obtaining a mediator license.

The mediator is an independent neutral third party in the mediation process that helps the parties reach an acceptable solution.

³Law on Mediation (Official Gazette of the Republic of Macedonia No. 188/13, 148/15, 192/15 and 55/16).

⁴Law on Mediation (Official Gazette of the Republic of Macedonia No. 188/13, 148/15, 192/15 and 55/16).

Licensed mediators shall maintain a register of licensed mediators by the Quality Assurance, Monitoring and Evaluation Committee.

Mediators' organization is the Chamber of Mediators, which is obliged to organize the licensed mediators listed in the Directory of Mediators.

Providing, monitoring and evaluating the quality of mediation works is performed by the Committee for Providing, Monitoring and Evaluating the Quality of Mediation Works

The mediation procedure

The mediation procedure is very different from the court procedure. At the heart of the mediation procedure are the parties to the disputed relationship, their interests, resolving not only the dispute but also the disputed relationship. The result of the mediation procedure is the agreement as a mutually acceptable solution. The mediator possesses the qualities, knowledge and abilities to lead the mediation process in a relaxed atmosphere, helping the litigants to discuss their true interests, not their position and evidence. In order to reach a positive solution, or agreement, several stages of the mediation procedure are preceded. Each stage has its own meaning. The mediator guides the parties through these stages so that the parties are more or less approaching the end result, successfully completing a mediation process by reaching an agreement.

First phase or preparation phase

The preparation for the mediation procedure is the first stage in which the mediator acquaints the parties to the dispute about the basic characteristic of this procedure, gives an introduction to the mediation procedure, explains the mediation procedure, the role of the mediator, the principles of mediation, the rights and obligations that will arise for the parties to the dispute. Parties to the mediation procedure may be natural or legal persons who appear as parties to the dispute. This phase is crucial to proceed to the next phase. The legal basis for conducting the procedure is examined.

A mediation procedure can only be conducted if:

- this is stipulated by law (the LCP⁵ mandates an attempt to resolve commercial disputes of up to MKD 1,000,000 in mediation proceedings),
- when a court procedure is initiated, a statement of consent to conduct a mediation procedure, given in a record before the court,
- the persons in dispute have freely voluntarily approached the procedure, given their consent to conduct it,
- when the act regulates the mutual relationship of the parties, mediation is provided as a way of resolving the disputed issues that would arise from that relationship.

Establishing the legal basis for conducting a mediation procedure is important to delineate the rights and obligations arising for the parties. Is the conduct of mediation a right for the parties to voluntarily decide to approach their dispute in this way, or is it their obligation or condition that must be fulfilled for either party to obtain the right to initiate judicial, arbitration? Or other procedure. This is in the case of a mediation or contractual procedure established by law (set out in the legal act regulating their relationship).

⁵Law on Civil Procedure("Official Gazette of the Republic of Macedonia" number 79/2005, 110/2008, 83/2009, 116/2010 and 124/2015)

Second phase or research phase

The second phase is the formal commencement of the procedure. The procedure is initiated by submitting a Request to the mediator to initiate a mediation procedure. The commencement of proceedings is considered the moment when the mediator has sent a written invitation to the other party and accepted the invitation with a statement from the invited party. If the invited party accepts the invitation, the procedure will continue and must be completed within 60 days. The parties to the mediation procedure may not, in this period, institute proceedings before a court, arbitration or other proceeding in respect of such dispute. If a court procedure has already been initiated, it is suspended until the mediation procedure is completed. With the commencement of the mediation procedure, the deadlines for the statute of limitations are suspended.

Third phase - negotiation phase

At this stage the specificity of the mediation procedure is fully revealed. At this stage, the mediator helps the parties to negotiate, to understand the interests of the other party. The mediator helps them to approximate their views, overcome differences, resolve disputes, and focus on finding a mutually acceptable solution. The mediator facilitates the negotiation process. To that end, if the mediator assesses, he or she may hold joint meetings with both parties, or individual meetings. At this stage, the parties present their proposals, data and solutions that are strictly confidential. If no agreement is reached, everything that has been said by both parties during the proceedings may not be used in court or other proceedings. The confidentiality of the mediation procedure is one of the most important principles on which this procedure is based.

Fourth phase - the stage of completion of the procedure

The fourth stage is the stage of the termination of the procedure, in which the procedure can end successfully by reaching an agreement, or failing, without reaching an agreement. When the proceedings have been completed successfully, the parties have agreed on all disputes, an agreement is prepared, which the parties are obliged to sign. The agreement shall be certified by a notary public and solemnized, whatever the force of enforcement, or a court settlement shall be concluded on the basis of the concluded agreement. The procedure may also be unsuccessful, and the parties have failed to bring their views closer to the conclusion of the procedure. The mediator has the right to terminate the procedure if he considers that further negotiations are ineffective and conducting the procedure would be unjustified. And the third way of executing the mediation procedure is by expiration of the legal deadline for conducting this procedure.

Analysis of data on registered mediation procedures

Official data on dispute resolution in mediation proceedings, despite legal regulation, show that in our country this tool is used very little. The only data published on statistics on the use of this Dispute Resolution Tool, Dispute Structure and Dispute Resolution Efficiency are provided in the Draft Mediation Law, submitted by the Government of the Republic of North Macedonia in June 2019, to the Parliament of the Republic of North Macedonia⁶. The explanatory note to the draft law states that from 2017 until April 10, 2019, there are 1364 cases registered in the

⁶Draft Law on Mediation, Government of RSM, June 2019.

Registry of Mediation Procedures maintained by the Ministry of Justice. In 2017, 982 mediations were registered. The most common cases are 857 labor disputes and all are concluded with agreements reached. Commercial disputes were the basis of 92 proceedings, of which only 19 ended in reaching an agreement. 32 cases are based on insurance disputes out of which 26 are settled by settlement. Disputes that may arise in tourism are not registered.

In 2018, 293 mediation procedures were registered, 66 of which were labor disputes out of which 214 cases were registered on the basis of commercial disputes, 68 of which were concluded by reaching an agreement and 12 cases were based on insurance disputes by of which only 3 are completed by reaching an agreement. In 2019, 25 cases were registered for the first three months, all on the basis of commercial disputes, 16 of which were concluded by reaching an agreement. Disputes in the field of tourism are not registered.

The data indicate that mediation is very little used in dispute resolution, although the data presented show that it has been very successful. Data on registered mediation procedures for disputes that would arise in tourism are missing. The question is whether there are no such disputes or are the disputing parties trying to use this tool? If there are no such disputes, then it is a great success for those involved in tourism. If disputes exist and are not resolved in a non-mediation procedure, it means that mediation is not sufficiently presented so that the parties to the dispute recognize the benefits of this procedure to decide to use it.

Table 1: Number of registered and completed settlement cases

	2017	2018	2019 (first three months)	total
registered	982	293	25	1364
completed by agreement	902	137	16	1065

Figure 1: display of registered mediation procedures in the 2017, 2018 and 2019 mediation registry records.

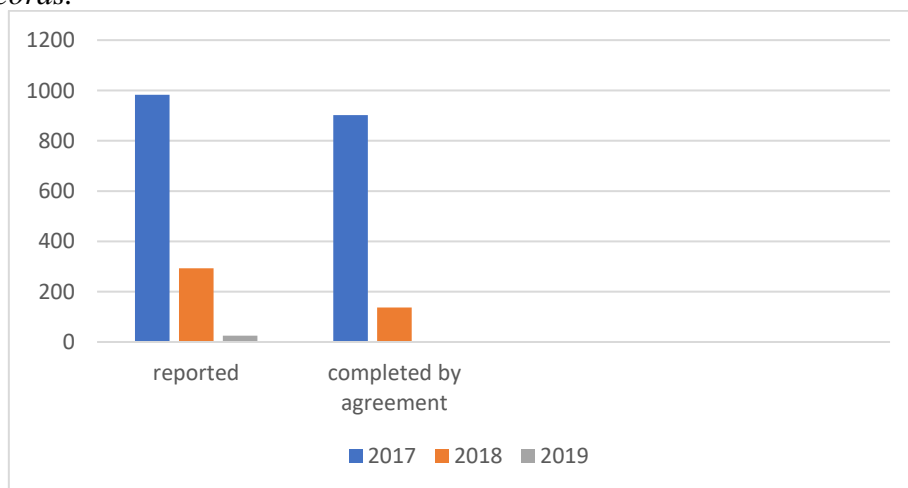
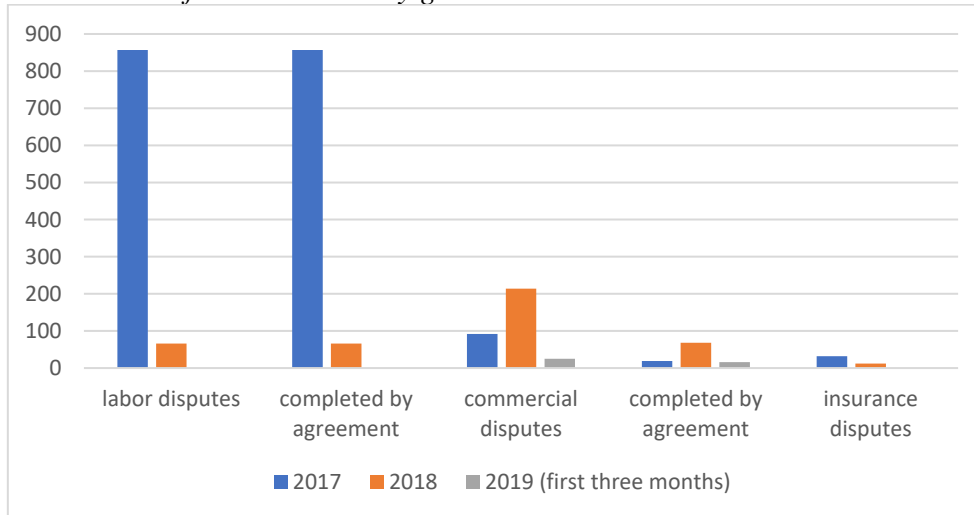


Table 2: Number of registered and completed settlement cases a display of registered and completed settlement of cases divided by grounds

	2017	2018	2019 (first three months)	total
labor disputes	857	66		923

completed by agreement	857	66		923
commercial disputes	92	214	25	331
completed by agreement	19	68	16	103
insurance disputes	32	12		44
completed by agreement	26	3		29

Figure 2: Number of registered and completed settlement cases a display of registered and completed settlement of cases divided by grounds



Benefits of the mediation procedure

The benefits of resolving disputes in a mediation procedure are great and in many respects.

Mediation offers quick resolution of disputes based on short legal deadlines for the completion of proceedings. One of the principles of the mediation procedure is confidentiality, which gives the parties the opportunity to reach a solution that is accessible only to the parties involved in the procedure and the data or information shared in this procedure must not be compromised. Be brought in a court or other proceeding. Mediation comes first with the interests of the stakeholders, not the facts and the evidence. Reaching an agreement can mean resolving a dispute and an even greater benefit is resolving disputed relations between the parties, improving, easing tensions and allowing for further promotion of business relations. The parties have greater control over the outcome itself, greater control over the gains and losses of the agreement entered into, as opposed to a third-party decision. The parties are generally more satisfied when the solution is agreed together, as opposed to a third-party decision. Mediator-mediated negotiations, based on the interests of the parties, result in an agreement that is more favorable to all parties and not simple compromise solutions. Such an agreement offers a greater likelihood that both parties will abide by the agreement, fulfill their obligations, in a timely and complete manner. When reaching an agreement which is notarized by a notary public, a preferential notarial fee shall be paid. Also, in reaching a court settlement based on the mediation agreement reached, a preferential court fee is paid. The economic impact is another benefit of mediation (reducing the costs of the procedure). Another benefit of the mediation procedure, stemming from the State's commitment to promote and support mediation as an alternative way of resolving disputes, is to subsidize mediation procedures in which an agreement is concluded and for which there is no legally binding obligation to conducting a mediation procedure.

These benefits of the mediation process should be the motive for inserting a mandatory dispute resolution clause into the mediation documents that govern the relationships between business partners, consumers, employees.

Conclusion

Tourism is an activity that is in constant development. The number of business transactions that are concluded in this activity, the specificity of the activity, i.e. the services offered, the large number of service users involved, inevitably lead to certain disputes between the service providers and the users of those services. services. Mediation has a legal basis in the Law on Mediation and the Law on Civil Procedure. However, the data analyzed does not show any data to resolve these disputes in mediation. Although the results show that mediation procedures have resulted in a high success rate with concluding agreements, this tool is not applied in tourism. Does not knowing enough about this process lead to mistrust in its use? Mediation should be recognized as a process, as an appropriate way of resolving disputes in the tourism industry, with all its benefits and ultimately with the final outcome of the WIN-WIN situation. Companies in the field of tourism oriented to market economy, in conditions of market globalization, must recognize what their real interests are and what their consumers' interests are. Mediation provides the opportunity for flexible dispute resolution processes that transcend national systems.

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ROMANIAN CONVERGENCE AND MACROECONOMIC PERSPECTIVE FROM EU MEMBERSHIP

Tatjana Boshkov¹; Dushko Joseski²; Zarko Radjenovic³

Abstract

In order to achieve optimism in the South East Europe, and for overcoming the pessimism that are dominant here, is need more work, more cooperation, meeting the criteria and rejoining in the EU. Everyone in the region sees the European integration process as crucial to the road to progress, peace and democracy. Everyone in the region sees the European integration process as crucial to the road to progress, peace and democracy. The opportunity to be part of the European family, where our civilization naturally belongs, is crucial to enable the region to move towards reconciliation and development.

In this paper we analyze benefits and obstacles from Romanian EU membership, its convergence. Also, we make an estimation of macroeconomic variables thus getting the real economic situation for unemployment, growth, investment for twelve years membership in EU.

Key Words: *EU, convergence, growth, investment, Romania, empirical estimations*

JEL classification: *B22, E02, N1*

Introduction

The opportunity to be part of the European family, where our civilization naturally belongs, is crucial to enable the region in moving towards reconciliation and development. Especially, economic development and job creation are key priority for the SEE countries.

The main risks remain at home where priorities remain political criteria and resolution of bilateral disputes and once these are resolved we can talk about economic criteria and the need for better economic governance. But there are also opportunities for advanced structural reform, with an EU accession agenda that can accelerate countries' growth prospects through improved fiscal policies by reallocating non-targeted expenditures for social measures towards higher productivity investments. Certainly the regional approach can and should be used for joint growth and development.

Theoretical review for South East European countries on EU path

A survey provides an interesting overview of progress with real and nominal convergence in Central and South East Europe and the macroeconomic challenges that they face on their path to the EU (Schadler et al., 2005). Namely, referring to the macroeconomic stability and progress in transition both are closely related and both are important for sustainable growth and progress towards a functioning market economy. Progress with structural reforms can help for

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macroeconomic stability, for example, by reducing the structural external deficits. Also, it helps the nominal convergence, as the productivity realizes the improvement of competitiveness and helps disinflation by maintaining low unit cost. Other analyses describe the experiences about the development in the newest EU members, where development in more successful transition countries reflects higher total factor of productivity than the growth in relative levels of capital and labor (Fidrmuc, 2004). This underlines the importance of market-established reforms for development.

Various indicators show that the most of the Southeastern countries require continual progress in transition reforms to become functional market economies. Regarding structural reforms, if they remain slow, positive growth rates may not be sustainable. This would slow down real convergence. Initial reforms - like trade and price liberalization, privatization in many countries, and relative macroeconomic stability - facilitated lessened development since 2000 in many countries in the region. Like many countries in the early stages of transition, SEE countries rely mainly on exchange rates to reduce the inflation. The regime shifts may also have adversely affected monetary policy credibility, as indicated by the growing the euroization.

Romania's EU accession and its convergence

With Romania's EU accession treaty, it needs to replace the current national currency, the Romanian leu with the euro, as soon as Romania meets all six national criteria for the euro's convergence. The Romanian leu was not yet part of the European Exchange Rate Mechanism (ERM II) of which at least two years of stable membership was one of the six nominal convergence criteria that must be harmonized to qualify for adoption of the euro.

The current Romanian government has also established self-imposed criteria for achieving a certain level of genuine convergence as a management anchor to decide the appropriate target year for membership (ERM II) and the adoption of the euro.

In March 2018 government announced that the deadline for adoption of the Euro in Romania is 2024. So, to simplify future adjustments after the adoption of the euro, the Romanian new leu replaced the old leu in 2005, and the new ATMs had the same physical dimensions as the euro banknotes, with the exception of the banknote 200 Romanian leu. Romania's real convergence target before adopting the Euro was accessing GDP per capita above 60% of the same average for the whole of the European Union, and the latest research was projected to reach 65% in 2018 and 71% in 2020. The Romanian government has also expressed its commitment for fully joining in the monetary union as soon as possible.

Adopting the Euro in Romania: analysis of benefits and obstacles

Recently, perspectives for the future of the euro and the eurozone have been independent, but current political developments in France and Germany, European Commission and the European Central Bank, and with the development of world financial markets, have shown that the European monetary union will not disintegrate, will continue to strengthens and will contribute to the transformation of the European economy.

In this context, European Commission President Jean-Claude Juncker has pointed out his opinion to see more EU member states joining the Eurozone and that countries in the area should help to the countries aspiring to join the Eurozone, in meeting the requirements necessary for this purpose.

Therefore, delaying the adoption of the euro seriously affects Romania's interests, by excluding the Romanian authorities from the decision-making process on European construction and fostering the anti-reform and isolationist forces of Romanian society.

The main and positive effect of the adoption of the euro is the stimulation of foreign trade, which can lead to faster economic growth and thus to the closure of gaps with developed countries, the creation of new jobs and higher prosperity. The monetary union has led to a significant increase in the volume of trade between Member States with all its implications for production, income and living standards. Adoption of the euro eliminates currency risk, increases access to credit, open in global reserve currency, and generally increases the credibility of the monetary instrument.

Hence, all of these factors determine, among other things, the reduction in the cost of financing economic activities. There are also a number of indirect effects that are very important because they contribute to the completion of the integration process, which means Romania's return to European civilization. So, the introduction of the euro creates a more stable environment for the whole economy, which can attract foreign direct investment. In turn, these investments create faster GDP growth and lower unemployment, improving foreign trade and raise living standards at European level.

On the disadvantage side, the main obstacle of adopting the euro is that it is losing monetary autonomy. There are also a number of factors suggesting that with a relatively high degree of openness and free movement of capital, such as Romania's economy nowadays, monetary policy has a limited sphere of action. In Romania the movement of capital was completely free and capital and financial flows significantly exceeded the export and import of goods and services. Romania needs housing capital investment. In these conditions, international and external factors influence the international capital flows into which the Romanian economy is embedded.

The most important internal factors are: interest rate differentials (especially between Romania and the Eurozone), profits, exchange rate movements and country risk premiums, etc. External factors, those found in the economies of the exporting countries, or in the economies of the host countries competing with Romania for attracting foreign capital, are: market imperfections, monopoly advantage, and government policies to attract direct investment.

Regarding these factors, domestic monetary policy can affect only the short-term interest rates and partly the exchange rate. Other internal policies can also, to some extent, affect some of these factors, such as the profits that foreign investors receive in Romania, but their ability to deal with some immediate obstacles to the size and orientation of capital flows is significantly lower than that of monetary policy.

The report drafted by the body charged with preparing Romania's accession to the euro area indicates 2024 as the most optimistic date for entering the Exchange Rate Mechanism (ERM II) - namely the period when the +/-15% exchange rate stability must be defended by compulsory interventions at the same time as maintaining the accession criteria.

Nonetheless, the scenarios envisaged by the committee are to a certain extent arbitrary: they extend well beyond the strict euro accession criteria suggesting preliminary measures such as natality-stimulating policies, the development of business incubators and fighting tax evasion.

The disadvantage is that monetary policy will not be able to use the exchange rate to affect the domestic economy. So, the moment of entry into ERM II and the level of parity of the leu against the euro must be chosen with the utmost caution, since the National Bank of Romania will no longer be allowed to help the real sector by letting the currency to weaken more than the 15% band set around the parity level.

Brief overview of Romania's euroization

Romania may decide to accept the euro as its single currency and abandon its national currency. An important advantage of such a strategy is to reduce inflation at the euro area level without unemployment costs. Inflation in Romania will be equal to that of the eurozone, and economic agents know this and consequently they coincide and mark their inflation expectations. Euroisation followed the trend of dollarization, which occurred when the transition began and constituted a refuge for private economic agents and also for the state under conditions of severe macroeconomic stabilization, which also reflected the persistence of the rather high inflation rate in the national economy.

This phenomenon occurred alongside Romania's commercial and financial integration with European Union economic agents and was reinforced by the trend of appreciation of the national currency during the period of economic boom. These conditions had positive effects on the wealth and balance of domestic economic agents, which led to the trend of borrowing / making foreign currency deposits, as well as accelerating consumption during the period of economic expansion.

The depreciation of the national currency has a negative impact on the ability of foreign currency borrowers to pay, which has resulted in increased financial risk in the banking system. As a consequence, the partial Eurozone of the Romanian economy fueled the overheating of the national economy by 2008 but broke the capacity to adjust shocks through monetary policy and exchange rates.

Thus, partial euroization has acquired reduces the capacity of the economy to offset shocks and the reliance on decisions made by the European Central Bank or by economic agents from high commercially and financially integrated countries. There are several forms of euroization in Romania, which are specific to the financial replacement of the national currency with the single European currency tending to lend in foreign currency and make deposits in the same currency and emphasize the requirement of eurozone' banks within the national banking system.

Empirical estimation, results and discussion

Considering the macroeconomic circumstances in Romania, we also analyze its macroeconomic outlook making estimation of fundamental economic variables thus giving better conclusion for Romanian benefits as EU country.

a) Regresion

Correlations

		GDP	C	I	G	X	M
Pearson Correlation	GDP	1.000	.817	.417	.690	.928	.986
	C	.817	1.000	.392	.391	.709	.819
	I	.417	.392	1.000	-.108	.150	.459
	G	.690	.391	-.108	1.000	.868	.696
	X	.928	.709	.150	.868	1.000	.925
	M	.986	.819	.459	.696	.925	1.000
Sig. (1-tailed)	GDP	.	.000	.048	.001	.000	.000
	C	.000	.	.060	.060	.001	.000
	I	.048	.060	.	.340	.283	.032
	G	.001	.060	.340	.	.000	.001
	X	.000	.001	.283	.000	.	.000
	M	.000	.000	.032	.001	.000	.
N	GDP	17	17	17	17	17	17
	C	17	17	17	17	17	17
	I	17	17	17	17	17	17
	G	17	17	17	17	17	17
	X	17	17	17	17	17	17
	M	17	17	17	17	17	17

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. Change	
1	.988 ^a	.976	.966	592.35333	.976	91.230	5	11	.000	1.372

a. Predictors: (Constant), M, I, C, G, X

b. Dependent Variable: GDP

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.601E8	5	3.201E7	91.230	.000 ^a
	Residual	3859707.088	11	350882.463		
	Total	1.639E8	16			

a. Predictors: (Constant), M, I, C, G, X

b. Dependent Variable: GDP

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics		
	B	Std. Error				Beta	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1056.788	5095.506	.207	.839						
	C	.003	.130	.002	.022	.817	.007	.001	.227	4.400	
	I	-.016	.082	-.018	-.197	.417	-.059	-.009	.244	4.100	
	G	-.742	.775	-.123	-.958	.358	.690	-.278	-.044	.130	7.684
	X	.034	.035	.265	.969	.353	.928	.281	.045	.029	34.925
	M	.105	.035	.833	2.994	.012	.986	.670	.139	.028	36.166

a. Dependent Variable: GDP

EQUATION: $GDP = 1056.788 + 0.003C - 0.016I - 0.742G + 0.034X + 0.105M$

b) INVESTMENT VS FDI in Romania

Correlations

	I	FDI
I	Pearson Correlation	.236
	Sig. (2-tailed)	.362
	N	17
FDI	Pearson Correlation	.236
	Sig. (2-tailed)	.362
	N	17

Domestic macroeconomic and financial environment has remained favorable, which has helped provide some kind of protection to Romania, together with the other countries in the region, at times when global investors' sentiment towards the emerging markets worsened.

At European level, the main systemic risks refer to the reprising of risk premia in global financial markets, the public and private sector debt sustainability challenges, weak profitability of financial institutions that weights on their intermediation capacity, as well as the liquidity risk and the contagion effect from the shadow banking sector to the financial system. Romania is better prepared now than it was 10 years ago to withstand external shocks: the foreign currency reserves strengthened, banks in Romania came to be much less dependent on foreign funding, the external debt refinancing risk declined, and net external debt hit a 10-year low.

Romania's key strengths have been as follows - economic growth slowed from 6.9 percent in 2017 to 4.1 percent in 2018 H1. In turn, the annual inflation rate is expected to strengthen its downward path after reaching a peak at mid-year, as it is seen re-entering the variation band of the target (2.5 percent \pm 1 percentage point) at end-2018 and running in the upper half of the band during 2019. Public debt contracted by one percentage point against the end of 2017, coming in at 34.1 percent of GDP at end-June 2018, amid robust economic growth. It remained below the ceiling of 60 percent set forth in the European Commission's assessment procedure as well as below the sustainability threshold estimated at 40-45 percent. Nevertheless, the MPF's forex reserve declined to 2.8 percent of GDP at end-2017, which puts the net public debt close to the gross public debt. Unemployment rate continued to fall to 4.2 percent in 2018 Q3, while the employment rate further followed the improving trend seen in previous periods, standing at 70 percent in 2018 Q2, close to the 75 percent benchmark set as an objective under the Europe 2020 strategy. The banking sector has stayed sound. Solvency and liquidity remained within adequate parameters and asset quality improved (the non-performing loan ratio dropped from 6.41 percent in December 2017 to 5.56 percent in September 2018). On the whole, Romania is better prepared now than it was 10 years ago to withstand external shocks. The public debt refinancing risk declined, the share of short-term debt in general government debt narrowing markedly over the past 10 years, from 18 percent in 2008 to 2.7 percent in August 2018. Moreover, the average maturity of government debt rose in recent years, coming in at 6.2 years in August 2018. – Net external debt as a share in GDP hit a 10-year low of 19.5 percent in 2018 H1, against 24 percent in the same period of 2008. The financial system has gained in soundness. But the Romanian economy has been facing a series of structural problems the solving of which requires the implementation of structural reforms:

- The demographic problem has become even more serious amid the step-up in migration over the recent years and the negative population growth. The existence of structural demographic constraints leads to further labour market tightening.
- The weak payment discipline, together with the persistence of some vulnerabilities in firms' balance sheets, are further potential risks to financial stability
- Financial intermediation has remained low, standing significantly below that in Europe or across the region. The main medium-term structural challenge for the banking sector is further to capture the sustainable potential to increase financial intermediation, especially in relation to non-financial corporations.

Conclusion

Twelve years after joining, most Romanians continue to trust the European Union (57%). However, Romanians see the advantages and disadvantages of being an EU member. The main advantages include employment in a Member State (35%), access to more goods or markets (33%) and a positive impact on the European funds in the region in which they live (30%).

Also, the fact that they travel more frequently in EU countries is an advantage for 29% of the respondents, while 28% see the implementation of EU rules and standards as a good thing. Other advantages in the opinion of the Romanians: better security of the country (26%), equal opportunities with other European citizens to study in an EU country (24%), gaining confidence (23%) and better infrastructure in Romania (21%). Some of the European Union's strengths include good relations between member states (pointed out by 48% of respondents), respect for human rights, democracy and the rule of law (46%), the EU's capacity to promote peace and democracy beyond its borders (41%), the economic, industrial and commercial power of the EU (35%) and the safety and quality of food in Europe (34%).

On the other side, on the list of Romanians worries are - the lower purchasing power due to rising prices first appears for 67% of the respondents, after which the purchase of land by foreigners (57%), the migration of Romanian specialists in other EU countries - also known as brain drain (56%), the fact that Romanians do not have equal rights in the labor market of the EU (53%), drug and human trafficking (53%), the fact that Romanian companies risk closure due to large imports (52%) and the terrorist threat (49%). Migrants from outside the EU, the competition created by European products leading to lower prices for Romanian products, double standards for food and a tension between the EU and Russia are also on the list of shortcomings.

The poll also reveals that 49 percent of Romanians strongly or partially agree that Romania's economy has become more stable after the country joins the EU. About 38% of respondents agree that Romania has become politically more stable, while more than half do not agree with this statement.

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ANALYSIS OF TRAVELS AND OPPORTUNITIES FOR CROSS-BORDER COOPERATION BETWEEN BULGARIA AND NORTH MACEDONIA

Vanya Vasileva¹; Dora Kabakchieva²

Abstract

Bulgaria and North Macedonia are neighboring Balkan countries with common roots. The trips between the two countries are geographically and historically determined. An increasing number of them began to take up the tourist trips. The purpose of this paper is to analyze the current state of travels between Bulgaria and North Macedonia as well as to outline future perspectives in this direction. In order to achieve the stated goal, a number of indicators have been analyzed, current statistics are used, as well as publications which have a direct or indirect relevance to the problem. At the same time, it draws attention to cross-border cooperation in the field of tourism as a convenient tool for promoting development and joining the European idea. The creation of consolidated tourism products between the two countries not only stimulates their economic growth and develops cross-border cooperation but also attracts more tourists to the Balkans and improves the reputation of the region as a place in Southeastern Europe, modernizing and offering good practices of recreation and tourism.

Key Words: *Bulgaria, North Macedonia, travels, tourism, cross border cooperation*
JEL classification: *Z32*

Introducton

Bulgaria and North Macedonia are neighboring Balkan countries with common roots. There is a deep kinship in language, religion, life, culture, traditions and cuisine between them. Their natural conditions are similar too. However, there are also a number of disparities, mainly related to the socio-economic development of the two countries. In their new historical development, they fall into various supranational structures that contribute to deepening diversification between them.

Typical of modern tourism is the most intense tourist exchange between neighboring countries as well as between countries with similar language and culture. Bulgaria is no exception to this rule. In recent years, most arrivals of foreign visitors to it have been reported by neighboring countries. Bulgarian citizens also choose neighboring countries as a priority when traveling abroad due to lower transport costs and the possibility of day-to-day visits.

One of the aims of this publication is to analyze the current state and dynamics of passenger flows between Bulgaria and North Macedonia and to outline the perspectives in this direction. Statistical data, as well as publications of authors and institutions that directly or indirectly address the problem posed, are used for this analysis.

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At the same time, the text also focuses on cross-border cooperation between the two countries in the field of tourism as a convenient tool for promoting economic development and integrating with the European idea.

Comparative characteristics of the tourist market of Bulgaria and North Macedonia

The tourist markets of Bulgaria and North Macedonia are specific, both in the volume of tourists and in their characteristics. The variations in the volume of tourists are determined by the different demographic potential of both countries. The population of Bulgaria is 3.5 times more than that of North Macedonia. With a population of about 2 million people, North Macedonia is a modest tourist generator.

The representative survey *Attitudes of European towards tourism*³, conducted among the citizens of most European countries, provides information on the attitudes of travel and quality characteristics of the two tourism markets. According to it, the main motive for travel for the citizens of both countries is the beach recreation, but this motive is more pronounced in the Macedonians - 47%. Citizens of North Macedonia ranked last among other interest-based surveys related to city visits and organized events, as well as practicing sports tourism (5%, 3% and 2% respectively). As with the Bulgarian citizens, the interests related to the visit of friends and relatives are well expressed - about 1/3 of the respondents. For Macedonian citizens the interest in SPA and wellness services is relatively high - 35% (11% for Bulgarian citizens). Bulgarian citizens are more interested in natural landmarks (22%) than their Macedonian neighbors (11%). In both countries, interest in cultural attractions is significantly weaker than the average for Europe. Accordingly, the values are 9% for Bulgaria - the lowest, 13% for Macedonian citizens at 22% on average for the EU.

The most important factor for Macedonians is the price level in the visited country (24%) to turn into loyal traditional visitors. The quality of tourism services, culture, nature and especially suitability for people with disabilities remain in the background. Similarly, estimates are made for Bulgarian citizens, but for them nature is an essential factor (44% - coincides with the EU average). When choosing a destination, the most important are recommendations from acquaintances, but for Macedonian citizens they are not as significant as other Europeans (34%, 56%). For them, personal experience (31%) and information from the internet (27%) are of utmost importance. Compared to other Europeans, however, Macedonian citizens least use the Internet to organize their trips (15% at 53% on EU average, 28% on Bulgarians). Unlike the other studied nationalities, Macedonians mostly use local organization (30% at 11% on average for EU and 12% on Bulgarian citizens). Macedonian citizens often use the services of travel agencies for this purpose (22% at 19% for the EU) too. Bulgarian citizens considerably less often use tour guides - only 11%. The most preferred country for visits by Macedonian citizens is Greece - 22%, Germany - 8% and Italy - 4%. Bulgarians also choose Greece, but only 8% of them. Macedonian citizens are one of the most satisfied with travel services (90% fully satisfied, 4% dissatisfied), unlike the Bulgarian citizens, who are among the most unhappy (75% fully satisfied, 14% dissatisfied). As with Bulgarian citizens, as well as Macedonian, the most frequent reason for travel cancellation is money (75% and 58% respectively, with an EU average of 46%). This is the reason to spend less, to limit the number and duration of your trips. Both Macedonians and Bulgarians prefer medium-length trips - from 3 to 14 nights (38% and 36% respectively).

³Survey on the attitudes of European towards tourism, 2013

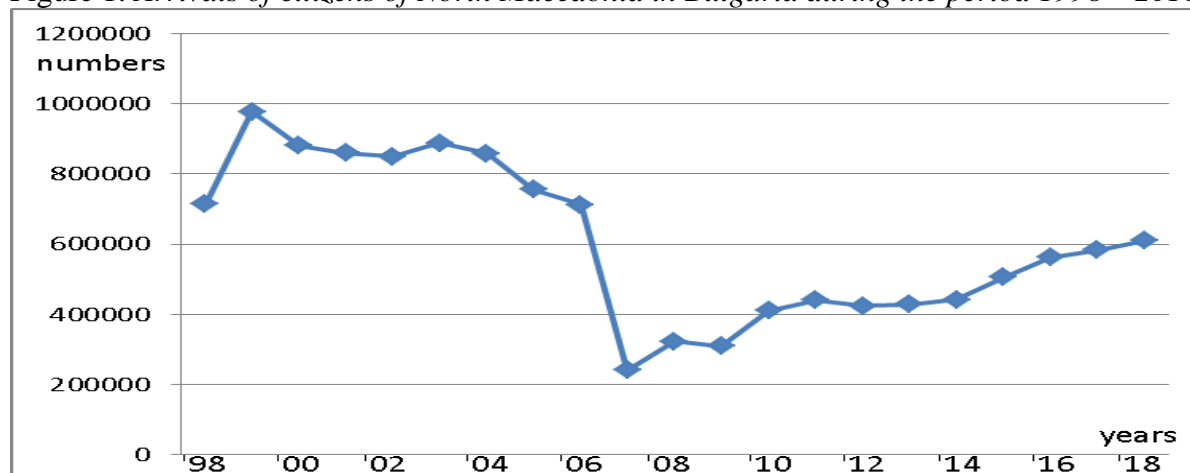
Priorities of citizens in North Macedonia and Bulgaria

The exchange of tourists between Bulgaria and North Macedonia takes place through their common border through the three existing border checkpoints, namely Gyueshevo - Deve dere, Stanke Lisichovo - Delchevo and Zlatarevo - Novo Selo. In order to increase the border contact, another three border checkpoints will be opened at Simitli - Pehchevo, Strumyani - Berovo and Black Rock. At a length of 165 km, a border checkpoint currently serves 55 km of its length, which is close to the EU average. Increasing contact will further facilitate the movement of people and cargo. This is expected to contribute to the networking of the two countries, which will facilitate traffic on transport corridor) №8.

Arrivals of citizens of North Macedonia in Bulgaria are variable (Figure 1). They are high in 2006, with the largest number reported in 1999 - 976 734 or approximately every second Macedonian citizen visited Bulgaria.

After 2006, a period with more limited arrivals started, with the lowest values in 2007 - 241 358 or only one in ten visited Bulgaria. This may be related to the change in the border crossing regime in relation to Bulgaria's entry into the EU. Gradually, the number of visitors started to increase by 609 591 in 2018. They are about 4% more than in the previous year. North Macedonia is the sixth most important country in terms of the number of its citizens arrived in Bulgaria in 2018 after Romania, Turkey, Greece, Germany and Serbia⁴. If only tourist arrivals are considered, then North Macedonia is the 5th most important tourism market generating tourism to Bulgaria after Romania, Greece, Germany and Turkey. Arrivals for tourist purposes in 2019 were 559 617 and their growth compared to the previous year was + 2.6%⁵

Figure 1: Arrivals of citizens of North Macedonia in Bulgaria during the period 1998 – 2018⁶



One of the main problems related to the visits of Macedonian citizens to Bulgaria is the visa regime, which significantly impedes their travels to our country. They prefer to visit and rest in countries where there are no border and visa restrictions when traveling. In 2018, the Macedonian citizens staying in the country have 93 376. They have completed 275 740 nights. Therefore their average stay in our country is 3 nights - their stay is relatively short. Geographic proximity makes their visit possible but not prolonged. It is good to develop ways to extend their stay. Good opportunities in this regard provide ski tourism and especially healing tourism.

⁴According to NSI (Bulgaria) data

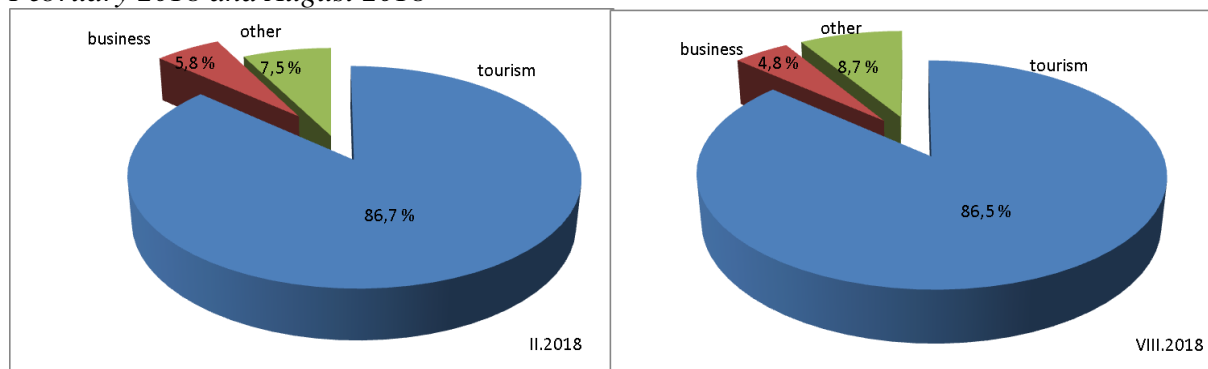
⁵International Tourism-Bulgaria, January-December 2018, newsletter of the Ministry of Tourism

⁶According to NSI (Bulgaria) data

Statistics can not account for overnight stays over accommodation, but it can be assumed that they are significant and longer. In Bulgaria, Macedonian citizens can find their preferred accommodation places, namely relatives, friends or second homes.

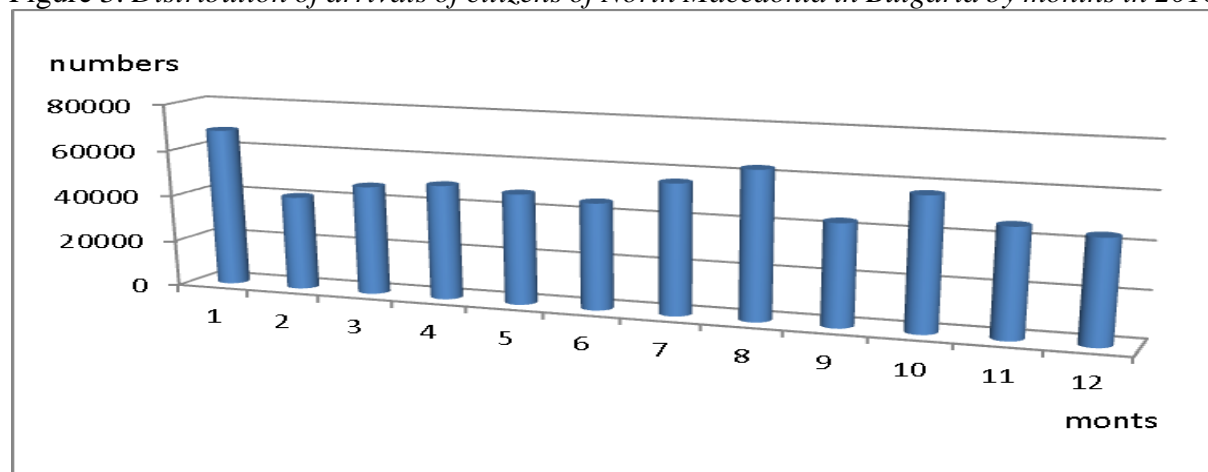
Macedonian citizens arrive in Bulgaria mainly for tourist purposes (Figure 2). This is true for all seasons during the year. Less well-known are the official and other (for example transit, education, visiting, etc.) motives. Macedonian citizens arriving in Bulgaria are practicing various types of tourism - marine recreation, ski tourism, balneotherapy⁷. Some important advantage of Bulgaria is the Black Sea coast, which is particularly attractive for the citizens of the landlocked. In this respect, however, a serious competitor is Greece, whose Aegean coast is getting faster and offers a longer season for beach recreation. The interest in religious, cultural and gambling tourism is less expressed. Almost irrelevant to them are the opportunities for practicing eco- and rural tourism and sports tourism.

Figure 2: Arrivals of citizens of North Macedonia in Bulgaria for the purpose of the trip in February 2018 and August 2018



Arrivals are relatively evenly distributed over months (Figure 3). Preferred months stand out in January and August in connection with ski tourism and sea recreation. The trips are the weakest in February and September. July and October are also "strong" months.

Figure 3: Distribution of arrivals of citizens of North Macedonia in Bulgaria by months in 2018



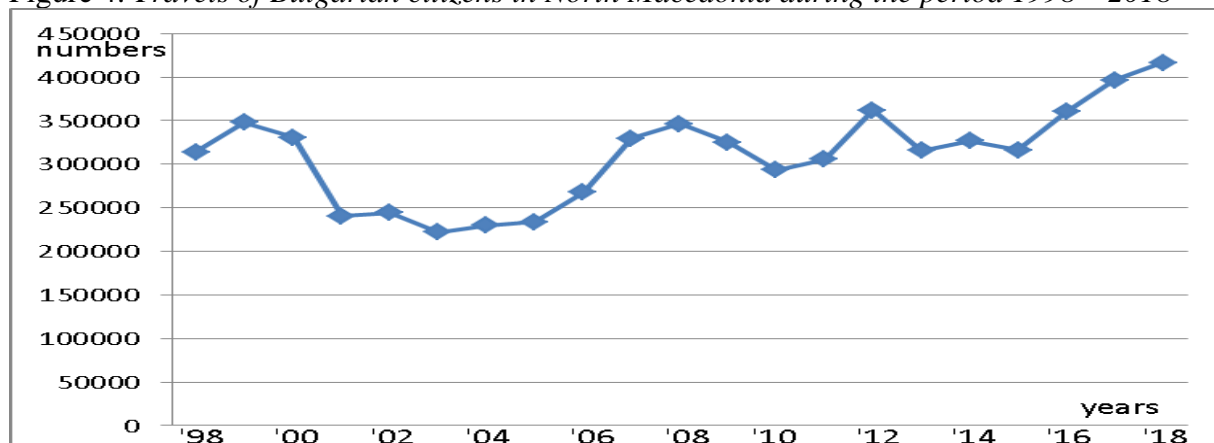
⁷Маринов, С., „Приоритетният пазарен портфейл на българския туризъм”, сборник „Българският туризъм – приоритети за развитие”, Славена, Варна, 2007 г.

In 2019 Bulgaria is not expected to participate in tourism fairs in North Macedonia. It would be better to have such advertising activities every year. This would contribute to the popularization Bulgaria as well as to the increase of arrivals from North Macedonia.

Travel of Bulgarian citizens in North Macedonia

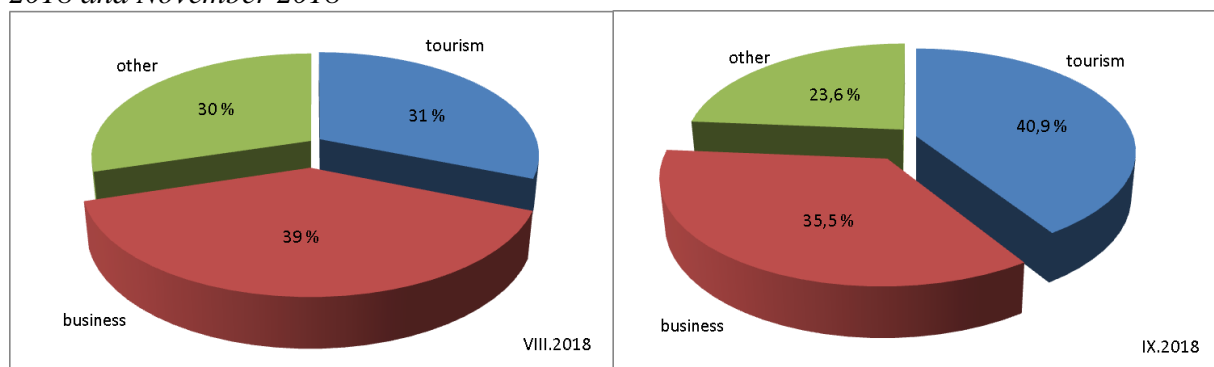
The trips of Bulgarian citizens to North Macedonia have also changed over the years (Figure 4). There are four upward periods and three travel declines. The lowest number of visits was in 2003 - 222 113 and most of them in 2018 - 416 448. Thus, about 6% of Bulgarians visited North Macedonia in the previous year. The increase compared to 2017 is about 5%. A period of lasting interest in our Southwest neighbor is forming. North Macedonia is ranked sixth among the preferred by Bulgarian citizens for travel abroad after Turkey, Greece, Romania, Serbia and Germany. For North Macedonia, Bulgarian tourists are the second largest number of international arrivals in the country after those of Greek citizens. Other major generators are Albania, Serbia, Turkey and Kosovo. The neighboring countries predominate⁸.

Figure 4: Travels of Bulgarian citizens in North Macedonia during the period 1998 – 2018



In contrast to Macedonian citizens, Bulgarians travel mainly for business purposes (Figure 5), which in certain months is even leading. There are about 1/3 of the trips. The other motives (such as visiting, transit) are also strongly covered.

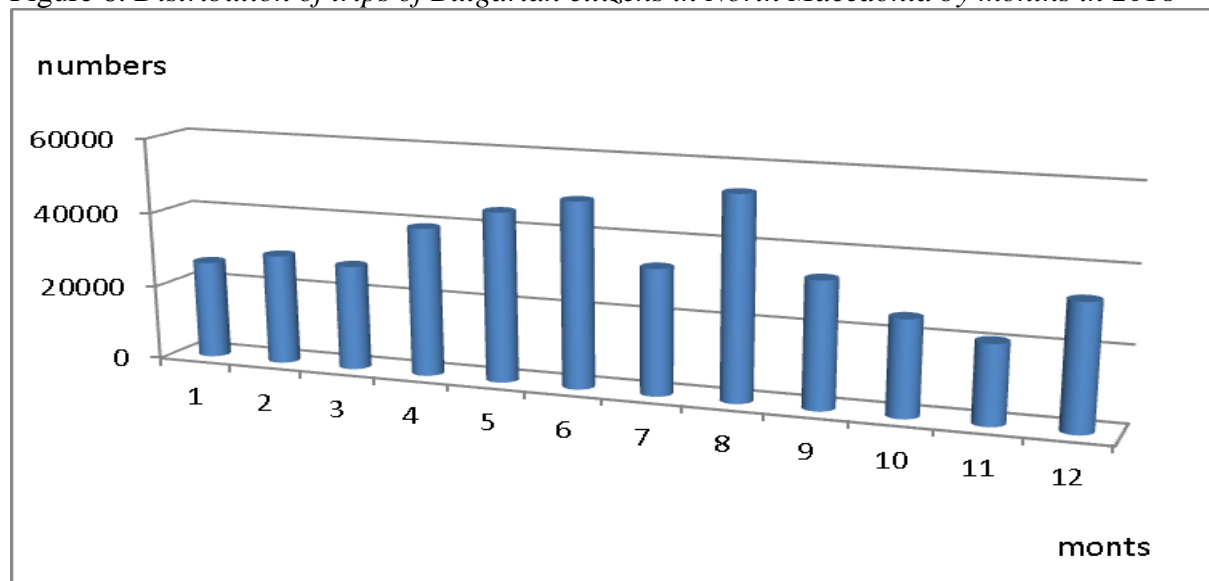
Figure 5: Travels of Bulgarian citizens to North Macedonia for the purpose of the trip in August 2018 and November 2018



⁸According to <http://www.stat.gov.mk/>

The trips of Bulgarian citizens to North Macedonia are permanent throughout the year (Figure 6), but still with a pronounced predominance over the warm half-year. The most preferable months are August, June and May, and the least visited - November.

Figure 6: *Distribution of trips of Bulgarian citizens in North Macedonia by months in 2018*⁹



Most preferred places from foreign tourists, incl. Bulgarians in North Macedonia are the lakes and, above all, the Ohrid Lake, the capital and the mountain resorts¹⁰. The Lakes are the most attractive tourist resource of North Macedonia and are an important competitive advantage for the country.

Opportunities for cross-border partnership between Bulgaria and North Macedonia

The geostrategic importance of the Balkans is determined by the characteristics and historical parameters of today's geopolitical situation in the region. Cross-border cooperation in the field of tourism is a convenient tool to promote the integration of more countries in this region into the European idea and is being discussed more and more involved at different levels. The topic also accompanies the EU-Western Balkans summit in Sofia in 2018 between the EU Heads of State / Government and the leaders of the six Western Balkan partners: Albania, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo. "Macedonia is an important tourist market and a strategic partner for Bulgaria," says Bulgarian Tourism Minister Nikolina Angelkova to Macedonian Economy Minister Kreshnik Beckeshi¹¹. The dialogue between the two outlines the importance of tourism as a structuring factor for the economies of both countries and discusses the possibilities of attracting more tourists to the Balkans with cross-border routes and services. The creation of a working group to develop a joint tourism product to foster the interest of tourists from distant markets (eg China, India, Japan, South Korea, USA, etc.) to the region and to embark on a future common Balkan tourist route. It is expected that in 2019 the bilateral expert group will also offer specific tourist sites for the route.

Tourism in both Bulgaria and North Macedonia marks a rapid development trend by offering modern content in spaces that, with their natural and social characteristics, are the basis for new

⁹According to NSI (Bulgaria) data

¹⁰According to <http://www.stat.gov.mk/>

¹¹<http://www.tourism.government.bg/bg/kategorii/novini/ministur-angelkova-obsht-bulgaro-makedonski-turisticheski-produkt-shte-privlichia>

attractive experiences and leisure time use. The tourism industry is a significant challenge for the economic development of the countries. In border regions it is directly dependent on working together and partnership. Cross-border cooperation rethinks the interpretation of borders and redefines their functions. Changed relations in the world and the development of beneficial links between neighboring countries stimulate their joint actions in different directions - improving infrastructure, improving communications, modernizing spaces, opening additional border posts, etc. Cross-border partnership and the implementation of joint projects naturally leads to a more efficient use of existing facilities and services and prevents their expensive and often unnecessary duplication.¹²

In the same time, cross-border integration strengthens regional identity, which is a prerequisite for successful international tourism, to develop a broad market and maximize tourism potential. Tourism is often interpreted as an expression of freedom and a driver of social change. Cross-border connections allow and encourage closer interaction between tourists and local communities and more efficient use of border areas.

An improved regional economy and job creation is another benefit of tourism in these territories. Socio-economic growth as a result of the development of the tourism industry is a powerful tool for changing and imposing a higher standard. Cross-border cooperation in the field of tourism therefore plays an important role in social and regional development. It undoubtedly also acts as a catalyst for innovation and knowledge transfer, as well as maintaining regional competitiveness.

Tourism is popularizing both Bulgaria and North Macedonia as attractive tourist destinations in the Balkans and attracts the curiosity of tourists from many countries of the world. Both countries have potential for many types of tourism, but their interests are most common in cultural, rural, religious, culinary tourism. More recently, there is a need for the development of active tourism, of alternative and adventurous tourism, for which both countries offer excellent conditions - slopes and steep mountains, ski terrains, calm and fast rivers, broad plains. There are also a number of prerequisites, which are a sure foundation for the development of common tourism initiatives:

- EU programs that allow the funding of such initiatives;
- the existence of numerous cultural and natural resources;
- the relative cultural proximity of the two regions;
- the interest of modern tourists to destinations that are outside the standard "sea-mountain" scheme;
- targeted regional policies for the development of attractive tourist products and the provision of quality tourism services.

The offer of joint tourism products - mainly in cultural tourism, but also in the field of tourism demand in the field of mountain tourism, hunting tourism, wine tourism and rural tourism would improve the opportunities of the environment in the border regions of Bulgaria and Macedonia.¹³ In this way, the seasonal imbalance is overcome, the employment of the local population is overcome and the problems of demographic collapse, depopulation of villages, etc. are overcome. In this context, the use of European programs and funds provides broad

¹²Timothy D. J. Tourism and political boundaries. London: Routledge, 2001.

¹³Йованова Б., Костадиновски А., Георгиева О. Възможности за сътрудничество между Македония и България в сферата на туризма като инструмент на бедността. – В: Международна конференция "Регионално развитие в България: тенденции и перспективи" София – България.2012. <http://eprints.ugd.edu.mk>

opportunities and is "a prerequisite for an integrated tourism development that is a factor in overcoming poverty and the consequences of the current crisis that have plagued both sides."¹⁴

The joint tourism products between Bulgaria and North Macedonia have existed for a long time and this is because the market itself requires it and the travel agencies cooperate. "What we as a region can do, in particular Bulgaria and Macedonia, is to increase the accessibility of the overseas and eastern markets because potential tourists will come from there. They will visit the region, not just one country, because we are small states. If tourism develops within the region or within 2-3 countries, it will be more interesting for tourists, even for Europeans," said Alexander Donev, former director of the Tourism Agency of the Republic of Macedonia.¹⁵

As a follow-up to the European Cohesion Policy, the cross-border cooperation program Interreg - IPA Bulgaria - Macedonia 2014-2020 introduces a new program framework that focuses more on strategy and results. Among the thematic priorities of the program are the development of tourism (including natural and cultural heritage) and a common objective "to strengthen cross-border cooperation between people and institutions in the region, to jointly address common problems and to exploit the untapped potential".¹⁶ The program is co-financed by the European Union's Instrument for Pre-Accession II. Priority Axis 2. Tourism includes several specific objectives:

- increasing the tourist potential in the region through cooperation for better conservation and sustainable use of natural and cultural heritage;
- improving the competitiveness of the region's tourist supply;
- promoting cooperation on sustainable tourism.

For Bulgaria, the regions eligible to benefit from this program are Kyustendil and Blagoevgrad, Macedonia - its northeastern, eastern and southeastern regions. "The program is an example of how institutions and organizations on both sides of the border continue to seek and find effective and sustainable solutions to regional problems and to maintain and develop successful partnerships."¹⁷

Among the approved tourism development projects are: "Cultural Bridge Through the Centuries" of the Georgi Todorov Community Center and Development Center of the Eastern Planning Region - Macedonia, worth just over BGN 800,000. The second project is "Preservation of the Spiritual Sanctuaries in Strumica and Kyustendil" worth almost BGN 1 million. Nearly BGN 200,000 receive a project for the development of cultural tourism, the Chamber of Commerce and Industry in Kyustendil and the Kumanovo Small and Medium Enterprises Foundation. The project "Young people - the new promoters of culture in the cross-border region of the tourist association" Strumica "and Association" Business information and cultural center "- Sandanski is also approved. Near by 220 thousand are awarded for the project "Youth from Bulgaria and Macedonia together with Tourism for Better Health" of the Health Promotion Foundation and the Center for Development of the Northeastern Planning Region in Macedonia. A project of the municipalities of Dupnitsa and Kumanovo - "The General History

¹⁴Again there.

¹⁵<https://www.bloombergtv.bg/svetat-e-biznes/2018-07-13/koi-sa-obshtite-turisticheski-vazmozhnosti-pred-balgariya-i-makedoniya>

¹⁶<https://www.mrrb.bg/bg/infrastruktura-i-programi/programi-za-teritorialno-sutrudnichestvo-2014-2020/bulgariya-makedoniya/ceci/>

¹⁷<https://www.mrrb.bg/zam-ministur-nikolova-otpuskame-novi-14-mln-lv-za-razvitie-na-turizma-opazvane-na-okolnata-sreda-i-konkurentosposobnostta-v-pogranichniya-region-mejdu-bulgariya-i-makedoniya/>

of a Cultural Bridge Beyond the Borders" will be financed with nearly BGN 1 million. Gotse Delchev Municipality also receives more than 1.1 million BGN for a joint project with the Center for Development of the Eastern Planning Region and others. Also, projects on the competitiveness axis were approved.

The overall budget of the program for the period up to 2020 is over BGN 37 million, which is used to strengthen cross-border cooperation between people and institutions in the region, to jointly solve the common problems and to exploit the unused potential on three axes reaching to a population of over 1 million people in both countries.

The creation of consolidated tourism products between the two countries not only stimulates their economic growth and develops cross-border cooperation but also improves the reputation of the region as a place in Southeastern Europe, which is modernized and offers good practices of recreation and tourism.

Conclusion

Pasengers between Bulgaria and North Macedonia are significant and there is a tendency to increase in both directions. Given the fact that the countries are neighboring, however, the trips are not large. The reasons for this are varied. The first is related to the poor demographic potential of both countries. The second reason stems from the border regime when crossing the EU borders, and that is exactly where the border exists between the two countries. It can be expected that travel (including tourist trips between Bulgaria and North Macedonia) will increase not only due to geographical proximity but also due to the similarities in language and culture, which are a prerequisite for easier communication. Between the two countries there are rich opportunities for cross-border cooperation and partnership of tourism. The conditions are favorable for its development within the inter-neighborly relations and interests.

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POSTER PRESENTATIONS

1. Aleksandra Mitrović; Marija Pešić - IMPORTANCE OF HEALTH INSURANCE FOR EMPLOYEES IN HOTEL MANAGEMENT AND TOURISM IN THE REPUBLIC OF SERBIA
2. Anela Džogović; Cane Koteski - ROLE AND IMPORTANCE OF THE DEVELOPMENT OF CONTEMPORARY TOURISM IN THE PEJA
3. Aneta Stojanovska-Stefanova – SELF – DETERMINATION AS A FUNDAMENTAL PRINCIPLE AND HUMAN RIGHT
4. Cane Koteski - RURAL SETTLEMENTS IN THE BASIN OF THE BLACK RIVER AND THEIR KNOWLEDGE FOR TOURISM DEVELOPMENT IN THE REPUBLIC OF NORTH MACEDONIA
5. Cvetanka Ristova; Tanja Angelkova Petkova; Mladen Micevski - VIRTUAL TOURISM: NEW FRONTIER FOR THE HOTEL INDUSTRY
6. Marija Belij; Cvetanka Ristova - THE ROLE OF ECOTOURISM IN MANAGEMENT OF PROTECTED AREAS IN SERBIA AND NORTH MACEDONIA
7. Magdalena Miceva; Tanja Angelkova Petkova; Vladimir Kitanov - IMPLEMENTATION OF CONTEMPORARY TRENDS IN LOGISTICS IN THE TRANSPORT COMPANIES
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10. Mimoza Serafimova; Snezana Bardarova; Drasko Atanasovski - COMPARATIVE ANALYSIS OF EMPLOYMENT AND SELF-EMPLOYMENT IN NORTH MACEDONIA AND THE WESTERN BALKANS
11. Mladen Micevski; Nikola Cuculeski - INCENTIVE TRAVELS AND THEIR USE IN THE REPUBLIC OF NORTH MACEDONIA
12. Natasha Miteva; Dushica Popova – THE IMPACT OF WORLD HOTEL CHAINS IN MACEDONIA
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15. Svetlana Popova - MEDIATION-A WAY OF SOLVING CHALLENGES IN TOURISM

DISCUSSION

SESSION I & II









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