International Journal of Economics, Management and Tourism

GOCE DELCEV UNIVERSITY, STIP
FACULTY OF TOURISM AND BUSINESS LOGISTICS

INTERNATIONAL JOURNAL OF ECONOMICS, MANAGEMENT AND TOURISM

VOL. 4 NO. 1
2024

ISSN 2671-3810 online version

Publisher:
Faculty of Tourism and Business Logistics
University Goce Delchev, Stip
“Krste Misirkov” no.10-A P.O. Box 201 Stip 2000, North Macedonia
Tel: +389 32 550 350
www.ftbl.ugd.edu.mk
www.ugd.edu.mk

The International Journal of Economics, Management and Tourism (IJEMT) is peer-reviewed and issued two times per year, in online version at the following website of the web portal of Goce Delcev University: https://js.ugd.edu.mk/index.php/ijemt/index. The official language for papers is English language.

IJEMT DOI: https://doi.org/10.46763/IJEMT

IJEMT Vol.4 No.1 DOI: https://doi.org/10.46763/IJEMT2441

Prof. Mazhar Abbas, Ph.D., College of Business Administration, Department of Management & MIC University of Ha'il Saudi Arabia
Prof. Drago Cvijanović, Ph.D., University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjacka Banja, Serbia

TABLE OF CONTENTS

Manuscript received: 20.05.2024
Accepted: 31.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 7-12
Online: ISSN **2671-3810**
UDC: 640.43-057.187:303.62]:316.346
DOI: https://doi.org/10.46763/IJEMT244107p
Original scientific paper

SOCIO-DEMOGRAPHIC CHARACTERISTICS AS A FACTOR FOR CUSTOMERS' SATISFACTION

Dushica Popova[1]; Natasha Miteva[2]
[1]*Assistant professor Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia; e-mail:* dusica.saneva@ugd.edu.mk
[2] *Associate professor, Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia,* natasa.miteva@ugd.edu.mk

Abstract

This research was conducted with the purpose to determine the impact of socio-demographic characteristics on the satisfaction of service users in restaurants. Online questionnaire was conducted through the Google forms including the entire restaurant management, and the satisfaction of the service users was measured through the questions asked. The 152 questionnaires were fully analysed. The analysed socio-demographic characteristics included: gender, age, monthly income, employment status, and education. The data was analysed with the variance analysis (AHOVA) and t-test. Statistically significant differences were noted in age, education, and work status ($p<0.05$). In order for restaurants to be competitive in the market, their management needs to focus on the problems and find a way to solve them in order to improve the satisfaction of the visitors.

Key words: *restaurants, demographic characteristics, satisfaction*

JEL Classification: L83, O14

INTRODUCTION

The customers' satisfaction is closely related to the elements of the restaurant management entirely. Numerous number of researchers have determined that there are several factors that impact the satisfaction and loyalty of the customers of restaurant services (Miteva et al., 2022; Popova et al., 2022; Saneva et al., 2020; Olise et al., 2015). Socio-demographic characteristics play an important role in the impact of customers' satisfaction, as well as on the grading method of the restaurant management as a whole. Culture, religion, social factors, and economic factors too, differ from one country to another, from region to region, from continent to continent. The level of customers' satisfaction from the received service is determined as a result of the demographic factors. The age and employment status have significant impact on the level of satisfaction, the choice of the restaurant and the service received. The customers from different genders have different grades for the experience from the restaurant (Mhlanga et al.,2015). Service users which want uniqueness don't usually connect the luxury restaurants with the overall quality of the service. On the other hand, customers which prefer hedonism strongly connect luxury restaurants with the overall quality of the service. Furthermore, customers with lower income have negative opinion towards the luxury restaurants versus the middle- or high-income customers (Lee, 2011).
According to some research, promotion factor, price factor, and deluxe factor are the ones that have the greatest impact on the choice of restaurant (Goldman, 1993; Wahida, 2012).
Demographic factors also play a role in determining differences in consumer complaint behavior. Companies that want to perform at a higher level also need to analyze the demographic characteristics of consumers who use their services (Metehan et al., 2011; Morganosky et al., 1987). The restaurant management must understand the socio-demographic characteristics of its customers. If they understand and know what inspires the customers of different ages, they can contribute to the optimization of marketing plans in the restaurants. Also, if they know the customers' behavior according to their income, they can

Manuscript received: 20.05.2024
Accepted: 31.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 7-12
Online: ISSN **2671-3810**
UDC: 640.43-057.187:303.62]:316.346
DOI: https://doi.org/10.46763/IJEMT244107p
Original scientific paper

increase their sales. Marriage status is also a factor which can help managers determine the right actions to service offer. Socio-demographic factors are essential factors which help the restaurant industry to undertake different hourly, weekly, and monthly promotions.

MATERIAL AND METHODS

The research was conducted electronically by sharing an online questionnaire created in google forms. There are 152 research questionnaires fully processed. The socio-demographic characteristics that were part of the research questionnaires are: Gender (Male/Female), Age (≤ 20, 21-40, 41-60, ≥ 61), Education (Primary School, High School, Master Studies, Doctoral Studies), Monthly income (≤10,000 den., 10,000-20,000 den., 20,000-30,000 den., ≥30,000 den.).
The satisfaction of the service users was measured by asking 3 questions that refer to the service received, the overall approach of the employees, and the overall impression of choosing the restaurant. Data on socio-demographic characteristics and consumer satisfaction were analyzed by analysis of variance (ANOVA) and t-test. The data was statistically processed with the SPSS software package.

RESULTS AND DISCUSSION

Table 1 shows the socio-demographic characteristics of 152 customers. The table also shows the middle value (3.9167 - 4.6984) and standard deviation (0.3930 – 1.1013) for the respondents of different demographic variables.

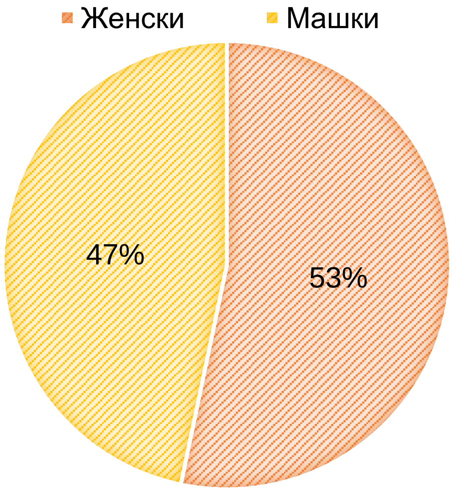
Table 1. Demographic characteristics of customers (n=152)

Socio-demographic factors	n	%	Satisfaction	
			Mean	SD
Gender				
Female	81	53.3	4.4568	0.5926
Male	71	46.7	4.3427	0.7014
Age				
≤ 20	17	11.2	4.2353	0.7616
21-40	101	66.4	4.4125	0.6058
41-60	21	13.8	4.6984	0.3930
≥ 61	13	8.6	4.0769	0.9245
Education				
Primary School	63	41.4	4.4180	0.6903
High School	67	44.1	4.4279	0.5940
Master Studies	18	11.8	4.3704	0.5703
Doctoral Studies	4	2.6	3.9167	1.1013
Monthly income				
≤10.000 den.	31	20.4	4.3226	0.7017
10.000-20.000den.	35	23	4.3905	0.6835
20.000-30.000den.	43	28.3	4.4729	0.5206
≥30.000den.	43	28.3	4.4031	0.6998
Working status				
Student	49	32.2	4.3129	0.7051
Employee	83	54.6	4.5181	0.5416
Retiree	13	8.6	4.0769	0.9245
Unemployed	7	4.6	4.2857	0.5587
ALL	152	100	4.4035	0.6460

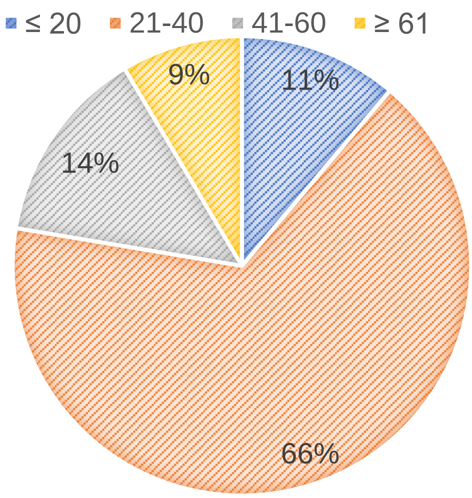
Manuscript received: 20.05.2024
Accepted: 31.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 7-12
Online: ISSN **2671-3810**
UDC: 640.43-057.187:303.62]:316.346
DOI: https://doi.org/10.46763/IJEMT244107p
Original scientific paper

The total number of surveyed users is a total of 152. Figure 1 shows the percentage of visitors to the restaurants, of which 53.3% are women and 46.7% are men. According to age, the largest number of visitors are from 21 to 40 years old (66.4)%, and the smallest percentage or 8.6% are visitors over ≥ 61 years old (Figure 2).



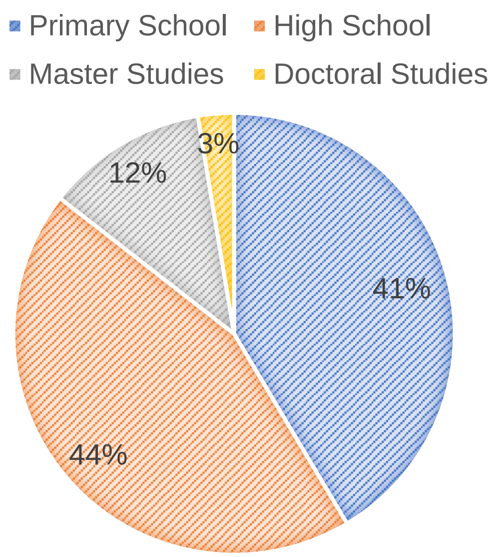
Picture 1. Distribution of users by gender



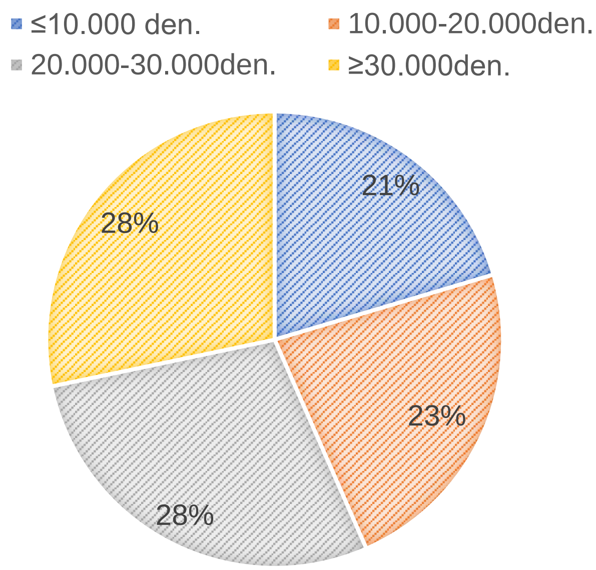
Picture 2. Distribution of users by ages

Most of the consumers have a higher education, ie 44.1% and 41.4% with a secondary education, 11.8 with a master's degree, and only 2.6% with a doctoral degree out of the total number of surveyed users (Figure 3). The largest number of visitors according to monthly income are consumers from 20,000 - 30,000 denars and over 30,000 denars (28.3%), 23% of consumers with incomes from 10,000 - 20,000 denars and the smallest percentage below 10,000 denars (20.4%) (Figure 4).

Manuscript received: 20.05.2024
Accepted: 31.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 7-12
Online: ISSN **2671-3810**
UDC: 640.43-057.187:303.62]:316.346
DOI: https://doi.org/10.46763/IJEMT244107p
Original scientific paper



Picture 3. Distribution of users by education

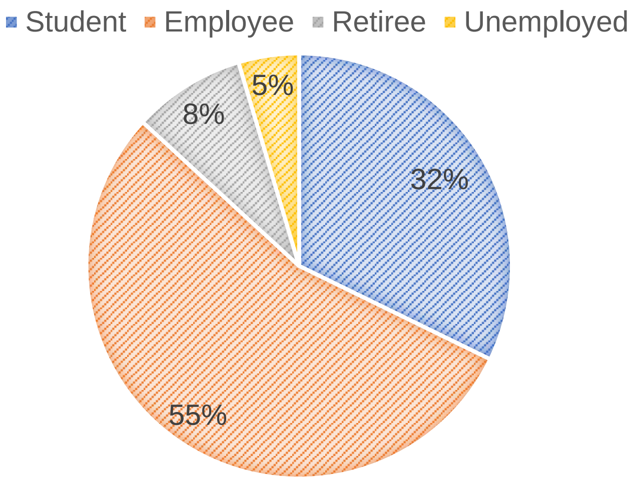


Picture 4. Distribution of users by monthly income

The largest number of visitors according to the working relationship in the restaurants are employees (54.6%) and students (32.2%). Pensioners and unemployed people visit restaurants less often and their percentage is lower, compared to employed people (Figure 5).

Manuscript received: 20.05.2024
Accepted: 31.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 7-12
Online: ISSN **2671-3810**
UDC: 640.43-057.187:303.62]:316.346
DOI: https://doi.org/10.46763/IJEMT244107p
Original scientific paper



Picture 5. Distribution of users by working relationship

To determine if there is a significant difference between various socio-demographic factors and satisfaction measured through three questions related to the service received (question 1), the overall approach of the employees (question 2) and the influence of the overall impression on the choice of the restaurant (question 3), analysis of variance (ANOVA) and t-test with significance level $p<0.05$ were applied.

Table 2 provides statistics on significant differences in socio-demographic factors and consumers' satisfaction. According to the data, it can be determined that there is a significant difference in consumers' satisfaction with different socio-demographic characteristics.

Table 2. Significant difference of middle value in different demographic characteristics

Demographics factors	p -value			Satisfaction
	Question 1	Question 2	Question 3	
Gender	0.63	0.69	0.04*	0.27
Age	0.11	0.004*	0.35	0.02*
Education	0.03*	0.05	0.4	0.04*
Monthly income	0.43	0.79	0.85	0.8
Working status	0.14	0.01*	0.2	0.049*

*Indicates a significant difference ($p<0.05$)

More statistically significant differences have been determined in relation to various questions. Likewise, according to gender it has been determined that there is a statistical difference in relation to the overall impression of choosing the restaurant, according to age and work status in relation to question 2 or the overall approach of employees and according to education significant there is a statistical difference in relation to the service received. There is a significant deviation in terms of overall consumer satisfaction in three socio-demographic factors, namely: age, education, and employment.

CONCLUDING REMARKS

According to the obtained data, socio-demographic characteristics significantly influence consumers' satisfaction when choosing restaurants. A significant difference was observed

Manuscript received: 20.05.2024
Accepted: 31.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 7-12
Online: ISSN **2671-3810**
UDC: 640.43-057.187:303.62]:316.346
DOI: https://doi.org/10.46763/IJEMT244107p
Original scientific paper

according to age, education and employment. Similar conclusions have been established by other researchers, that is, with an increase in the level of education, the satisfaction of the service users decreases. Also, there is a significant deviation by gender in relation to the first question. According to the monthly income, no statistically significant difference was observed, which is contrary to certain research.
In order to improve consumers' satisfaction in restaurants, it is necessary for restaurant managers to find ways and methods to improve the quality of the services they offer, and to have a better strategic marketing plan in order to improve the overall restaurant management.

REFERENCES

1. Goldman, K.L. (1993). Concept Selection for Independent Restaurants, Cornell Hotel and Restaurant Administration Quarterly, 34(6), 59-72.
2. Justin G., How Understanding Restaurant Demographics Can Help Boost Sales,
3. Lee, J. H. & Hwang, J. (2011). Luxury marketing: The influences of psychological and demographic characteristics on attitudes towards luxury restaurants. International Journal of Hospitality Management, 30(3), 658-669.
4. Metehan, T. & Yasemin, Z. A. (2011). Demographic Characteristics and Complaint Behavior: An Empirical Study Concerning Turkish Customers. International Journal of Business and Social Science, 2(9), 42-48.
5. Mhlanga, O., Hattingh, Z. & Moolman, H. J. (2015). Influence of Demographic Variables on Customers' Experiences in Formal Full-service Restaurants in Port Elizabeth, South Africa. Tourism: An International Interdisciplinary Journal, 63(2), 143-160.
6. Miteva, N. & Popova, D. (2022). Relationship between restaurant management and customer satisfaction, Journal of the Institute of Economics - Skopje, 24(3), 139-151.
7. Morganosky, M. A. & Buckley, H. M. (1987). Complaint Behavior: Analysis by Demographics, Lifestyle, and Consumer Values. Advances in Consumer Research, 14, 223-226.
8. Olise, M.C., Okoli, M.I. & Ekeke, J.N. (2015). Factors influencing customers patronage of fast food restaurants. International Journal of Economics, Commerce and Management, 3(11), 686- 701.
9. Popova, D. & Miteva, N. (2022). Impact of customer satisfaction on customer loyalty in a restaurant. In: International Scientific Conference: Challenges of tourism and business logistics in the 21st century (ISCTBL 2022).
   Retrieved March 4, 2024. https://pos.toasttab.com/blog/on-the-line/restaurant-target-market-demographics#
10. Saneva, D. & Chortoseva S. (2020). Service Quality, Customer Satisfaction and Customer Loyalty Testing a Structural Equation Model, Quality - Access to Success, 21(179), 124-128.
11. Tinne, W. S. (2012). Factors Affecting Selection of Upscale Restaurants in Dhaka City.ASA. University Review, 6(1), 127-138.

Manuscript received: 23.02.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

COMPARISON OF WEBSITES OF DESTINATION MANAGEMENT ORGANIZATIONS: A STUDY FROM THE PERSPECTIVE OF WEBSITE USERS – TOURISTS

Kristína Šambronská[1]
[1]Associate professor, University of Prešov, Faculty of Management and Business, Slovakia, kristina.sambronska@unipo.sk
*Corresponding author: kristina.sambronska@unipo.sk

Abstract

The region has natural and cultural potential for the development of tourism. Tourism destinations are created in the most attractive places of the region, with the most significant potential. Practice shows that destinations in which destination management operates are develop faster and have a higher quality, more comprehensive offer for visitors. Websites are one of the means available to the destination management for presenting the destination's offer. The task of websites is to attract the attention of visitors so that they get to know the offer of products and activities, which should motivate them to visit the destination. The main topic of the study was to find out the opinions of visitors to the website of the destination managed by Territorial Tourism Organizations in the Prešov Self-governing Region. The results of the study show that visitors rate the websites of regional tourism organizations in the Prešov self-governing region at a very good level. A difference was found in the respondents' opinions on the selected website criterias and which website motivates them the most to visit the destination. The theoretical significance of the study consists in the use of knowledge for students of the tourism study program. The practical significance of the study is in the fulfillment of the assignment from Territorial Tourism Organizations in Prešov Self-governing Region.

Key words: *Destination management. Destination. Tourism. Web page. Tourists.*

JEL Classification: M21, Z32, Z33

INTRODUCTION

Tourism takes place in a certain territory. The definition of the term territory can be understood differently, from a tourism business to the vast territory for example, a state. Therefore, it is important to know not only the essence of the 20th century, as tourism is called, but also the territory in which tourism is realized (Kormaníková & Šenková, 2023).

According to the Austrian economist Hermann Schullard, tourism is "a sum of operations, mainly of an economic nature, which directly relate to the entry, movement and stay of foreigners outside or inside a certain country, city or region" (Jarábková, 2007, p. 20). Goeldner and Ritchie (2014, p. 36) characterize tourism as "the concept of tourism, which includes a collection of activities, a way of traveling to a place outside the usual environment or residence for a period of less than one continuous year, for the purpose of spending leisure time, business or other purposes". As mentioned above, tourism takes place in space. In professional literature, we encounter the terms destination, region, destination.

By defining a destination, it is possible to understand a defined territory, which represents for a participant in tourism the space in which tourism enterprises are located, which will provide their products and services they offer in the destination (Dzurov Vargová et al., 2021). The basic prerequisite for the functioning of the destination is its good accessibility within the transport infrastructure. This then depends on how many nights a tourist stays in one destination in destination management (UNWTO, 2019).

Manuscript received: 23.02.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

The region is defined from another point of view such as expediency and is used in administration, support in regional development and also in planning. All the mentioned fileds of action are governed by certain criteria (Matiova et al. 2023). The region can also be perceived as an economic region, where its core is the area of the country controlled by subsystems (Šenková, 2020). A tourism region represents a territory that is suitable for mediation and the subsequent repeated process of tourism, where at the same time activities such as culture, economy, socialization, where a human person is present, who provides a financial basis, are also involved. From the tourist's point of view, the perception of the region as a place where he can support the local population by buying souvenirs, providing food, rest for recreation, and possibly a short overnight stay from day to day (Calero & Turner, 2020). Terms such as region, regionalization, regional development or regional policy have become very frequent terms in recent years. Those terms were entered the dictionaries of politicians, officials, journalists, but also ordinary people. They are in the considerable attention of several scientific disciplines, among them geography. They appear mainly in connection with the processes of long-term and effective planning with the tendency to achieve harmonious development of the territory in order to eliminate contradictions between the potential of the territory and its optimal use in the application of the principles of sustainable development (Matušiková, 2019).

Regions as destinations

Regionalization includes support within the tourism industry in terms of its development on three basic levels, which we know at the local, regional, but also national and finally at the international level. On the territory of the Slovak Republic (hereinafter referred to as "SR") there are 8 regions that manage 79 districts and these are made up of 21 tourism regions (Šenková, 2020), see Figure 1. The division is defined according to Act no. 221/1996 Act of the National Council of the Slovak Republic on territorial and administrative organization of the Slovak Republic.

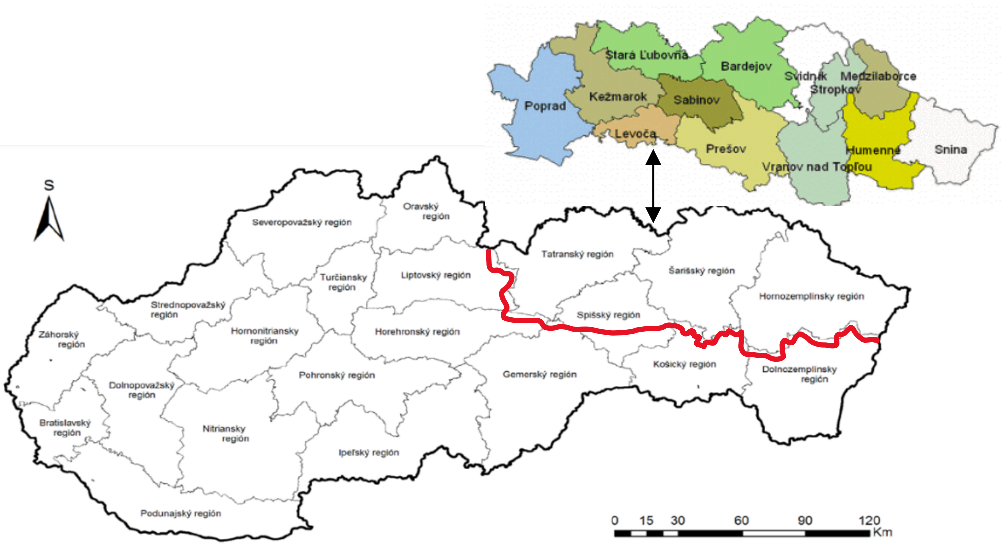


Figure 1. Tourism regions (21) in SR and districts in the Prešov Self-governing Region
Source: Kasagranda, 2014, p. 109

Act no. 359/2008 defines regional development "as social, economic, cultural and environmental processes and relations that take place in the region, contribute to increasing its competitiveness, permanent economic development, social development and territorial development of balancing economic differences and social differences." Also from the

Manuscript received: 23.02.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

definition of tourism, it can be concluded that the region or destination represents a therritory in which tourism can be developed and, in essence, therefore, these are synonyms. Based on the findings from the study, it can be argued that the development of tourism must be coordinated and also in accordance with the development plans of the territory (Švedová & Matušiková, 2021).

Destination management and its importance in the conditions of the Slovak Republic

With the development of mass tourism, destination management organizations (further than "DMO") are gradually emerging. Their beginnings date back to the 1990s. Although their initial role was to support visitors in the destination, they are currently focusing on applying elements of sustainability in the destination (Dzurov Vargová, 2023). For the proper functioning of the regions, it is necessary to ensure that they contain the organization, flawless performance of the internal structure, which results in various associations, since their functioning is divided into local, regional and sometimes sub-regional levels of activity. The result are joint activities, projects, campaigns, goals, promotion, establishment of organizations, tourist centers, support of tourism and its development, including in the framework of creating programs and events. All activities are also connected financially (Orságová, 2020).

In the Slovak Republic, the DMOs hierarchy consists of:

- Territorial Tourism Organization (further than "TTO") (in Slovak language Oblastná organizácia cestovného ruchu), whose members are cities and municipalities, tourism enterprises and enterprises of related industries. TTO carries out its activities on the territory of the place and the municipalities that are its members. TTO supports and creates conditions for the development of tourism in its territory and protects the interests of its members.
- Regional Tourism Organization (further than "RTO") (In Slovak language: Krajská organizácia cestovného ruchu), whose founders and members are TTOs, while their scope and activities include the territory of the TTO defined within the Region - administratively the "Higher Territorial Unit". Higher territorial units (also Regions) were created in the past as a result of political-administrative division (not based on visitor flows or natural cultural division). Since there are 8 "Higher Territorial Units" in the Slovak Republic, it can also be max. 8 RTO. The goal of RTO is the promotion of individual destinations (located in the "Region") and what thematically connects the destinations (e.g. the theme of staying by the water, wine offer, gastronomy, mining...). In cooperation with the national level (SlovakiaTravel), the role of RTO should also be to set trends, new impulses and motivate all TTOs operating in the territory of the region to develop activities.
- SlovakiaTravel - National agency, presents Slovakia as a destination at national and international level
- Ministry of Sports and Tourism (established from 1.1.2024).

The positive development of tourism in the region is through DMOs. In addition to this task, together with other members in the given territory, they define the borders of the region (Act no. 91/2010). Regionalization of SR tourism also defines the term region in the sense of a defined part of the territory that has certain homogeneous elements (Kasgranda, 2014). The aforementioned Act no. 91/2010 for the merger of public and private entities for the purpose of establishing DMOs (in the opinion of the Slovak Republic, it is TTO). By joining the DMOs, shakeholders also set aside a territory - a region in which a specific DMO will develop its activities and perceive it as a destination. Support in the development of tourism in the destination is a form of activities through the DMO. The task is to increase

Manuscript received: 23.02.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

attendance in the region by domestic and foreign tourists, whose presence will also support accommodation, catering and recreational facilities with an emphasis on sustainability in tourism (Dzurov Vargová, 2023).

Website as a multi-purpose tool for destination management

While in the past, information was sought in book sources, newspapers, in the current, fast well with the demand for a certain comfort, the search for information is concentrated in the online space, i.e. on the web. This is where we move to individualized marketing (Štefko et al. 2013). It significantly changed the communication between the sender (for example TTO) and the receiver (tourist, visitor to the destination). The Internet is predominantly used, where the first communication is by visiting websites (or popular social networks) to search for information by keywords, later through emails, which helped speed up communication or in chats (Orban, 2020).

The visitor chooses a destination based on its offer of attractions and interests (Seneg, 2015). Therefore, requirements are placed on the management of the destination, such as knowing the region well, local organizations, domestic producers, cooperation with entities in order to guarantee the support of tourism in the given region of the destination (Goeldner & Ritchie, 2014). The basic requirements for a destination website should be OOCR (RTO):

- high-quality, attractive and up-to-date content,
- attractive design with the use of multimedia,
- multilingualism (number of language mutations depending on the target markets of the destination),
- high position of the website in search engines,
- link to the KOCR and SlovakiaTravel website,
- accommodation reservation system,
- linking the website with social networks.

MATERIAL AND METHODS

The aim of the study was to find out the opinions of visitors to the website of the destination managed by Territorial Tourism Organizations in the Prešov Self-governing Region.

The study was commissioned at the initiative of seven TTOs in the Prešov Selg-governing Region (further than "PSGR") in a strictly practical manner. The outputs were intended to determine the opinions of potential visitors and visitors to the website of TTOs in PSGR, based on the evaluation of selected criteria. This is monitoring in the form of feedback, based on the questionnaire method, for which the contractors themselves did not have the personnel capacity. The main method of primary data collection was a questionnaire survey. The questionnaire also contains pictures, through which the respondents were able to answer the questions. Respondents were visitors to destinations managed by TTOs (as DMOs) under the PSGR. 537 respondents were approached directly in the destinations, of which 484 (N=484) were interested in participating in the study. The condition for participation was over 18 years of age, due to the relevance of the opinion.

Determination of website evaluation areas:

- Color matching - perception of colors, whether the colors are connected to each other, in one palette,
- Font type – sharpness, expressiveness, legibility of the font,
- Pictures - clarity, sharpness - resolution, timeliness, size of images
- Thematicity – thematic connection of articles with pictures, topicality of the program and discounts for the time of year,
- Symbols - symbols are not distracting, attract attention and subsequent memorization,

Manuscript received: 23.02.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

- Logo design – each TTO in PSGR has its own logo, which is unique; the attractiveness of the logo, the ability to remember it,
- Modernity – style (design) also changes with the new era,
- Authenticity – the impact of TTO websites on respondents;
- Relevance of the logo – the connection of the TTO website with the given locality of the region.

The websites of TTOs were examined with the help of attitude tests, which determine what the respondents like as well as their subjective impression of the design of the site. Since it is appropriate to use a questionnaire for this type of test, it was used as the main method in the study. Respondents in the questionnaire (in open and closed questions) expressed their attitude and opinion on the website presented by TTOs in several ways. Subsequently, it is possible to evaluate the overall attractiveness of the page on a scale (Murár, 2017).

The questionnaire used a rating scale (choice of one value) from 1 to 5, where 1 means excellent, 2 praiseworthy, 3 good, 4 sufficient, 5 insufficient. The value of the results is given in the arithmetic mean (further than AM) for each criterion. Better results, based on the respondents' opinions, were achieved by TTO, which has the smallest AM value. The best and worst selected evaluated criteria of TTOs websites are marked in color in Table 2. The best rated criterion (marked in the text as "excellent") in green, the worst rated criterion (marked in the text as "deficient") in red.

The monitored period was one year, and it was the period from April 2023 to October 2023 (that is, from the submission of the research request).

RESULTS AND DISCUSSION

Out of the total number of 484 respondents, there were 213 men and 271 women. The minimum age of the respondents was 19 years, the maximum age was 72 years. The average age of the respondents was 35.5 years ± 10.3 (which represents the standard deviation). The median that divided the group into two equal parts was 30 years.

Table 1. Gender and age of respondents

	N	**N - man**	**N - woman**	
Gender	484	44 %	56%	
	Arithmetic Mean	**Minimal**	**Maximal**	**Standard Deviation**
Age	35.5	19	72	± 10.3

Source: The author

Subsequently, the respondents evaluated how the website of a specific TTO affects them, according to the criteria (listed in Materials and Methods).

The findings are shown in Table 2. It is important to note once again that the respondents had an image of the current TTO main page embedded in the questionnaire, which they evaluated (as well as those who visited the given destination could also determine whether the website appealed to them, how they they searched the web for information, etc.). Based on the mentioned results, it was possible to state the following findings for individual TTOs.

Table 2. Evaluations of selected criteria of websites of TTOs in PSGR

Criteria	**Territorial Tourism Organization**						
	Šariš	*Šariš, Bardejov*	*Tatry, Spiš,*	*Vysoké Tatry región*	*Severný Spiš,*	*Tatry - Podhorie*	*Horný Zemplín*

Manuscript received: 23.02.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

			Pieniny		*Pieniny*		
Color matching	2.37	2.27	2.17	2.28	**2.26**	2.31	2.44
Font type	2.35	2.39	**2.05**	2.22	2.32	2.37	2.38
Picture	2.34	2.20	2.08	2.25	2.31	2.31	2.22
Thematicity	**2.22**	2.21	2.16	2.22	2.33	2.28	2.23
Symbols	2.26	2.34	2.20	2.31	2.42	2.38	2.26
Logo design	2.34	2.42	2.21	2.28	2.31	2.48	2.30
Modernity	2.31	2.30	2.22	**2.17**	2.31	2.39	2.28
Authenticity	2.33	**2.15**	2.17	2.22	2.31	2.31	**2.17**
Logo relevance	2.34	2.17	2.13	2.27	2.26	2.28	2.21

Source: The Author

"TTO Šariš"

Table 2 shows that the respondents rate the website based on the mentioned criteria as very good (after rounding the AMs to a whole number). For the value "excellent", the respondents agreed on the criterion "thematicity" (2.22), which means that the website is thematically connected, photos, articles and the offer of programs/experiences match the theme and the season. For the value "deficient", the respondents agreed on the criterion "color matching" (2.37), which means that the colors do not stand out on the page, they flow with the background, the text and images disappear.

"TTO Šariš, Bardejov"

Table 2 shows that the respondents rate the website as very good based on the mentioned criteria (after rounding the AM to a whole number). For the value "excellent", the respondents agreed on the criterion "authenticity" (2.15), which means that the website has a believable and motivating effect on them, inspires trust in them, and that is why they would return to the website again (resulted from the open questions). For the value "deficient", the respondents agreed on the criterion "logo design" (2.42), which means that the colors of the logo are not distinctive, the logo looks blueish, has an inappropriate size, bad location on the page, difficult to remember.

"TTO Tatry, Spiš, Pieniny"

Table 2 shows that the respondents rate the website as very good based on the mentioned criteria (after rounding the AMs to a whole number). For the value "excellent", the respondents agreed on the criterion "font type" (2.05), which means that the website has a distinctive font and does not blend into the background. The site can capture the visitor's attention. Information is easily accessible and its layout is logical. For the value "deficient", the respondents agreed on the criterion "modernity" (2.22), which means that the font, images, logo, design are in an older style and thus the page looks out of date.

"TTO Vysoké Tary región"

Table 2 shows that the respondents rate the website as very good based on the mentioned criteria (after rounding the AMs to a whole number). For the value "excellent", the respondents agreed on the criterion "modernity" (2.17), which means that the website has a font, logo, tuning in a modern style, and therefore can interest the respondent. For the value "deficient", the respondents agreed on the criterion "symbols" (2.31), which means that the elements on the page are of little interest to the respondents, or the TTO logo is smaller than the logo of the partner with whom they cooperate.

"TTO Severný Spiš, Pieniny"

Table 2 shows that the respondents rate the website as very good based on the mentioned criteria (after rounding the AMs to a whole number). For the value "excellent" the respondents agreed on the criterion "color matching" (2.26), which means that the web page is able to attract attention based on the difference between the font and the background of

Manuscript received: 23.02.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

the page, and therefore the text and background do not merge. For the value "deficient", the respondents agreed on the criterion "symbols" (2.42), which means that the website contains distracting symbols that are of little interest to the respondents, or the TTO logo is smaller than the logo of the partner with whom they cooperate.

"TTO Tatry - Podhorie "

Table 2 shows that the respondents rate the website as very good based on the mentioned criteria (after rounding the arithmetic averages to a whole number). For the value "excellent", the respondents agreed on the criterion "authenticity" (2.28), which means that the website seems trustworthy, and the respondents would visit the website again. For the value "deficient", the respondents agreed on the criterion "logo design" (2.48), which means that the colors on the logo do not stand out, they flow with the background, the text and images disappear.

"TTO Horný Zemplín"

Table 2 shows that the respondents rate the website as very good based on the mentioned criteria (after rounding the AMs to a whole number). For the value "excellent" the respondents agreed on the criterion "Authenticity" (2.17), which means that the website is in line with what the given region offers and thus with its potential. The site visitor (respondent) rated the published information (offer) as trustworthy. The font size is sufficient and appropriate. For the value "deficient", the respondents agreed on the criterion "modernity" (2.44), which means that the background program, pictures and articles are not related to the season or holidays. However, it emerged from the open question that the respondents consider the region itself "undiscovered", i.e. with a lot of traditional elements that are not affected by commerce. So they basically don't ask for the website to be modernized

In the end, the respondents were asked which of the listed TTOs websites in the PSGR would motivate them to visit the destination (please note that images of the main websites were in the questionnaire). Respondents had to sort the answers to the first three places (out of the seven destinations offered). The results after the evaluation of the websites by the respondents were as follows Tab.3.

Table 3. Order of motivation to visit the destination

Motivation	**TTO**	**%**
I would visit as the first	Šariš, Bardejov	26.21
I would visit as the second	Vysoké Tatry región	23.45
I would visit as the third	Severný Spiš, Pieniny	20.69

Source: The Author

As can be seen from table 3, after looking at the main websites of TTOs, the website of TTO Šariš, Bardejov would motivate the respondents to visit the destination the most (it is a city on the list of UNESCO cultural monuments). Consequently, the respondents would be motivated to visit the destination TTO Vysoké Tatry region (this is the destination of the High Tatras mountains) and TTO Severný Spiš, Pieniny (this is the most famous destination with the oldest offer of rafting and rafting in Slovakia, including the Ľubovnian castle, which has long been one of the first three the most visited in Slovakia).

CONCLUDING REMARKS

Overall, the evaluation of the study showed that the websites of TTOs in PSGT are evaluated very well by the visitors - on average from 2.14 to 2.36 within the indicated rating level from 1 to 5 (see Matherial and Methods). This is a very positive result, as currently the inhabitants of Slovakia are used to following (organized and mainly individually) and

Manuscript received: 23.02.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

searching for offers of destinations on their websites. Ratings and perceptions of TTO websites from the point of view of visitors within the PSGT are very important and good.

Based on the findings presented in table 2, it is possible to state the results of the best and worst rated TTOs within the set criteria (see table 4) according to the respondents.

Table 4. The best and the worst rating TTOs

Criteria	**Territorial Tourism Organization**	
	The best raiting (excelent)	**The worst rating (deficient)**
Color matching	Tatry, Spiš, Pieniny	Šariš
Font type	Tatry, Spiš, Pieniny	Šariš, Bardejov
Picture	Tatry, Spiš, Pieniny	Šariš
Thematicity	Tatry, Spiš, Pieniny	Tatry - Podhorie
Symbols	Tatry, Spiš, Pieniny	Severný Spiš, Pieniny
Logo design	Tatry, Spiš, Pieniny	Tatry - Podhorie
Modernity	Vysoké Tatry región	Tatry - Podhorie
Authenticity	Tatry, Spiš, Pieniny	Šariš
Logo relevance	Tatry, Spiš, Pieniny	Šariš

Source: The Author

Figure 2 shows the results based on the arithmetic average of the observed ratings for sufficiently (seven) observed TTOs in PSGT. Respondents rated the website of TTO Tatry, Spiš, Pieniny the best (2.14). Despite the mentioned fact, it was only the third in order that motivated them to travel and visit the given destination. TTO Šariš, Bardejov, whose separate website was rated the third (2.28) based on selected criteria, but from an overall point of view, it caused a great action among respondents to motivate them to visit the destination. TTO Vysoké Tatry region finished in the fifth place (out of seven TTOs) in terms of the assessed criteria of its website. However, in terms of the motivation leading to visiting the destination, the respondents named it the second.

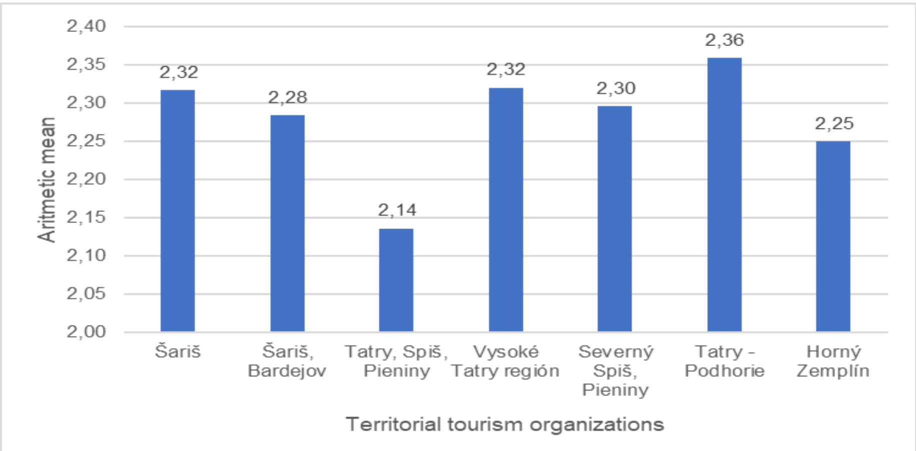


Figure 2. Arithmetic mean of the point evaluations of the monitored criteria
Source: The Author

As part of the findings of the study, TTOs were recommended the following changes within the website:

- TTO Šariš - symbols, pictures, authenticity, modernity - change the background of the page to a darker one, which would highlight the symbols and images more. Eliminate merging of text and sections. The logo is orange-red. The font on the bar is

Manuscript received: 23.02.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

also tuned in that spirit, but due to its size and thickness, it disappears. The orange color of the font would sound better, for example, on a dark background, or a change in the thickness of the font would be sufficient. This would give the website a modern design,

- TTO Šariš, Bardejov - font type, color matching, logo design, pictures, symbols - increase the size of the logo on the main website (currently the font is lost, it is difficult to read). The theme of the logo describes the typicality of the region and at the same time the support of the spa town and the UNESCO city. It is appropriate to unify the font to match the main title. The difference in title was identified e.g. in the "Events" section, which seems inconsistent (page designer error). Headings would work better if they were all in uppercase or lowercase. The images, especially the evening city, are of lower quality,
- TTO Tatry, Spiš, Pieniny - symbols, color matching, authenticity, pictures, modernity - in the area of color match, it would be advisable to consider changing the background or changing the font. Despite the fact that the colors match, they also blend. This can be seen on the logo, in the "The culture, museums" section, where the letters are barely visible, because the background is also the same color as the font itself,
- TTO Vysoké Tatry, region - color matching, authenticity, modernity - images have a darker impression (they have low brightness). The top bar (there are sections: weather, web cameras, cable cars, news and information from the region, tourist information, map and magnifying glass) should be considered changing the background, as it does not match the colors of the website. In the same way, it is advisable to consider enlarging the logo of TTO Vysoké Tatry, region and removing the SlovakiaTravel logo. The logos are confusing for the visitor, they give the impression that we are on their SlovakiaTravel website and not on the TTO website. Important - it was done after the first results were provided,
- TTO Severný Spiš, Pieniny – fond type, pictures, modernity, symbols - the website is well set up, transparent. In the font type in the upper bar, we lean towards the answers from the respondents. It is advisable to increase the thickness of the font or just change its color,
- TTO Tatry - Podhorie – color matching, font type, modernity and symbols - the website looks modest at first glance, because there is a snowy image of the Tatra Mountains in the background. After clicking on the page window, the design of the web page will change, it is more modern. Recommendations are a bluer look, theme and more images, because a page that represents the destination Tatra - Podhorie can have more images on the web and not just one. It is advisable to consider a design change in the case of symbols,
- TTO Horný Zemplín - symbols, modernity - the site has an older style. In the evaluation of the criteria, however, it received the best rating for authenticity. This creates a paradox where, despite the initial impression of non-modernity, in the end the site appealed to the visitors and they recognized its high degree of authenticity to the destination itself. The destination presents itself as natural with minimal human intervention. The use of symbols that the respondents were used to from other assessed websites of TTOs is absent. Their necessity is questionable, as the font of parts of the page is sufficiently pronounced. The "Services" section deserves attention for correction, where there is no offer for the visitor in the case of wellness or accommodation (town Svidník). That is the task of destination management - to acquire partners.

ACKNOWLEDGEMENT

Manuscript received: 23.02.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

This paper presents some results from research project KEGA 005PU-4/2022 – „Innovation of the study program Tourism, Hotel and Spa Industry in the first degree of study in the study field Economics and Management”.

REFERENCES

1. Act no. 221/1996 Zákon národnej rady Slovenskej republiky o územnom a správnom usporiadaní Slovenskej republiky (Law of the National Council of the Slovak Republic on the territorial and administrative organization of the Slovak Republic)
2. Act no. 359/2008 Zákon o podpore regionálneho rozvoja (Law on the support of regional development)
3. Act no. 91/2010 Law on the support of tourism
4. Calero, C., & Turner, L. W. (2020). Regional economic development and tourism: A literature review to highlight future directions for regional tourism research. Tourism Economics, 26(1), 3-26.
5. Dzurov Vargová, T. (2023). Kvalita – výzva pre zvýšenie hodnoty poskytovania služieb (Quality – a challenge to increase the value of service delivery). Manažérske inovácie, trendy a výzvy cestovného ruchu v postpandemickom období: vedecký zborník medzinárodných príspevkov v rámci projektu GAMA/23/1 Výskum manažérskych inovácií v cestovnom ruchu v postpandemickom období, Proceedings, 45-58.
6. Dzurov Vargová, T., Šenková, A., Matušíková, D. & Švedová, M. (2021**).** Quality management in tourism services. Quality - Access to Success: journal of management systems, 22(183), 130-135.
7. Goeldner, Ch. R., & Ritchie, J. R. (2014). *Tourism*. Brno: BizBooks.
8. Matijová, M., Šenková, A., Dzurov Vargová, T., & Matušíková, D. (2023). Tourism Indicators and Their Differentiated Impact on Sustainable Tourism Development. Journal of Tourism and Services, 14(27), 89–117.
9. Jarábková, J. (2007). *Vybrané kapitoly z cestovného ruchu (Selected chapters from tourism)*. Nitra: Slovenská poľnohospodárska univerzita.
10. Kasagramda, A. (2014). Overview of Approaches to Regionalization (Dividing) of Tourism Regions in Slovakia. „Tourism and Its Impacts on Society“ Conference Proceedings of the International Conference. Jihlava: College of Polytechnics Jihlava, Proceeding, 103 – 112.
11. Kormaníková, E. & Šenková, A. (2023). The Impact oh the Pandemic Crisis on the Change in the Management of Hospitality business in Slovakia. International Journal of Economics, Managment and Tourism, 3(1), 45-56.
12. Matušiková, D. (2019). *Úvod do terminológie cestovného ruchu pre manažérov (An introduction to tourism terminology for managers)*. Prešov: Bookman s.r.o.
13. Murár, P. (2017). *Marketingové výzvy web stránok (Marketing challenges of websites)*. Trnava: Univerzita sv. Cyrila a Metoda, Fakulta masmediálnej komunikácie.
14. Orban, R. (2020). Význam marketingových aktivít v cestovnom ruchu *(The importance of marketing activities in tourism)*. Kontexty kultúry a turizmu, 13(1), 71-78.
15. Orságová, K. 2020. *Regióny cestovného ruchu na Slovensku (Tourism regions in Slovakia)*. Banská Bystrica: Belianum.
16. Seneg, B. (2015). The Introduction of ICT for Sustainable Development of the Tourism Industry in Cambodia. In: Q. ZU, B. HU, N. GU a S. SENG, eds. Human Centered Computing: Lecture Notes in Computer Science. Švajčiarsko: Springer Cham.
17. Šenková, A. (2020). Zhodnotenie aktivít vybranej oblastnej organizácie cestovného ruchu a jej prínos pre rozvoj regiónu (Evaluation of the activities of the selected

Manuscript received: 23.02.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 13-23
Online: ISSN **2671-3810**
UDC: 338.48-44:004.738.4]-057.68(437.671)
DOI: https://doi.org/10.46763/IJEMT2441013sh
Original scientific paper

destination management organization and its contribution to the regional development). Modelovanie environmentálneho manažérstva & ekonomická aktivita turizmu v európskom priestore: nekonferenčný recenzovaný zborník vedeckých prác v rámci projektu VEGA č 1/0470/18a medzinárodného výskumného projektu no. 4908-6-20/22. Prešov: Presov University, Proceedings, 116-127.

18. Štefko, R. & et al. (2013). *Marketing našej súčasnosti (Marketing of our present)*. Prešov: Bookman.
19. Švedová, M. & Matušiková, D. (2021). *Manažment turistických destinácií (Management of tourist destinations)*. Prešov: Bookman.
20. UNWTO (2019). UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs) – Preparing DMOs for new challenges. (Online). **eISBN:** 978-92-844-2084-1. Retrieved January 8, 2023. https://www.e-unwto.org/doi/epdf/10.18111/9789284420841

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

OPTIMAL TAXATION POLICY, MONETARY POLICY AND STATE-CONTINGENT DEBT, TIME INCONSISTENCY IN RAMSEY PROBLEM, TAX SMOOTHING, NON-CRRA PREFERENCES AND TAXATION IN LQ ECONOMY

Dushko Josheski[1*], Natasha Miteva[2], Tatjana Boshkov[3]
[1]Associate professor Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia; e-mail: dusko.josevski@ugd.edu.mk ; ORCID: 0000-0002-7771-7910
[3]Assistant professor, Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia, natasa.miteva@ugd.edu.mk ; ORCID: 0009-0004-8082-6458
[2]Associate professor, Goce Delcev University of Stip, Faculty of tourism and business logistics, R.North Macedonia, e-mail: tatjana.dzaleva@ugd.edu.mk ;ORCID: 0000-0001-8821-9223

**Corresponding author:* dusko.josevski@ugd.edu.mk

Abstract

This paper illustrates optimal fiscal and monetary policies with state-contingent debt as in Lucas,Stokey (1983) and the issue of time inconsistency in the Ramsey problem, tax smoothing as in Barro (1979) and Tax smoothing and Ramsey time inconsistency and non-CRRA preferences and taxation in LQ economy. Results show how the government lowers the interest rate by raising consumption. In the case of fall of consumption (in case of shock), labor supply increases during this two-time period tax rate increases for six periods, government consumption and output increase for two periods. Results differ from the results for LQ economy. When a state variable is negative, optimal tax is positive (obviously state variable here can be interest rate), and when there is positive state variable optimal tax rate becomes negative In LQ economy interest rate and inflation rate respond differently to technology and government consumption shocks respectively.

Keywords: *optimal fiscal policy, optimal monetary policy, state- contingent debt, time inconsistency, Ramsey problem, LQ economy*

JEL codes: E00,E62,H21

Introduction

A fundamental question in modern macroeconomics is how should the fiscal and monetary policy be conducted over the business cycle[1]? And In the tradition of neoclassical economics on optimal fiscal policy of Ramsey (1927), Barro (1979), and Lucas and Stokey (1983),it has been emphasized that, when taxation is distortionary, societal welfare is being maximized if the government smoothes taxes across different period of time and different realizations of uncertainty. If government can trade Arrow-Debreu securities (state-contingent debt) perfect smoothing across all dates and states is possible, implying that the optimal tax rate is invariant ,see Lucas and Stokey (1983), Chari, Christiano,Kehoe (1991), and Benigno, Woodford (2003). The optimal fiscal policy follows Ramsey (1927) who considers choosing optimal tax structure only when distorting taxes are available, and the business cycle theory

[1] Major conclusions in this area of research suggests: tax rates on labor are constant over business cycle, zero-capital taxes, Friedman rule (see Friedman (1969)) is optimal here nominal interest rates are around zero, monetary policy is countercyclical with respect to technology shocks and procyclical with respect to government consumption.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

stems from Kydland, Prescott (1982), and Long,Plosser (1983), who analyzed quantitative role of shocks to the technology and government consumption in generating fluctuations to output and unemployment. So, an optimal policy in this sense is one which maximizes the welfare of representative agent subject to the constraint that the resulting outcomes constitute competitive equilibrium. In terms of fiscal policy optimal taxes should smooth distortion of taxes across time, which in turn means running surplus in good times and deficit in bad times. Smoothing properties of taxes means that taxes on labor and consumption should be constant. While taxes on capital should be close to zero on average, which is reminiscent to Judd (1985) and Chamley (1986) result, see also Angeletos, G.-M. (2003). Benigno and Woodford (2003),seek to offer an integrated analysis of optimal fiscal and monetary policy building on two branches of the literature. The first is dynamic optimal taxation stemming from Lucas,Stokey (1983), Dynamic taxation most famous example in the literature are: Diamond-Mirrlees (1978); Albanesi-Sleet (2006), Shimer-Werning (2008), Ales-Maziero (2008), Golosov-Troshkin-Tsyvinsky (2011).A sizeable literature in NDPF(New Dynamic Public Finance) studies optimal taxation in dynamic settings, see also(Golosov, Kocherlakota, and Tsyvinski (2003), Golosov,Tsyvinski, and Werning (2006), Kocherlakota (2010). The second part of the literature is on optimal monetary stabilization policy, see Goodfriend and King (1997), Rotemberg and Woodford (1997) and Woodford (2000).The approach by Benigno and Woodford (2003), models the price stickiness as per Calvo (1983)[2].Both previous areas of literature are assuming benevolent government which seeks to stabilize the response of economic outcomes to exogenous shocks with a combination of fiscal and monetary policies chosen once and for all at some previous date. In the optimal taxation literature fiscal shocks are fluctuations in government expenditure, and this rules out lump-sum taxes such as in Ramsey (1927).Distortionary taxes create wedge between marginal rates of transformation and marginal rates of substitution[3],and government policy becomes a source of frictions. The monetary stabilization literature considers environments where frictions are present even without government policy. These frictions are due to nominal rigidities and imperfect competition in product or labor market. The corresponding wedges reduce the level of economic activity and may be subject to stochastic fluctuations, known as cost-push shocks[4]. The government's only fiscal policy instrument is a lump-sum tax. Lucas and Stokey show that it is optimal to respond to fiscal shocks by appropriately setting the state contingent returns on government debt. Taxes and real returns on government debt inherited serial correlation structure of underlying shocks, and taxes are smooth, in the sense of having a small variance relative to fiscal shocks, see Albanesi, (2003). Chari, Christiano, and Kehoe (1991), Chari et al.(1995) extend the analysis to

[2] This price stickiness has been used in papers with micro foundations, see Goodfriend and King(1997); Clarida et al.(1999); Woodford, (2003).

[3] p_x, p_y are prices before taxation τ is tax rate. Now $p_{x(aftertax)} = (1+\tau)p_x$, slope of budget constraint after tax is: $slope\ of\ budget\ constraint = -\frac{p_{x(aftertax)}}{p_y} = -\frac{(1+\tau)p_x}{p_y}$. $MRT = \frac{MC_x}{MC_y}$; $MC_{aftertax} = \frac{MC_{aftertax}}{MC_y} = \frac{(1+\tau)MC_x}{MC_y}$.Now the wedge is :$tax\ wedge = \frac{MRT_{aftertax}}{MRS} = \frac{\frac{(1+\tau)MC_x}{MC_y}}{unchanged\ MRS}$

[4] SRAS is given as: $p = p_e + \alpha(Y - Y^*); p = p_e + \alpha(Y - Y^*) + \Delta SRAS$. Now, in the short run, the economy might not immediately adjust to the shock, so the output level might temporarily remain below the potential output. This causes $Y < Y^*$, resulting in a positive output gap. Since $AD = AS \Rightarrow Y = Y^* - \beta(p - p_e)$, where β represents the responsiveness of aggregate demand to changes in the price level. The cost-push shock increases production costs, leading to a higher price level. We can solve for the new equilibrium price level by substituting the new SRAS curve into the equilibrium equation:$p = p_e + \alpha(Y - Y^*) + \Delta SRAS$; $Y = Y^* - \beta(p - p_e) + \Delta SRAS$.

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

monetary economies with risk-free debt and show that it is optimal to use state-contingent inflation as a fiscal shock absorber. They find that the standard
deviation of optimal taxes is close to zero, while real returns on government debt are highly volatile for calibrated examples. In the monetary stabilization literature, rigidities in nominal prices and wages imply that innovations in inflation reduce the average markups and increase equilibrium output. The presence of nominal rigidities imply that inflation generates relative price distortions. The resulting trade-off between inflation and output stabilization implies that the volatility and persistence of optimal inflation will depend on the stochastic properties of the cost-push disturbances and on the degree of nominal rigidities, see Albanesi, (2003). In this paper we will revie competitive equilibrium with distorting taxes first,implmentability constraint, the issue of time inconsistency in Ramsey problem, model specification with CRRA , Recursive formulation of Ramsey problem, intertemporal delegation and two Bellman equations example with one period anticipated war, Tax smoothing and Ramsey time inconsistency and non-CRRA preferences and taxation in LQ economy.

Competitive equilibrium with distorting taxes

First here we will describe economy such as in Lucas and Stokey (1983).This model revisits classic issue of how to pay for a war. Now let's turn out explanation to a competitive equilibrium with distorting taxes. At time $t \geq 0$ some random variable s_t belongs to time invariant set :

equation 1

$$\mathcal{S} = [1,2,\dots,S]$$

For a history $s^t = [s_t, s_{t-1}, \dots, s_0], \forall t \geq 0$ of an endogenous state s_t has joint PDF $\pi_t(s^t)$.Assuption here is that government purchases $g_t(s^t)\forall t \geq 0$ depend on s^t.Now, let $c_t(s^t), n_t(s^t), l_t(s^t)$ denote consumption, leisure and labor supply at history s^t and date t . Now,

equation 2

$$n_t(s^t) + l_t(s^t) = 1$$

And:

equation 3

$$c_t(s^t) + g_t(s^t) = n_t(s^t)$$

Representative household preferences over $\{c_t(s^t), l_t(s^t)\}_0^\infty$ are given as:

equation 4

$$\sum_{t=0}^{\infty} \sum_{s_t^{\prime}} \beta^t \pi_t(s^t) u[c_t(s^t), l_t(s^t)]$$

Now the government imposes flat tax rate $\tau_t(s^t)$ on labor income at time t and history s^t . There are complete markets in one period Arrow securities[5]. Where one unit of Arrow

[5] See Arrow (1951) and Arrow,Debreu (1954),who proved that competitive equilibrium in Arrow-Debreu economy is Pareto optimal and discovered class of convex Arrow-Debreu economies for which competitive equilibria always exist. The Arrow-Debreu security is a theoretical concept used in general equilibrium theory in economics. It represents a contingent claim on consumption in a specific state of the world. In equilibrium,

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

security issued at time t at history s^t and promising to pay one unit of time $t+1$ consumption in state s_{t+1} costs :

equation 5

$$p_{t+1}(s_{t+1}|s^t)$$

The government has a sequence of budget constraints whose time $t \geq 0$ component is given as:

equation 6

$$g_t(s^t) = \tau_t(s^t)n_t(s^t) + \sum_{s_{t+1}} p_{t+1}(s_{t+1}|s^t)b_{t+1}(s_{t+1}|s^t) - b_t(s_t|s^{t-1})$$

Where: $p_{t+1}(s_{t+1}|s^t)$ is competitive equilibrium price of one unit of consumption at date $t+1$ in state s_{t+1} at date t and history s^t ,and $b_t(s_t|s^{t-1})$ is government debt falling due at time t ,and history s^t . Now the representative household has a sequence of budget constraints whose time $t \geq 0$ component is :

equation 7

$$c_t(s^t) + \sum_{s_{t+1}} p_t(s_{t+1}|s^t)b_{t+1}(s_{t+1}|s^t) = [1 - \tau_t(s^t)]n_t(s^t) + b_t(s_t|s^{t-1}), \forall t \geq 0$$

A government policy is exogenous sequence $\{g(s_t)\}_0^\infty$and a tax rate sequence $\{\tau_t(s^t)\}_{t=0}^\infty$ and a government debt sequence: $\{b_t(s_t|s^{t-1})\}_0{}^\infty$. And the price system is a sequence of Arrow securities:

equation 8

$$\{p_{t+1}(s_{t+1}|s^t)\}_0^\infty$$

In the Arrow-Debreu version of price system we have that $q_t^0(s^t)$ is the price at $t=0$ and the following recursion relates Arrow-Debreu prices $\{q_t^0(s^t)\}_0^\infty$to Arrow security prices $\{p_{t+1}(s_{t+1}|s^t)\}_0^\infty$:

equation 9

$$q_t^0(s^{t+1}) = p_{t+1}(s_{t+1}|s^t)q_t^0(s^t) \;\; s.t.\, q_0^0\,(s^0) = 1$$

Implementability constraint

By sequential solution of the budget constraint :

equation 10

$$c_t(s^t) + \sum_{s_{t+1}} p_t(s_{t+1}|s^t)b_{t+1}(s_{t+1}|s^t) = [1 - \tau_t(s^t)]n_t(s^t) + b_t(s_t|s^{t-1}), \forall t \geq 0$$

the sum of the prices of all Arrow-Debreu securities must equal one. This reflects the fact that all possible states of the world must be accounted for. So: $\sum_{i=1}^N p_i = 1$,where N are states of the world. And payoff is :$D = \begin{cases} 1 \rightarrow \exists S_i \\ 0 \rightarrow \nexists S_i \end{cases}$

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

We can obtain household present budget constraint ;

equation 11

$$\sum_{t=0}^{\infty}\sum_{s'} q_t^0(s^t)c_t(s^t) = \sum_{t=0}^{\infty}\sum_{s'} q_t^0(s^t)[1-\tau_t(s_t')]n_t(s^t) + b_0$$

FOC's for household problem for $l_t(s^t)$ and $b_t(s_t|s^{t-1})$ imply that :

equation 12

$$\left(1-\tau_t(s^t)\right) = \frac{u_l(s^t)}{u_c(s^t)}$$

And :

equation 13

$$p_{t+1}(s_{t+1}|s^t) = \beta^t \pi(s_{t+1}|s^t)\frac{u_c(s^{t+1})}{u_c(s^t)}$$

Where $\pi(s_{t+1}|s^t)$ is the PDF of s_{t+1} conditional on history s^t .Previous equation implies that:

equation 14

$$q_t^0(s^t) = \beta^t \pi_t(s^t)\frac{u_c(s^t)}{u_c(s^0)}$$

Using the FOC's of $\left(1-\tau_t(s^t)\right) = \frac{u_l(s^t)}{u_c(s^t)}$ and $p_{t+1}(s_{t+1}|s^t) = \beta^t \pi(s_{t+1}|s^t)\frac{u_c(s^{t+1})}{u_c(s^t)}$ in order to eliminate taxes from $\sum_{t=0}^{\infty}\sum_{s'} q_t^0(s^t)c_t(s^t) = \sum_{t=0}^{\infty}\sum_{s'} q_t^0(s^t)[1-\tau_t(s_t')]n_t(s^t) + b_0$,we can derive implementability condition:

equation 15

$$\sum_{t=0}^{\infty}\sum_{s^t} \beta^t \pi_t(s^t)[u_c(s^t)c_t(s^t) - u_t(s^t)n_t(s^t)] - u_c(s^0)b_0 = 0$$

The Ramsey problem is to choose a feasible allocation that maximizes:

equation 16

$$\sum_{t=0}^{\infty}\sum_{s^t} \beta^t \pi_t(s^t)u\left(c_t(s^t)\right), 1-n_t(s^t)$$

Next, we will define pseudo utility function :

equation 17

$$V[c_t(s^t), n_t(s^t), \Phi] = u[c_t(s^t), 1-n_t(s^t)] + \Phi[u_c(s^t)c_t(s^t) - u_l(s^t)n_t(s^t)]$$

Lagrangian is of the form:

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 18

$$\mathcal{L} = \sum_{t=0}^{\infty}\sum_{s^t}\beta^t\pi_t(s^t)\{V[c_t(s^t), n_t(s^t), \Phi] + \theta_t(s^t)[n_t(s^t) - c_t(s^t) - g_t(s_t)]\} - \Phi u_c(0)b_0$$

Where $\{\theta_t(s^t); \forall s^t\}_{t\geq 0}$ is a sequence of Lagrange multipliers on the feasible condition, and given initial debt b_0,we want to maximize $\mathcal{L}$ with respect to $[c_t(s^t), n_t(s^t); \forall s^t]_{t\geq 0}$.FOC's for Ramsey problem for period $t \geq 1; t = 0$ are given as:

equation 19

$$c_t(s^t): (1+\Phi)u_c(s^t) + \Phi[u_{cc}(s^t)c_t(s^t) - u_{lc}(s^t)n_t(s^t)] - \theta_t(s^t) = 0\,; t \geq 1$$
$$n_t(s^t): -(1+\Phi)u_l(s^t) + \Phi[u_{cl}(s^t)c_t(s^t) - u_{ll}(s^t)n_t(s^t)] + \theta_t(s^t) = 0\,; t \geq 1$$

And :

equation 20

$$c_0(s^0, b_0): (1+\Phi)u_c(s^0, b_0) + \Phi[u_{cc}(s^0, b_0)c_0(s^0, b_0) - u_{lc}(s^0, b_0)n_0(s^0, b_0)] - \theta(s^0, b_0) \\ -\Phi u_{cc}(s^0, b_0)b_0 = 0$$
$$n_0(s^0, b_0): -(1+\Phi)u_l(s^0, b_0) + \Phi[u_{cl}(s^0, b_0)c_0(s^0, b_0) - u_{ll}(s^0, b_0)n_0(s^0, b_0)] - \theta(s^0, b_0) \\ +\Phi u_{cl}(s^0, b_0)b_0 = 0$$

If we suppress time subscript and the index, s^t we obtain:

equation 21

$$(1+\Phi)u_c(c, 1-c-g) + \Phi[cu_{cc}(c, 1-c-g) - (c+g)u_{lc}(c, 1-c-g)] \\ = (1+\Phi)u_l(c, 1-c-g) + \Phi[c_{ucl}(c, 1-c-g) - (c+g)u_{ll}(c, 1-c-g)]$$

Proposition 1: If government purchases are equal after two histories s^t and $\tilde{s}^\tau$ for $t, \tau \geq 0$ i.e. if:

equation 22

$$g_t(s^t) = g^\tau(\tilde{s}^\tau)$$

Then it follows from $(1+\Phi)u_c(c, 1-c-g) + \Phi[cu_{cc}(c, 1-c-g) - (c+g)u_{lc}(c, 1-c-g)] = (1+\Phi)u_l(c, 1-c-g) + \Phi[c_{ucl}(c, 1-c-g) - (c+g)u_{ll}(c, 1-c-g)]$ that the Ramsey choices of consumption and leisure $c_t(s^t), l_t(s^t)$ and $c_j(\tilde{s}^\tau), l_j(\tilde{s}^\tau)$ are identical. For Ramsey see Ramsey (1927).

Further specialization and determining the Lagrange multiplier

Transition matrix of s which is governed by finite state Markov chain[6] is given as:

equation 23

$$\Pi(s'|s) = Prob(s_{t+1} = s'|s_t = s)$$

[6] A Markov chain is collection of random variables $\{X_t\}$ (where the index t runs through 0, 1, ...) having the property that, given the present, the future is conditionally independent of the past.In other words,$P\big(x_n = a_{i_n}\big|x_{n-1} = a_{i_{n-1}}, \dots\dots, x_1 = aa_{i_1}\big) = P\big)x_n = a_{i_n}\big|x_{n-1} = a_{i_{n-1}}\big)$,see Papoulis, A. (1984).

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

We also, assume that government purchases g are an exact time-invariant function of $g(s)$ of s.The household FOC's imply that:

equation 24

$$\left(1-\tau_t(s^t)\right)=\frac{u_l(s^t)}{u_c(s^t)}$$

And the implied one period Arrow securities prices:
equation 25

$$p_{t+1}(s_{t+1}|s')=\beta\Pi(s_{t+1}|s_t)\frac{u_l(s^{t+1})}{u_c(s^t)}$$

The household budget constraint by combining previous gives:

equation 26

$$u_c(s^t)[n_t(s^t)-g_t(s^t)]+\beta\sum_{s_{t+1}}\Pi\,(s_{t+1}|s')b_{t+1}(s_{t+1}|s')=u_l(s^t)n_t(s^t)+u_c(s^t)b_t(s_t|s^{t-1})$$

We define:
equation 27

$$x_t(s^t)=u_c(s^t)b_t(s_t|s^{t-1})$$

From Ramsey allocation we learned $c_t(s^t), n_t(s^t), b_t(s_t|s^{t-1})$ and henceforth $x_t(s^t\ )$ are each functions of s^t only, and are independent of history s^{t-1} for $t\geq 1$.Now

equation 28

$$u_c(s)[n_t(s)-g_t(s)]+\beta\sum_{s_{t+1}}\Pi\,(s'|s)x'(s')=u_l(s)n(s)+x(s)$$

If we let $\vec{n},\vec{g},\vec{x}$ denote $S\times 1$ vectors whose elements are the respective n,g,x values when $s=i$ and let $\Pi=1$ then:
equation 29

$$\vec{u}_c(\vec{n}-\vec{g})+\beta\Pi\vec{x}=\vec{u}_l\vec{n}+\vec{x}$$

This is a system of linear equations S in $S\times 1$ vector x whose solution is :
equation 30

$$\vec{x}=(I-\beta\Pi)^{-1}[\vec{u}_c(\vec{n}-\vec{g})-\overrightarrow{u_l}\,\vec{n}]$$

The issue of time inconsistency

Theorem 1: Ramsey plan is inconsistent

Proof:
Let $\{\tau_t(s^t)\}_0^\infty$,$\{b_{t+1}(s_{t+1}|s^t)\}_0^\infty$ be at time 0, state s_0 Ramsey plan. Then $\left\{\tau_j\left(s^j\right)\right\}_{j=t}^{\infty}$,$\left\{b_{t+1}\left(s_{j+1}|s^j\right)\right\}_{j=t}^{\infty}$ is a time t ,history s^t continuation of a time 0,state s_0 Ramsey plan. At time t history s^t Ramsey plan is Ramsey plan that starts from initial conditions $s^t, b_t(s_t|s^{t-1})$.This means that Ramsey plan is inconsistent.■

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Model specification with CRRA utility

Aiyagari, Marcet, Sargent, and Seppälä (2002), extended Lucas-Stokey model and modified one period utility

equation 31

$$u(c,n)=\frac{c^{1-\sigma}}{1-\sigma}-\frac{n^{1+\gamma}}{1+\gamma}$$

Where $\sigma>0,\gamma>0$.And we assume $c_t+g_t=n_t$,we also eliminate Lukas-Stokey restriction that $l_t+n_t\le 1$. Nd assumption for labor is :$n_t\in[0,+\infty\,]$.Now the following replacements are being made:

equation 32

$$u_l(c,l)\sim -u_n(c,n)$$
$$u_c(c,l)\sim u_c(c,n)$$
$$u_{l,l}(c,l)\sim u_{nn}(c,n)$$
$$u_{c,c}(c,l)\sim u_{cc}(c,n)$$
$$u_{c,l}(c,l)\sim 0$$

Now previous becomes:

equation 33

$$(1+\Phi)[u_c(c_0)+u_n(c+g)]+\Phi[cu_{cc}(c)+(c+g)u_{nn}(c+g)]=0$$
$$(1+\Phi)[u_c(c_0)+u_n(c_0+g_0)]+\Phi[c_0u_{cc}(c_0)+(c_0+g_0)u_{nn}(c_0+g_0)]-\Phi u_{cc}(c_0)b_0=0$$

In addition, at time $t=0$ budget constraint is satisfied at c_0 and initial government debt b_0:

equation 34

$$b_0+g_0=\tau_0(c_0+g_0)+\beta\sum_{s=1}^{S}\Pi(s|s_0)\frac{u_c(s)}{u_{c,0}}b_1(s)$$

In previous equation:

equation 35

$$\tau_0=1-\frac{u_{l,0}}{u_{c,0}}$$

Recursive formulation of Ramsey problem, intertemporal delegation and two Bellman equations

In the Lucas-Stokey specification:

equation 36

$$x_t(s^t)=u_c(s^t)b_t(s_t|s^{t-1})$$

Is a forward looking variable. But also $x_t(s^t)$ is a natural candidate for state variable in a recursive formulation of the Ramsey problem, one that records history dependence also Is backward looking. A key step in representing Ramsey plan recursively is to regard the marginal utility scaled government debts $x_t(s^t)=u_c(s^t)b_t(s_t|s^{t-1})$ as predetermined quantities that continuation Ramsey planners at times $t\ge 1$ are obliged to attain. That is how household make choices that imply that:

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 37

$$u_c(s^t)b_t(s_t|s^{t-1}) = x_t(s^t)$$

After s_t has been realized at time $t \geq 1$the state variables confronting the time t continuation Ramsey planer is (x_t, s_t)

- ✓ Let $(V(x,s)$ be the value of continuation Ramsey plan at $x_t = x, s_t = s, t \geq 1$
- ✓ Let $W(b,s)$ be the value of Ramsey plan at time $t = 0, b_0 = b, s_0 = s$

The Bellman equation for a time $t \geq 1$ continuation Ramsey problem is

equation 38

$$V(x,s) = \max_{n,(x',(s'))} u(n - g(s), 1 - n) + \beta \sum_{s' \in S} \Pi(s'|s)V(x', s')$$

Where:

equation 39

$$x = u_c\big(n - g(s)\big) - u_l n\beta \sum_{s' \in S} \Pi(s'|s)x'(s')$$

Associated with a value function $V(x,s)$ that solves Bellman equation are $S + 1$time invariant policy functions:

equation 40

$$n_t = f(x,s), t \geq 1$$
$$x_{t+1}(s_{t+1}) = h(s_{t+1}; x_t, s_t), s_{t+1} \in \mathcal{S}, t \geq 1$$

The Bellman equation of the time 0 Ramsey planner is :

equation 41

$$W(b_0, s_0) = \max_{n_0,(x',(s'))} (n_0 - g_0, 1 - n_0) + \beta \sum_{s_1 \in S} \Pi(s_1|s_0)V(x'(s_1), s_1)$$

Where maximization over n_0 and the $\mathcal{S}$ elements of $x'(s_1)$ is subject to time 0 implementabiity constraint:

equation 42

$$u_{c,0b_0} = u_{c,0}(n_0 - g_0) - u_{l,0}n_0 + \beta \sum_{s_1 \in S} \Pi(s_1|s_0)x'(s_1)$$

Associated function $W(b_0, n_0)$ that solves Bellman equation are $S + 1$ time0 policy functions:

equation 43

$$n_0 = f_0(b_0, s_0)$$
$$x_1(s_1) = h_0(s_1; b_0, s_0)$$

Now for the FOC's: At time $t \geq 1$ constrained maximization problem on the right-side pf the continuation Ramsey planner's Bellman equation are:

equation 44

$$\beta\Pi(s'|s)V_x(x', s') - \beta\Pi(s'|s)\Phi_1 = 0 \; for \; x'(s')$$
$$(1 + \Phi_1)(u_c - u_l) + \Phi_1\big[n(u_{ll} - u_{lc}) + \big(n - g(s)\big)(u_{cc} - u_{lc})\big] = 0 \; for \; n$$

For time $t = 0$ on the right side of Ramsey planner's Bellman equation FOC's are:

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 45

$$V_x(x(s_1), s_1) = \Phi_0, for\ x(s_1), s_1 \in \mathcal{S}$$

$$(1+\Phi_0)\big(u_{c,0} - u_{n,0}\big) + \Phi_0\big[n_0\big(u_{ll,0} - u_{lc,0}\big) + \big(n_0 - g(s_0)\big)\big(u_{cc,0} - u_{lc,0}\big)\big] - \Phi_0\big(U_{cc,0} - u_{cl,0}\big)b_0 \ = 0$$

These equations:

equation 46

$$V_x(x', s') = V_x(x, s) = \Phi_1(x, s)$$
$$V_x(x(s_1), s_1) = \Phi_0$$

Imply that $\Phi_0 = \Phi_1$

Example : Anticipated one period war

Th example will illustrate how Ramsey planner manages risk. Government expenditures are known for all period except one when there will be war.For $t < 3; t > 3$ we assme $g_t = g_l = 0.1$.Now, at $t = 3$ war occurs with probability 0.5.If there is a war:

equation 47

$$g_3 = g_h = 0.2$$

If there is no war:

equation 48

$$g_3 = g_l = 0.1$$

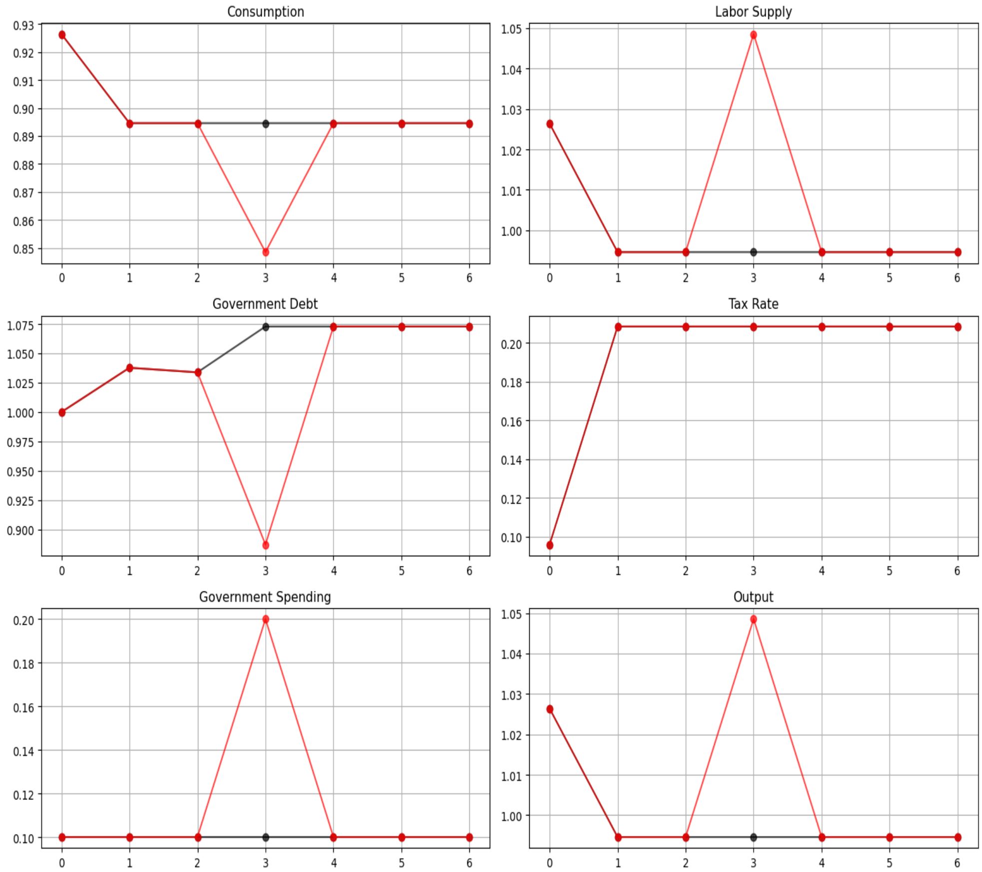
Now we can define pairs:$(0, g_l), (1, g_l), (2, g_l), (3, g_l), (3, g_h), (t \geq 4, g_l)$ and $s \in (1, .., 6)$

The transition matrix is :$\Pi = \begin{pmatrix} 0 & 1 & 0 & 0 & 0 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0.5 & 0.5 & 0 \\ 0 & 0 & 0 & 0 & 0 & 1 \\ 0 & 0 & 0 & 0 & 0 & 1 \\ 0 & 0 & 0 & 0 & 0 & 1 \end{pmatrix}$.Government expenditures are:$g = \begin{pmatrix} 0.1 \\ 0.1 \\ 0.1 \\ 0.1 \\ 0.2 \\ 0.1 \end{pmatrix}$.Representative agent utility function is CRRA: $u(c, n) = \frac{c^{1-\sigma}}{1-\sigma} - \frac{n^{1+\gamma}}{1+\gamma}$

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 1



Source : author's own calculations based on a code available at:
https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/opt_tax_recur.ipynb

Example : Tax smoothing and Ramsey time inconsistency and non-CRRA preferences

In the context of Robert Barro's seminal paper "On the Determination of the Public Debt" published in 1979 (see Barro 1979), tax smoothing refers to the idea that governments should adjust tax rates gradually to smooth out fluctuations in government spending over time, rather than making frequent changes in tax policy in response to short-term fluctuations in revenue or expenditure. According to the tax-smoothing hypothesis[7], the government sets the budget surplus equal to expected changes in government expenditure, see Adler (2006).In this example tax rate is constant $\forall t \geq 1$, $t \neq 3$ it is a consequence of g_t being same in all those dates. Under one period utility functions, the time $t = 3$ tax rate could be higher or lower for dates $t \geq 1, t \neq 3$ .Tax rate is same for low or high g_t . The value of gross interest rate for risk free loans between $t \to t+1$ equals:

equation 49

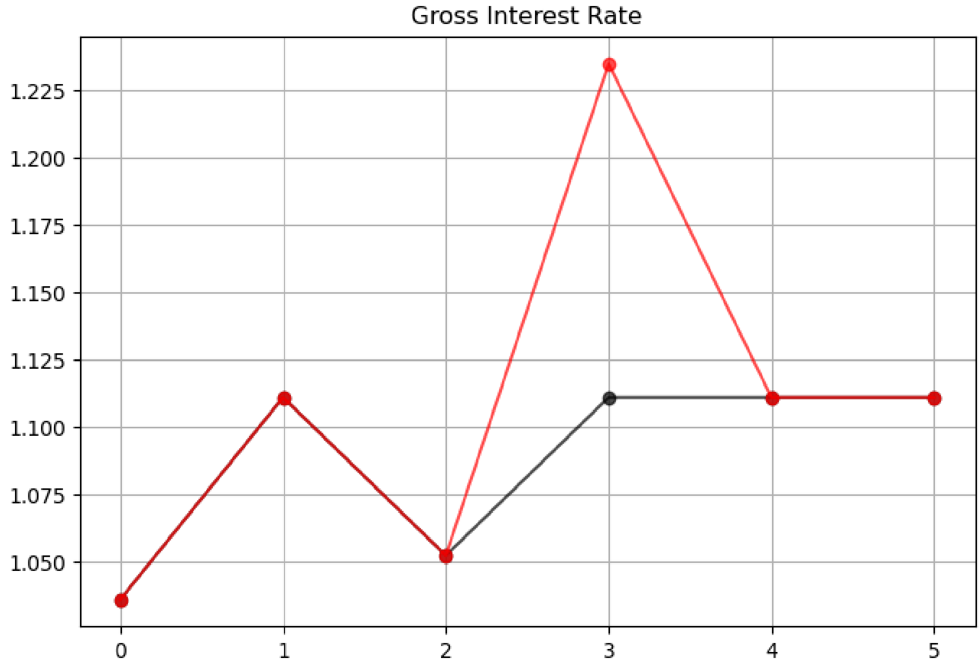
$$R_t = \frac{u_{c,t}}{\beta E_t[u_{c,t+1}]}$$

[7] When expenditure is expected to increase, the government runs a budget surplus, and when expenditure is expected to fall, the government runs a budget deficit

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

A tax policy that makes time $t = 0$ consumption be higher than time $t = 1$ consumption evidently decreases the risk-free rate one-period interest rate, R_t , at $t = 0$. Lowering the time $t = 0$ risk-free interest rate makes time $t = 0$ consumption goods cheaper relative to consumption goods at later dates, thereby lowering the value $u_{c,0}b_0$ of initial government debt b_0. The following plot illustrates how the government lowers the interest rate at $t = 0$ by raising consumption.

Figure 2 The government lowers the interest rate at $t = 0$ by raising consumption



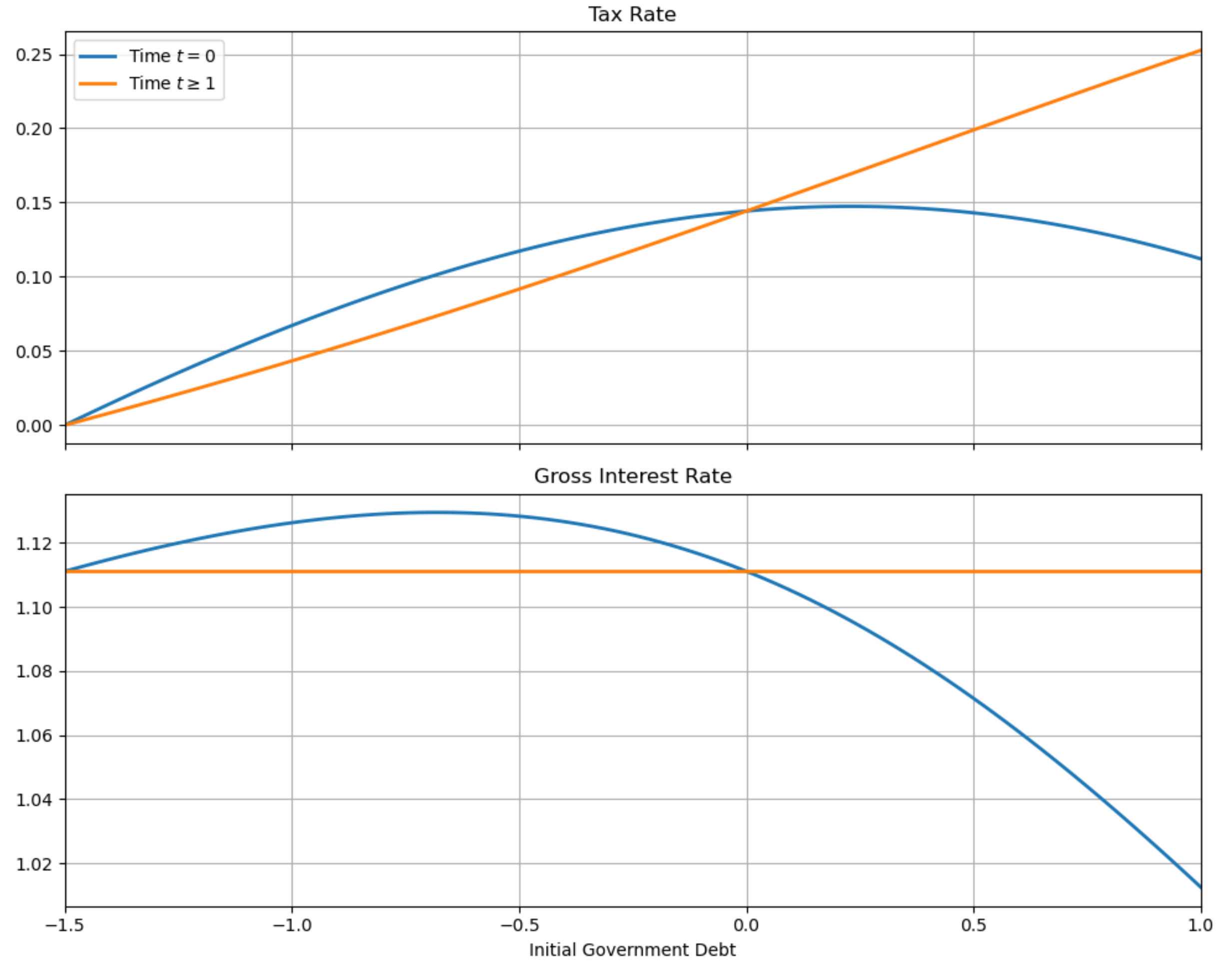
Source: author's own calculations based on a code available at: https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/opt_tax_recur.ipynb

The Ramsey tax rate at $t = 0 \neq t = 1$ .To explore what is going on here, let's simplify things by removing the possibility of war at time $t = 3$.The Ramsey problem then includes no randomness because $g_t = g_l, \forall t$ .The figure below will plot the Ramsey tax rates and gross interest rates at time $t = 0$ and time $t \geq 1$ as functions of the initial government debt by using the sequential allocation solution and a CRRA utility function defined above.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 3 Ramsey tax rates and gross interest rates



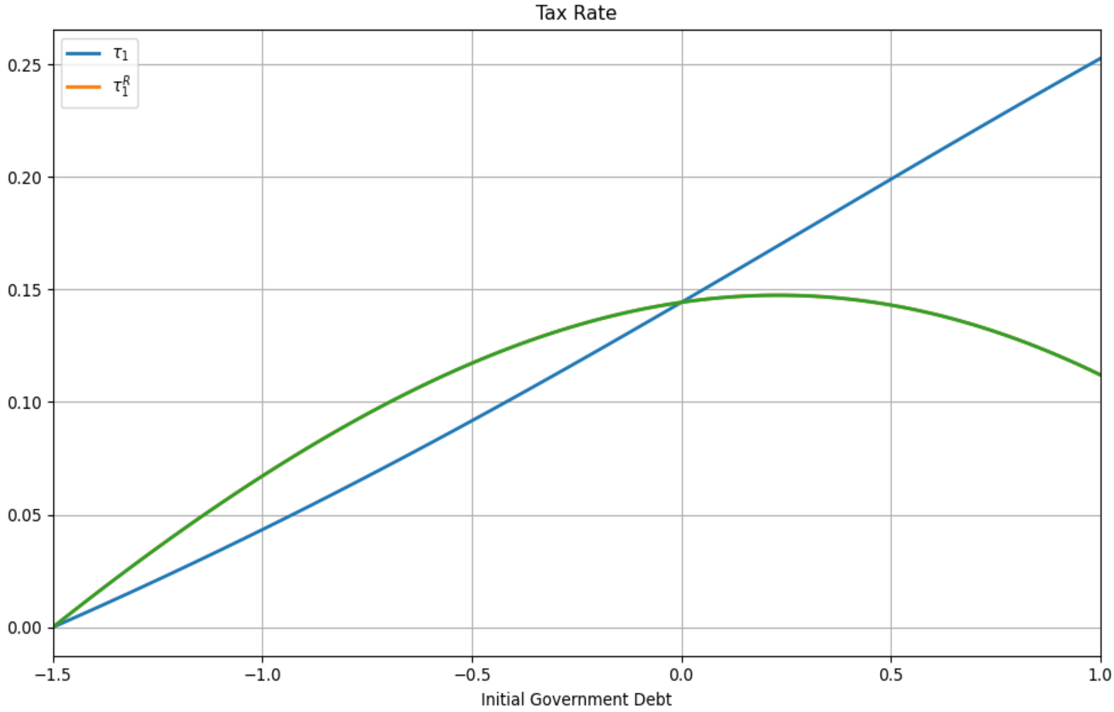
Source : author's own calculations based on a code available at: https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/opt_tax_recur.ipynb

Previous figure indicates that if the government enters with positive debt, it sets a tax rate at $t = 0$ that is less than all later tax rates. By setting a lower tax rate at $t = 0$, the government raises consumption, which reduces the value $u_{c,0}b_0$ of its initial debt. It does this but $\uparrow c_0$,$\downarrow u_{c,0}$.Conversely, if $b_0 < 0$, Ramsey planner will set the tax rate at $\tau(t = 0) \gg \forall\tau(t + n)$. One side effect of lowering time$t = 0$ consumption is that it lowers the one period interest rate at time $c(t = 0) \ll c(t + n)$. There are only two values of initial government debt at which the tax rate is constant $\forall\ t \geq 0$. The first one is $b_0 = 0$, the government cannot use $t = 0$ tax rate to alter the value of initial debt. The second occurs when the government enters with sufficiently large assets that the Ramsey planner can achieve first best and sets $\tau t = 0 \quad \forall t$ .It is only for these two values of initial government debt that the Ramsey plan is time consistent. Or, except for these two values of initial government debt, a continuation of a Ramsey plan is not a Ramsey plan. Let's consider a Ramsey planner who starts with an initial government debt b_1
associated with one of the Ramsey plans computed above. We will name τR_1 the time $t = 0$ tax rate chosen by the Ramsey planner confronting this value for initial government debt government. The figure below shows both the tax rate at $t = 1$ chosen by the original Ramsey planner and what a new Ramsey planner would choose for its time $t = 0$ tax rate.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 4 tax rate at t=1 chosen by the original Ramsey planner and a choice by a new Ramsey planner for its time t=0 tax rate



Source : author's own calculations based on a code available at: https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/opt_tax_recur.ipynb

The tax rates in the previous figure are equal for only two values of initial government debt. Tax smoothing was a consequence of assumption of CRRA preferences. In the context of Ramsey model low σ [8],

equation 50

$$\frac{c_1}{c_2} = \left(\frac{p_1}{p_2}\right)^{\sigma}$$

means a strong preference for avoiding inequality between generations in excess of what follows from the discounting in the utility function. That all income elasticities are equal to one makes it possible to have balanced growth paths also when there is productivity growth. The first order condition Euler equation in the Ramsey model without natural growth is given as:

equation 51

$$\frac{u'(c_t)}{u'(c_{t+1})} = \beta[1 + f'(k_{t+1}]$$

With CRRA utility previous will become:

[8] $\sigma$is a measure of the strength of the substitution effect that a change in relative prices induces.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 52

$$\left(\frac{c_{t+1}}{c_t}\right)^{\theta} = \beta[1 + f'(k_{t+1})]$$

Consumption growth rate becomes:

equation 53

$$\frac{c_{t+1}}{c_t} = \left[\beta[1 + f'(k_{t+1}]\right]^{\frac{1}{\theta}} = \left(\frac{1 + f'(k_{t+1})}{1 + \rho}\right)^{\sigma}$$

Marginal rate of substitution (MRT) is given as:

equation 54

$$\frac{u'(c_1)}{u'(c_2)} = \frac{c_1^{-\theta}}{c_2^{-\theta}} = \left(\frac{c_2}{c_1}\right)^{\theta}$$

For CRRA preferences we can see relations like $U_{cc}c = -\sigma U_c; U_{nn}n = \gamma U_n$ to derive following:

equation 55

$$\frac{(1 + (1 - \sigma)\Phi)U_c}{(1 + (1 - \gamma)\Phi)U_n} = 1$$

The previous equation implies that the tax rate is constant. Sometimes for other preferences tax rate may not be constant, for example if the utility function is:

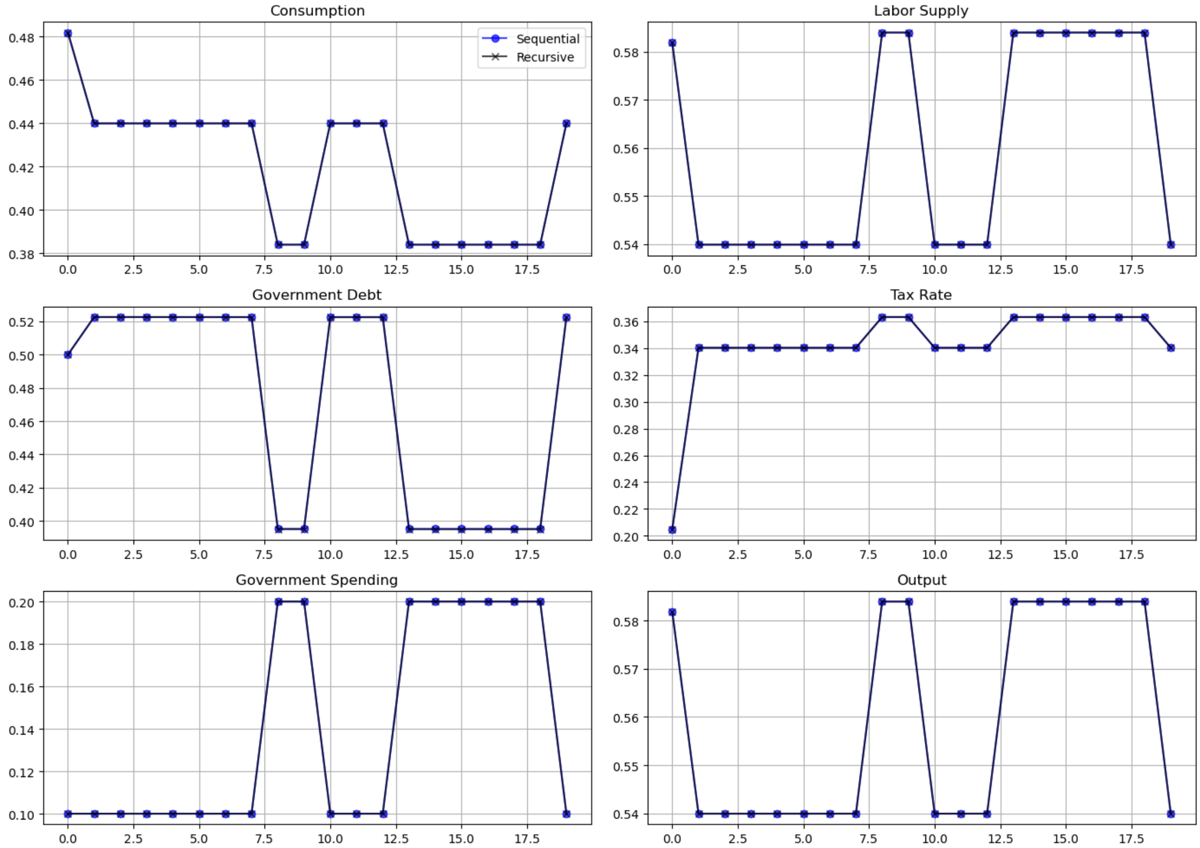
equation 56

$$(1 + (1 - \sigma)\Phi)U_c(1 + (1 - \gamma)\Phi)U_n = 1$$

In the next plot, it is shown that as should be expected, the recursive and sequential solutions produce almost identical allocations. Unlike outcomes with CRRA preferences, the tax rate is not perfectly smoothed. Instead, the government raises the tax rate when g_t is high.

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 5 Recursive and sequential solutions for consumption, labour supply, government debt, tax rate, government spending and output



Source : author's own calculations based on a code available at: https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/opt_tax_recur.ipynb

Taxation in LQ (linear quadratic) economy

Barro (1979), has formalized the idea that taxes should be smooth by saying that they should be a martingale, regardless of the stochastic process for government expenditures, see Sargent,Velde (1998). Barro (1979) model is about government that borrows and lends to help it minimize an intertemporal measure of distortions caused by taxes[9].Hansen, Sargent, Roberds (1991) use the following linear quadratic model to formalize Barro's findings. The government chooses a rule for taxes to maximize the criterion:

equation 57

$$\max -E\sum_{t=0}^{\infty}\beta^t\mathcal{T}^2$$

s.t. initial condition $\mathcal{B}_0$:

equation 58

$$\gamma(\mathcal{L})g_t = \rho(\mathcal{L})w_t$$
$$\mathcal{B}_{t+1} = \mathcal{R}(\mathcal{B}_t + g_t - \mathcal{T}_t)$$

[9] Barro's 1979 model looks a lot like a consumption-smoothing model

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Where $\mathcal{T}_t, g_t, \mathscr{b}_t$ denote tax collections, government expenditures, and the stock of risk free government debt, and where $\mathcal{R}_t$ is a risk free interest rate and $\beta \in (0,1)$ is a discount factor and $\gamma(\mathcal{L}), \rho(\mathcal{L})$ are stable one sided polynomials in nonnegative powers of the lag operator $\mathcal{L}$ and w_t is aa scalar martingale[10] difference sequence adapted to its own history. If we make assumption $\mathcal{R}\beta = 1$ the solution of this problem for taxes that satisfies this condition $E\sum_{t=0}^{\infty}\beta^t\mathcal{T}^2 < +\infty$ is a rule for taxes:

equation 59

$$\mathcal{T}_t - \mathcal{T}_{t-1} = \left[\frac{(1-\beta)\rho(\beta)}{\gamma(\beta)}\right] w_t$$

The second equation can be written as:
equation 60

$$\pi_{t+1} = \mathcal{B}_{t+1} - \mathcal{R}[\mathcal{B}_t - (\mathcal{T}_t - g_t)] = 0$$

Where π_{t+1} can be interpreted as payoff of government debt in excess of risk-free rate.The cumulative excess payoff to government creditors will be:
equation 61

$$\Pi_t = \sum_{s=1}^{t} \pi_s = 0$$

So in this economy households maximize:
equation 62

$$-\mathbb{E}\frac{1}{2}\sum_{t=0}^{\infty}\beta^t[(c_t - \mathscr{b}_t)^2 + \ell_t^2]$$

s.t.:
equation 63

$$\mathbb{E}\frac{1}{2}\sum_{t=0}^{\infty}\beta^t p_0^t(d_t + (1-\tau_t)\ell_t + s_t - c_t)] = 0$$

Where d_t is an endowment process, p_0^t is Arrow-Debreu price at $t = 0, x^t = t + j$ contingent goods, τ_t is a flat-tax rate on labor income, $\mathscr{s}_t$ is aa promised coupon payment on debt issued by the government, and $[\ell_t, c_t]$ is labor-consumption path. Now if μ is Lagrangian multiplier to $\mathbb{E}\frac{1}{2}\sum_{t=0}^{\infty}\beta^t p_0^t(d_t + (1-\tau_t)\ell_t + s_t - c_t)] = 0$, the FOC's are given as:

[10] A sequence of random numbers $X_0, X_1, ..$ with finite means and conditional expectation of $X_{n+1}|X_0, \dots, X_n = X_n$ i.e., $\langle X_{n+1}|X_0, \dots, X_n\rangle = X_n$

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 64

$$p_0^t = \frac{c_t - \mathscr{b}_t}{\mu}$$
$$\ell_t = \frac{c_t - \mathscr{b}_t}{1 - \tau_t}$$

Now, if $\mu = \mathscr{b}_0 - c_0$ we can write these conditions as:
equation 65

$$p_0^t = \frac{\mathscr{b}_t - c_t}{\mathscr{b}_0 - c_0}$$
$$\ell_t = 1 - \frac{\ell_t}{\mathscr{b}_t - c_t}$$

Government budget constraint is:
equation 66

$$\mathbb{E} \sum_{t=1}^{\infty} \beta^t p_t^0 (\mathscr{s}_t + \mathscr{g}_t - \tau_t \ell_t) = 0$$

If we substitute $\begin{aligned} p_0^t &= \frac{\mathscr{b}_t - c_t}{\mathscr{b}_0 - c_0} \\ \ell_t &= 1 - \frac{\ell_t}{\mathscr{b}_t - c_t} \end{aligned}$ in government budget constraint we will get :

equation 67

$$\mathbb{E} \sum_{t=1}^{\infty} \beta^t [(\mathscr{b}_t - c_t)(\mathscr{s}_t + \mathscr{g}_t - \ell_t) + \ell_t^2] = 0$$

Associated Lagrangian with previous is given as:

equation 68

$$\mathcal{L} = \mathbb{E} \left\{ \frac{1}{2} [(c_t - \mathscr{b}_t)^2 + \ell_t^2] + \lambda [(\mathscr{b}_t - c_t)(\ell_t - \mathscr{s}_t - \mathscr{g}_t) - \ell_t^2] + \mu_t (d_t + \ell_t - c_t - \mathscr{g}_t)] \right\}$$

The FOC's associated with c_t, ℓ_t are given as:

equation 69

$$-(c_t - \mathscr{b}_t) + \lambda[-\ell_t + (\mathscr{g}_t + \mathscr{s}_t)] = \mu_t$$
$$\ell_t - \lambda[(\mathscr{b}_t - c_t) - 2\ell_t] = \mu_t$$

Now if :
equation 70

$$\mathscr{v} := \frac{\lambda}{1 + 2\lambda}$$
$$\bar{\ell}_t := \frac{\mathscr{b}_t - d_t + \mathscr{g}t}{2}$$
$$\bar{c}_t := \frac{\mathscr{b}_t + d_t - \mathscr{g}t}{2}$$
$$m_t := \frac{\mathscr{b}_t + d_t - \mathscr{s}t}{2}$$

Manuscript received: 22.04.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Now one can show that (knowing previous) that:

equation 71

$$\ell_t = \bar{\ell}_t - v m_t$$
$$c_t = \bar{c}_t - v m_t$$

This term $(b_t - c_t)(s_t + g_t - \ell_t) + \ell_t^2$, since $\bar{\ell} = b - \bar{c}$ can be rewritten as:

equation 72

$$(b_t - \bar{c}_t)(g_t + s_t) + 2m_t^2(v^2 - v)$$

If we reinsert this into $\mathbb{E}\ \sum_{t=1}^{\infty} \beta^t[(b_t - c_t)(s_t + g_t - \ell_t) + \ell_t^2] = 0$ we get:

equation 73

$$\mathbb{E}\left\{\sum_{t=0}^{\infty} \beta^t (b_t - \bar{c}_t)(g_t + s_t)\right\} + (v^2 - v)\mathbb{E}\left\{\sum_{t=0}^{\infty} \beta^t 2m_t^2\right\} = 0$$

Let us consider quadratic term v in previous.The two geometric sum are :

equation 74

$$b_0 := \mathbb{E}\left\{\sum_{t=0}^{\infty} \beta^t (b_t - \bar{c}_t)(g_t + s_t)\right\}$$
$$a + 0 := \mathbb{E}\left\{\sum_{t=0}^{\infty} \beta^t 2m_t^2\right\}$$

The problem for solving will be reduced to:

equation 75

$$b_0 + a_0(v^2 - v) = 0$$

Since $4b_0 < a_0$, $\exists\ v \in \left(0, \frac{1}{2}\right)$, and unique corresponding $\lambda > 0$ For this variable $(b_t - \bar{c}_t)(g_t + s_t)$ inside the summation can be expressed as:

equation 76

$$\frac{1}{2} x_t'(S_b - S_d + S_g)'(S_g + S_s)x_t$$

Where endowments, government expenditure, the preference shock processes, and promised coupon payments on initial government debt s_t are exogenous and given by:

equation 77

$$d_t = S_d x_t$$
$$g_t = S_g x_t$$
$$b_t = S_b x_t$$
$$s_t = S_s x_t$$

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Where S_d, S_g, S_b, S_s are primitives [11]and $\{x_t\}$ is exogenous stochastic process taking values in $\mathbb{R}^k$.For the second expectation the random variable $2m_t^2$ can be written as:

equation 78

$$\frac{1}{2}x_t'(S_b - S_d + S_g)'(S_b - S_d - S_s)x_t$$

What follows that both objects of interest are special cases of the expression:

equation 79

$$q(x_0) = \mathbb{E}\sum_{t=0}^{\infty}\beta^t x_t' H x_t$$

where H is a matrix conformable to x_t and x_t' is the transpose of column vector x_t .Now about finite state Markov case.

Definition: A finite Markov chain is a memoryless homogeneous discrete stochastic process with a finite number of states[12].

.

If we suppose that x_t is the discrete Markov process described as above and $x_t = \{x^1, .., x^N\} \subset \mathbb{R}^k$.Now let $h: \mathbb{R}^k \to \mathbb{R}$ be a given function, and we wish to evaluate:

equation 80

$$q(x_0) = \mathbb{E}\sum_{t=0}^{\infty}\beta^t h(x_t); x_0 = x^j$$

And we know that $h(x_t) = x_t' H x_t$, now:

equation 81

$$q(x_0) = \mathbb{E}\sum_{t=0}^{\infty}\beta^t (P^t h)(j); x_0 = x^j$$

About the other variables :

equation 82

$$p_{t+j}^t = \frac{b_{t+j} - c_{t+j}}{b_t - c_t}$$

As the scaled Arrow-Debreu time t of history contingent claim on one unit consumption at time $t + j$. Present value of government obligations outstanding at time$t$ can be written as:

---

[11] A nonnegative square matrix $A = (a_{ij})$ is said to be a if $\exists k$ such that $A^k \gg 0$,i.e. $\exists k, \forall i, j \gg 0$.Sufficient condition for matrix to be primitive matrix is to be nonnegative, irreducible matrix with a positive element on the main diagonal.

[12] A discrete stochastic process is a discrete system in which transitions occur randomly according to some probability distribution. The process is memoryless if the probability of an $i \to j$ transition does not depend on the history of the process. Or: $(\forall i, j, u_0, \dots, u_{t-1} \in V)(P(X_{t+j} = j | X_t = i, X_{t-1} = u_{t-1}, \dots, X_0 = u_0) = P(X_{t+1} = j | X_t = i\}$.In a addition if the transition probability $p_{ij} = P(X_{t+1} = j | X_t = i\}$ does not depend on the time t , we call the process homogenous.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 83

$$\mathcal{B}_t = \mathbb{E}\sum_{j=0}^{\infty}\beta^j \frac{(b_{t+j} - c_{t+j})(\ell_{t+j} - g_{t+j}) - \ell_{t+j}^2}{b_t - c_t}$$

Using the equation :

equation 84

$$p_{t+j}^t = p_{t+1}^t p_{t+j}^{t+1}$$

We can write :

equation 85

$$\mathcal{B}_t = (\tau_t \ell_t - g_t) + E_t \sum_{j=1}^{\infty} p_{t+j}^t \left(\tau_{(t+j)}\ell_{t+j} - g_{t+j}\right)$$

We will define:

equation 86

$$\mathcal{R}_t^{-1} \coloneqq \mathbb{E}_t \beta^j p_{t+1}^t$$

$\mathcal{R}_t$ is a risk free interest rate $t \to t+1$. Now about martingale sequence. We can describe two object as below:

equation 87

$$\pi_{t+1} \coloneqq \mathcal{B}_{t+1} - \mathcal{R}_t[\mathcal{B}_t - (\tau_t \ell_t - g_t]$$

$$\Pi_t \coloneqq \sum_{s=0}^{t} \pi_t$$

By using previous expressions, we can obtain:

equation 88

$$\pi_{t+1} = \mathcal{B}_{t+1} - \frac{1}{\beta E_t p_{t+1}^t}[\beta E_t p_{t+1}^t \mathcal{B}_{t+1}]$$

$$\pi_{t+1} = \mathcal{B}_{t+1} - \tilde{E}_t \mathcal{B}_{t+1}$$

Where $\tilde{E}_t$ is a conditional mathematical expectation taken with respect to a one-step transition density that has been formed by multiplying the original transition density with the likelihood ratio.

equation 89

$$m_{t+1}^t = \frac{p_{t+1}^t}{E_t p_{t+1}^t}$$

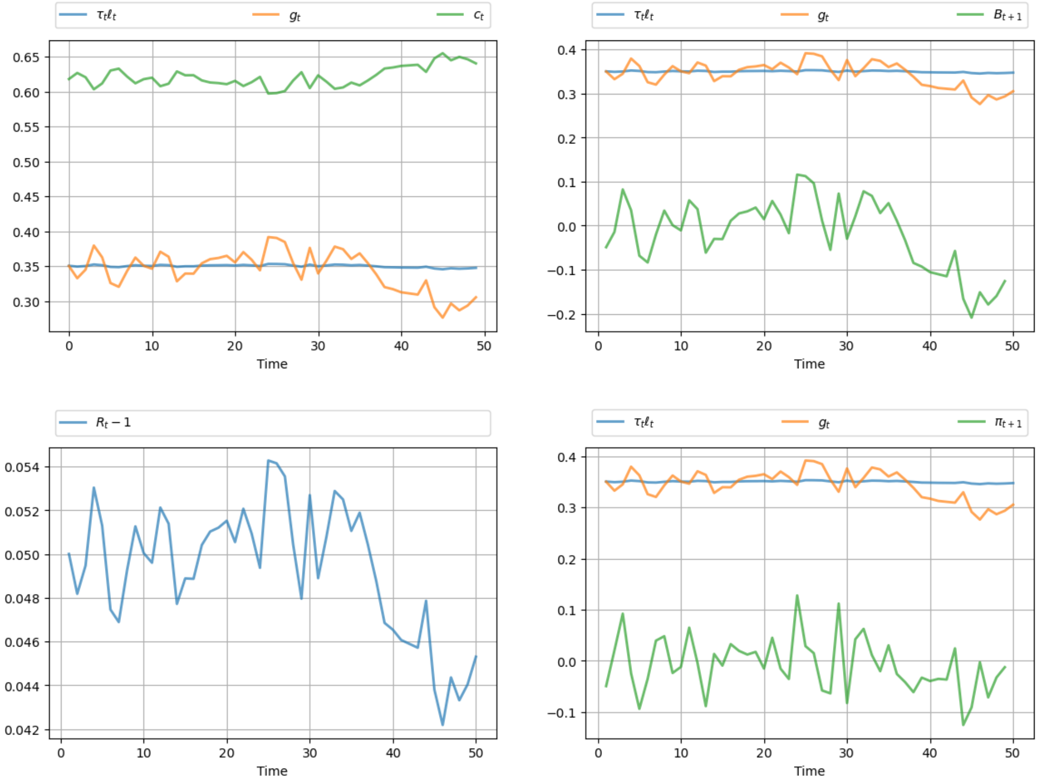
$$\tilde{E}_t \pi_{t+1} = \tilde{E}\mathcal{B}_{t+1} - \tilde{E}_t \mathcal{B}_{t+1} = 0$$

Next, we will show graphically continuous case of optimal taxation in LQ economy.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 6 Continuous case of optimal taxation in LQ economy

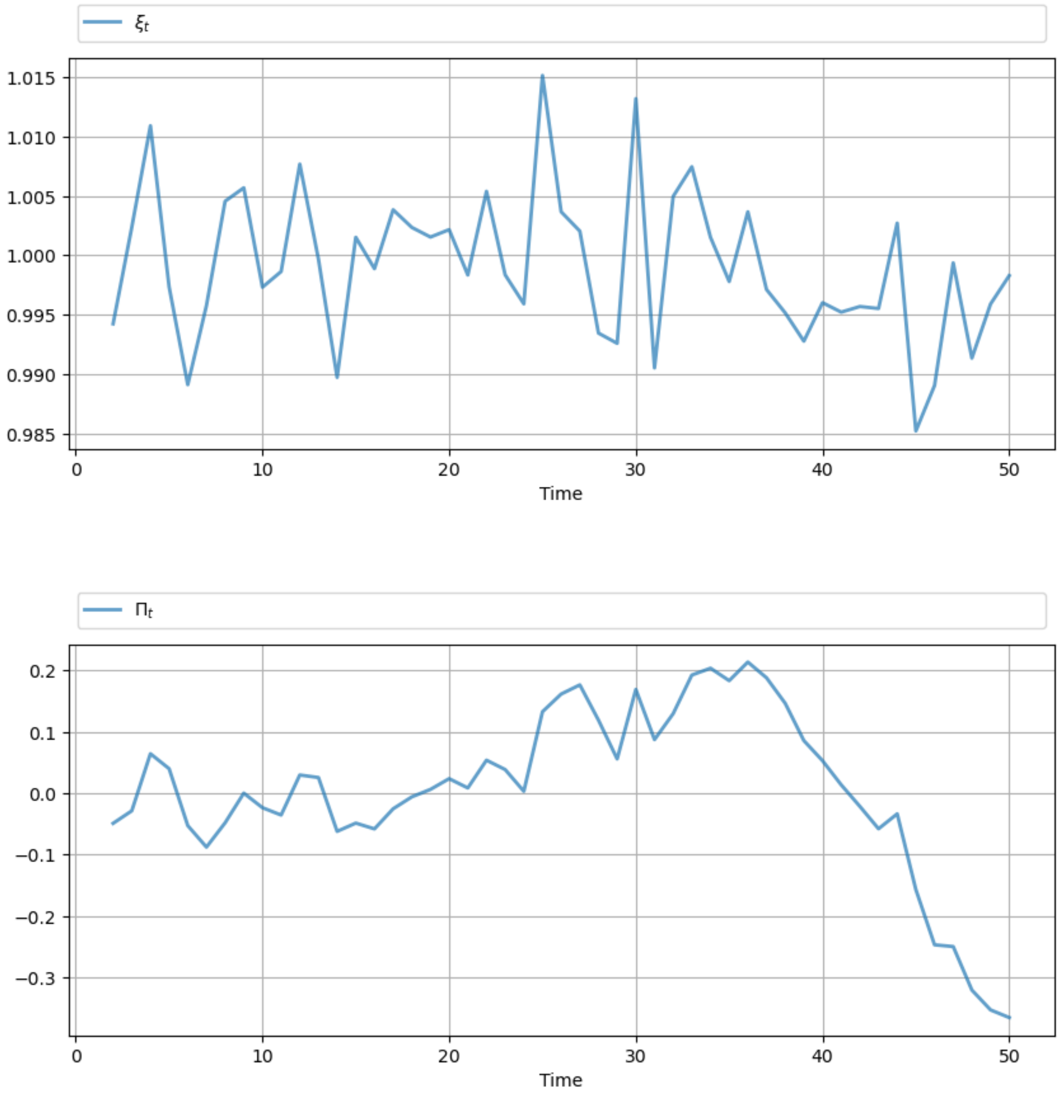


Source: author's calculations based on a code available at:
https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/lqramsey.ipynb

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 7 Continuous case of optimal taxation in LQ economy (contd.)



Source: author's calculations based on a code available at: https://github.com/QuantEcon/quantecon-notebooks-python/blob/master/lqramsey.ipynb

In this example: $\beta = \frac{1}{1.05}$; $b_t = 2.135$; $s_t = d_t = 0\ \forall t$.Government spending evolves according to:
equation 90

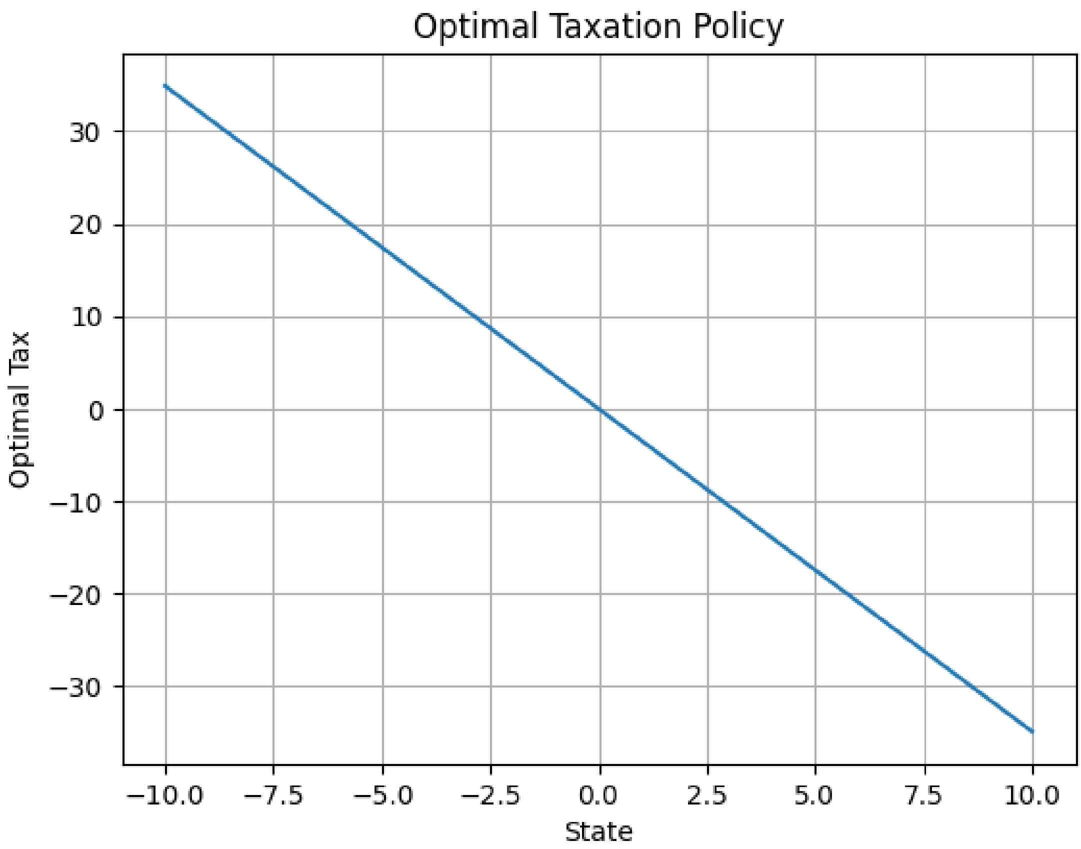
$$g_{t+1} - \mu_g = \rho(g_t - \mu_g) + C_g w_{g,t+1}$$

With now $\rho = 0.7, \mu_g = 0.35; C_g = \mu_g\sqrt{1 - \frac{\rho^2}{10}}$.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

Figure 8 Optimal taxation policy in LQ economy



Source: Authors own calculations

The previous example uses Riccati equation. This equation in general form is given as:

equation 91

$$y'_x = f(x)y^2 + g * x)y + h(x)$$

Given a particular solution $y_0 = y_0(x)$ of the Riccati equation, the general solution can be given as:

equation 92

$$y = y_0(x) + \Phi(x)\left[C - \int f(x)\Phi(x)dx\right]^{-1}$$

$$\Phi(x) = \exp\left[\int [2f(x)y_0(x) + g(x)]dx\right]$$

Where C is an arbitrary constant. The solution $y_0(x)$ corresponds $C = \infty$.Now for the substitution we have:

equation 93

$$u(x) = \exp\left[-\int f(x)y(x)dx\right]$$

Reduces the general Riccati equation to a second order linear equation:

Manuscript received: 22.04.2024
Accepted: 30.05.2024

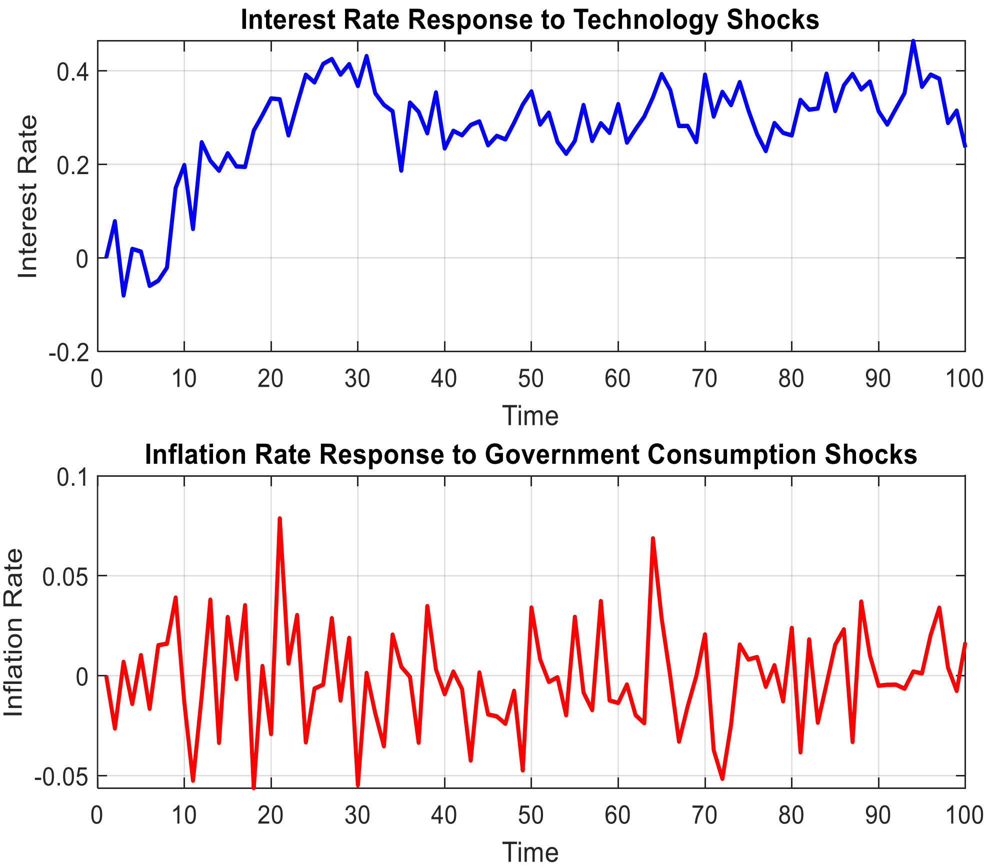
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

equation 94

$$f(x)u''_{xx} - [f'_x(x) + f(x)g(x)]u'_x + f^2(x)h(x)u = 0$$

Which is easier to solve than general Riccati equation[13].

Figure 9 Plot Optimal fiscal and monetary policy with labor taxes and consumption taxes constant over business cycle ,capital taxes round zero, Friedman rule optimal ,and monetary policy is countercyclical with respect to technology shocks and procyclical with respect to government consumption



Source: Authors own calculations

Conclusions

This paper reviewed competitive equilibrium with distorting taxes and this section proposed that If government purchases are equal after two histories then it follows that the Ramsey choices of consumption and leisure $c_t(s^t), l_t(s^t)$ and $c_j(\tilde{s}^\tau), l_j(\tilde{s}^\tau)$ are identical. But there is issue of time inconsistency in Ramsey plan i.e. Ramsey plan is inconsistent. A key step in

[13] See Murphy, G. M., (1960), Reid, W. T.(1972), Polyanin, A. D. and Zaitsev, V. F.(2003).

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

representing Ramsey plan recursively is to regard the marginal utility scaled government debts $x_t(s^t) = u_c(s^t)b_t(s_t|s^{t-1})$ as predetermined quantities that continuation Ramsey planners at times $t \geq 1$ are obliged to attain. Consumption and government debt follow a similar pattern in the shock in this model, but not before and after shock. Same can be written for government spending, output, and labor supply during the shock but not before and after the shock. In the tax smoothing model, a tax policy at initial time makes initial consumption higher than following period consumption but decreases risk free interest rate which makes initial consumption goods cheaper relative to consumption goods at later dates. Ramsey tax rates and gross interest rates show that tax rate at $t = 0$ is higher than the tax rate at $t = 1$ but sometimes later they are qual and later tax rate is higher than the initial afterwards. Gross interest rate rate at $t = 0$ is higher than the gross interest rate rate at $t = 1$ but sometimes later they are equal and later gross rate is higher than the initial afterwards. Tax rate at $t = 1$ chosen by the original Ramsey planner and a choice by a new Ramsey planner for its time $t = 0$ tax rate are only equal when government debt is zero while previously when we have negative initial government debt original Ramsey planner tax rate is lower than the new Ramsey planner tax rate and only when government debt becomes positive original Ramsey panner tax rate is higher than the tax rate by the new Ramsey planner. Recursive and sequential solutions for consumption, labor supply, government debt, tax rate, government spending and output show that sequential and recursive formulation change for different periods of time while at times being the same for more periods and then change suddenly. The continuous case of optimal taxation in LQ economy shows that labor taxes are cointegrated with consumption and government consumption i.e. they share common stochastic trend. While present value of government obligations is cointegrated with the gross-interest rate from previous period and Π_{t+1} inflation for future period is cointegrated with current government consumption and labor taxes. When a state variable is negative, optimal tax is positive (obviously state variable here can be interest rate), and when there is positive state variable optimal tax rate becomes negative. In LQ economy interest rate and inflation rate respond differently to technology and government consumption shocks respectively

References

1. Adler, J. (2006). The Tax-smoothing Hypothesis: Evidence from Sweden, 1952-1999. Scandinavian Journal of Economics, 108(1), 81–95. doi:10.1111/j.1467-9442.2006.00442.x
2. Aiyagari, S Rao, Marcet,A. Sargent,T.J. Seppälä,J.(2002). Optimal taxation without state-contingent debt. Journal of Political Economy, 110(6),pp.1220–1254.
3. Albanesi, S., Sleet, C. (2006). Dynamic Optimal Taxation with Private Information. The Review of Economic Studies, 73(1), 1–30. http://www.jstor.org/stable/3700615
4. Albanesi, Stefania, (2003), Optimal and Time-Consistent Monetary and Fiscal Policy with Heterogeneous Agents, No 3713, CEPR Discussion Papers, C.E.P.R. Discussion Papers.
5. Ales,L.Maziero,P.(2008). Accounting for private information. Federal Reserve Bank of Minneapolis, working paper
6. Angeletos, G.-M. (2003). [Optimal Monetary and Fiscal Policy: A Linear-Quadratic Approach]: Comment. NBER Macroeconomics Annual, 18, 350–361. http://www.jstor.org/stable/3585262
7. Arrow, J. (1951). An Extension of the Basic Theorems of Classical Welfare Economics. In J. Neyman (ed.), Proceedings of the Second Berkeley Symposium on Mathematical Statistics and Probability (p./pp. 507--532), : University of California Press.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

8. Arrow, K. J.; Debreu, G. (1954). Existence of an equilibrium for a competitive economy. Econometrica. 22 (3),pp.265–290.
9. Barro, R. J. (1979), On the Determination of the Public Debt, Journal of Political Economy 87 (5),pp.940–971.
10. Benigno, P., Woodford, M. (2003). Optimal Monetary and Fiscal Policy: A Linear-Quadratic Approach. NBER Macroeconomics Annual, 18, 271–333. http://www.jstor.org/stable/3585260
11. Calvo, G. (1983). Staggered Prices in a Utility-Maximizing Framework. Journal of Monetary Economics 12:383-398.
12. Chamley, C. (1986). Optimal Taxation of Capital Income in General Equilibrium with Infinite Lives. Econometrica, 54(3), 607–622. https://doi.org/10.2307/1911310
13. Chari, V. V., Christiano,L. ,Kehoe.P. (1991). Optimal fiscal and monetary policy: Some recent results. Journal of Money, Credit, and Banking23:pp. 519-539
14. Chari, V. V., Lawrence Christiano, and Patrick Kehoe. (1995). Policy analysis in business cycle models. In Frontiers of Business Cycle Research, Thomas J. Cooley, (ed.). Princeton, NJ: Princeton University Press
15. Clarida, Richard, Jordi Gali, and Mark Gertler. (1999). The science of monetary policy: A new Keynesian perspective. Journal of Economic Literature 37(4):1661-1707
16. Diamond, Peter and Mirrlees, James, (1978).A model of social insurance with variable retirement, Journal of Public Economics, 10, issue 3, p. 295-336.
17. Friedman,M. (1969), The Optimum Quantity of Money, Macmillan
18. Golosov, M., Kocherlakota, N., & Tsyvinski, A. (2003). Optimal Indirect and Capital Taxation. The Review of Economic Studies, 70(3), 569–587. http://www.jstor.org/stable/3648601
19. Golosov, Mikhail, Aleh Tsyvinski, and Ivan Werning. (2006). New dynamic public finance: A users guide. NBER Macroeconomics Annual 21:317-363.
20. Golosov,M-Troshkin,M,-Tsyvinsky,A.(2011). Optimal Dynamic Taxes. NBER
21. Goodfriend, Marvin, and Robert G. King. (1997). The new neoclassical synthesis and the role for monetary policy. In NBER Macroeconomics Annual 1997
22. Hansen,L.P. Sargent,T.J., Roberds,W. (1991). Time Series Implications of Present Value Budget Ballance and of Martingale Models of Consumption and Taxes. In Rational Expectations Econometrics, edited by Lars Hansen and Thomas Sargent. Boulder, Colorado: Westview Press,
23. Judd, Kenneth L.(1985). Redistributive taxation in a simple perfect foresight model, Journal of Public Economics, Elsevier, vol. 28(1), pages 59-83, October.
24. Kocherlakota, Narayana, (2010). The New Dynamic Public Finance, 1 ed., Princeton University Press.
25. Kydland, F. E., Prescott, E. C. (1982). Time to Build and Aggregate Fluctuations. Econometrica, 50(6), 1345–1370. https://doi.org/10.2307/1913386
26. Long, J. B., Plosser, C. I. (1983). Real Business Cycles. Journal of Political Economy, 91(1), 39–69. http://www.jstor.org/stable/1840430
27. Lucas, Robert Jr., Stokey, Nancy L., (1983). Optimal fiscal and monetary policy in an economy without capital, Journal of Monetary Economics, Elsevier, vol. 12(1), pages 55-93.
28. Murphy, G. M., (1960). Ordinary Differential Equations and Their Solutions, D. Van Nostrand, New York.
29. Papoulis, A. (1984) Probability, Random Variables, and Stochastic Processes. McGraw Hill, New York.
30. Polyanin, A. D. and Zaitsev, V. F.(2003). Handbook of Exact Solutions for Ordinary Differential Equations, 2nd Edition , Chapman & Hall/CRC, Boca Raton.

Manuscript received: 22.04.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 24-51
Online: ISSN **2671-3810**
UDC: 336.221.02 338.23:336.74 336.27
DOI: https://doi.org/10.46763/IJEMT2441024j
Original scientific paper

31. Ramsey, F. P. (1927). A Contribution to the Theory of Taxation. The Economic Journal, 37(145),pp. 47–61. https://doi.org/10.2307/2222721
32. Reid, W. T.(1972). Riccati Differential Equations, Academic Press, New York.
33. Rotemberg, Julio, and Michael Woodford. (1997). An optimization based framework for the evaluation of monetary policy. NBER Macroeconomics Annual 1997,B. S. Bernanke and J. J. Rotemberg (eds.). Cambridge, MA: NBER, 297-346.
34. Sargent,T.J., Velde,F.R.(1998). Optimal Fiscal Policy in a Linear Stochastic Economy, QM&RBC Codes 130, Quantitative Macroeconomics & Real Business Cycles.
35. Shimer, R., & Werning, I. (2008). Liquidity and Insurance for the Unemployed. The American Economic Review, 98(5), 1922–1942. http://www.jstor.org/stable/29730157
36. Woodford, Michael. (2000). Interest and prices. Princeton University. Manuscript
37. Woodford, Michael. (2003). Interest and Prices: Foundations of a Theory of Monetary Policy. Princeton, NJ: Princeton University Press

Manuscript received: 22.05.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

NEOBANKS ROLE IN SUPPORTING FINANCIAL INCLUSION

Zoran Temelkov[1]
[1]*Associate professor, Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia, zoran.temelkov@ugd.edu.mk*

ABSTRACT

Financial inclusion has a significant impact on economic growth and development and improves the living standards of individuals in emerging economies. However, today, there are still individuals and businesses in developing and low-income economies that are unbanked or underserved with limited access to basic banking services. It must be noted that during the last two decades, many instruments, tools, and programs have been developed to support financial inclusion, which yielded positive results. However, the challenges and barriers remain to be further addressed and resolved to increase financial inclusion. The challenges originate on the supply side as well as the demand for financial services.

Neobanks, as technologically advanced financial institutions, are valuable instruments in overcoming key barriers to financial inclusion. The manner in which neobanks' operations are structured enables them to easily adapt their products and serve even the smallest groups or segments with similar needs. Affordable financial services are also provided by neobanks as a result of their higher operational efficiency compared to traditional banks.

Keywords: Neobank, financial inclusion, traditional banks, financial services, financial literacy.

JEL Classification: G21; G23

1. INTRODUCTION

Financial inclusion is recognized as one of the key factors for promoting economic growth and development, decreasing poverty, improving living standards for individuals in low-income regions, and supporting business activities. Accordingly, many actions have been implemented to address different barriers to financial inclusion. Policymakers, organizations, and financial institutions developed programs, established funds, and created microfinancing institutions to provide access to unbanked and underserved individuals and businesses. While the results from past actions are significant, the problem with low levels of financial inclusion still exists today in emerging and low-income economies.

Developing an inclusive financial system imposes the need for overcoming challenges and barriers like low financial literacy, inadequate infrastructure, costly financial services, low profitability of serving small segments and groups, and irregular income.

Neobanks, as a new form of financial institution with in-depth utilization of technological advances, are recognized as a crucial instrument for improving financial inclusion. Neobanks' features and characteristics offer a plethora of opportunities to decrease or even eliminate certain barriers while effectively managing some of the key challenges. Using innovative technology, neobanks are able to swiftly adapt their financial services and cover the needs even of the smallest segments and groups of users while making reasonable revenue. Moreover, the business model which eliminates the need for brick-and-mortar locations has higher efficiency and lower operating costs. Accordingly, neobanks offer cheaper financial services compared to the services offered by traditional banks. In addition, neobanking apps take the role of an educational platform offering resources to users to expand their personal finance knowledge.

Manuscript received: 22.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

2. THE PHENOMENON OF FINANCIAL INCLUSION

Financial inclusion gained popularity in the last couple of decades after it was initially considered in 1997 (Sarigul, 2020).). The phenomenon of financial inclusion has been discussed in terms of its importance for the overall economy and its impact on development. Accordingly, it is argued that a high level of financial inclusion supports economic development and alleviates poverty issues (Sarigul, 2020; Kaligis et al., 2018; Cámara & Tuesta, 2015). Moreover, it is anticipated that financial inclusion will not only decrease the wealth gap but also contribute toward the growth of financial institutions in specific areas (Kaligis et al., 2018).

The importance of financial inclusion has made it one of the key challenges that need to be addressed by policymakers, international institutions, government, financial institutions, and central banks (Cámara & Tuesta, 2015). It is emphasized that this importance is particularly evident in less developed countries and regions and individuals with irregular income who are usually underserved by banks and other traditional institutions (Cámara & Tuesta, 2015).

Economies facing high levels of financial exclusion of individuals and businesses experience higher degrees of income inequality and increased social instability (Bekele, 2023). Consequently, Bekele (2023) argues that financial inclusion can be utilized as a policy tool to promote economic growth while simultaneously decreasing poverty. Furthermore, Kabakova and Plaksenkov (2018) state that benefits from an inclusive financial system can be noticed on micro and macroeconomic levels, making it a crucial element of economic development.

The importance of financial inclusion can be discussed in terms of its impact on the savings levels in the national economy and individual savings habits. The limited availability of affordable savings accounts and opportunities for individuals to save money in the formal financial system may impede the motivation to save (Shankar, 2013). The inability to maintain adequate saving levels could indicate that individuals and households might depend on alternative sources from the informal system to cover unexpected expenses (Shankar, 2013). Moreover, exclusion from formal saving products and services negatively affects the level of savings in the economy, which is of crucial importance for economic growth and development.

3. CHALLENGES FOR FINANCIAL INCLUSION

Financial inclusion remains one of the challenges for many economies in the 21st century. Limited access or no access to basic financial products and services at an acceptable cost is among the most notable limitations for a vast number of the population across the globe. It was estimated that in 2011, there were nearly 2.5 billion unbanked adults who were not able to access basic financial products (Financial Inclusion, 2022). Nevertheless, the number of unbanked populations has decreased during the last decade as a result of different activities undertaken by policymakers, organizations, and financial institutions. However, nearly 1.7 billion people around the globe are still unbanked or have limited access to needed financial products and services such as savings accounts, credit, insurance, and banking accounts (World Bank, 2019).

Although significant progress has been made in increasing financial inclusion and positively influencing development, the number of unbanked adults in today's global economy remains high. There are a vast number of factors causing exclusion, along with numerous challenges that should be addressed. Low literacy levels, low income, and psychological barriers are some of the factors stated by Kempson et al. (2004). Dharmesh et al. (2021) point out that exclusion from products in the formal financial system is influenced by the limited availability of bank branches and understanding of financial products. Additionally, they state that factors such as low levels of trust in financial institutions, limited access to education, limited finances, and geographical distance hinder financial inclusion (Dharmesh et al., 2021).

Manuscript received: 22.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

Sarigul (2020), Atkinson & Messy (2013), and Simatele & Loyiso (2022) argue that factors impeding financial inclusion can originate from the supply side and demand side. They select socio-economic factors along with individual perceptions and attitudes regarding finance issues as supply factors. An important challenge originating on the supply side could be the unwillingness of financial institutions to offer products to small customers, who are often unprofitable and lack stable income levels (Varghese & Viswanathan, 2018).

Furthermore, Sarigul (2020) also stresses the importance of trust in financial institutions, inadequate pricing, inadequate product design, and limiting eligibility as crucial factors that should be managed to increase inclusion. Important demand-side factors are income level, level of education, and familiarity with financial products (Shankar, 2013). Varghese & Viswanathan (2018) and Simatele & Loyiso (2022) state that low-income population may be reluctant to use financial services due to high transaction costs, making the services expensive while the value they receive is perceived as limited.

Many factors obstruct access to financial services globally. Some of the most important challenges and barriers that negatively affect financial inclusion are inadequate infrastructure, low financial literacy, cost of financial services, and regulations.

Inadequate infrastructure or limited infrastructure is among the primary obstacles to accessing finance for the population in rural areas. This barrier to financial inclusion is present in areas where banks don't have physical branches or ATMs, which makes it difficult for users to be included in the formal financial system (Atkinson &Messy, 2013).

Low financial literacy is yet another major obstacle that hinders financial inclusion, and this is especially evident in low-income economies (Khan et al., 2022). Users who are not able to understand financial products are not able to make informed decisions about their financial needs. Hence, they might end up in an unfavorable financial situation as a result of applying for inadequate financial services or inappropriate use of products such as credit cards. Consequently, individuals may be unaware of the opportunities and benefits brought by using adequate financial products. Moreover, a lack of knowledge could make them victims of predatory practices such as services with unfair fees or high-interest loans.

The cost of financial services as a challenge for financial inclusion can be considered from the perspective of users and from the bank's perspective. Usually, banks and other financial institutions set minimum balance requirements and different types of fees, like account maintenance fees. The minimum requirements, along with bank fees, can be a limiting factor for low-income individuals, which may discourage them from using financial services from banks and other financial institutions in the formal system.

For a bank to provide its services in different regions and areas, it needs to make a cost-benefit analysis to assess the impact on its profitability and other areas of its operations. In some cases, the cost of serving users and offering access to formal banking services outweighs the benefits for the bank, making the area unprofitable. Users in rural areas commonly need basic services, and they have limited financial resources, which may not be sufficient to cover the minimum required balances or offset the cost of offering specific products. For instance, due to the need for smaller loans, the interest income from the loan is lower than the cost that would be incurred to offer the loan.

Strict regulatory requirements impede financial inclusion in multiple ways. First and foremost, changes in banking regulations associated with risk management and capital requirements increase the cost for banks to lend money to borrowers with higher risk. Accordingly, some users may lack credit history or may be assigned higher risk scores for different reasons, making them too costly for banks to serve them because of the high capital requirement imposed for high-risk borrowers. This also applies to users operating in the informal economy, which lacks data on their past financial behavior.

Second, the strengthening of identity verification and new KYC (Know Your Customer) procedures and regulations makes it nearly impossible for people without formal identification documents to be part of the formal financial sector. Nowadays, it is rather

Manuscript received: 22.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

difficult to open a bank account and use financial services without any valid government-issued identification document.

Financial inclusion is a complex issue caused by a vast number of intertwined factors, bringing numerous challenges to policymakers, organizations, financial institutions, and users of financial services. Although challenges and barriers are still present, addressing them in the past has yielded positive results. The combined efforts of actors promoting financial inclusion created different methods and techniques to support the access and delivery of financial services to underserved population and population without access to basic services.

4. OVERVIEW OF ACTIVITIES FOR FINANCIAL INCLUSION

Limited financial inclusion is an obstacle that has existed for many decades; thus, in the past, numerous activities and measures have been undertaken to cope with this challenge. Different types of activities have been implemented to manage different aspects and factors that hinder financial inclusion, such as financial literacy, access to loans, access to payment accounts, access to savings and withdrawal services, and methods to manage risk profiles.

Financial literacy programs were developed to augment individual's knowledge and skills for better management of personal finances. Literacy programs and initiatives were delivered through courses and modules organized in local centers, schools, or financial institutions (Atkinson & Messy, 2013; Nicolăescu & Toderașcu, 2023). These programs enable individuals to understand personal finances in terms of budgeting, savings, productive use of loans, and different elements of financial products and services that will enable them to make adequate decisions.

Microfinancing institutions have been created in some developing countries to offer small loans to support financial inclusion and local entrepreneurial activities (BK & Bhandari, 2021). Unlike traditional banks and other big financial institutions, microfinancing institutions (MFIs) specialize in offering small loans and basic financial services with a special focus on individuals and entrepreneurs in low-income countries or regions (Shankar, 2013). MFIs had a significant contribution to increasing financial inclusion and offering access to finance by developing tailored products and services for the specific needs of unbanked or underserved communities. One of the most successful examples of an MFI that has a significant impact on promoting financial inclusion is Grameen Bank, founded in 1976 in Bangladesh.

The way in which traditional credit scoring models are developed limits the ability of individuals with limited or no formal financial history to use banking and services. Thus, alternative credit scoring models have been developed as an instrument to increase financial inclusion (Ganapathy, 2022; Nopper, 2020). The new models enabled institutions to make an adequate risk assessment for different users and accordingly offer financial services (Wijaya, 2023). The risk assessment of individuals is performed through the utilization of alternative data like patterns in utility bill payments, spending habits, and data from media behavior profiles.

Social collateral was also used in some rural areas and poor regions around the world in combination with or as part of microfinancing programs. Social collateral enables individuals and businesses with irregular income to access credit products to finance their entrepreneurial activities or cover financial needs. As an instrument, social collateralization enables users to apply for loans, and a group of close relatives or acquaintances with comparable economic status guarantees the loan, takes the role of collateral, and pledges to repay the loan (Postelnicu et al., 2014).

Today, mobile banking refers to a form of banking that uses mobile phones. However, not long ago, mobile banking referred to a form of banking in which banks set up a vehicle that served the purpose of mobile branches or mobile money vans that were moving between different low-income or poverty regions within a country. The mobile money van could also have the role of a mobile ATM, enabling users in rural and other excluded areas

Manuscript received: 22.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

to withdraw money. Overall, the mobile banking branch and ATM offered a solution to overcome challenges for banks to serve the population in regions that were not profitable for setting up a brick-and-mortar branch.

International organizations, together with policymakers, financial institutions, and organizations, have developed multiple strategies and programs and undertaken a vast number of activities across the globe to augment financial inclusion. Organizations such as the World Bank provide technical assistance to low and middle-income economies to develop a financial system that is accessible and offers financial products and services to individuals regardless of their income status. Organizations support financial inclusion initiatives and promote financial literacy through the dispersion of materials, organizing training, courses, and free consultations.

Setting up funds aimed at boosting the degree of financial inclusion is another instrument used by governments and organizations. A notable example is the Financial Inclusion Fund established in 2019 by the European Investment Bank and the government of the Grand Duchy of Luxembourg. The Fund's objective is to increase the level of financial inclusion and access to finance for small businesses in emerging and developing economies.

Since the inception and popularization of the financial inclusion phenomenon, proponents that support it have undertaken a vast number of activities and created multiple instruments and programs to overcome barriers. The implemented activities yielded positive results in promoting financial inclusion and decreased the number of underserved or unbanked individuals and businesses. However, despite the numerous efforts, the problem with financial inclusion is still evident today when t**he number of adults with no access to basic financial services remains high compared to the global population. Accordingly, reducing exclusion and increasing the level of financial inclusion imposes the need to design an approach and create tools that will implement the newest technological developments.**

5. NEOBANKS AS CATALYSTS FOR FINANCIAL INCLUSION

The advancements in technology combined with changing trends and preferences promoted the creation of the fintech industry, with a vast number of fintech companies offering different financial services traditionally offered by banks. Neobanks emerged as financial institutions that utilize technological developments to deliver financial services. Neobanks swiftly become recognized as digital disruptors with a significant impact on the financial services industry. The new form of financial institutions eliminates the dependency on brick-and-mortar locations in the process of offering products and services to individuals and businesses. The innovative features and characteristics in offering financial services positioned neobanks as a crucial player in the process of financial transformation of services that will enable the overcoming of barriers that obstruct financial inclusion (Ravichandran, 2022). Neobanks offer innovative banking services such as automated financial advisors, peer-to-peer lending platforms, crowdfunding platforms, cryptocurrency exchanges, payments, and savings, supporting the inclusion of the population living in low-income areas (Josyula, 2021).

The neobanking business model has lower operating costs due to the utilization of technology and the elimination of physical locations. Consequently, they can charge lower fees or even eliminate some of the fees charged by traditional banks, decreasing the cost of using financial services. Moreover, commonly, neobanks set low minimum balance requirements or even eliminate the requirement for maintaining a minimum balance, which makes their services more affordable to individuals. Thus, users with limited financial resources who had limited access to services in the formal financial system are now included in the formal system.

As a digital-only financial institution, neobanks remove the geographical location as a major obstacle in the process of offering traditional financial services. Individuals and

Manuscript received: 22.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

businesses are no longer bound by their location and have access to financial services through neobanking mobile apps.

Neobanks eliminate another barrier that impedes financial inclusion. More precisely, the digital onboarding process leveraged by neobanks simplifies the account opening process which can be complex with traditional banks. The process to open an account through mobile applications is relatively fast and easy to understand while it abandons the need for physical presence and lengthy approval procedures.

Furthermore, the neobanking role in augmenting financial inclusion is not only in terms of the account opening process and delivery of financial services but also in the ability to offer customized and highly personalized products. Neobanks are able to swiftly adapt their products and services to cater to the needs of different users and niche segments, offering financial inclusion for specific groups of individuals.

Neobanks' business models enable them to offer products and services to much smaller and targeted niches, which are commonly neglected by traditional banks due to lack of profitability. The vast quantities of data are used to analyze financial needs and behavior and identify potential changes in users' preferences or segment specific groups of users with similar needs. Consequently, neobanks are able to swiftly design, modify, and employ new financial products and adapt them to the needs of different niche segments. Moreover, unlike traditional banks that rely on credit history, neobanks offer services to individuals without formal credit history and enable them to build credit scores using traditional and alternative data. Hence, no credit score and lack of profitability as barriers to financial inclusion are partly or fully eliminated within the market for neobanking services.

The low level of savings among low-income population and in low-income economic areas is a direct result of financial exclusion and lack of access to saving products. However, neobanking apps and services are structured in a way that offers micro-savings services and motivates users to develop saving habits. Additionally, these apps integrate budgeting tools to ease the process of managing personal finances for individuals and businesses that have been excluded from the formal financial system and have low financial literacy.

Neobanking applications could serve the purpose of educating users to increase their financial skills and financial literacy. They integrate educational resources along with micro-saving options and budgeting tools. Hence, when users have access to financial products and services, they can become knowledgeable on how to manage their finances. Neobanks promote savings habits and smart spending behavior, assisting users in achieving favorable financial positions in the future.

Monis and Pai (2023) argue that financial technology, such as the one employed by neobanks, could be the driving force to increase financial inclusion levels. Estimates indicate that today, neobanks have nearly one billion users globally, and many neobanks offer their services to underserved segments (Monis and Pai, 2023). For instance, in Nigeria, neobanks' products and services have quickly become popular among users, recognizing their potential to increase financial inclusion by serving an unbanked population with access to mobile phones and the internet (Agpaytech, 2023). Neobank's offerings in Nigeria are widely accepted because they enable access to affordable and easy-to-use banking services (Agpaytech, 2023).

Furthermore, Amon et al. (2024) highlight that neobanks not only increase financial inclusion but also stimulate the development of competitive and innovative financial markets. Neobank's business model overcomes the inefficiency found in the model of traditional banking by augmenting users' experience, simplifying financial services, and increasing revenue (Shanmugam, 2022).

Even though neobanking is relatively young, the services offered by neobanks were swiftly accepted by users globally. The benefits of these new digital financial services become particularly popular in emerging and low-income markets and among underserved or unbanked population. The way in which neobanks conduct their activities and offer

Manuscript received: 22.05.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

financial services overcomes significant barriers that hinder financial inclusion in markets that are not served by traditional banks.

6. CONCLUDING REMARKS

Financial inclusion is considered to be among the driving forces for economic growth and development. An inclusive financial system offers a plethora of benefits for individuals and businesses and the overall economy. Financial inclusion is used as a tool to decrease poverty and improve the economic position of households in low-income regions. Since its first recognition in the late 1990s, much has been done to increase the inclusion of low-income population and create systems that support inclusion. Actions undertaken by policymakers, financial institutions, governments, and organizations yielded significant positive results. However, there is still much to be done because a significant number of adults around the globe still lack access to basic financial products and services. The barriers and challenges in promoting financial inclusion can be found on the supply side as well as on the demand side for financial services.

Neobanks have a major role in promoting financial inclusion and providing banking services to unbanked and underserved individuals. The utilization of technology in the creation and delivery of financial services enables neobanks to resolve challenges and overcome barriers that hinder inclusion. Neobanking apps have more efficient operations compared to the operations of traditional banks, thus offering cheaper financial services. Moreover, they offer educational resources to enhance financial literacy and help users to make informed financial decisions. Neobanks also support the creation of competitive financial systems that promote economic growth.

7. REFERENCES

Agpaytech (2023). Neobanking Services: The Driving Force Behind Digital Payments in Nigeria. Agpaytech's Research.

Amon, A., Jagrič, T., & Oplotnik, Ž.J. (2024). The Neobank Revolution: An Assessment of Their Contribution to the Global Sustainability. *Preprints* 2024, 2024041567. DOI: https://doi.org/10.20944/preprints202404.1567.v1

Atkinson, A. & Messy, F. (2013). Promoting Financial Inclusion through Financial Education: OECD/INFE Evidence, Policies and Practice. OECD Working Papers on Finance, Insurance and Private Pensions, No. 34, OECD Publishing. http://dx.doi.org/10.1787/5k3xz6m88smp-en

Bekele, W. D. (2023) Determinants of Financial Inclusion: A Comparative Study of Kenya and Ethiopia, Journal of African Business, 24:2, 301-319, DOI: 10.1080/15228916.2022.2078938

BK, M. B., & Bhandari, M.P. (2021). Microfinance Institutions: Instrumental for Promoting Financial Inclusion. Financial Markets, Institutions and Risks, 5(2), 72-85. DOI: https://doi.org/10.21272/fmir.5(2).72-85.2021

Cámara, N. & Tuesta, D. (2015). Factors that matter for financial inclusion: evidence from Peru. AESTIMATIO, The IEB International Journal of Finance, 10: 10-31. DOI: 10.5605/IEB.10.1

Dharmesh, K.M., Sushant, M., Asmita, C., Dipen, P., & Subham Sushobhan, D. (2021). Factors Contributing to Financial Literacy and Financial Inclusion among Women in Indian SHGs. Universal Journal of Accounting and Finance, 9(4), 810 - 819. DOI: 10.13189/ujaf.2021.090427.

Financial Inclusion (2022). Financial inclusion. World Bank. Available at> https://www.worldbank.org/en/topic/financialinclusion/overview#1

Ganapathy, A. (2022). Credit Scoring Algorithms as Tools for Financial Inclusion: A Development Perspective. Intelligent Infrastructure, Series IT for Change.

Manuscript received: 22.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 52-59
Online: ISSN **2671-3810**
UDC: 336.71.01
DOI: https://doi.org/10.46763/IJEMT2441052t
Original scientific paper

Josyula, H.P. (2021). The role of fintech in shaping the future of banking services. The International Journal of Interdisciplinary Organizational Studies, Volume 16, Issue 1, pp. 187-201. ISSN: 2324-7649 (Print), ISSN: 2324-7657 (Online).

Kabakova, O. & Plaksenkov, E. (2018). Analysis of factors affecting financial inclusion: Ecosystem view. Journal of Business Research, Elsevier, vol. 89(C), pages 198-205.

Kaligis, N.V.B., Tewal, B., Maramis, J.B., & Mangantar, M. (2018). Financial Inclusion Profile: Determinant and Barriers. International Journal of Economics and Financial Issues, 8(5), 351-358. ISSN: 2146-4138

Kempson, E., Atkinson, A., & Pilley, O. (2004). Policy level response to financial exclusion in developed economies: Lessons for developing countries, Report of Personal Finance Research Centre, University of Bristol. НАЈДАМ

Khan, F., Siddiqui, M. A., & Imtiaz, S. (2022). Role of financial literacy in achieving financial inclusion: A review, synthesis and research agenda. Cogent Business & Management, 9(1). https://doi.org/10.1080/23311975.2022.2034236

Monis, E., & Pai, R. (2023). Neo Banks: A Paradigm Shift in Banking. International Journal of Case Studies in Business, IT, and Education (IJCSBE), 7(2),318-332. DOI: https://doi.org/10.5281/zenodo.8011125

Nicolăescu, V.G., & Toderașcu, C. (2023). Financial education as a tool for financial development. Journal of Public Administration, Finance and Law, Issue 27. DOI: https://doi.org/10.47743/jopafl-2023-27-24

Nopper, T. K. (2020). Alternative data and the future of credit scoring. Data for Progress.

Postelnicu, L., Hermes, N., & Szafarz, A. (2014). Defining Social Collateral in Microfinance Group Lending. In Mersland, R. and Strøm, R.Ø. (eds.) Financial and Social Performance of Microfinance Institutions. Palgrave Macmillan, Hampshire, UK, 187-207.

Ravichandran, R., Muralidhar, S., & & Naresh, N.R. (2022). Neo banks, fintech, and banking -the changing landscape – a perspective – on dangers, growth, opportunities – a critical study. International Journal of Multidisciplinary Educational Research. Vol. 11, Issue 4. ISSN:2277-7881.

Sarigul, H. (2020). The determining factors of financial inclusion in Turkey. Journal of Economics, Finance and Accounting (JEFA), V.7(3), p.223-235. DOI: http://doi.org/10.17261/Pressacademia.2020.1290

Shankar, S. (2013). Financial Inclusion in India: Do Microfinance Institutions Address Access Barriers? ACRN Journal of Entrepreneurship Perspectives, Vol. 2, Issue 1, p. 60-74. ISSN 2224-9729

Shanmugam, S. (2022). Digital transformation through fintech: an analytical study. Shodhsamhita: Journal of Fundamental & Comparative Research, Vol. VIII, No. 1(XX). ISSN: 2277-7067

Simatele, M. & Loyiso, M. (2022). Financial Inclusion in Rural South Africa: A Qualitative Approach. Journal of Risk and Financial Management 15: 376. DOI: https://doi.org/10.3390/jrfm15090376

Varghese, G. & Viswanathan, L. (2018) Financial Inclusion: Opportunities, Issues and Challenges. Theoretical Economics Letters, 8, 1935-1942. https://doi.org/10.4236/tel.2018.811126

Wijaya, T. (2023). The Rise of Innovative Credit Scoring System in Indonesia: Assessing Risks and Policy Challenges. Center for Indonesian Policy Studies (CIPS), Policy Paper No. 57.

World Bank. (2019). Financial Inclusion. Europe and Central Asia Economic Update (Spring), Washington, DC: World Bank. Doi: 10.1596/978-1-4648-1409-9

Manuscript received: 22.04.2024
Accepted: 26.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

MACEDONIAN IDENTITY - UNESCO WORLD HERITAGE
- Arguments and propositions[1] -

Nikola V. Dimitrov[2]
PhD, University "Goce Delchev" - Stip, Faculty of Tourism and Business Logistics
nikola.dimitrov.ugd.edu.mk

Abstract

Identity is a trait, a property, a sense of something that exists and that stands out and differs from others. Macedonian identity is a unique feature of an ancient nation with its own language that existed and still exists on the territory of Macedonia. The uniqueness of the Macedonian identity is more of a millennial mosaic layered overlaid with diverse natural and cultural heritage.

The paper is unique and consists of two parts. In the first part, Macedonian natural and cultural heritage included in the current UNESCO list is mentioned. Whereas, in the second part, only a part of the national - Macedonian cultural heritage will be listed according to properties (immovable, movable and spiritual). According to the criteria for cultural world heritage, the unique Macedonian intangible spiritual heritage is presented with arguments, with proposals for placing more properties in the future UNESCO list.

From the rich treasury of the Macedonian spiritual heritage, 30 Macedonian national goods (benefits) have been singled out, of which 11 proposals for folklore goods (Macedonian quick phrases, etc.), 5 language proposals (Macedonian language - centuries. - old tradition. , etc.) are singled out.), 8 proposals for toponyms (the name Macedonia - a unique geographical civilizational value, etc.) and 6 proposals for a Register for good conservation (Preservation of stork nests, etc.).

Finally, in the conclusion, we give recommendations to competent stakeholders (scientists, experts in areas, national and world institutions for cultural heritage) to enter all the mentioned Macedonian benefits in the national register of intangible assets and in the representative list of world intangible heritage of UNESCO. In this way, the tourist identity of Macedonia as a world cultural heritage will be raised.

Key words: Macedonian folklore, language, toponyms, UNESCO
JEL Classification: Z32 Tourism and Development; Z39 Tourism: Other

INTRODUCTION

Every country takes care of its natural and cultural heritage, which it presents to humanity and tourism. This is also the case with the territory of Macedonia[3], today only its northern part is the sovereign state of the Republic of North Macedonia.[4]

---

[1] The most important moments of this paper were presented at a panel discussion, First National Conference on the topic: Cultural heritage between tourism and identity, 20.03.2024, Shtip, of which no printed edition is planned.

[2] Identity of the author: Macedonian, eight generation (Cvetan, Pavle, Dimitria, Georgia, Naum, Jon, Venko, Nikola), speaks the Macedonian language, writes with the Macedonian alphabet, cherishes the Macedonian traditions and lives in Macedonia.

[3] Macedonia as a territory has existed for 3 millennia or 2832 years counted from 808 AD. e.g. AD until today. Throughout history, it existed as an independent kingdom, and then began two millennia of subjugation by various conquerors, who divided it into parts and changed its name. But there were also periods when its parts were independent, for in the last nine decades only one part of it is a republic and an independent state. The diverse past contributed to the creation of an invaluable cultural heritage on the territory of Macedonia.

[4] Additions to the name Macedonia due to political reasons in the last eight decades (1944-2019): Democratic Federal Republic of Macedonia, DFRM (1944-1946); People's Republic of Macedonia, PRM (1946-1963); Socialist Republic of Macedonia, SRM (1963-1991); Republic of Macedonia, RM (1991-2019), recognized by 133

Manuscript received: 22.04.2024
Accepted: 26.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

During the course of history, Macedonia was an example of governance - an empire at the center of the world, and then began a two-millennium process of disintegration, wars, divisions, submission, suffering, but also alliances and upheavals. Despite Macedonia's great contribution to world history, part of the modern world, especially its neighbors, appropriates, insufficiently respects and denies its millennial cultural heritage.

We attach a chronology of independent rule and a period of over two millennia under foreign rule and in the composition of other states, a period of divisions, disputes and non-recognition of the name Macedonia and everything Macedonian. (See: Tables 1,Figures 1,2)

Tables 1. Macedonia through periods of time from its appearance until today

№	**Macedonia through periods of rule and subjugation**	**Years**	**Percentages**
1.	Macedonian Kingdom (808 BC-168 BC)	640	22,6
2.	Macedonia under Roman rule (168 BC-395 AD)	564	19,9
3.	Macedonia under Byzantine rule, completely or only parts (from the 5th-9th and from the 11th-12th centuries)	700	24,7
4.	Macedonia as part of the Bulgarian Empire (893-968)	75	2,6
5.	Macedonia in the Kingdom of Samuel (969-1018)	49	1,7
6.	Macedonia, part of the Thessaloniki and Latin Kingdoms (1204-1261) and part of the Kingdom of Bulgaria (13th century)	64	2,3
7.	Macedonia in the Kingdom of Serbia (1282-1355)	73	2,6
8.	Macedonia, independent feudal rulers (1356-1395)	39	1,4
9.	Macedonia under Ottoman rule (1395-1913)	518	18,3
10.	Macedonia, in 1913 the territory of the kingdoms of Greece, Serbia, Bulgaria and Albania was ethnically divided (1913-1944)	31	1,1
11.	Macedonia within SFR Yugoslavia (Socialist Republic of Macedonia) (1945-1991)	46	1,6
12.	Macedonia as an independent state (Republic of Macedonia, Former Yugoslav Republic of Macedonia, from 08.09.1991 to 2019 and Republic of North Macedonia (from 2019 onwards)	33	1,2
	Total years and percentages:	**2832**	**100**

Source: Prepared by the author based on historical literature. Proeva, Nade (1997) "Studies about the ancient Macedonians", Macedonia Prima, Skopje, p. 328; Proeva, Nade (2004) "History of Agreads", Grafotisok, Skopje, p. 401; Proeva, Nade (2012) "Alexander the Macedonian: life and work", Grafotisok, Skopje, p. 336; Proeva, Nade (2014) "The religion of the ancient Macedonians", Grafotisok, Skopje, p. 292; Proeva, Nade (2018) "Triptych on the Macedonian identity", Skopje, p. 187; Plutarch, (1994) "Alexander the Macedonian", Children's Joy, Skopje, p. 95.; Brian, Pierre (1995) "Alexander the Great", Doger, Skopje, p. 109.; Hammond, N.J.L. (2020) History of Macedonia, Narativa, Skopje, p. 584, Petrushevski, Ilija (1992) Macedonia on the old maps, Children's Joy/Macedonian Review, Skopje, p. 91; History of the Macedonian people vol. 1, 2 and 3, INI, Skopje, 1969. ; Ostrogorski, G. (1992) History of Byzantium, Our Book, Skopje, p. 771; Antoljak, Stjepan (1985) Medieval Macedonia, item 1, Misla, Skopje; Panov, Branko (1985) Medieval Macedonia, item 2 and

countries worldwide; application to the UN with temporary reference Former Yugoslav Republic of Macedonia, FYROM (1993-2019); Republic of Northern Macedonia, RNM, North Macedonia (Republic) (2019-). https://en.wikipedia.org/wiki/North_Macedonia retrieved on 08.04.2024. In the text, we will use the abbreviated name of the country, that is, only the initial letters of the adjectives or RN Macedonia.

Manuscript received: 22.04.2024
Accepted: 26.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

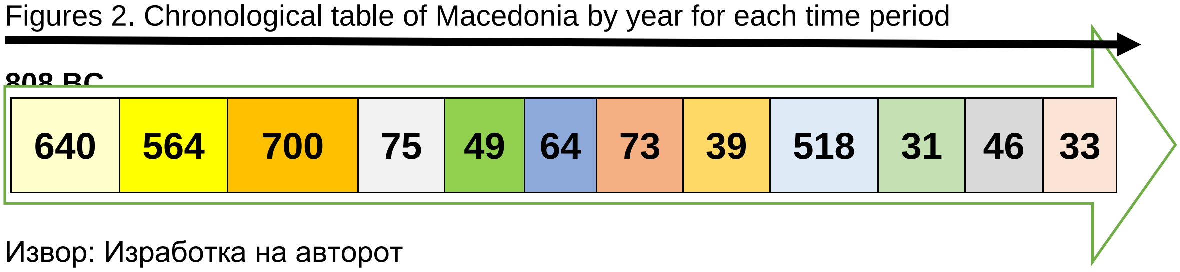
item 3, Misla, Skopje ; Dimevski, Slavko (1989) History of the Macedonian Orthodox Church, Macedonian Book, Skopje ; Group of authors, History of Macedonia, INI, Skopje, 2002, Hans Lothar Štefan (2004) The Macedonian knot: the identity of the Macedonians shown on the example of the Balkan Union (1978-1914), "Az-buki", Skopje, p. 439; Macedonian Encyclopedia 1-2, MANU, Skopje, 2009; Branislav Svetozarevic Pokorni, (2021) Macedonians - millennial testimonies about the identity name (documents and analyses), Tetovo, p. 800 and other books.

Figures 1. Chronological table of Macedonia by time periods, years and percentages (%)

Periods	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	1-12
Years	**640**	**564**	**700**	**75**	**49**	**64**	**73**	**39**	**518**	**31**	**46**	**33**	**2832**
%	*22,6*	*19,9*	*24,7*	*2,6*	*1,7*	*2,3*	*2,6*	*1,4*	*18,3*	*1,1*	*1,6*	*1,2*	***100***

Source: Created by the author

Figures 2. Chronological table of Macedonia by year for each time period



Извор: Изработка на авторот
Source: Created by the author

From table 1, Figures 1 and 2 we get the following answer. 2832 years have passed since the appearance of the name Macedonia until today. Throughout the long past, Macedonia has gone through 12 periods, from an independent kingdom that existed for 640 years or 22.6% of the total history for Macedonia, followed by a conquest by Rome and falling under Roman rule that lasted 564 years (19.9%). Macedonia, most of its history, was under Byzantine rule for 700 years (24.7%), and under Ottoman rule for 518 years (18.3%). For the rest of the period, it was conquered or was part of the kingdoms of Bulgaria, Serbia and others, which alternately ruled the territory of Macedonia and the Macedonian people for a shorter period.

The general conclusion is that in many periods of time, Macedonia and the Macedonian people were first robbed, impoverished, bribed, and then easily conquered or under pressure joined a more powerful state that it would serve, regularly pay taxes, and have to fight for other people's interests etc.

The fact is that the history of Macedonia is a difficult question and it is not possible to cover everything and tell the whole truth about Macedonia and the Macedonians in one small paper. Many historians from different nations, from different periods of time wrote, copied, composed, invented about Macedonia and its people, about the interests of their rulers. In that period (unfortunately even today) the truth dies first and history is always written by the victor, in order to devalue the glorious Macedonian history of Macedonia and the Macedonians.

Accordingly, we do not intend to debate how it unfolded and what is the true history of Macedonia and the Macedonians, we only know one thing, despite all the denials, divisions and renamings, the name and the people still exist for nearly three millennia. We also know that from the middle of the 20th century until today, only the northern part of the geographical part of ethnic Macedonia has its independence and exists as a state, and that the Macedonians as a dominant nation have their own language, history and heritage.

Manuscript received: 22.04.2024
Accepted: 26.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

Today, on the territory of the Republic of Macedonia there is still a unique cultural heritage (material and immaterial), especially the immaterial spiritual, which should be included in the UNESCO World Heritage List.

Precisely because of this, in the parts of the paper that follow, we will present several arguments and proposals for improving the reputation of Macedonia and the Macedonians by entering its most valuable intangible spiritual heritage into the treasury of UNESCO's world cultural heritage.

MATERIAL AND METHODS

Extensive literature was consulted and used - books, monographs, scientific works, etc., which deal with the history of Macedonia for different periods of time. Also, books, monographs, scientific works and expert materials that dealt with the cultural heritage of Macedonia were consulted and used.

When compiling the general sublimated text, several methods were used, namely: historical method, method of description, inductive-deductive method, method of analysis and synthesis, method of abstraction and concretization, method of classification and method of generalization.

RESULTS AND DISCUSSION

In the list of natural heritage of R.N. Macedonia includes 4 national parks (171,063 hectares), 4 strict national reserves (12,855 hectares), 3 areas with exceptional natural features (2,338 hectares), 14 different plant and animal species that live in areas outside the nature reserves (2,709 hectares) and 33 natural areas in the category of the so-called "monuments of nature" (61,655 hectares). While, for cultural heritage, there are 10,974 objects registered as immovable cultural heritage (4,361 archaeological sites; 1,726 churches and monasteries with over 150,000 square meters of wall fresco painting; followed by mosques; protected houses; monuments; etc.) and 500,000 museum relics (Dimitrov, V. N., 2020).
https://kultura.gov.mk/ ; http://uzkn.gov.mk/mk/registri/ ; http://uzkn.gov.mk/mk/публикации/, (retrieved on 18.03.2024)

According to the national institution, the Administration for the Protection of the Cultural Heritage of the RNM, 77 items of intangible spiritual heritage have been entered in the register. (http://uzkn.gov.mk/mk/wp-content/uploads/2023/07/нематеријално-КН.pdf ; http://uzkn.gov.mk/mk/wp-content/uploads/2023/07/нематеријално-особено-значење.pdf (retrieved on 18.03.2024.)

Their number is several times higher than the one mentioned, but they are not recorded in the Register. In the paper, we will state a series of arguments and proposals for increasing the register with new goods from intangible spiritual heritage, as well as our sustained arguments and proposals for inclusion in the list of world intangible spiritual heritage of UNESCO.

First part:
The Macedonian natural and cultural heritage in the UNESCO list

According to UNESCO, the number of significant objects that make up the world cultural heritage in March 2024 (end of 2023) registered 1199 world heritage objects, of which: 933 cultural, 227 natural, 39 mixed (56 in danger, 3 deleted), 48 border, distributed in 168 states. https://whc.unesco.org/en/list/ (retrieved on 15.03.2024.)

RN. Macedonia participates in the total world heritage with two: Natural and cultural heritage of the Ohrid region and Ancient and primeval beech forests of the Carpathians and other regions of Europe.

Manuscript received: 22.04.2024
Accepted: 26.05.2024

Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

The Ohrid Lake region is a mixed world heritage property covering 94,729 hectares. Date of admission is 1979, border changes were made in 1980, 2009 and 2019. With the latest changes, the entire region of Ohrid Lake, i.e. the rest of the Lake, with the part in Albania, has been entered as a natural and cultural world heritage. Criteria according to which the Ohrid region has been declared a mixed world heritage are: **(i) (iii) (iv) (vii).** https://whc.unesco.org/en/list/99 (retrieved on, 15.03.2024.)

The second world heritage site is the ancient and primeval beech forests of the Carpathians and other regions of Europe. RS Macedonia enters this natural world heritage as a cross-border property. This transnational property includes 93 constituent parts in 18 countries (Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, France, Germany, Italy, North Macedonia, Poland, Romania, Slovakia, Slovenia, Spain, Switzerland, Ukraine) . Date of first inscription: 2007, significant border changes occurred in 2011, 2017, 2021 and 2023. From 2023, RS Macedonia is also included in this zone. This heritage has an estate of 99,947.81 ha, and the entire zone covers an area of 296,275.8 hectares. It has been declared a natural heritage according to the following criteria: (ix). https://whc.unesco.org/en/list/1133 (retrieved on, 15.03.2024.)

Second part:
Argued proposals for new Macedonian intangible spiritual assets in the national register and in the representative list of UNESCO`s world intangible heritage

In the list of intangible cultural heritage of UNESCO, as of 2023, a total of 730 elements corresponding to 145 countries were entered. https://ich.unesco.org/en/lists (retrieved on 10.04.2024)

RN Macedonia is included in this list with five intangible cultural heritages. All are declared under criterion (iii) "heritage that has a unique or exceptional testimony to a cultural tradition or civilization that still exists or has disappeared". UNESCO registered the first intangible cultural heritage from the Republic of Macedonia in 2013.

- Feast of the Holy Forty Martyrs in Štip (2013)

Inscribed in 2013 (8.COM) on the Representative List of the Intangible Cultural Heritage of Humanity, according to Criterion (iii) Independent, North Macedonia (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English) Independent, North Macedonia (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English) https://ich.unesco.org/en/RL/feast-of-the-holy-forty-martyrs-in-stip-00734 (retrieved on 10.04.2024.)

- Kopachkata, a social dance from the village of Dramche, Pijanec (2014)

Inscribed in 2014 (9.COM) on the Representative List of the Intangible Cultural Heritage of Humanity according to Criterion (iii) Independent, North Macedonia (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English) Independent, North Macedonia (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English)
https://ich.unesco.org/en/RL/kopachkata-a-social-dance-from-the-village-of-dramche-pijanec-00995 (retrieved on 10.04.2024.)

- Glasoechko, male two-part singing in Dolni Polog (2015)

Inscribed in 2015 (10.COM) on the List of Intangible Cultural Heritage in Need of Urgent Safeguarding according to Criterion (iii) Independent, North Macedonia (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English) Independent, North Macedonia (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English)
https://ich.unesco.org/en/USL/glasoechko-male-two-part-singing-in-dolni-polog-01104
(retrieved on 10.04.2024.)

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

- Cultural practices associated to the 1st of March (2017)
Inscribed in 2017 (12.COM) on the Representative List of the Intangible Cultural Heritage of Humanity according to Criterion (iii) Common heritage of the countries: Bulgaria – North Macedonia – Republic of Moldova – Romania
(The original application for nomination is in the name of the Republic of Macedonia in Macedonian and English) https://ich.unesco.org/en/RL/cultural-practices-associated-to-the-1st-of-march-01287 (retrieved on 10.04.2024.)
- Spring celebration, Hıdrellez (2017)
Inscribed in 2017 (12.COM) on the Representative List of the Intangible Cultural Heritage of Humanity according to Criterion (iii) (The original nomination application is in the name of the Republic of Macedonia in Macedonian and English) Common heritage of North Macedonia – Türkiye
https://ich.unesco.org/en/RL/spring-celebration-hdrellez-01284 (retrieved on 10.04.2024.)

The general conclusion about this is that in all five cases on the UNESCO website it is noted: Consent of the communities - The former Yugoslav Republic of Macedonia: Consent of the communities - The former Yugoslav Republic of Macedonia: While in the internal applications in the Macedonian language it says: Republic of Macedonia, Ministry of the Republic of Macedonia, as well as the original names of municipalities, settlements, associations, etc.

The part of spiritual cultural heritage includes: folklore goods, language and toponyms. In the Republic of Macedonia, 77 are registered in the register of intangible spiritual heritage.

The question arises - Why, despite the large number of unique intangible spiritual heritages, the Macedonian National Committee or the Cultural Heritage Administration did not submit proposals for nomination to UNESCO !?

We hope that the paper will be an occasion for analyzes and proposals for the inclusion of the Macedonian spiritual heritage in the UNESCO list. Otherwise, the consequences will be negative for the Macedonian people and the Macedonian state.

Arguments and proposals for new intangible spiritual cultural heritages.

The part of **spiritual cultural heritage** includes: folklore goods, language and toponyms.

Folklore goods are customs, rites, traditions, mental creations, costumes, embroideries, folk songs, stories, legends, proverbs, riddles, quick words, dances, games, old and rare crafts, traditional skills and other expressions of intangible folk creativity. (Kitevski, M., 2014) Macedonia abounds in folklore goods that are not entered in the register of national intangible spiritual goods. After entering into the national register some of them, according to the third criterion, to be nominated in the UNESCO list.

Our suggestions of folklore goods for protection and entry into the register are:

1. Macedonian folk songs that mention Macedonia, Macedonians, Macedonian language. From the large number of folk songs that have a unique or exceptional testimony to the Macedonian cultural tradition and still exist, a special group of folk songs should be singled out in which: Macedonia, Macedonians, Macedonian women, Macedonian language and other words with a Macedonian sign are mentioned. To be registered in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

2. Macedonian quick words, riddles, proverbs, stories, legends, anecdotes. There are a number of such unique testimonies of cultural tradition and folklore that still exist. So far, no register has been issued for this type of in heritance. At this point, we will only emphasize the importance of **Macedonian quick words.** Quick words are a folk

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

tradition of composing children's songs that are said quickly in order to eliminate speech disorders or deficiencies in the pronunciation of certain letters. Quick words are also word constructions that are difficult to pronounce, they are pronounced quickly and during the fast pronunciation, mistakes are made that cause a cheerful mood. (Penusliski, K., 1969; Cepenkov, K. M., 1980; Jovceski, R., 1997; Tarapuza, S., 2013)

Today, in kindergartens in the developmental period from 5 to 6 years old, learning traditional customs, folk songs, stories, legends, reciting poems, singing, speech games, quick words, playing, etc. is practiced. It is also often used to process a text or story that contains words with a certain voice that needs to be pronounced correctly or the creation of unusual voice combinations. Example: - Speech games: "Nini, mini, chini, don't tear this" or - Speech game, "Broken phone". Then, exercises for correct posture when speaking and saying a quick word or counter. Example: - Speech game "Loud, loud" etc. (p. 64/65) https://www.bro.gov.mk/wp-ontent/uploads/2019/08/Programa_za_rano_ucenje_i_razvoj.pdf (retrieved on 14.04.2024)

Also, fast words are taught in primary education, in the first and second grades as contents of the Macedonian language subject. Picture books and books (stories, fables, fairy tales, poems, riddles, quick words, proverbs etc.). (p.2) Correctly pronounces different sounds in different word positions. (p.6) Students say quick words in pairs, repeat them alternately until they learn them. (p.7) https://www.bro.gov.mk/wp-content/uploads/2021/04/НП-Македонски-јазик-I-одд.pdf ; https://www.bro.gov.mk/wp-content/uploads/2021/04/НП-Македонски-јазик-II-одд.pdf (retrieved on 14.04.2024)

In RNM, there are several non-governmental associations, folklore societies and the like, which take care of Macedonian folklore goods: customs, rites, traditions, mental creations, costumes, embroideries, folk songs, stories, legends, proverbs, riddles, quick words, dances, games , old and rare crafts, traditional skills and other expressions of intangible folk creativity.

For the centuries-old tradition of fast words that were used in the family of the author of these lines, and to overcome certain difficulties in pronunciation among young children, we will list three fast words: "Tumba tumba divina", "Strino Lazorice" and " Snesla Kvachka 12 jajca"[5].

Macedonian quick words, riddles, proverbs, stories, legends, anecdotes to be entered in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

3. Macedonian folk music with Macedonian specific tactful musical expression among Macedonians. Macedonian musical rhythm is a unique and exceptional testimony of the specific tactful musical expression of the Macedonians. Macedonian specific tact musical expression is represented by two types of tacts, i.e. simple (two-part and three-part) and complex (composed of two or more simple measures).

A specific feature of Macedonian folk music is the even beats (equally complex or composed of the same simple beats, for example 2/4+2/4=4/4, 3/4+3/4=6/4) and especially the uneven beats (mixed-complex or composed of different simple tacts, for example 3/4+2/4=5/4, 3/8+2/8+2/8=7/8), which are the most common occurrence in folk games, which means that they are bound exclusively to the way of musical expression of the Macedonians. **Macedonian eight-part singing and the Macedonian seven-eighth measure are especially popular.** (Golabovski, S., 1993; Golabovski, S., 1986). Macedonian eight-part singing and Macedonian seven-eighth beat to be entered in the

[5] Menka Pavleska (1881-1961) from the village of Velmevci, Demirhisarsko, who learned the guick words "Tumba tumba divina", "Strino Lazorice" and "Snesla Kvachka 12 jajca" from her grandmother and mother, and passed them on to her children. Her son Venko Pavleski Dimitrov (1920-1984) practiced these quick words and passed them on as a tradition to his children: Jonche (1950), Nada (1952) and Nikola (1958) Dimitrovi. A tradition that has been passed down for two centuries.

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

4. Macedonian customs related to religious holidays.

Macedonians are a religious nation that celebrates a large number of religious holidays throughout the year. Holidays are the glory as a name day, domestic glory, as a patron or protector of a settlement (city or village). Religious holidays are especially massively celebrated: Christmas, Prochka, Easter, Vasilica, St. Epiphany (Voditsi), St. Elijah (Ilinden), St. Nicholas, Nativity of the Blessed Virgin - Little Virgin, Introduction of the Blessed Virgin - Pure, Dormition of the Blessed Virgin - Great Virgin, St. Dimitria of Thessaloniki (Mitrovden), St. Kliment Ohridski, St. Naum Ohridski, St. Cyril and Methodius, St. Basil the Great, St. Peter and St. Paul (Petkov`s Day), St. Council of the 12 Apostles (Paul's Day), St. Petka, St. Anne, St. Panteleimon, St. Kuzman and Damian, St. John the Baptist, St. Tryfun, St. Athanasius, St. Trinity, St. The 15 Holy Martyrs of Tiveriopolis, St. Gavril Lesnovski, St. The 40 Martyrs of Sebastila (Newlyweds), St. Georgij Kratovski, St. Elena and Constantine, St. Zlata Meglenska, St. Lydia of Macedonia, etc.

Example: Epiphany or Epiphany - an old Orthodox religious tradition and celebration of the Macedonian Orthodox Church - Ohrid Archdiocese which is celebrated on January 19 in towns and villages in ethnic Macedonia. It is especially massively celebrated in the cities of Ohrid, Struga, Skopje, Bitola, Prilep, Shtip, Strumica, etc.

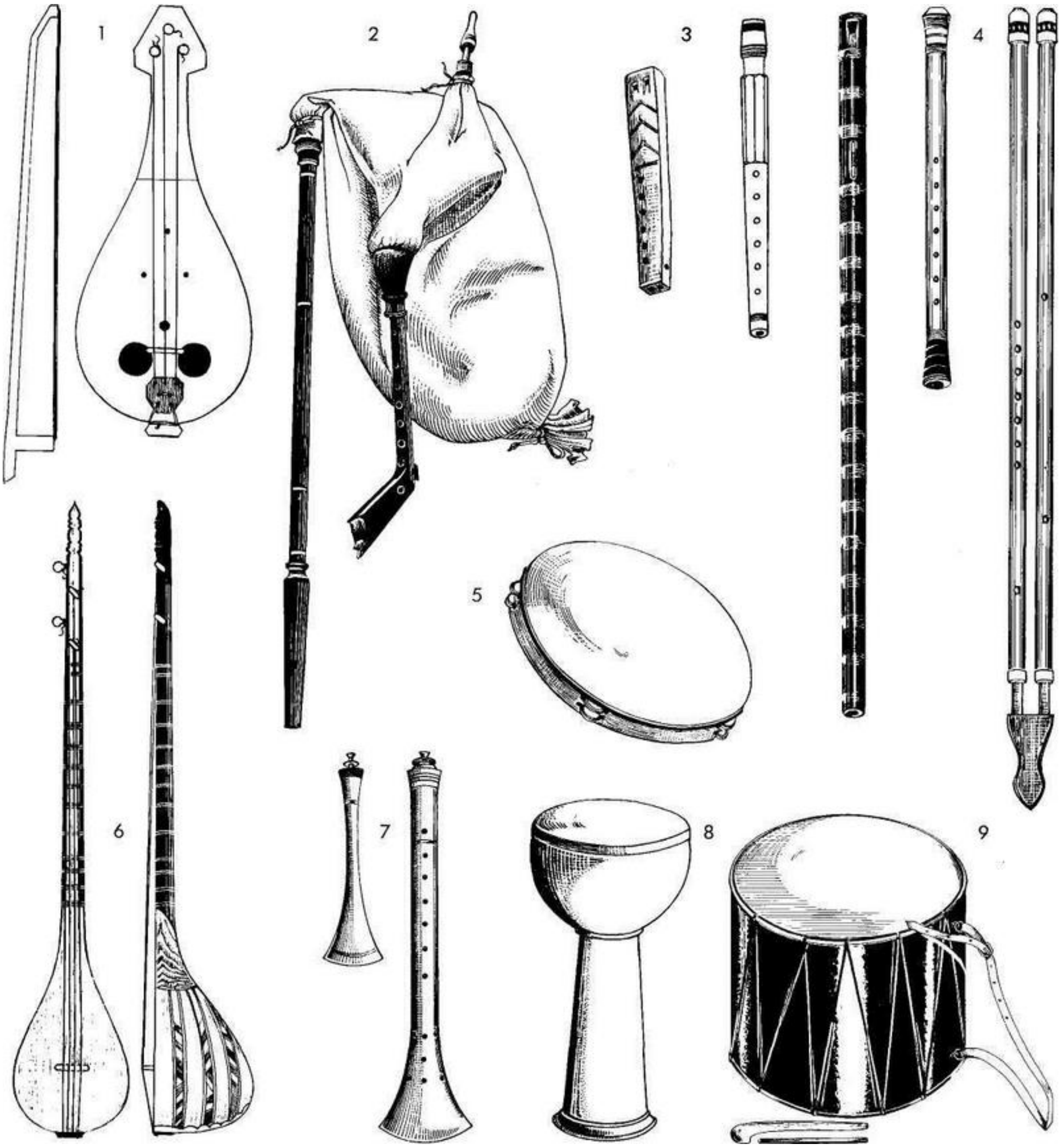
Protector of cities: St. Nikola is the protector of the cities of Sveti Nikole, Prilep, Shtip, etc.; St. Clement is the protector of the city of Ohrid; St. The Virgin is the protector of Skopje; St. Nektarius of Bitola is the protector of Bitola; etc.

Customs among Macedonians related to religious holidays to be entered in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO. (Kitevski, M., 2019; Kitevski, M., 2013)

5. Macedonian traditional instruments. Macedonian folk instruments that are a unique and exceptional testimony to a centuries-old folklore cultural tradition. From about fifty traditional Macedonian and oriental instruments, which have a centuries-old tradition in Macedonia, we single out: Wind instruments: bagpipe or meshnica (Macedonian), shupelka (Macedonian), kaval (Macedonian), duduk, dvojanka (Macedonian), zurla (Macedonian); whistle made of leaf, leek or onion feather, stick, tile (Macedonian), pukalo, mouthpiece or usnik, ocarina (Macedonian spherical wind instrument with three holes made of baked clay); String instruments: kemane or gusla (Macedonian), tambura (Macedonian), ud (Macedonian); Percussion instruments: dajre (Macedonian), drum, tarabuka (Macedonian), krecetalo or chkrtalo. http://nikoletkapaneva.weebly.com/ (retrieved on 15.04.2024) (Linin N.,A., 1985).

Macedonian traditional instruments should be entered in the national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper



Figures 3. Macedonian folk instruments by number: 1.Kemane; 2.Gajda; 3.Dojanka, Duduk (small and large); 4.Cavali; 5.Daire; 6.Tambura; 7.Zurla (small and large); 8.Tarabuka; 9.Tapan. https://mk.wikipedia.org/wiki/Македонски_народни_инструменти (retrieved on 15.04.2024)

6. Macedonian names of the months. Macedonian unique folk tradition as an exceptional testimony that was practiced for many centuries and today is an endangered heritage. We are talking about Macedonian medieval names of the months of the year, namely: Koložeg, Sechko, Cutar, Treven, Kosar, Zhetvar, Zlatec, Zitar, Grozdober, Listopad, Studen, and Snezhnik. (Kitevski, M., 2021) http://www.mpc.org.mk/ ; http://www.mpc.org.mk/kalendar/mesec.asp https://denovi.mk/ (retrieved on 15.04.2024)

Manuscript received: 22.04.2024
Accepted: 26.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

The Macedonian names of the months should be entered in the national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

Tables 2. Names of the months of the year: in English, folk original name in the old Macedonian language and standard name in the modern Macedonian language

Mount in Years				
No	**English**	**Today Macedonian (default name)**	**Old Macedonian language (source name)**	**Description**
1.	January	Januari	Kolozeg	*month of wood burning*
2.	February	Fevruari	Secko	*month of the ice*
3.	Marth	Mart	Cutar	*the month of flowering*
4.	April	April	Treven	*month of the grass*
5.	May	Maj	Kosar	*month for mowing grass*
6.	June	Juni	Zetvar	*harvest month*
7.	July	Juli	Zlatec	*golden month*
8.	August	Avgust	Zitar	*the month of the grain*
9.	September	Septemvti	Grozdober	*month of grapes*
10.	October	Oktomvri	Listopad	*month of falling leaves*
11.	November	Noemvri	Studen	*cold month*
12.	December	Dekemvri	Sneznik	*month of snow*

7. Ethnometeorology / old Macedonian expressions for day, week, months, year, seasons, atmospheric shape, natural phenomena and weather forecast. In Macedonia and among the Macedonian people there is a unique or exceptional testimony of a cultural tradition for names of days, months, seasons, atmospheric beliefs, natural phenomena and weather forecasting, as well as holidays, beliefs and customs related to the sky and atmospheric phenomena. (Conev, G., 2004) A small part of these beliefs and customs still exist among part of the population, and some of them are on the verge of extinction. That is why urgent protection and entry into the register of national intangible spiritual and world heritage of UNESCO is necessary. Ethnometeorology of old Macedonian expressions to be entered in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

8. Macedonian folk embroidery specific to women's Macedonian folk clothing. Macedonian folk embroidery was continuously passed down from generation to generation as a tradition. Macedonian embroidered art reached its highest level in the 19th century. Various embroideries - ornamentation, geometric motifs, embroidered techniques, various colored threads, on all parts of women's shirts are found in various regions of Macedonia (Mariovo, Skopje, Kumanovo, Tetovsko, Mavrovsko, Strushko, Ohrid, Pelagonisko, Porechie, Kichevo, Palanechko, Shtipsko, Radovishko, Maleshevsko, Pianec etc. (Krsteva, A., 1975; Krsteva, A., 2011; Matovska, P., 1999). The Macedonian national embroidery, specific to the Macedonian women's national clothing, should be entered into the national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

9. Pafti is a unique detail from the Macedonian women's folk clothing. Pafts are an integral part and decoration of the women's folk costume, which are heavy metal buckles for looping the belt. This detail in the women's folk costume in Macedonia from the 18th to the beginning of the 20th century. Today, pafts are also made as souvenirs in frames and are in high demand on the market. (Maneva, E., 1992; Zdravev, G., 1996) Paftas, as a unique detail of the Macedonian women's national clothing, should be included in the

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

10. Macedonian folk songs about love or Macedonian folk songs related to love. The group of love songs in our folk lyrics is the most extensive. The love depicted in the folk song is pure, sincere, two-sided, passionate, lifelong, etcВакви песни се чести во сите области од Македонија. (Kitevski, M., 2022) Such songs are common in all regions of Macedonia. Macedonian folk songs about love should be included in the national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

11. Macedonian ethnoanthropology. Macedonian ethnoanthropology covers all the specific unique testimonies of the continuity of the cultural tradition of music, songs, dances, customs, costumes, beliefs, legends, stories, traditions, art and more that have existed on the soil of Macedonia since ancient times and which still exist , even before the disappearance or extinction. Macedonian ethno-anthropology should enter the national register of intangible spiritual heritage and submit a proposal for inclusion in UNESCO's list of intangible spiritual world heritage.

Language as an immaterial spiritual good *(literary ie standard language and its script, as well as local speeches of the same language (dialects), so-called secret languages, etc.)*.

Our proposals in the language section, for inclusion in the national list or register and in the list of intangible spiritual goods of UNESCO:

1. Demirhisar dialect - a dialect of the Macedonian language, which is used in the area of Demir Hisar or Zheleznik. To be entered in the national register. (Cvetkovski, P., R., 2006; Cvetkovski, P., R. & Stefanovski, B., 2008)

2. Macedonian language - exceptional testimony of centuries-old cultural tradition. To be included in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO. (Belcev, T., 1995; Belcev, T., 1996)

3. Protection of the terms: Macedonian studies, Macedonians, Macedonia, Macedonianism, Makedonofonia, Macedonia. Science, national ideology and political doctrine of disobedience that cares for the affirmation of Macedonian national distinctiveness with the Macedonian language, the Macedonian people and Macedonia as a national state, and the care of all people around the world who use and know how to speak the Macedonian language. To be entered in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

4. Protection of unique personal names and surnames: Makedon, Makedonka, Make, Mak, Makedonov, Makedonova, Makedonovski, Makedonovska, Makedonski, Makedonska, Makev, Makevski, Makeski, Makeva, Makevska, Makeska. To be entered in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

5. Protection of the unique letter "S" (pronounced as the sound of two joined Latin letters "dz", which is the eighth letter and is actively used only in the Macedonian alphabet (31 letters), in the Macedonian language and Macedonian spelling.

Today, the letter, voice and sign "S" (Dz) is unique in the Macedonian language, Macedonian script, speech and spelling. The letter, voice or sign "S" has existed since the time of Glagolitic - the Old Slavic script (glagolitic with 38 - 41 letters // created during the 9th century (St. Cyril and St. Methodius) for writing in the Old Slavic language or the Old Macedonian language. The letter or sign "S" is also in the old Cyrillic script with 44-46 characters or letters). Buka is unique and still, out of all the Slavic languages and scripts, it is

Manuscript received: 22.04.2024
Accepted: 26.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

used only in the Macedonian language and script. The protection of the letter also protects over 200 words, personal names and surnames, names of plants, animals, foods, occupations and geographical toponyms that begin with the letter "S", the sound "S" or the sign" („S“=Dz).
Example: Ѕвазда - Dzvezda (Star), Ѕвер - Dzver (Beast), Ѕвон - Dzvon (Bell), Ѕиври - Dzivri (Long Cotton underpants), Ѕид - Dzid (Wall), Ѕуница - Dzunica (Rainbow) (See: Table 3.)

Protection of the unique letter "S" and all its words through inclusion in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

Tables 3. A small part of words with the initial letter "S" (Dz) and their pictorial appearance, in English and Macedonian

Word	Picture	Word	Picture	Word	Picture
Star SВЕЗДА		**Beast** SВЕР		**Bell** SВОН	
Long Cotton underpants SИВРИ		**Wall** SИД		**Rainbow** SУНИЦА	

Toponyms as intangible spiritual heritage are names of lakes, rivers, springs and other water bodies (hydronyms), towns, villages and other settlements (oikonyms), natural or administrative areas (horonyms), roads (dromonyms), agricultural spatial objects (agronyms), names of flora and fauna (phytonyms and zoonyms), names of mountains, passes and other relief and geomorphological objects (geonyms) as well as names of nature associated with forests (dendronyms) and other original, local and official names that are subject to the toponymy of a certain territory or state.

Our proposals for inclusion in the national register of intangible spiritual heritage and submitting proposals for inclusion in the list of intangible spiritual world heritage of UNESCO are:

1. Macedonia, civilizational value - a unique global geographical name that has existed for several millennia.
In the course of history, it was subjected to several variants of the division of the territory, various changes and additions to the name, and today only its northern part survives as a sovereign state. Name: Macedonia, an old name 4000 years (four millennia), (Belcev, T., 1995; Belcev, T., 1996) Biblical Macedonia - over 2000 years (Dimitrov, 2023), Macedonia as an identity for the Macedonian people (Macedonian, Macedonians), Macedonian language, Macedonian script, Macedonian alphabet, Macedonian songs, Macedonian folklore, Macedonian traditions, etc.). The name Macedonia should be entered in the

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

2. Protection of Macedonian geographical toponyms with a unique sign and the letter "S" - the eighth letter in the Macedonian alphabet and spelling. Geographical toponyms with the initial letter "S": - Svegor village, Svezdinci neighborhood (oikonym), - Svegor river, Svonchitsa river (hydronym), Sinsilo - toponym in the village of Evla, Prespa; Šrse - livaa, a toponym in the village of German, Prespa and others. (Pertushevski, I., & Petrushevska, N., 2001; Ristevski, D., 2013; Group of authors, 1979; Topographic maps of the Republic of Macedonia, Scale: 1:50,000, 1971, 1973, 1982, 1985). The listed geographical toponyms starting with the unique sign and letter "S" should be entered in the national register of intangible spiritual heritage.

3. Geographical name Makedon - Macedonia - a name over 4000 years old (four millennia). (Belcev, T., 1995; Belcev, T., 1996; Ivanovski, R., 1998). Only as a cartographic toponym the name Macedonia is about 3000 years old. To be included in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

4. Macedonian heraldic symbols: Lion, Wolf, Double-headed Eagle, Sun and others. (Jonovski, J., 2015; Matkovski, A., 1990) To be entered in the national register of intangible spiritual heritage.

5. Geoglyph "Kanda" at St. Nikole in Ovce Pole. Dimensions 85x45 meters and dates from the period 10,000 years. It has the sign "M" on the surface. Associated with Macedonia, Kandaon, Akmon, Migdon, Mygdonia - Macedonian kingdom from the 5th century BC. Constellation Cassiopeia, from where you can continue with an imaginary line to the North Star - Polaris. The sign reminds: "as on earth, so in heaven". This place is dedicated to the God "Se" (Dze) (God of the Sun, God of Sunlight, God who is seen) and Goddess Ma, that is, the Mother Goddess. Kanda also means a lamp in which light is lit. (http://www.mn.mk/kultura/10181 (retrieved on 18.04.2024); Debertolis, P., Nikolić, D., and Tarabella, N., 2016). The geoglyph "Kanda" should be entered in the national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

6. Rock art. The first center for rock art in Eastern Europe was established in 1991, headquarters in Kratovo. Center for rock art based in Kratovo (founded in 1991). A rock art reserve in the village of Trnovec in the municipality of Kratovo, the first of its kind in the Balkans. (Aleksovski, D., 2000; Aleksovski, D., 2000a) The rock art found on the territory of Macedonia should be entered in the national register of intangible spiritual heritage and a proposal should be submitted for inclusion in the list of intangible spiritual world heritage of UNESCO.

7. Megalithic Prehistoric Observatory: "Kokino" on the top Tatichev Kamen (1010-1030 m.a.s.l.), declared by NASA in 2005, in fourth place 1800 BC (Early Bronze Age). That is, 3800 years old. (Stankovski, J., 2018) To be included in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

8. Prehistoric megalithic observatory: "Cocev Kamen" (481 masl) near Shopsko Rudare, Kratovsko. with all accompanying niches, place of sacrifice, sanctuary, painted rock art, Tatichev Stone. (Aleksovski, D., 2006) To be included in the national register of intangible spiritual heritage and to submit a proposal for inclusion in the list of intangible spiritual world heritage of UNESCO.

A register of good stewardship practices allows signatory states, communities and other stakeholders "to share successful conservation experiences and examples of how they have overcome the challenges they face in passing on their living heritage, its practice

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

and knowledge to future generations ". In this register, Macedonia has not registered a project or activity in UNESCO.

Proposals from Macedonia for entry into the register of practices for good storage, we propose the following six goods:

1. Running with sacks, social practice and festive heritage, Stojakovo village, Bogdanci municipality.

2. Preservation of stork nests, Stojakovo village, Buchin and other Macedonian villages.

3. Macedonian carnivals - transmitted tradition of Macedonian dances, expressions and customs related to the celebration January 14 - for the feast of Vasilica in the northern part of Macedonia ("Babari" and "Mechkari" - Bitola and Prilep, "Vasilicari" - Ohrid "Rusalii" - Strumica and Gevgeli, "Jamalari" - Kumanovo and Tikvesh, "Surovari" - Delchevsko). Active carnivals in: Vevcani, Prilep ("Prilepski mechkari"), Strumica "Trimeri", Svegor ("Svegorska Surva"), Begnishte "Dzamalari"), Capari, Rusinovo and other places. (Prochka, Trimmers).

4. Macedonian traditional wedding customs: Galician wedding, Mariov wedding, Drunken wedding and others.

5. Macedonian festivals of traditional Macedonian food and drinks: wheat, rice, potatoes, leeks, cabbage, pekmez, marmalade, sweet from figs, honey, vintage, apple, plum, pomegranate, chestnut, brandy, wine and others.

6. Macedonian folk dances and accompanying practices related to traditional Macedonian folk dances - about one hundred dances: Beranche, Kopachka, Osogovka, Pajdushko, Potrchano, Ratevka, Rusalsko, Sitno, Teshko, Tresenica and others.

CONCLUDING REMARKS

Through this text, we strive for Macedonia, Macedonians and the Macedonian language to find their rightful place in UNESCO's list of intangible spiritual heritage. We do not intend to change or adapt to global movements, the interests of powerful states that often do not respect the benefits of the UN and UNESCO, and when it comes to small states and peoples, they use a variety of methods of assimilation, denial, divisions, and the like. On the contrary, with our smallness we want to help our friends and enemies to respect the reality of Macedonian unique and exceptional testimony of a cultural tradition and civilization that existed, was destroyed, but despite all the happenings it still exists in a millennial continuity.

Popularizing the Macedonian identity as a world heritage will increase the interest in tourist visits to Macedonia and to the wider Balkan Peninsula.

REFERENCES

Proeva, Nade. (1997) "Studies about the ancient Macedonians", Macedonia Prima, Skopje, p. 328; Proeva, Nade. (2004) "History of Agreadits", Grafotisok, Skopje, p. 401;
Proeva, Nade (2012) "Alexander the Macedonian: life and work", Grafotisok, Skopje, p. 336;
Proeva, Nade (2014) "The religion of the ancient Macedonians", Grafotisok, Skopje, p. 292;
Proeva, Nade (2018) "Triptych for the Macedonian identity", Skopje, p. 187;
Plutarch, (1994) "Alexander the Macedonian", Children's Joy, Skopje, p. 95.;
Brian, Pierre (1995) "Alexander the Great", Doger, Skopje, p. 109.;
N.J.L. Hammond, (2020) History of Macedonia, Narativa, Skopje, p. 584,
Petrushevski, Ilija (1992) Macedonia on the old maps, Children's Joy/Macedonian Review, Skopje, , p. 91;
History of the Macedonian People (1969) vols 1, 2 and 3, INI, Skopje.

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

Ostrogorski, G. (1992) History of Byzantium, Our book, Skopje, p. 771;
Antoljak, Stjepan (1985) Medieval Macedonia, vol. 1, Misla, Skopje,
Panov, Branko (1985) Medieval Macedonia, vol.2 and vol.3, Misla, Skopje,
Dimevski, Slavko (1989) History of the Macedonian Orthodox Church, Macedonian book, Skopje,;
Group of authors, (2002) History of Macedonia, INI, Skopje,
Macedonian Encyclopedia 1-2, (2009) MANU, Skopje,
Stefan Lotar Hans (2004) The Macedonian knot: the identity of the Macedonians shown on the example of the Balkan Union (1978-1914), "Az-buki", Skopje, p. 439
Svetozarevic, Branislav (2021) Submissive, Macedonians - millennial testimonies about the identity name (documents and analyses), Tetovo, 2021 p. 800.
Koneski, Blaze (1976) Grammar of the Macedonian literary language, part I and II, Kultura, Skopje, 1976, p. 111 (p. 551);
Koneski, Blaze (1979) Orthography of the Macedonian literary language with an orthographic dictionary, second unpublished edition, Prosvetno delo, Skopje, 1979, p.277/278 (p.610);
Dimitrov, V. Nikola, (2023) "Biblical Macedonia" - Tourist challenge. International Journal of Economics, Management and Tourism, 3 (1). Pp. 97-100. ISSN 2671-3810
Dimitrov, Pavleski, Venko, Nikola (2009) Velmevci, ancestors and heirs, Velmevci, p. 394
Trajchevski - Micho, Mitre (1998) Indestructible roots, Prespa in the past and present, Skopje, p. 58
Todorovski, Dobre (2009) Crnobuki, Crnobolki, Bitola, p. 230-231, p.377)
Smileski, Dimitar (1986) Kuratica, Ohrid, p. 95)
Kitevski, Marko (2014) History of Macedonian folklore, Ghirlanda, Skopje, p. 442
Group of authors (1984) The artistic wealth of Macedonia, Macedonian Book, Skopje, p. 322
Jordanoski, Aleksandar (2022) The dialects of the Macedonian language as intangible cultural heritage, - professional - legal aspects - Independent publication, Skopje, p. 100
Jordanoski, Aleksandar (2023) Cultural points of Macedonia, 2nd edition, Skopje, p. 98
Nikolov, Linin, Aleksandar (1985) Folk musical instruments in Macedonia, Macedonian book, Skopje, p. 143
Conev, Gjore (2004) The sky above Macedonia, Youth Cultural Center (MKC), Skopje, p. 184
Krsteva, Angelina (1975) Macedonian Folk Embroidery, Macedonian Book, Institute of Folklore, Skopje, p. 107;
Krsteva, Angelina (1987) Macedonian Folk Embroidery, Macedonian Book, Institute of Folklore, Skopje
Krsteva, Angelina (2011) Macedonian folk embroidery, Matica Makedonska, Skopje, p. 397
Maneva, Elitsa (1992) Medieval jewelry from Macedonia, Skopje, p. 279
Zdravev, Gjorgji (1996) Macedonian folk costumes, Matica, Skopje, p. 267
Matovska, Penka (1999) From the Macedonian Treasury, Macedonian Treasury, Bitola, 1999, p. 272;
Beldzigerovski, Gjorgji (1989) On fallow fields without friends, Macedonian folk songs, DNUB, Bitola.
Doneva, Ljubinka (2011) Dictionary of ancient words in the work of Svetlana Hristova - Jocic, Makedonikalitera, Skopje, 2011. p. 157
Petrushevski, Ilija and Petrushevska, Nikolina (2001) Geographic Toponym Dictionary of the Republic of Macedonia, Skopje, p. 650, (p. 223)
Ristevski, Dragan (2013) Elva, Bitola, 2013, (p. 29)
Grupa avtori: Monograph with a memorial - album for the village of German - Prespa, Skopje, 1979, p.132, (p.32)
Topographic maps of the Republic of Macedonia, Scale: 1:50,000, 1971, 1973, 1982, 1985.
Dimitrov, V. Nikola (2020) Natural and cultural heritage, Shtip, p. 236, p. 13 and 25

Manuscript received: 22.04.2024
Accepted: 26.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 60-75
Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

Kitevski, Marko (2022) Macedonian folk lyric, Ghirlanda, Skopje, p. 467
Kitevski, Marko (2021) Macedonian church - folk calendar, Ghirlanda, Skopje, p. 561
Cvetkovski, P. Radovan (2006) Study of the Demirhisar speech, MND, Bitola, p. 136
Cvetkovski, P., Radovan and Stefanovski, Bozo (2008) Dictionary of Demirhisar speech, Academic Press, Skopje, p. 793
Belchev, Tashko (1995) Four thousand years of Macedonian civilization, literacy and culture, or Ethnogenesis of the Macedonian people, Štrk, Skopje, p. 176
Belchev, Tashko (1996) Four Thousand Years of Macedonian Civilization Literacy and Culture, Book II or the Appropriation of Venetian Civilization by the Hellenes, Štrk, Skopje, p. 236
Ivanovski, Risto (1998) The Mediterranean, the ancestral home of the Europeans, Bitola, p. 353 Ivanovski, Risto (2024) Ancient Macedonians and Slavic Macedonians one and the same people with the same mythology, Bitola
Jonovski, Jovan (2015) Symbols of Macedonia, Silsons, Skopje, p. 374
Matkovski, Aleksandar (1990) Coats of arms of Macedonia (a contribution to the Macedonian heraldry), Misla, Skopje, p. 219
Aleksovski, Dushko (2000) Macedonian Center for Rock Art, Kratovo p. 76
Aleksovski, Dushko (2000a) How I discovered rock art in the Republic of Macedonia, Kratovo, p. 104
Stankovski Jovica (2018) Kokino, a holy mountain and an observatory from 4000 years ago, Kokino - A Holy mountain and an observatory for 4000 years, Skopje, p. 28
Aleksovski, Dushko (2006) The site "Tsotsev Kamen" - unique in the world combines a place of sacrifice, a sanctuary, painted rock art, a prehistoric observatory with all accompanying sights (a true pearl of the Macedonian and world cultural and spiritual heritage),Kratovo,p.62
Debertolis, Paolo; Nikolić, Domagoj; Tarabella, Natalia (December 2016), Archaeoastronomy at Kanda geoglyph, Macedonia, Journal of Antropology and Archaelogy, 4 (2): 59-71)

WEB PAGES:
https://en.wikipedia.org/wiki/North_Macedonia (retrieved on 08.04.2024)
https://kultura.gov.mk/ (retrieved on 18.03.2024)
http://uzkn.gov.mk/mk/registri/ (retrieved on 18.03.2024)
http://uzkn.gov.mk/mk/публикации/, (retrieved on 18.03.2024)
http://uzkn.gov.mk/mk/wp-content/uploads/2023/07/нематеријално-КН.pdf (retrieved on 18.03.2024)
http://uzkn.gov.mk/mk/wp-content/uploads/2023/07/нематеријално-особено-значење.pdf (retrieved on 18.03.2024.)
https://whc.unesco.org/en/list/ (retrieved on 15.03.2024.)
https://whc.unesco.org/en/list/99 (retrieved on, 15.03.2024.)
https://whc.unesco.org/en/list/1133 (retrieved on, 15.03.2024.)
https://ich.unesco.org/en/lists (retrieved on 10.04.2024)
https://ich.unesco.org/en/RL/feast-of-the-holy-forty-martyrs-in-stip-00734 (retrieved on 10.04.2024.)
https://ich.unesco.org/en/RL/kopachkata-a-social-dance-from-the-village-of-dramche-pijanec-00995 (retrieved on 10.04.2024.)
https://ich.unesco.org/en/USL/glasoechko-male-two-part-singing-in-dolni-polog-01104 (retrieved on 10.04.2024.)
https://ich.unesco.org/en/RL/cultural-practices-associated-to-the-1st-of-march-01287 (retrieved on 10.04.2024.)
https://ich.unesco.org/en/RL/spring-celebration-hdrellez-01284 (retrieved on 10.04.2024.)
https://www.bro.gov.mk/wp-ontent/uploads/2019/08/Programa_za_rano_ucenje_i_razvoj.pdf

Manuscript received: 22.04.2024
Accepted: 26.05.2024

Online: ISSN **2671-3810**
UDC: 930.85(497.7):061.1УНЕСКО
DOI: https://doi.org/10.46763/IJEMT2441060d
Original scientific paper

(retrieved on 14.04.2024) (Official Gazette of the Republic of Macedonia, no. 46 of 03/06/2014 1 of 119. Ministry of Labor and Social Policy of the Republic of Macedonia).
https://www.bro.gov.mk/wp-content/uploads/2021/04/НП-Македонски-јазик-II-одд.pdf (retrieved on 14.04.2024) (Ministry of Education and Science, Bureau for Education Development, Curriculum Macedonian Language for i and Macedonian Language for Grade I Skopje, 2021.)
https://www.bro.gov.mk/wp-content/uploads/2021/04/НП-Македонски-јазик-II-одд.pdf (retrieved on 14.04.2024) (Ministry of Education and Science, Bureau for Education Development, Curriculum Macedonian Language for i and Macedonian Language for Grade II Skopje, 2021.)
http://nikoletkapaneva.weebly.com/ (retrieved on 15.04.2024)
https://mk.wikipedia.org/wiki/Македонски_народни_инструменти (retrieved on 15.04.2024)
http://www.mpc.org.mk/ ; http://www.mpc.org.mk/kalendar/mesec.asp https://denovi.mk/ (retrieved on 15.04.2024)
(http://www.mn.mk/kultura/10181 (retrieved on 18.04.2024)

Manuscript received: 24.03.2024
Accepted: 21.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

THE ROLE AND SIGNIFICANCE OF TOURISM IN THE ECONOMIC DEVELOPMENT OF THE MUNICIPALITY OF PEJA

Anela Džogović[1*], Elma Nurković[2]
[1]Anela Džogović, Faculty of Management in Tourism, Hospitality and Environment, University „Haxhi Zeka" - Peja, anela.dzogovic@unhz.eu
[2] Student, Elma Nurković, Faculty of Management in Tourism, Hospitality and Environment, University „Haxhi Zeka" - Peja, nurkovicelma2@gmail.com
**Corresponding author: anela.dzogovic@unhz.eu*

Abstract:
The aim of this summary is to cover the essence and importance of the topic "The role and importance of tourism in the economic development of the municipality of Peja". The study focuses on the analysis of the impact of tourism in the municipality of Peja as a destination rich in natural and cultural potential. Through a detailed analysis, we have identified the main roles of tourism in local economic development, which include the contribution to the creation of new jobs, increased income for local communities and a positive effect on local infrastructure. The history of tourism in the Peja region and the identification of cultural and natural manifestations, as well as attractions, are integral parts of this analysis. The aim of the study is to assess the existing problems and opportunities faced by the municipality of Peja in order to build a strong and developed tourism sector. This brief also highlights the need for collaboration with the private sector and international organizations to harness the full potential of the field. Finally, this study aims to provide a clear and in-depth view of the positive impact of tourism on the local economy of the municipality of Peja and to argue the importance of sustainable development of this sector for the well-being and long-term improvement of the local community.

Keywords: Key words: Tourism, Economic development, Municipality of Peja, Significance, Natural and cultural potential.

JEL Classification: Z3, Z32, Q5.

INTRODUCTION

Today, tourism has evolved from a sector of limited scope to a global industry that serves as an engine of economic growth in many countries. Therefore, in this context, special emphasis is placed on the role and importance of tourism in economic development at the local and regional level. The purpose of this paper is to investigate and analyze the essence of the topic "The role and importance of tourism in the economic development of the municipality of Peja". The municipality of Peja is a rich natural and cultural resource, which forms an important part of the tourist landscape in Kosovo. This paper will consolidate a comprehensive analysis regarding the contribution of tourism to economic growth in this municipality, with a special focus on its role as a catalyst for development and a significant generator of employment opportunities, as well as a means to strengthen local infrastructure. In order to understand this challenge, we will investigate the history of the development of tourism in the region of Peja through consideration of certain tourist events, cultural and natural attractions, and then we will monitor the results achieved so far in order to promote this sector. Peja is a destination where the challenges and opportunities of building a sustainable and innovative tourism industry will be highlighted. In this paper, we want to explain why tourism is an essential part of the city's economy by examining its impact on economic development, opportunities for local entrepreneurship and the promotion of the

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

image of Peja at the international level. Finally, we will assess how important it is for the municipality to follow a sustainable tourism management strategy to ensure balanced and equitable growth for the entire community. The purpose of this study is to shed light on the essence and complexity of the relationship between tourism and the economic development of the municipality of Peja. By delving into the historical, cultural and economic dimensions, our aim is to contribute to the understanding of the potential and challenges facing this key sector for the local community, as well as the long-term development of the area.

1. THE HISTORY OF TOURISM IN THE MUNICIPALITY OF PEJA

An introduction to the history of tourism in the municipality of Peja can begin attractively with the presentation of some key facts and key events. Here is an example of possible bridges:On this journey to the tourism history of the municipality of Peja, a special event dates back to the early years of the twentieth century, when the beauty of the natural landscape and cultural assets of this region began to attract visitors from near and far. This period marks the beginning of an exciting journey, where the history of tourism begins with the first tourist trips to the top of the Prokletije mountain massif and visits to the unique cultural monuments of the city of Peja. In the last years of the last century, the progress of tourism in this municipality changed and developed a clear similarity with the times. With the increase in the construction of tourist infrastructure and the promotion of cultural attractions, the mountain areas and the old town of Peja have made continuous efforts to publicize their assets at the international level and build a sustainable image as a tourist destination. This brief history of tourism in the municipality of Peja reflects the times, but also emphasizes the importance of developing a sustainable tourism industry, promoting the rich natural and cultural wealth for all those who choose to explore this special destination. The history of tourism in the municipality of Peja represents a rich and interesting journey, highlighting the main developments and changes in the tourism industry of this area. At the same time, the importance of tourism in this municipality is reflected in its impact on the local economy, the promotion of culture and history, as well as the creation of a suitable environment for economic and social development. Initially, tourism in the municipality of Peja marks the beginning of the twentieth century, when the country's special natural landscapes and cultural assets began to attract the attention of travelers and adventurers. Early developments include visits to famous monasteries such as Dechani and Rugova, as well as exploring the mountainous area with tourist spots such as Prokletije. There has been a noticeable increase in attendance in recent years, especially those interested in natural and cultural tourism. Investments in tourist infrastructure, new roads and a rich cultural offer have made the Municipality of Peja a favorite destination for those who want to explore the beauty of the country and its cultural heritage. (kosovalive.org, 2024).

1.1. The importance of tourism in the municipality of Peja

Local Economy: The concept of local economy involves the study of economic development and economic activities within a particular region or community. A description of the local economy may include an analysis of various economic sectors, linkages with global markets, local policies, and the social and environmental impact of economic activities at the local level (Collins, 1996). Tourism has become an important source of income for the municipality. Tourist services, accommodation and other tourism activities have created new jobs and contributed to the growth of the local economy. Promotion of culture and history: Visitors are an important audience for the promotion of the cultural and historical heritage of Peja. The old monasteries, the old town and the mountain areas have a special value that is becoming known on the international stage through tourism. According to Galili (Galili, 2012), who examines how knowledge of the history of science and the philosophy of science can contribute to the recognition and understanding of the richness of culture, he suggests

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

that this interaction can be used as an effective educational tool, emphasizing the connection between the development of science and the cultural context Environment and conservation: The growth of tourism brings with it challenges for environmental conservation. In this sense, it is important to develop tourism in a sustainable way in order to protect the nature and unique landscapes of this area. Cultural and international cooperation: Tourism is a powerful tool for creating international connections and helps promote the culture and values of the municipality across borders. The authors note that cultural similarity is an important factor in the success of international cooperation. They believe that organizations and individuals who share a similar culture are more likely to understand each other and manage cultural differences effectively (Van Oudenhoven and Van der Zee, 2002). Tourism in the municipality of Peja has a rich history and continues to be an important part of the economic and cultural development of this area. It is important to continue to promote this tourism potential with a consistent focus and respect for the natural and cultural heritage.

1.2. Development of tourism over time

In addition, Telfer explores the relationship between tourism and development, focusing on the context of economic and social development of tourist destinations. The article highlights changes in the approach to tourism and development, including different paradigms and how these paradigms have evolved. The author explains how the duration of tourism theory reflected changes in market behavior, cultural trends and demand for development at the local and global level (Telfer, 2002). The development of tourism in the city of Peja marked a sensitive and rich path in its history. Starting from the early period until today, the city experienced changes and developments that affected its tourist attractiveness. Here are some key questions regarding the development of tourism over time in the city of Peja: Early period: In the early period, the city of Peja was an important cultural and religious center, with famous mosques and monasteries. Cultural and historical attractions have led to visits by travelers interested in art and history. After the Second World War: The period after the Second World War, the development of infrastructure and increased traffic accessibility increased the number of visitors to the city of Peja. The growth of coastal and mountain tourism has made Peja a favorite destination for travelers. Development of tourism infrastructure: Investments in tourism infrastructure such as accommodation, restaurants and new tourism activities have led to improved services and visitor experience. An important focus was the development of sustainable and convenient infrastructure for tourists. Promotion and marketing: Through online platforms and international promotional efforts, the city of Peja managed to attract the attention of a larger number of visitors. The use of social media and official promotional pages have become an important tool to share information and inspire travelers. Impact of events and manifestations: The organization of cultural events, festivals and other manifestations helped deepen knowledge about the culture and traditions of the city. These events gave a new dimension to the tourist offer of the city. Future challenges and opportunities: Although there has been significant development, tourism in the city of Peja also faces challenges, including the need to preserve and protect cultural and natural heritage. Future opportunities include continuing to promote the city as a tourist destination, developing unique experiences for visitors and increasing cooperation with the local community. The development of tourism in the city of Peja is a rich and often inexplicable history, including the rich cultural and natural values of this region. With a sustainable strategy and a focus on developing authentic experiences, Peja has the potential to become a favorite destination for tourists in the future.

2. THE ROLE OF TOURISM IN ECONOMIC DEVELOPMENT

Tourism is a key factor in the economic development of countries and communities. This sector has a profound impact on job creation, income growth and infrastructure

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

improvement. The role of tourism in economic development is more than an industry, it is a catalyst that heralds the country's progress on the international stage. In this context, it is important to understand how tourism, as a multidimensional sector, can contribute to economic growth by exploiting the destination's natural, cultural and human potential. Tourism is a two-way event of the municipality of Peja that brings tangible benefits to all parties, including tourists, local communities and the private sector. While tourists explore and enjoy the beauty of a country, they also contribute to the growth of the local economy by consuming local products and services. For local communities, tourism can bring additional income and new employment opportunities, while the private sector sees an opportunity for growth and development. Many authors investigate the effects of the tourism sector on creating jobs, increasing national income and encouraging the development of local infrastructure. Furthermore, they can analyze how tourism can help diversify the local economy and increase investment in other tourism-related sectors, including culture, gastronomy and other tourism activities. (Creaco, & Querini, 2003).

2.1. The contribution of tourism to the growth of the local economy

The contribution of tourism to the growth of the local economy is significant and is often considered an important driver of the economic development of an area. The tourism sector has a positive impact on creating new jobs, increasing income and increasing economic activity at the local level. Various economic sectors that benefit from tourism can be analyzed, including restaurants, accommodation, recreational activities and local trade (Suhel, & Bashir, 2018). In general, tourism has a positive impact on the local economy through several mechanisms and advantages: Job creation: The tourism sector brings with it a large number of jobs, including employment in hotels, restaurants, travel agencies, transportation and other tourism-related services. This factor has a direct impact on reducing unemployment and improving the living conditions of the local population. Increased revenue for local businesses: Local businesses benefit from tourist consumption of local products and services. Restaurants, merchants, artisans and other traders have an increased ability to serve a larger number of customers from abroad. Increasing investment in infrastructure: To improve the tourist experience and cope with the increase in demand, we often invest in built and improved infrastructure. This includes the construction of roads, public transport and tourism infrastructure. Promotion of culture and heritage: Tourists spend time exploring local culture and heritage. This interest helps to promote and protect the cultural and historical values of an area. Increasing demand for support services: The development of tourism has resulted in an increase in demand for support services such as tour guides, translators and other activities that can be provided by the local community. Influence on local trade and shopping: Local representatives have the opportunity to use the trade and shopping of tourists to influence the development of local business and promote their products. With these advantages, tourism becomes an important partner for the local economy. However, it is important that this development takes place in a sustainable and co-ordinated way, following responsible practices to ensure that the benefits are long-lasting and have a positive impact on the whole local community.

2.2. Creation of jobs and development of the service sector

The creation of jobs and the development of the service sector are two of the most important aspects of tourism's contribution to the local economy. This sector, focused on tourist services, has a significant impact on the growth of employment and the development of a wide range of services. Here are some ways tourism contributes to these aspects: Job creation: The tourism services sector, including accommodation, restaurants, travel agencies and tour guides, is an important source of jobs. The demand for such services grows with the number of tourists, creating a constant demand for workers. Development of service

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

infrastructure: In order to cope with the increased demand, the construction and development of service infrastructure is necessary. This may include the construction of new hotels, restaurants, shopping centers and other tourist services. These investments contribute to the growth of the sector and often bring development in other economic areas as well. Development of the labor market: Tourism helps to expand the labor market by seeking professionals and workers in the service sector. This development can include not only direct jobs in catering and restaurants, but also in the construction, culture and transport sectors. Promotion of local businesses: Increased demand for tourism services can encourage the development of local businesses and small and medium-sized enterprises. Artisans, local artists and producers of traditional products can benefit from tourism demand. Impact on local trade and shopping: Tourists are often willing to buy local products and services, contributing to the growth of the local market and economy in general. Development of local skills and expertise: In response to the demands of tourists, local businesses are developing new skills and expertise to offer better and more diverse services. While tourism promotes local economic development, it is important that this development is sustainable and aligned with the needs and values of the local community. A sustainable and responsible approach to the environment and local culture helps protect heritage and ensures long-term benefits for all participants.

2.3. Impact on the growth of local infrastructure

Tourism has a significant impact on the growth of local infrastructure in tourist destinations. Building and improving infrastructure is very important in order to ensure a good experience for tourists and improve the living conditions of local communities. The author considers how investments in infrastructure, including roads, ports, airports and more, can influence the creation of a more favorable environment for economic activities. It analyzes the relationship between infrastructure and resource mobility, productivity and the area's ability to attract investment and economic development (Grimes, 2021). Here are some ways tourism contributes to the growth of local infrastructure: Increased investment in transport and communications: An increase in the number of tourists often requires investment in transport infrastructure. Building new roads, improving public transport lines and other transport-related facilities are often necessary to improve access and movement of tourists. Construction and improvement of accommodation: In order to cope with the increase in demand for accommodation, new hotels, tourist centers and other accommodation facilities are often built. This not only increases capacity, but also creates new jobs and investments in construction. Development of cultural and recreational infrastructure: Tourism brings increased needs for cultural and recreational facilities. Investments in museums, art galleries, parks and other attractions influence the diversification of the tourist offer and the improvement of local culture and identity. Modernization of water supply and energy supply systems: As the number of visitors increases, so does the need for water and energy. In order to achieve this, there may be a modernization of the water supply and energy supply infrastructure in the tourist area. Increasing hospital and healthcare capacity: Increasing tourism may lead to the need to increase health and hospital capacity. The construction of new clinics and the distribution of sufficient resources can be the result of a developed tourism sector. Improving safety and security systems: With the growth of tourism, it is important to improve safety and security. This includes investments in policing and public safety, as well as the development of crime monitoring and prevention systems. Reconstruction and protection of cultural and historical assets: While tourists explore places of cultural and historical value, it is necessary to protect and reconstruct important cultural structures. This may include improving the conservation and presentation of historical monuments. Impact on urban cleaning and sanitation systems: Growth in tourism can lead to increased pollution and the need for more advanced sanitation and cleaning systems. To reap these benefits, it is important that infrastructure development is sustainable and

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

includes consultation and participation of the local community. A well-planned combination of tourism growth and sustainable investment in infrastructure helps ensure long-term benefits and preserve the local environment and culture.

3. TOURIST ATTRACTIONS OF THE MUNICIPALITY OF PEJA

Peja is not a large municipality, but it has a very attractive environment and very hospitable people. The municipality is very easy to navigate and well organized to reach almost all tourist attractions. The total area of the municipality is 603 km^2, while the city itself is 20 km^2. So, as you can see, this municipality is distinguished by its green areas, so it is known as the "Green and Vital City of Peja". This beautiful city has a very old history and is known in the region as a city of numerous historical, economic, industrial, commercial, tourist, etc. Numerous notes speak of the existence of this city since Illyrian times with a fairly good organization of business, and it is also mentioned as one of the main cities and connecting route of trade caravans that moved from different countries of Europe. So, as mentioned above, Peja has always been the center of development. A tour of the city of Peja represents a journey through different times, starting from the Illyrian, Byzantine, Ottoman times, world wars and up to the present day. For this reason, traveling through the city of Peja will be a journey of different experiences. Visitors will have the opportunity to see many old buildings of cultural heritage, such as old civic houses, the towers of Dukađin, religious buildings such as mosques, Catholic and Orthodox churches, the old Peja bazaar, Hadži Zeke's mill, once a complex industrial complex, now a historical complex, a museum in Peja, where artifacts from the Illyrian period are exhibited, as well as many other exhibits of ethnological heritage, such as traditional clothes from the city and the countryside, old traditions of the local population, inhabitants, handicrafts, traditional music, etc. So, it is a city full of history where tourists will spend time visiting and experiencing these parts of the city. For more information about the cultural route, information can be found on social networks. But it's not just the cultural heritage that sets this city apart. The city is very lively, especially in the summer season when the diaspora is also present. Restaurants and bars operate in almost all parts of the city and offer a very attractive and warm environment where you will spend time with the sounds of music and a warm atmosphere created by young people. But before settling down in a restaurant or any bar, we suggest that you spend some time in the evening walking around the center of Pec or as it is popularly known as "Korza". For your taste, European food is present in all the restaurants that the chefs prepare very delicately, but what can complete your trip with experiences is the taste of traditional food that you can find in different restaurants in Peja. And the most important thing and what you need to know – You are now in the alpine city, the city of mountains, the gate of the national park Bjeshkat e Nemuna (formerly Prokletije), and the mountain pearl of Europe known as "Rugova". The pearl of the National Park "Nemun Mountains" are the Rugova Mountains, which have the greatest variety of natural heritage and the greatest number of natural attractions. It is the gateway to the national park "Bjeskët e Nemuna" thanks to its easy access and good infrastructure. Only 2 km away from the center of the city of Peja begins the magnificent Rugovska gorge. It is the biggest attraction of this mountain range in Kosovo, but it is also known in the region. Due to its geological, hydrological, landscape, speleological and botanical importance, the Rugovska Klisura was protected by law in 1988 as a natural monument with a territory of 4301 hectares. This gorge has a length of 12 km, which is divided into two parts by the river Lumbardhi (Bistrica), which is an attractive river and at the same time makes the Rugovska gorge even more attractive and with natural values. At the end of the gorge, the villages of Rugova begin, of which there are 13 in total. They are located in different geographical positions, starting from 1300m above sea level and ending at 1800m, which is the village of Pepaj. The difficult access to these villages affected that the

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

inhabitants settle only during the summer season, but with the adjustment of the road infrastructure, now these villages have started to be habitable throughout the year and life is returning to this mountain region that it once had. The early development of life in this area influenced that it has a very rich cultural heritage. The traditions of the local population are carefully preserved so that they do not lose their historical value and are passed down from generation to generation. Traditional songs and dances, folk clothes, traditional games, autochthonous dishes, stories, musical instruments, etc., are some of the traditional elements that proctor Rugova transmits from generation to generation. If this mountain territory is analyzed as a whole, then in the whole area of Rugova one can come across miracles hidden under the wilderness of mountain flora. There are two magnificent lakes (Liqeni and Liqenat and Lake Drelajve) at an altitude of 1860 m, two attractive waterfalls in the village of Malaj, flora and fauna spread throughout the region, a panorama of the peaks Guri te Kuq 2522m, Hajla 2403m and other panoramas that you can experience with different mountains etc. Today, this mountainous region has started to become very attractive for tourists and is increasingly visited by domestic and foreign visitors. Visitors are different and the visits they make are different. Some are dedicated to outdoor activities such as hiking, climbing, via ferrata, caving, Zip Line, skiing, etc. While some are looking for a quiet vacation just by booking villas offered by local residents (marimangat.org, 2024).

3.1. Analysis of the potential for further development of these attractions

Analyzing the potential for further development of tourist attractions in Peja is an important task to identify opportunities for growth, improvements and to define future strategies for these destinations. Here are some aspects and steps that can be included in such an analysis: Infrastructure Improvement: May include different interpretations and contributions from different experts in the fields of engineering, economics, public policy and other sciences related to infrastructure. The authors (Lemer, & Gould, 1994) deal with important topics such as financing infrastructure projects, management and maintenance of existing infrastructure, new technologies and innovations in this area, as well as the impact of technological and social development on infrastructure projects. Enhancing heritage care: Ensure the protection and promotion of cultural and historical heritage in a sustainable manner. Investments in restoration, suitable presentation for tourists and a sustainable approach to resource use can be considered. Improving the visitor experience: Analyzing how the visitor experience at these attractions can be improved. This includes tourist services, information available to visitors and additional activities that may be offered. Marketing and Promotion: Create a strong marketing and promotion strategy to increase attraction visibility. Using social media, the web and specific events can help attract more tourists. Developing attractive activities: Consider organizing special events, exhibitions, festivals and other activities that can increase interest and attract a wider audience. Collaboration and use of technology: Work with local authorities, local businesses and NGOs to improve infrastructure and services around attractions. The use of technology, such as travel apps and artificial intelligence guides, can be a way to improve the visitor experience. Environmental care and sustainability: Consider the impact of tourism activities on the environment and develop a sustainable approach to protecting the area's natural resources and environment. The analysis of these elements and the implementation of appropriate strategies can contribute to the growth of tourism and the further development of tourist attractions in Pec. This can also create a positive impact on the local economy and the cultural heritage of the city.

4. STEPS TAKEN FOR TOURISM DEVELOPMENT

The author talks about concrete steps taken by local authorities, the government or local communities for the development of this type of tourism. This includes efforts to promote and

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

advertise the "home stay" using marketing strategies, providing the necessary infrastructure to host tourists and improving the quality of service in this area (Adhikari, 2020). The development of tourism is a complex process and requires great commitment from local authorities, private businesses and the local community. Here are some steps that can be taken to develop tourism in a particular destination: Potential analysis and identification of attractions: Identify natural, cultural and historical resources that can attract tourists. Conduct an area analysis to understand development potential and opportunities. Infrastructure and required improvements: Improve the area's infrastructure, including roads, public transport, accommodation and tourist services. Investments in these areas can help improve the overall visitor experience. Cooperation with the private sector: Cooperation with local businesses, encouraging their investment and participation in the development of tourism. Create a favorable environment for the creation of new tourism businesses. Marketing and Promotion: Create a strong marketing and promotion strategy. The use of social media, the web, promotional materials and presentations at tourism events can help increase the visibility of a destination. Care of heritage and environment: Protection and preservation of cultural heritage and natural environment. Create policies and measures that promote the sustainability and protection of natural and cultural resources. Development of tourism services: Create and improve tourism services including tour guides, adventure activities, restaurants and other activities that can enhance the visitor experience. Involvement of the local community: Get the support and participation of the local community. Make sure they have an active role in decision-making and benefit from tourism development in their area. Regulatory and legal analysis: Review and improve regulations and laws related to tourism. Ensure that regulations are clear, fair and encourage sustainable tourism development. Performance monitoring and evaluation: Establish a system for monitoring and evaluating tourism performance. This includes collecting data, analyzing it and occasionally improving it. Capacity building and development: Ensure that local staff and those providing tourism services are trained and have the necessary capacity to cope with increased tourism demand. To achieve sustainable tourism development, it is important to have a coordinated and integrated approach that includes all interested parties.

4.1. Analysis of local strategies and policies to encourage tourism

Analysis of local strategies and policies to encourage tourism is an important process in improving the attractiveness and development of the destination. In most cases, appropriate policies and sustainable strategies can create a favorable environment for investment, economic development and tourism growth. The involvement of the local community, private companies and local authorities in the creation of these policies ensures an integrated approach. These policies may include fiscal incentives for tourism businesses, improvement of infrastructure, protection of cultural and natural heritage and promotion of tourism activities. Also, marketing and promotional strategies are part of these policies to increase visibility and attract more tourists. A careful analysis of the effectiveness of these policies would help to improve them, creating an environment where tourism is an important force for the economic and social development of an area. The author deals with specific strategies and policies that local governments use to encourage the development of tourism. This includes an analysis of interactions between local authorities, local communities and other actors involved in the tourism sector. It can deal with the influence of various historical, social and economic factors on the formation and implementation of tourism policy (Zahra, 2010).

4.2. Mutual cooperation with the private sector and international organizations

Mutual cooperation with the private sector and international organizations is a critical component in improving tourism and developing a destination. In many cases, the private

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

sector and international organizations bring a wealth of knowledge, financial resources and experience in managing tourism projects. At the local level, cooperation may include establishing strategic partnerships with hotels, restaurants, travel agencies and other tourism businesses to provide improved services and better prepare tourists. The author analyzes the strategies that international organizations use to encourage cooperation with the private sector, examining specific cases, case studies and their research to describe and understand the dynamics and challenges of these partnerships (Andonova, 2017). Cooperation with international organizations can bring investments, innovative technologies and opportunities to improve infrastructure. International organizations can provide technical assistance, training and financing to help develop major tourism projects. An important aspect of this cooperation is the exchange of knowledge and good practices, which makes the destination more competitive on the international tourism scene. To ensure successful cooperation, clear mechanisms for coordination and communication between local authorities, the private sector and international organizations must be established. Partnership agreements, platforms for joint discussion and various forums are tools that can be used to improve communication and coordination between these different actors. True cooperation can bring sustainable progress in the development of tourism, benefiting all parties involved and creating a common environment for achieving common development goals.

5. OPPORTUNITIES OF TOURISM IN THE MUNICIPALITY OF PEJA

Author Sharpley addresses specific challenges that may include issues such as competition with other tourist destinations, preservation of the natural and cultural environment, risk management of distortions and negative events, as well as user experiences and changes in their preferences. On the other hand, the author is dedicated to analyzing the possibilities. This includes examining the structure of the tourism industry in Cyprus, efforts to diversify the tourism offer, the use of technology to enhance the visitor experience and the exploration of new potential for attracting tourists (Sharpley, 2001). The municipality of Peja, like many other tourist destinations, faces challenges and opportunities in the development of the tourism sector. Some of the challenges and opportunities that can be identified for tourism in the municipality of Peja are:

Challenges:

1. Infrastructure: Poor infrastructure, including roads and public transport, can limit tourist access and present challenges in destination promotion.
2. Preservation of heritage: The impact of tourism on the preservation of cultural and natural heritage is an important challenge. An increase in the number of visitors can bring risks for the preservation of historical buildings and the environment.
3. Care for the environment: Due to the increase in the number of tourists, special care is needed for possible negative impacts on the environment, including waste, air pollution and use of natural resources.
4. Quality of services: Sometimes the quality of tourist services can be challenging, including accommodation, restaurants and guides. A poor approach in this regard can affect the overall visitor experience.

Features:

1. Natural and cultural resources: The municipality of Peja has a rich wealth of natural and cultural resources. The possibility of developing tourist activities such as hiking, visiting historical sights and tasting local gastronomy is an advantage.
2. Adventure sports tourism: Peja offers excellent opportunities for adventure sports such as skiing, hiking and rafting. This segment can be further developed to attract adventure tourists.

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

3. Regional cooperation: Cooperation with other tourist destinations in the region, including the city of Gjakova and the Dechane monastery, can increase the attractiveness of the area and offer a richer tourist offer.
4. Cultural and religious tourism: Other cultural objects can be a magnet for tourists who are interested in cultural and religious heritage. With an appropriate strategy and a sustainable approach, the possibilities for the development of tourism in the municipality of Peja are numerous. This process requires close cooperation between local authorities, the private sector and the local community in order to solve the challenges and exploit the full potential of the destination.

5.1. Identification of challenges that can hinder the development of tourism

Recognizing the challenges is a key step in creating successful strategies for tourism development. In the context of the municipality of Peja, some of the possible challenges that can hinder the development of tourism are:
1. Poor infrastructure: Poor infrastructure, including roads and public transport, can limit access for tourists and make their journeys difficult.
2. Preservation of heritage: Due to the diverse cultural and natural wealth, there is a need for special care to preserve heritage before the possible negative impacts of mass tourism.
3. Impact of natural factors: Interventions of natural factors such as earthquakes, floods and other natural events can have a negative impact on tourism infrastructure and attracting visitors.
4. International competition: In an internationally charged market, competition to attract tourists is fierce. The challenge is to create a differentiated and competitive offer.
5. Lack of quality services: Poor quality tourist services, including accommodation and restaurants, can negatively affect the visitor experience and reputation of the destination.
6. General economic impact: Economic instability and uncertainty can reduce visitor spending, reducing demand for tourism services.
7. Impact of excessively controlled development: The rapid growth of tourism without a sustainable and planned strategy can bring the consequences of excessively controlled development, endangering the quality of the environment and the experience of visitors.
8. Restrictions on construction and urban planning: Restrictions on urban planning and new construction can limit the development of infrastructure and the distribution of tourism services. Identifying these challenges is only the first step. After identification, it is important to devise a sustainable and coordinated strategy to solve these challenges and effectively use the destination's potential for sustainable tourism development.

5.2. The impact of tourism on local culture and environment

The authors analyze how the arrival of tourists in rural areas affected the social and cultural structure of these communities. This includes changes in the traditions, customs and way of life of the local population as a result of exposure to tourists and the impact of tourism activities in general. Tourism can have a significant impact on local culture and environment (Pramanik, & Ingkadijaya, 2018). In the case of the municipality of Peja, where cultural heritage and natural assets are numerous, the impact of tourism is an important issue. Some of the most important aspects of this impact include:

5.2.1. Impact on local culture

Cultural and socio-economic impact: The growth of tourism can lead to changes in the culture and social structure of the local community. Interaction with tourists, acceptance of other cultures and trade in local goods can affect traditional norms and values. Commercialization of culture: To cope with the demand of tourists, cultural elements can be

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

commercialized, bringing the risk of losing the authenticity and cultural identity of the community. Obstacles to local participation: Intensive tourism interventions can create obstacles for the active participation of the local community in decision-making processes and tourism development.

5.2.2. Impact on the local environment

Preservation of natural and cultural heritage: Intensive tourism can threaten the preservation of natural and cultural heritage. Pollution, damage to historic buildings and interference with the ecosystem can have serious consequences. Use of natural resources: An increase in the number of visitors can lead to intensive use of natural resources such as forests, lakes and other natural areas. Impact on biological resources and the ecosystem: Tourism can have a major impact on biological resources and the local ecosystem, threatening biodiversity and environmental health. Impact of pollution and waste: Tourism growth is often accompanied by increased pollution and the production of large amounts of waste, creating challenges for managing these problems. To manage these impacts, it is important to use a sustainable and responsible approach to tourism. Good urban planning, preservation of heritage and active involvement of the local community are important factors in ensuring the sustainable development of tourism that is compatible with local values and needs.

5.3. Analysis of the impact of tourism on cultural heritage and natural environment

The study included an empirical analysis of the impact of tourism on the culture and heritage of a certain area. The authors use different research methods to measure the impact of tourism on the social, economic and cultural structure of the local community, as well as to assess changes in the natural environment and visitor attraction. Also, the authors focus on identifying challenges and advantages related to tourism in places with cultural values. For example, they can examine the potential problems of protecting cultural heritage and the environment from tourist abuse, as well as ways to improve the visitor experience and help develop the local community (Gnanapala, & Sandaruwani, 2016). Analysis of the impact of tourism on cultural heritage and the natural environment can provide a deeper perspective on the positive and negative consequences of tourism development. In the case of the municipality of Peja, where culture and the natural environment are significant assets, the analysis of these impacts may include:

5.3.1. Impact on cultural heritage

Conservation and restoration: Tourism can bring increased interest in cultural objects such as the Dechani Monastery and other historical attractions. This can contribute to the financing of cultural heritage restoration and preservation projects. Cultural education: Tourists have the opportunity to learn about local culture by visiting museums, traditional performances and participating in cultural events. This influence can contribute to the preservation and promotion of cultural identity. Commercialization of culture: Perhaps the challenge can be the balance between the promotion of local culture and identity and the risk of commercialization of cultural elements to adapt to tourist expectations.

5.3.2. Impact on the natural environment

Ecosystem disruption: Increased tourism can have a major impact on the local ecosystem. Intensive use of natural areas and interventions in local fauna and flora can bring challenges for biodiversity conservation. Pollution and waste: Water pollution and the production of large amounts of waste are potential problems. Managing these aspects can be challenging and requires strong environmental policies and good practices. Exploitation of natural resources:

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

An increase in the number of tourists can cause overexploitation of natural resources such as forests, lakes and other natural areas. This can lead to the degradation of the environment and natural resources. Conservation of terrestrial areas: The growth of tourism can bring challenges for the conservation of terrestrial areas, which may be threatened by numerous interventions and pressure from visitors. To manage these impacts, it is important to use a sustainable and responsible approach to tourism. Good urban and environmental planning, tourism awareness and the use of technology to monitor environmental impact are some of the tools that can help preserve cultural heritage and the natural environment. In addition, local community participation and the creation of sustainable policies can help attract the benefits of tourism without damaging cultural assets and the natural environment.

CONCLUSION

In conclusion, the role and importance of tourism in the economic development of the municipality of Peja are essential for the formation of a sustainable and advanced perspective for this area rich in natural and cultural potential. This analysis highlighted the fact that tourism is an important source of economic development, which brings with it advantages in many areas. Tourism has contributed to the growth of the service sector and the creation of jobs for the local community.The tourist experience brings new knowledge and different cultures, contributing to the diversification of the cultural identity of the municipality of Peja. Meanwhile, the presence of tourists has improved local infrastructure, increasing investment in transport, accommodation and other services. However, it was also emphasized that the development of tourism should follow a sustainable approach and respect the natural and cultural heritage. Environmental protection and preservation of cultural identity are the main challenges that must be addressed in the development of the tourism sector. In the future perspective, to increase the value of tourism in the municipality of Peja, it is important to design a sustainable and coordinated strategy. In order to achieve this, cooperation with the private sector, inclusion of the local community in decision-making processes and international cooperation are key. If all these aspects are carefully addressed, tourism can continue to be a driver of economic development in the municipality of Peja, bringing lasting benefits to the local community and improving the overall economic and cultural life in this area.

BIBLIOGRAPHY

1. Adhikari, B. B. (2020). Steps taken for development of home stay tourism in Nepal. *NUTA Journal*, *7*(1-2), 18-30.
2. Andonova, L. B. (2017). *Governance entrepreneurs: International organizations and the rise of global public-private partnerships*. Cambridge University Press.
3. Collins, C. (1996). Local economy.
4. Creaco, S., & Querini, G. (2003). The role of tourism in sustainable economic development.
5. Galili, I. (2012). Promotion of cultural content knowledge through the use of the history and philosophy of science. *Science & Education*, *21*, 1283-1316.
6. Gnanapala, W., & Sandaruwani, J. A. R. C. (2016). Impacts of tourism development in cultural and heritage sites: An empirical investigation. International Journal of Economics and Business Administration, 2(6), 68-78.
7. Grimes, A. (2021). Infrastructure and regional economic growth. Handbook of regional science, 755-777.
8. Lemer, A. C., & Gould, J. P. (Eds.). (1994). Toward infrastructure improvement: an agenda for research. National Academies Press.

Manuscript received: 24.03.2024
Accepted: 21.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 77-89
Online: ISSN **2671-3810**
UDC: 338.485(497.115)
DOI: https://doi.org/10.46763/IJEMT2441077d
Review paper

9. Pramanik, P. D., & Ingkadijaya, R. (2018, April). The impact of tourism on village society and its environmental. In IOP Conference Series: Earth and Environmental Science (Vol. 145, No. 1, p. 012060). IOP Publishing.
10. Suhel, S., & Bashir, A. (2018). The role of tourism toward economic growth in the local economy. Economic Journal of Emerging Markets, 32-39.
11. Sharpley, R. (2001). Tourism in Cyprus: Challenges and opportunities. Tourism Geographies, 3(1), 64-86.
12. Telfer, D. J. (2002). The evolution of tourism and development theory. *Tourism and development: Concepts and issues*, 35-80.
13. Van Oudenhoven, J. P., & Van der Zee, K. I. (2002). Successful international cooperation: The influence of cultural similarity, strategic differences, and international experience. *Applied Psychology*, *51*(4), 633-653.
14. Zahra, A. L. (2010). A historical analysis of tourism policy implementation by local government. *Journal of Tourism History*, *2*(2), 83-98.
    - https://kosovalive.org/2021/04/23/turizmi-ne-peje-shtylle-e-forte-dhe-frytedhenese-e-ekonomise/ (april, 2024).
    - https://marimangat.org/peja-turistike-2/ (april, 2024).

Manuscript received: 01.04.2024
Accepted: 22.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 90-96
Online: ISSN **2671-3810**
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

OPPORTUNITIES FOR THE DEVELOPMENT OF WINE TOURISM IN THE DOURO RIVER REGION

Slavi Dimitrov
"St. Cyril and St. Methodius" University of Veliko Tarnovo, Faculty of Economics, Republic of Bulgaria, s.dimitrov@ts.uni-vt.bg

Abstract
Portugal is one of the largest producers of wine in Europe and the world. This is a good prerequisite for the development of wine tourism. There are 8 wine-growing regions and 11 tourist routes in the country. The Douro region is the oldest demarcated wine region in the world. Since the 18th century, Port wine has been world-renowned for its quality. This long tradition of viticulture creates a cultural landscape of exceptional beauty and opportunities for tourism development. Since 2001, the region has been declared a World Heritage Site by UNESCO.

Key words: Tourism, wine Porto, river Douro, Portugal.
JEL Classification: L83

INTRODUCTION

Portugal is in the southwestern part of the Iberian Peninsula and occupies about 1/6 of its area. It is a Mediterranean country by its nature, Atlantic by its location (Rebelo 2000). For centuries, Portugal has been an agrarian country, specializing in the cultivation of vineyards and winemaking. In recent decades, with the development of the tertiary sector, it has become an increasingly popular tourist destination.

The subject of research is the possibilities for the development of wine tourism, and the subject of research is the wine-growing region of the Douro River. The purpose of the present study is to examine the cultural landscape created by viticulture in the Douro River region as an opportunity for tourism development. In Portugal, this topic is relatively poorly researched.

Exhibition

For the development of viticulture in Portugal, there are favorable agro-ecological conditions - suitable vertisols, the temperature required for ripening and acquiring high sugar content during the growing season, etc. The vine can also grow on less productive soils, on sloping terrain (such as the Douro river valley), under drier conditions. The peculiarities of the relief suggest the terracing of the terrain and the planting of the vines afterwards.

The existing traditions, production experience, wine industry, scientific research, etc. are also very important.

In this regard, Portugal has centuries of experience. The ancient Greeks, the Phoenicians (who planted the first vineyards), the Romans, even the Arabs and the various knightly orders in the Middle Ages made a significant contribution (Dimitrov 2010).

According to the Methuen Treaty of 1703, Portugal undertook to allow the importation of English woolen goods, and England undertook to tax Portuguese wines one-third less than they taxed other foreign wines. As an important consequence, the growing production of "Porto" wine was The growth of the vines was done solely for the purpose of exporting wine and this led to the almost complete monopoly of the English commercial offices over the

Manuscript received: 01.04.2024
Accepted: 22.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 90-96
Online: ISSN **2671-3810**
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

"Porto" trade. In 1756, the General Company of Viticulture in Alto Douro (Upper Douro) was founded to regulate production and trade with Porto (Dimitrov 2010).

In Portugal, there are eight wine-growing regions (Minho, Tras-os-Montis, Beiras, Estramadura, Ribatejo, Terras do Sado, Alentejo, Algarve). There are also 44 regions with Designation of Controlled Origin, defined in the period 1988-1992 (IVV 1992/1993). Among the popular wines in Portugal are: Porto, Verdes, Madeira, Muscatel do Setubal, "Dão", "Alentejo" and others. (Gastronomia is Vinhos 2023).

Portugal is also a famous tourist country. The number of tourists in 2023 exceeded 30 million people, which is an increase of about 10% compared to 2019, the best tourist year ever. Revenues of around €25 billion represent growth of 37% compared to 2019 and 18.5% compared to 2022. 77 million overnight stays were also registered (INE 2024).

The most visited are Algarve 30%, Lisbon 25%, Porto and Sever - 20%, Beiraş - 15% of tourists. In addition to traditional, modern types of tourism are also well developed. Lisbon is one of the world's top 5 convention centers. The country has a large number of golf and tennis courses, and stadiums. Expo - 98 and Euro - 2004 attracted numerous visitors (Dimitrov 2010). There are many objects of spa tourism, of pilgrimage (Fatima), of culture, and recently wine tourism is also developing rapidly.

The consumerist approach in classical tourism only contributes to the enrichment of large external investors at the expense of the local population, which suffers partial or even complete economic and, above all, cultural collapse, social problems and conflicts. To reduce these problems, it is necessary to apply new practices in the industry, which have been imposed in recent years as new - alternative types of tourism (Patarchanov 2012).

Wine tourism is a type of specialized tourism in which the tourist is given the opportunity to: (a) become familiar with vineyards and viticultural practices (planting, grape harvest) from a given region; with the history, traditions and wine production of wine houses (cellars, workshop or winery); with different wines etc. high-alcohol beverages through tastings; (b) to participate in holidays, ritual practices and festivals related to wine and combined with rich folklore and animations (Stamov & Nikovska 2009).

There are 11 wine routes in Portugal (Gastronomia is Vinhos 2023), and the most interesting is the Douro River region, where the landscape, traditions, cultural-historical heritage and tourism are successfully combined.

The Douro River, which is the second largest in Portugal (and the third largest on the peninsula), rises from the Urbion Mountains in northern Spain, at an altitude of about 2,080 m above sea level, and flows into the sea near the city of Porto, Portugal. The total length of the river is 927 km, and only 213 km pass through the territory of Portugal (Gonçalves 1978). Considered dangerous and unpredictable, the Douro River served for centuries as the main route to the Douro wine region in northern Portugal. Thus, the development of the region becomes unthinkable without the use of the Douro River and the important port of the city of Porto. However, sandy shores, narrow stretches, strong undercurrents, and rapids make navigation extremely difficult for boats.

As early as 1502, during the reign of King Manuel I, attempts were made to facilitate navigation from the mouth of the river in the city of Porto to the city of S. João da Peshqueira, where the Casão da Valeria waterfall is located. This granite promontory, located 150 km from the mouth of the river and 50 km from Peso da Regua, hinders upstream traffic and so contacts between the Douro region and the upstream areas are a

Manuscript received: 01.04.2024
Accepted: 22.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 90-96
Online: ISSN **2671-3810**
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

major difficulty Boats, once they reach S. João da Pesqueira, cannot continue because of Casa da Valeria. The destruction of this waterfall in 1792, as well as other obstacles, opened navigation possibilities all the way to the border with Spain, making the river navigable until the mouth of the Sabor River in 1809 and Barca de Alva in 1811 (Pereira 2001).
The most famous Portuguese wine, port, or as it is called “Porto”, takes its name from the Portuguese port of Porto. The region of its production is along the course of the Douro River and its tributaries. This is a rather special place because the territory is made up of slopes, and even the steepest ones have a slope of 60%. In this area, the humidity is very high, and the annual amount of precipitation is between 400 and 900 mm. The climate is characterized by dry and hot summers and cold winters. In summer, temperatures often exceed 35ºC.

The conditions are very suitable for the development of viticulture and were noted by David Ricardo in his Law of Comparative Advantage (Dimitrov 2010). The wine is produced mainly from the varieties Tinta Roriz, Touriga Nacional, Touriga Francesa, Tinta Cão, Tinta Baroka and Sousa. When it comes to white Porto, the varieties used in its production are Rabigata, Codega and Malvasia Fina. Porto wine is distinguished from other wines by its alcohol content (19-22%), its color and its sweetness. Today, the majority of port wines are produced using modern technologies. However, there are still some producers who use traditional production methods, some of which include pounding the grapes by stomping them with their feet (by men only) in special granite tubs, accompanied by music.

Ruby or red port wine is a young wine with a rich color and a fruity bouquet. Usually, this type of wine matures for a period of three to five years. Tawny, or dark yellow port wine, consists of wines of different ages. Some of them mature for at least seven years in wooden barrels, where they acquire a spicy aroma. Most of the wines from the Vintage category are aged in the cellars of Vila Nova de Gaia, a suburb of the city of Porto (IVV 1993/1994).

The production of excellent wines, particularly Porto, creates the region's international renown. The vineyards were expanded to produce this drink, which quickly conquered England, and then all of St. Such, despite the existing obstacles along the Douro River, the transport of Porto wine continued in small wooden boats called “Barco Rabelo” (Fig. 1), built to overcome the “rapid” to Porto, from where they are exported abroad.

Figure 1 Port wine transport with Barco Rabelo
Source: https://www.visitportugal.com/en

Manuscript received: 01.04.2024
Accepted: 22.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 90-96
Online: ISSN **2671-3810**
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

Despite the disadvantages of this route, it was not until the 19th century that investments were made in railway transport, which reached Peso da Regua in 1879. But the railway line did not completely replace the Barcu Rabelos due to financial reasons, as transport on it was quite expensive. Road the network was only expanded in the 1960s, which allowed the wine to be transported by road.

In 1985, the Douro River Navigation Office was established, replaced in 1994 by the Douro River Navigation Institute. The main objectives of the institute are the management of river traffic and the implementation of several projects aimed at the revitalization of riverbanks.
In the 1980s, tourism provided new opportunities for regional development and economic prosperity. In the Douro Valley Tourism Development Plan 2007-2013 (Magalhães 2008) it is emphasized that "tourism is becoming a major factor underlying the recent revitalization of the Douro River and in all its different dimensions it also affects the cultural heritage around the river".

In 1999, over 100,000 tourists traveled the river, in 2009 they were 350,000, in 2016 they were 600,000, and in 2023 the number exceeded 800,000 tourists. 28% of tourists come for wine tasting, 24% visit wine cellars, and 16% visit vineyards. There are the most tourists in September (21%), then the grapes are picked, August and July (17%). The age of 60% of tourists is between 35 and 54 years (Gastronomia e Vinhos 2023).

Cruise ships depart from Porto and visit Peso da Regua, Pinhão, Foz do Sabor and Posinho. Some of the tourists return by train, others again on boats, and others stay overnight on them. Combination trips are also available, as far as the Spanish city of Salamanca. Visitors enjoy magnificent landscapes, a rich architectural, cultural, and oenological heritage (Pina 2008). Although viticulture will always be the economic base of the region, other development opportunities are emerging (Pina 2010).

Along the banks of the Douro River, you can see a huge and diverse cultural and historical heritage, the City of Porto (240,000 people, with the suburbs 1/3 million people) is the second largest city in Portugal and a place where the river valley. Doru flows into the sea. It was originally called Portus Calais and later gave its name to Portugal. It is also world-famous for its Porto port wine, its bridges and architectural wealth, its historic center, classified as a UNESCO World Heritage Site On the left bank of the Douro River is the suburb of Vila Nova de Gaia, where wine cellars were built to export wine "Porto". Now 12 of them offer opportunities to visit and taste wine. Among them are "Calem", "Croft", "Sandeman", "Ferreira", "Fonseca" and others. (Fig. 2)

Figure 2 Quinta da Fonseca

Manuscript received: 01.04.2024
Accepted: 22.04.2024

Online: ISSN **2671-3810**
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

Source: https://porto-north-portugal.com/porto-guide/douro-valley-portugal.html

The demarcated Douro region covers over 250,000 ha, of which 45,000 ha are covered with terraced vineyards offering unforgettable, diverse landscapes. In fact, it is the only technique that can overcome the steepness of the slopes around the Douro River, in a valley where slate and a Mediterranean microclimate allow the cultivation of specific, regional grape varieties producing excellent wines such as Porto. Classified as a UNESCO World Heritage Site in 2001, the region was the first to be designated and regulated as a producer of this wine back in 1756 during the reign of the Marquis de Pombal. This measure led to major changes in the harsh landscape, where the forests lining the river disappeared to be replaced by a landscape carved with terraces and covered with vines. The Douro region is divided into 3 sub-regions: Lower Corvo, in the western part, Upper Corvo, the middle part where denser wines are produced, and Upper Douro on the border with Spain (Fig. 3).

Traveling up the right bank of the Douro river, XVIII th-century estates appear scattered along the hillsides, surrounded by vineyards and specializing in wine production. Quinta do Seixo is located in Upper Corgo, at an altitude of between 100 and 350 m. It covers an area of 90 ha, 75 ha of which are vineyards. In 2010, it received an award for the best wine tourism (Best of Wine Tourism 2010) (Pina & Cardoso 2017).

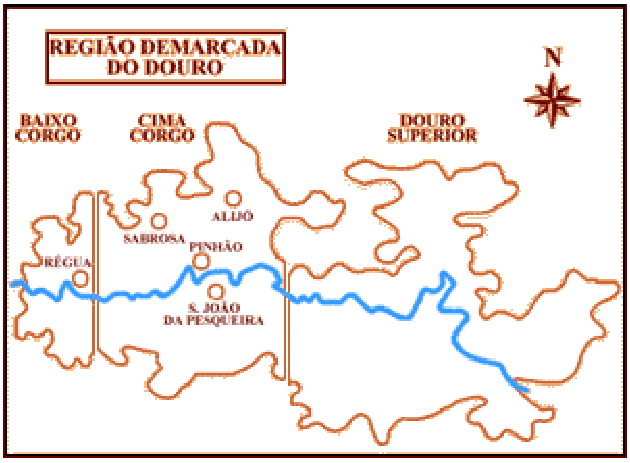


Figure 3 The demarcated Douro region
Source: https://valedodouro.com/regiao-demarcada-do-douro

The town of Vila Real (25,000 population), known for its magnificent scenery, is located on the Corgo River, a tributary of the Douro River, surrounded by the Marão and Alvão mountain ranges. Since the 1980s, there has been a demographic and economic growth associated with the founding of the Polytechnic University of Tras-os-Montes and Alto Douro. With more than seven hundred years of history, Villa Real has many monuments, remarkable temples and mansions, among which stands out the famous Villa Mateus from the 1940s, located 3 km from the city. It is an excellent example of Baroque architecture in Northern Portugal, the work of the Italian architect Niccolò Nazoni (Pina & Cardoso 2017), and Villa Mateus adorns the label of the best-selling Portuguese wine of the 20th century - Mateus Rosé (Fig. 4). The nearby Marão mountain is part of the “Alvão” natural park, covering an area of 7,000 ha between Vila Real and Mondim de Basto.

Manuscript received: 01.04.2024
Accepted: 22.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 90-96
Online: ISSN 2671-3810
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

Figure 4 Villa Mateus
Source: https://www.visitportugal.com/en

Of tourist interest is the city of Peso da Regua (10,300 population), called the "Capital of Porto Wine", famous for its wine cellars and the Douro Museum (Dermendjieva, Pina & Dimitrov 2011).

The town of Torre de Moncorvo, often called simply Moncorvo (3,000 population) is located on the Corgo River, a tributary of the Douro River. With a long and rich history, the city received its charter from King Sancho in 1225. The architecture, mostly in the Manuelino style, includes architectural heritage from various historical periods.

With a rich cultural heritage and opportunities for the development of wine tourism is Villa Provesende, part of the demarcated region of the Douro. Its importance has been growing since the XVIII century (Pina & Carodso 2017). The area has architectural masterpieces, beautiful mansions and numerous wine cellars. One of them is Casa da Calsada (fig. 5).

On the left bank of the Douro River is Lamego (10,800 population), one of the 8 oldest cities in Portugal, dating back to Roman times. In this city, Afonso Henriques was hailed as the first king of Portugal. This episcopal city is filled with buildings of great architectural value from different eras, among which the Church of Our Lady the Healer, the ancient center and the city museums stand out (Dermendjieva, Pina & Dimitrov 2011).

The surroundings of São João da Pesqueira (2,000 population) produce some of the best and most robust Porto wines, and the town is considered the heart of the Douro wine region. Steeped in history, the city abounds in architectural heritage and offers wonderful landscapes dotted with vineyards.

The Côa Valley Archaeological Park was established in August 1996. It was declared a National Monument in 1997 and has been a UNESCO World Heritage Site since 1998. The Côa Valley is one of the most significant rock art sites in the world and the most important site of the open Paleolithic rock art.

Along the last 17 kilometers from the Côa River to the confluence with the Douro River, more than 60 rock art specimens have been identified, located on an area of 200 km2. These rock monuments date from the Upper Paleolithic, Neolithic, Chalcolithic and Iron Age periods.

Manuscript received: 01.04.2024
Accepted: 22.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 90-96
Online: ISSN **2671-3810**
UDC: 338.48-6:663.2(469)
DOI: https://doi.org/10.46763/IJEMT2441090d
Professional paper

The Douro International Natural Park is located between Miranda do Douro, the Douro River and its tributaries, located on the natural border between Portugal and Spain. Established in 1998, it is the newest natural park in Portugal.

It offers its visitors magnificent landscapes with almond trees, olive groves and vineyards. It has a rich variety of fauna and flora, as well as many species threatened with extinction.

Freixo de Espada Cinta (2,100 population), located almost on the border with Spain, is an integral part of the Douro Natural Park. The city has had an important political importance throughout the centuries. The fortress walls were built during the time of King Afonso Henriques I, and since the beginning of the c. the city has been a powerful military stronghold, surrounded by new walls and three towers. One preserved until today, called "Torre do Gago", is a unique architectural example for the Iberian Peninsula. In 1910, the castle was declared a national monument (Dermendjieva, Pina & Dimitrov 2011).

Conclusion

After the end of the COVID-19 pandemic, tourism in Portugal is developing very dynamically and setting records. Alternative types of tourism are also developing, among which is wine tourism. Thanks to the existing centuries-old tradition of viticulture, a cultural landscape of incredible beauty and unique opportunities for the development of wine tourism has been created. This undoubtedly contributes to the revival of local identity in the Douro region.

References

1. Gastronomia e Vinhos. Turismo de Portugal, 2023. Lisboa.
2. Gonçalves, A., 1978. A Navegação Organizada do rio Douro. Ministério da Habitação e Obras Públicas. Direcção Geral dos Recursos e Aproveitamentos Hidráulicos, Lisboa.
3. Dimitrov, S., 2010. Geography of the Portuguese economy. University Press "St. St. Cyril and Methodius", Veliko Tarnovo.
4. Dermendjieva, S., Pina, H., & Dimitrov, S. 2011. Geographical Parallels to the Reaches of the Rivers the Danube and the Douro (Rivers of Destiny by Destiny of Rivers), ANALELE UMVERSITĂTII DIN CRAIOVA - SERIA GEOGRAFIE, EDITURA UNIVERSITARIA, ANUL 2011, VOL. XIV, 12-25.
5. INE, Anuário Estatísticas do Turismo, 2023. Lisboa, 2024.
6. IVV, Vinhos e Aguardentes de Portugal. 1993/1994. Lisboa.
7. Magalhães, R„ (coordb). 2008. O Plano de Desenvolvimento Turístico do Vale do Douro 2007-2013, CCDR.
8. Patarchanov, Pl., 2012. Role and Place of Alternative Tourism Development in Mountain Areas. Journal of Settlements and Spatial Planning. Special Issue 1/2012 Print ISSN: 2248-2499. Online ISSN-L: 2069-3419. Edited by: Centre for Research on Settlements and Urbanism.Published by: Cluj university press. pp. 149-155.
9. Pereira, G., & Barros, A. 2001. Memória do Rio. Edições Afrontamento, Porto.
10. Pina. H., 2008. The multi-functionality of the Douro landscapes, a strategy for its sustainability, in Actas de "XVI Annual Conference Commission on the Sustainability of Rural Systems", International Geographical Union, Universidad Zaragoza, Zaragoza, 405-429.
11. Pina, H., 2010. "The importance of Complementarity in the Territorial Cohesion and Sustainability of Rural Areas: The case of Cambres, a Douro Winegrowing Area, and Magueija, a Mountainous Area", in Revija Za Geografijo, Journal for Geography, 5-2 (G10), University of Maribor (Slovenia), 27-42.
12. Pina, H., & Cardoso, A. 2017. A região duriense: vinha, património e desenvolvimento sustentável. Guia de Viagem de Estudo, FLUB, Porto, 2-23.
13. Rebelo, P., 2000. A Terra Portuguesa. Lisboa.
14. Stamov, St., & Nikovska, Kr. 2009. Wine tourism. Publishing house "Kota", St. Zagora.

Manuscript received: 01.04.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)"2014/2020"
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

CONTEMPORARY CHALLENGES IN PROJECT MANAGEMENT IN THE CROSS-BORDER REGION BULGARIA - ROMANIA (2014-2020)

Tatyana Dimitrova
"St. Cyril and St. Methodius" University of Veliko Tarnovo, Faculty of Economics, Republic of Bulgaria, t.dimitrova@ts.uni-vt.bg

Abstract
Regional development and politics are among the priorities within the European Union. As it expands, cross-border cooperation becomes more and more important. Various programs such as INTERREG are being implemented, and project management has started to play an important role in the European integration process. A similar example is the cooperation between the two Balkan countries Bulgaria and Romania.

Key words: Regional development, project management, cross-border territories
JEL Classification: JEL: M12; M19

INTRODUCTION
Peripheral regions (border and cross-border) are bridges for the unification of Europe, they are home to about 30% of the population of the European Union (EU) and they cover more than 40% of the EU population. European policies take this fact into account. Border regions are included in the Treaty of Lisbon, and the financing of the EU's internal and external borders is defined as a European priority (Arenas 2008).

The peripheral regions in Bulgaria, unlike a significant part of them in the EU and especially in the old member states, are territories with a pronounced imbalance in relation to the complex development of the regions in the country, usually with lower indicators for the main spheres of socio-economic development. The peripheral location of these regions has determined their isolation from the dynamic processes of the developed in the central regions of the country, which is a natural legacy of the period of the bipolar division of Europe. The object of the present study is the INTERREG V-A Romania - Bulgaria 2014-2020 cross-border cooperation program.

The subject of the study is the possibilities for improving the results of the project proposal, realized through informal and formal meetings between the local authorities on both sides of the border. The main goal is to analyze the possibilities and achieved results of project management in the border territory between Bulgaria and Romania.

The methods used in the research are historical analysis, regional analysis, factor analysis, regional analysis, cartographic analysis, etc.

The significant experience in European integration, both on the part of the EU and of some member states such as Spain and Portugal, which have similar socio-economic and regional problems, is used.

The term "project"itself is interpreted ambiguously, depending on the pre-selected model and standard. A project is a plan that consists of a set of goals that are interrelated and coordinated. According to the Project Management Institute (PMI), "a project is a temporary effort undertaken to create a unique product, service, or result". It is evident from these concepts that the reason for a project is to achieve specific results or objectives within the limits imposed by a budget, pre-established criteria, and a pre-determined period of time (PMI 2013).

Manuscript received: 01.04.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)"2014/2020"
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

According to Andreev: The project is also sometimes an initiative aimed at the realization of a specific goal, in the form of a one-off and often unique complex activity (Andreev 2006).

The International Foundation for Standardization (ISO) gives the following definition of a project: a project is a unique process consisting of a certain number of coordinated and controlled activities with start and end dates undertaken to achieve a single goal corresponding to specific requirements, including time cost constraints and resources.

Project management is formed as a new culture of management activity and becomes a kind of bridge in business cooperation between countries and different continents with different history of development, traditions, economy, and culture (Alexandrova 2015).

Exhibition
The eligible cross-border area of the Cross-Border Cooperation Program (CBC) Interreg V-A Romania - Bulgaria 2014-2020 covers regions at administrative level NUTS III or regions corresponding to administrative level NUTS III located on the border between Bulgaria and Romania and including the following areas: Vidin, Vratsa, Montana, Pleven, Veliko Tarnovo, Ruse, Silistra, Dobrich (Bulgaria), Constanta, Dolj, Olt, Teleorman, Giurgevo, Culerash (Romania) (Fig. 1).

Figure 1 Territorial scope of the Cross-Border Cooperation program INTERREG V-A Bulgaria-Romania 2014-2020
Source: http://www.cbcromaniabulgaria.eu/

They cover 19.8% of the territory of the two countries (69,285 km² in total), with 57.75% belonging to Romania and 43.25% to Bulgaria. The common border between Bulgaria and Romania is 610 km long, of which 470 km is the water border along the Danube River and 139 km is the land border in Dobrudja. The total population of the cross-border region amounts to 4.77 million inhabitants, the majority of which 3.16 million inhabitants (66%) live on the territory of Romania and 1.61 million inhabitants (34%) live on the territory of Bulgaria (https://www.interregrobg.eu/bg/programme/programme-general-data.html).

The program for CBC INTERREG V-A Romania-Bulgaria 2014-2020 implements five priority axes (Table 1):

Table 1. Program priorities for CBC INTERREG V-A Romania-Bulgaria 2014-2020

Priorities	Specific Purpose (SC)
Priority axis 1 "Well-connected region"	SC 1.1 "Support for the planning, development and coordination of cross-border transport systems to improve connections with the TEN-T transport network"

Manuscript received: 01.04.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)"2014/2020"
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

	SC 1.2 "Increasing the level of coordination in terms of transport safety"
Priority Axis 2 "Green Region"	SC 2.1 "Improving the protection and sustainable use of natural heritage, resources and cultural heritage"
	SC 2.2 "Strengthening the sustainable management of ecosystems in the transboundary region"
Priority Axis 3 "Safe Region"	SC 3.1 Improving joint risk management in the cross-border region
Priority axis 4 "Qualified and inclusive region"	SC 4.1 "Establishing an integrated cross-border region in terms of employment and labor mobility"
Priority Axis 5 "Efficient Region"	SC 5.1 "Increasing the capacity for cooperation and efficiency of public institutions in the context of the cross-border region"
Priority axis 6 "Technical assistance"	SC 6.1 "Effective and efficient implementation of the program"

Source: own work

In order to achieve the defined objectives, the program envisages the financing of three main types of activities: soft measures, investment activities and integrated activities, allocated to each of the specific objectives (https://www.interregrobg.eu/bg/programme/programme-general-data.html).

The main mechanisms for reflecting the horizontal principles are also indicated: Sustainable development, Equal opportunities and combating discrimination, Equality between men and women.

For the program period 2014 - 2020, the Romania-Bulgaria cross-border cooperation program will be financed by the European Regional Development Fund (ERDF) in the total amount of 215,745,513.00 euros. The Bulgarian contribution to the formation of the total amount of funds from the ERDF is 42,758,612 euros, which is about 16.54% (Fig. 2).
Thus proposed, this distribution fully corresponds to the proposed categories of interventions and to the intended objectives and outcome indicators (http://www.cbcromaniabulgaria.eu/index.php?page=programming_period_2014_2020).

Figure 2 Financial distribution of funds from the ERDF according to priorities
Source: own work

Manuscript received: 01.04.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)"2014/2020"
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

Bulgaria and Romania undertake to provide their own co-financing to be used for the implementation of the TGS Program in the period 2014-2020. (http://www.cbcromaniabulgaria.eu/index.php?page=programming_period_2014_2020).

Structures for program management and implementation

Ministry of Regional Development, Public Administration and European Funds of Romania is the Managing Authority.

The Ministry of Regional Development and Public Works of Bulgaria is the Bulgarian analogue of the Governing Body.

The accounting board of the Republic of Romania is an audit authority, which will be assisted by a group of auditors, which will include experts from Romania and Bulgaria.

The national partner body of the Governing Body will be represented by the Ministry of Regional Development and Public Works of Bulgaria.

The Monitoring Committee is the main authority in making decisions on the Program, monitoring the implementation of the program goals and results.

The joint secretariat represented by the branches in Ruse and Kularash should assist the program management bodies in fulfilling their duties and help the participants from both countries (https://www.interregrobg.eu/bg/programme/programme-bodies.html).

The process of preparation of the Program for CBC Romania - Bulgaria (2014-2020) includes a significant circle of representatives of various organizations and institutions at the national, regional and local level, socio-economic partners, representatives of the academic community and the non-governmental sector of Bulgaria and Romania. A joint working group was created, whose main task is to prepare the new program in a completely transparent way, considering the accumulated experience, knowledge and expert opinion. 6 meetings of the working group were held, and the activity included definition of the strategy, content and priorities of the program, selection of governing bodies, determination of the budget and preparation of a preliminary and environmental assessment of the program. The final draft of the program was adopted on 22.07.2014 (http://www.cbcromaniabulgaria.eu/index.php?page=programming_period_2014_2020).

Achieving sustainability in cross-border regions is an issue that we believe cannot be solved by EU funding alone. A similar example is the two bordering Iberian countries Spain and Portugal, which are proof that their European integration is perceived as a secondary hypothesis in support of cross-border cooperation. They can be used as an example, considering their transition from dictatorship to democracy, similar socio-economic problems, and their rich experience in European integration.

It is noteworthy that the cross-border cooperation between the two countries is also a result of the active participation of the Iberian politicians on both sides of the border, who through work programs and because of repeated formal and informal meetings set the stage for cooperation (Dimitrova 2022).

According to Cabero, the beginning of institutional cooperation between Spain and Portugal began with the Non-Aggression Pact between the two countries of 1939, later supplemented and known as the Iberian Pact in 1942 drawn up by the two dictators Salazar and Franco (Cabero 2004). Since the early 1960s, Spain has been moving towards membership of the European Economic Community (EEC), reaching the first trade agreement at the end of that decade. In contrast, Portugal shows a stronger interest in preserving its overseas colonies and therefore distances itself from the European project. In the 1970s, relations between the two countries strengthened, and after the end of the dictatorships, their European integration began (Dimitrova 2022).

Manuscript received: 01.04.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)”2014/2020”
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

The two neighboring Balkan countries, Bulgaria and Romania, are following a similar path. They are partners within the Council for Mutual Economic Assistance (CMEA), and after the end of the Cold War, together they walked the difficult path to full membership in the EU. Despite the geographical distance, the partner experience is extremely important for Bulgaria and Romania, since a large part of the problems are similar. The obstacles facing the countries of the Western Balkans are similar.

After INTERREG IV (2007-2013), INTERREG V (2014-2020) was implemented. Bulgaria and Romania gained useful experience, and this is clear from the projects implemented during this period.

Specifically, 8 projects have been implemented under Priority Axis 1, and their total funding is worth EUR 96,450,935 million. Of these, 81,983,295 million euros are provided by the ERDF, and the national co-financing is 14,467,640 million euros.

Implemented projects under Priority axis 1 “Well-connected region” (2014-2020):

1. Project “Network for electric bicycles” - ROBG-1.
2. Connection to the Trans-European network through better connectivity of the tertiary nodes Turnu Magurele and Levski for sustainable development of the region - ROBG-127.
3. Bridges of time - An integrated approach to improve the sustainable use of the cross-border cultural heritage Nikopol-Turnu Magurele - ROBG–128.
4. Project “Study of the possibilities for reducing the use of the TEN-T network in the cross-border region Romania-Bulgaria by optimizing freight and passenger transport and developing a joint mechanism to support intermodal connections” - ROBG-2.
5. Development of the Danube River for a better connection of the Ruse-Giurgevo Euroregion with pan-European transport corridor No. 7 - ROBG-130.
6. Improved tertiary nodes Turnu Magurele – Nikopol for sustainable development of the region, for better connectivity to the TEN-T infrastructure - ROBG-132.
7. Increasing accessibility to TEN-T in the border area Negru - Voda - General Toshevo - ROBG-133.
8. Improving the connection of the Mangalia and Balchik tertiary nodes to the TEN-T infrastructure - ROBG-510.

Through the management and implementation of projects under Priority Axis 1, planning, development and coordination of cross-border transport systems is carried out to improve connections with the TEN-T transport network. The level of coordination regarding transport safety is increasing (https://interregviarobg.eu/bg/interreg-projects/ROBG-127). A network for electric bicycles has been created, the quays in Ruse and Gyurghevo have been rehabilitated, the navigation conditions along the Lower Danube have been improved, the street infrastructure has been modernized in Turnu Magurele, Negru Voda, Mangalia, Nikopol, General Toshevo, Kavarna, Balchik (https://interregviarobg .eu/bg/interreg-projects/ROBG-133).

A total of 49,301 people is served by modernized infrastructure leading to the TEN-T.

9 projects have been implemented under Priority Axis 2, and their total funding is worth EUR 63,454,562 million. Of these, 53,936,378 million euros are provided by the ERDF, and national co-financing is 9,518,184 million euros.

Implemented projects under Priority Axis 2 “Green Region” (2014-2020):

1. Education through “green school” as promotion of sustainable use of cultural and natural heritage and resources - ROBG-3.
2. What is the purpose? - ROBG-11.
3. The road of clay - ROBG–4.

Manuscript received: 01.04.2024
Accepted: 25.04.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)"2014/2020"
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

4. 6 reasons to visit the cross-border region Mehedintsi - Vidin - ROBG-5;
5. Danube-a River with a rich history DARWLOH - ROBG-6;
6. Danube - I can hear you, I will not forget you, I can see you and I will remember you; I can rediscover you and I can understand you - ROBG-7;
7. Cross-border economy favorable for cultural and natural heritage in Romania and Bulgaria - ROBG-8.
8. Interactive visualization of the ancient Roman cultural heritage in the cross-border region between Bulgaria and Romania - ROBG–9.
9. Innovative and joint management of Natura 2000 sites in the Danube border region - ROBG-10.

By managing and implementing projects under Priority Axis 2, the protection and sustainable use of the natural and cultural heritage is improved and the possibility of sustainable management of ecosystems on both sides of the border is strengthened. A "Green School" has been established in Montana and a new tourist information center in Craiova (http://greenschooleducation.eu/). The condition of the Natura 2000 protected areas and wetlands along the Danube River from Vidin to Oryahovo has been studied (https://interregviarobg.eu/bg/interreg-projects/ROBG-11). A new tourist route "Clay Road" has been developed. The cultural, historical, and natural heritage was promoted in order to support cross-border investments in Natura 2000 sites (https://interregviarobg.eu/bg/interreg-projects/ROBG-10) and as an incentive for the creation and integration of tourist products and services. This also led to a significant increase in tourist visits to the border region.

6 projects have been implemented under Priority Axis 3, and their total funding is worth EUR 48,225,467 million. Of these, 40,991,647 million euros are provided by the ERDF, and the national co-financing is 7,233,820 million euros.

Implemented projects under Priority Axis 3 "Safe Region" (2014-2020):
1. Possibilities and interoperability for a joint Romanian-Bulgarian cross-border first intervention of a chemical-biological-radiological-nuclear-high-efficiency explosion" - ROBG-121.
2. Secure School Network - ROBG-20.
3. Public opposition in disaster situations - ROBG-21.
4. Development and adoption of a joint institutionalized partnership to manage the risk of excessive population of insects that affect public health and safety within the cross-border region Romania-Bulgaria - ROBG-22.
5. RISK for large-scale infrastructures - ROBG-23.
6. Project "Safety for our children" ROBG-461.

By managing and implementing projects under Priority Axis 3, joint risk management in the cross-border region has been improved (https://interregviarobg.eu/bg/interreg-projects/ROBG-21). Joint preventive partnerships have been implemented in flood protection measures, forest fire protection, as well as joint early warning and emergency response. As a result, over 4,770,000 people can benefit from risk management actions (https://interregviarobg.eu/bg/interreg-projects/ROBG-461).
9 projects have been implemented under Priority Axis 4, and their total funding is worth EUR 17,767,278 million. Of these, 15,102,186 million euros are provided by the ERDF, and the national co-financing is 2,665,092 million euros.

Implemented projects under Priority Axis 4 "Qualified and inclusive region" (2014-2020):
1. UCLM - Union for a Common Labor Market: an integrated approach to labor mobility within the cross-border region between Romania and Bulgaria - ROBG-131.

Manuscript received: 01.04.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)"2014/2020"
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

2. VISA - Cross-border labor mobility agency - ROBG-147.
3. Building a sustainable model and partner network to support employment and labor mobility - ROBG-140.
4. Cross-border virtual incubator to promote employment for organic farming, processing of biological products and related services - ROBG-141.
5. Development of an integrated and inclusive labor market at the cross-border level - ROBG-142.
6. Work Facilitation - Increasing the potential of unemployed women to find work in the cross-border region - ROBG-143.
7. Cross-border mixture for sustainable employment-centers in the fields of information technologies, tourism and agriculture - ROBG-144.
8. Romanian-Bulgarian Organic Entrepreneurial Network - ROBG-145.
9. Mechanism for cross-border cooperation in the field of social assistance at the multi-regional level Romania - Bulgaria - ROBG-150.

By managing and implementing projects under Priority Axis 4, an integrated cross-border region was created in terms of employment and workforce mobility. A significant number of initiatives have been implemented to activate workforce mobility in the cross-border region (https://interregviarobg.eu/bg/interreg-projects/ROBG-140).

The participants were introduced to the educational and training schemes to support cross-border youth employment, as well as the opportunities for higher and professional education in the cross-border area (www.sem-centres.eu). In this way, 234,607 people on both sides of the border gain access to joint employment initiatives.

2 projects have been implemented under Priority Axis 5, and their total funding is worth EUR 12,690,913 million. Of these, 10,787,276 million euros are provided by the ERDF, and the national co-financing is 1,903,637 million euros.

Implemented projects under Priority Axis 5 "Efficient Region" (2014-2020):
1. Program for cross-border improvement of regional administrations of Gyurghevo district and Ruse district - ROBG-136.
2. Boundless health through sports and cooperation - united in the fight against disease - ROBG-139.

By managing and implementing projects under Priority Axis 5, the capacity for cooperation and greater efficiency of public institutions within the cross-border region has increased. This enabled the preparation of an Integrated Strategy for Sustainable Energy Efficiency at the level of the Ruse - Gyurghevo region, in the field of renewable energy sources and energy efficiency (https://interregviarobg.eu/bg/interreg-projects/ROBG-136). Cross-border cooperation of public institutions in the field of healthcare was also strengthened (https://interregviarobg.eu/bg/interreg-projects/ROBG-139).

Priority axis 6 "Technical assistance" is financed to the value of EUR 19,914,970 million. Of these, 12,944,731 million euros are provided by the ERDF, and the national co-financing is 6,970,239 million euros. Its implementation was aimed at the effective and efficient implementation of the entire cross-border cooperation program.

Conclusion
The achieved results testify to the successful management and implementation of projects under INTERREG V-A Romania - Bulgaria 2014-2020. According to Bouzova, "in business, good means increasing the public or company good" (Bouzova 2022). In cross-border cooperation, the main priority can be the achievement of common good on both sides of the

Manuscript received: 01.04.2024
Accepted: 25.04.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 97-104
Online: ISSN **2671-3810**
UDC: 332.135.055.2:005.8(497.2-192:498-192)”2014/2020”
DOI: https://doi.org/10.46763/IJEMT2441097d
Presentation

border. The good practices and successful initiatives implemented in the EU can also support the cross-border regions of the Balkan Peninsula. For Bulgaria and Romania, the concrete results of this cooperation are:

- Achieving long-term and more sustainable development of the peripheral cross-border regions in Bulgaria and Romania by means of an in-depth analysis of the current state of the border territories.
- Identification of the demographic and economic problems of the border territories.
- Solving problems related to infrastructure, ecology, preservation of cultural and historical heritage, employment, etc.
- Development of management policies with a focus on cross-border territories, considering the resources specific to the specific territories.
- Development of joint administrative services to support cross-border development, etc.

References

1. Alexandrova, M., 2015. “Project Management: Project Thinking and Project Action“. Destroy the national and world economy.
2. Andreev, O., 2006. Project Management. Softtrade, Sofia.
3. Arenas, N., 2008. “La cooperación transfronteriza como política derivada de la Unión Europea. Sus instrumentos jurídicos”. Barcelona, 2008.
4. Bouzova, P., 2022. “The good in law and business ethics”. “Ethics, Science, Education”, Collection of reports from an International Scientific Conference (19.05.2022) Laboratory of Applied Academic Ethics, Department of Philosophical Sciences, VTU “St. St. Cyril and Methodius”, compiled by D. Uzunova, M. Momov, O. Stoyanova-Encheva, Veliko Tarnovo: University Publishing House “St. St. Cyril and Methodius”, pp. 26-30.
5. Cabero, V., 2004. Iberismo e Cooperaçao (pasado e futuro da Peninsula Ibérica). Porto, Campo das Letras.
6. Dimitrova, T., 2022. An innovative model of administrative cooperation between Galicia and Northern Portugal. “Development of the Bulgarian and European economy - challenges and opportunities”. Volume 6, University Publishing House “St. St. Cyril and Methodius”, Veliko Tarnovo, pp. 282-293.
7. PMI, 2017. Project Management Knowledge Guide. 6th Edition Pennsylvania: Project Management Institute, Inc.
8. http://greenschooleducation.eu/ (accessed 24/02/2024)
9. http://www.sem-centres.eu (accessed 26/02/2024)
10. http://www.cbcromaniabulgaria.eu/index.php?page=programming_period_2014_2020 (accessed 26/02/2024)
11. https://www.interregrobg.eu/bg/programme/programme-bodies.html (accessed 05/03/2024)
12. https://www.interregrobg.eu/bg/programme/programme-general-data.html (accessed 05/03/2024)
13. https://interregviarobg.eu/bg/interreg-projects/ROBG-10 (accessed 06/03/2024)
14. https://interregviarobg.eu/bg/interreg-projects/ROBG-11 (accessed 05/03/2024)
15. https://interregviarobg.eu/bg/interreg-projects/ROBG-21 (accessed 03/03/2024)
16. https://interregviarobg.eu/bg/interreg-projects/ROBG-127 (accessed 08/03/2024)
17. https://interregviarobg.eu/bg/interreg-projects/ROBG-133 (accessed 01/03/2024)
18. https://interregviarobg.eu/bg/interreg-projects/ROBG-136 (accessed 028/02/2024)
19.https://interregviarobg.eu/bg/interreg-projects/ROBG-139 (accessed 29/02/2024)
20. https://interregviarobg.eu/bg/interreg-projects/ROBG-140 (accessed 05/03/2024)
21. https://interregviarobg.eu/bg/interreg-projects/ROBG-461 (accessed 06/03/2024)

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

QUALITY SYSTEM MANAGEMENT IN THE HOTEL INDUSTRY IN THE REPUBLIC OF NORTH MACEDONIA

Elizabeta Mitreva[1]*, Dzevat Kicara[2],
[1]Faculty of Tourism and Business Logistics, University "Goce Delcev" - Shtip
*Mail: elizabeta.mitreva@ugd.edu.mk
[2]Standardization Institute of the Republic of North Macedonia

Abstract

The introduction of the TQM (Total Quality Management) system in the hotel industry requires a complete understanding of the needs and demands of tourists, respect for the established standards and the creation of products with superior values that will meet or exceed their expectations with their quality. Total quality management applies to the entire organization, in all hotel activities and functions (reception, accommodation, procurement, sales, marketing, kitchen block, service, technical maintenance, hygienic maintenance, etc.). In this way, the established system will enable the hotel company to continuously improve its performance, whereas the needs of all interested parties participating in the process of creating and delivering the hotel product must not be neglected. Analyzing the findings of the research, this paper provides guidelines for the direction in which the hotels in the Republic of North Macedonia should move by applying the principles of the process orientation, based on the process approach and management of the entire value chain.

Key words: business processes, hotel service, TQM (Total Quality Management) system.
JEL Classification: Z32 Tourism and Development; Z39 Tourism: Other

INTRODUCTION

Respecting the basic principles on which the TQM (Total Quality Management) system is based, and starting from the variety of heterogeneous resource and market opportunities, the adequate application of this system in the hotel industry implies the use of different principles and activities that should enable the hotel management to make a decision about their introduction. The basic principles on which the introduction of the TQM system in the hotel industry is based are: commitment to the users of hotel services; management responsibility in the process of establishing a quality system; readiness of the employees to accept the quality system; continuous improvement of the quality of hotel services; orientation towards the dwelling and working environment; process orientation; systemic approach to quality; orientation towards planning approach; measuring the satisfaction of the user of the services; a control system for its products and services. By focusing and relying on the manner of the actual work performance and by applying a logical sequence of activities in the processes, a more reliable picture of the business is obtained, and the managerial work becomes more rational and clearer (Mitreva, et al., 2008). The quality in tourism and hospitality involves consistently delivering products and services to guests in accordance with expected standards. Providing quality service is one of the principal challenges that restaurants will face in the coming years, as it is a basic condition for success in the growing, fiercely competitive, global hospitality markets, hence, different management systems are applied in the hotel management (Campanella, 1999). There are various tools that measure and improve the quality service, as well as the mechanisms for recognizing quality in tourism and hospitality (Foster, 2001). Managers need to determine, record and measure the impact of costs and profits and be able to prioritize the process of improving the quality of their assets. Tourism stakeholders consider the quality service in the hotel as value for money, comfortable room, friendly staff and delicious food . (Dervitsiotis, 2000).

Quality service is a management tool that allows the hoteliers to monitor the service from the customer's perspective in an appropriate way. Quality assurance refers to any planned and systematic activity aimed at providing consumers with goods and services of

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

adequate quality, along with confidence that they meet consumer requirements and expectations. Quality assurance depends on the excellence in two important focal points in business: the design of goods and services and quality control during the performance of service delivery, often aided by some form of measurement and inspection activities (Hammer, 1990).

The service quality management system is a results-oriented approach. It deals with the features of the service that are of greatest importance to the end users; it addresses service providers who have tangible results that they can present to the end users (consumers); it guarantees the customers a high quality of service that they can receive during their stay in the accommodation facility and provides the staff with a methodology to demonstrate their commitment to quality service (Heleta, 2010).

Considering that the concept of quality is widely discussed in hospitality management, quality in hospitality is defined as the consistent delivery of products and services to guests according to the expected standards. It is known that guests are willing to pay more when they visit hotels/restaurants that offer a service that meets or exceeds their expectations, therefore, the level of quality service is an important factor in the experience that guests receive during their visit to hotel industry organizations. By creating value for the guest, an accommodation facility, for example, can successfully retain its guests, but in doing so, the managers will have to recognize the importance of customer retention, as attracting a new customer is considered more expensive and takes a lot of time and resources (Sasaoka, 1995).

LITERATURE REVIEW

One of the most significant benefits that a country's economy can have from tourism is that it is a highly labor-intensive activity and affects the creation of a large number of jobs, thereby contributing to solving unemployment problems. The tourism development in a certain area provides a significant opportunity for direct employment in the tourism industry (accommodation, food, transport), but also in activities that are indirectly related to tourism and achieve significant benefits from tourism (trade, construction, industry, agriculture). Unlike other economic branches, tourism maintains a high level of labor demand, which is based primarily on the need for labor in hotels, catering, retail and public transport. Tourism enables the employment of people from different educational profiles, from those who directly provide services and those who work in various technical-technological processes, to those creative staff who create modern tourism products and deal with development policy (Dervitsiotis, 2000).

However, the impact of tourism on employment is often subject to criticism and it is related to the fact that most jobs in tourism are seasonal and it is more difficult to find suitable skill profiles for employment, so those with lower qualifications are included in the labor process (which impairs the quality of the offer), as well as students and pensioners who cannot be considered as part of the working population (Dighe & Bezold, 1996).

Today, it is impossible to imagine a modern hotel industry without a computer equipment and technology. The modern work organization and qualified employees, as well as the new equipment, are factors that influence the successful operation of the hotel facility.

The service quality management in hospitality and tourism has become an independent field of research and application, as tourists and guests expect more than what they can get. Therefore, it is necessary to fill in the gap between their expectations and the resulting service and product quality (Jayaram, et al., 1997).

The hospitality and tourism service sector adopted the philosophy of TQM (Total Quality Management) from the manufacturing sector and adapted it to the characteristics of the tourism and hotel industry. Based on the example of the manufacturing sectors and the achieved good results, the service sector has adopted the business rule that productivity, quality and profit represent one whole. Quality becomes a decisive factor for efficiency and competitiveness in the turbulent tourist market (Mitreva, et al., 2018).

Manuscript received: 02.05.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

Tourists/guests, or in general - consumers, no longer tolerate errors, downtime, complaints and poor quality. They demand quality for their money. This has led the travel agencies, hotels and other participants in the tourism offer to introduce quality control, standards and a TQM system. The American international hotel chains were the first to implement the TQM system where good results were achieved and this philosophy was also adopted by Europe (Campanella, 1999).

There is a great variety of equipment and inventory in the Macedonian facilities. The facilities do not have a complete service. They often deviate from hotel interior design standards, hotel room and kitchen design standards, as well as ISO 9000 management and quality assurance standards and ISO 14000 environmental management standards, as well as HACCP food safety management system (Mitreva, et al., They often deviate from hotel interior design standards, hotel room and kitchen design standards, as well as ISO 9000 management and quality assurance standards and ISO 14000 environmental management standards, as well as HACCP food safety management system (Mitreva, et al., 2019).

For the performance of catering activities, the minimum technical conditions prescribed by the Law on Tourism Activity must be fulfilled. In addition, they must meet the following conditions: the facility can be used, the conditions for protection at work, sanitary and health conditions, protection and improvement of the environment, fire protection and the conditions for protection against noise prescribed by law (Vusić, 2007). The purpose of the new rules is to raise standards in the hotel industry. It is quite logical to conclude that if the management of an organization is not interested or is not able to continuously improve the quality, it is difficult to expect this from the employees. The management, before making the final decision to introduce the TQM system, should check its own readiness and possible problems that may arise in the process of establishing any management system and its implementation. For many companies, the implementation of ISO 9001 is the first step towards TQM (Total Quality Management). Upgrading ISO 9001:2015 with the TQM strategy means improving quality by rethinking organizational processes not only in the direction of definition, improvement and design, but also improving productivity and optimizing costs (Westcott, 2014). Competitive advantages are often decisive for the development and use of the quality assurance system and other management systems (Šaković Jovanović, et al., 2020).

MATERIAL AND METHODS

Through the research within this paper, a general idea of the business process management models in the hotel industry in the Republic of North Macedonia should be obtained. The problem investigated in this paper refers to the state and improvement of the business processes in the organizations of the hotel industry in the Republic of North Macedonia and the level of maturity in relation to the strategy of TQM (Total Quality Management), which represents a new approach in management, in direction of continuous improvement of the quality of all activities of the organizations. Therefore, the purpose of the paper is to analyze the existing situation in the hotel industry, to analyze the possibilities for the improvement of business processes in the hotel industry, and finally, to propose a model for improving of these processes.

During the research in this paper, qualitative and quantitative methods were used. The qualitative approach includes a literature review of many publications that generally deal with the issue of improving business processes in hotel services and their application in practice.

The sample was made according to the list received from the Department of Tourism and Hospitality within the Ministry of Economy (Tab. 1). Moreover, more than half of the hotels identified for the survey have four stars (50.00%), almost a third have three stars (31.25%), whereas only 18.75% are five-star hotels.

Table 1. A research sample

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

Type of hotel	Number	%
5* hotel	12	18.75
4* hotel	32	50.00
3* hotel	20	31.25
In total	64	100

Source: Government of the Republic of Macedonia, Ministry of Economy, Department of Tourism and Hospitality. Note: Data as of December 2022

Although the research was conducted on a convenient sample of 64 respondents, 32 respondents (N=32) participated in it who have senior positions and decision-making power in 32 hotels on the territory of the Republic of North Macedonia, as shown in Table 2. The low response rate obtained (N=32) is satisfactory, taking into account the conditions of the Covid-19 pandemic and in this type of scientific research, it ranges between the limits of 16% to 25%, which in our case is considered as relevant (Bohdanowicz, et al., 2005; Medina-Muñoz & García-Falcón, 2000).

Table 2. Distribution of responses by type of hotel in percentages

Type of hotel	**Number**	**%**
5* hotel	6	18.8%
4* hotel	11	34.4%
3* hotel	15	46.9%
Total:	**32**	**100%**

The survey questionnaire was structured in three parts:
In the first part, answers were sought about the demographic characteristics of the respondents (11 questions).
In the second part, the questions referred to the management systems implemented by the hotel, as well as questions related to describing the business environment in the hotel where the respondents work - for each of the listed factors of managing the management systems (9 questions).
In the third part, issues related to the organizational structure and management of business processes were addressed. In this part of the questionnaire were analyzed 13 aspects that refer to: the strategy, the leadership, the process management, the employee management, the information technology, the communication, the focus on buyers, the relations with external suppliers, the employee skills, the reward system, continuous improvement, methods and techniques, defect free operation, as well as performance measures. The results are processed with statistical methods.
As statistical indicators for determining maturity in business process management and hotel competitiveness factors, the following were used: information technology, process management (including methods and techniques for flawless operation), employee management, strategic approach, organizational or business culture) and competitiveness (market share) of the hotel.
The collected data were analyzed using the statistical software tool IBM SPSS Statistical Package for the Social Sciences - 22, and in the analysis are used descriptive statistics and Spearman's correlation coefficient, as well as the $\chi 2$ test and the cross-tabulation method. During the statistical processing, descriptive statistics were applied, i.e., frequencies, percentages, rank, arithmetic mean and standard deviation. A five-point Likert scale (from 1 to 5) is used, with an impact factor of very low (1 – 1.80), low (1.81 – 2.60), medium (2.61 – 3.40), high (3.41 – 4.20) and very high (4.21 – 5.00).

RESULTS AND DISCUSSION

Manuscript received: 02.05.2024
Accepted: 30.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

Due to the extensiveness of the research, this paper presents the results regarding the application of internal standardization and quality assurance. The questions from the second part of the questionnaire aimed to determine the existing degree of three application of different management systems. The House of Quality is held by four subsystems: internal standardization, quality methods and techniques, education and motivation and quality cost analysis.

Table 3 presents the general characteristics and management systems used in the researched hotels that made up the research sample. From Table 3 it can be summarized that 59.4% of the hotels operate according to a functional approach and 40.4% are process-oriented organizations. The sample did not include organizations with semi-adaptive ways of functioning, that is, those that practice a divisional/sector approach and a matrix/project system.

Table 3. General characteristics and used management systems of the organizations that comprise the research sample

Management systems	**Answer**	**Frequency (n)**	**Percentage (%)**
What is the organizational structure of the organization?	Functional	*19*	*59.4*
	Divisional/Sectoral	-	-
	Matrix/project	-	-
	Process oriented	*13*	*40.6*
Does the hotel you work in possess a quality management system certificate ISO 9001:2015?	Yes	*13*	*40.6*
	No	*19*	*69.4*
Does the hotel you work in possess an environmental management system certificate ISO 14001:2015?**	Yes	*8*	*29.6*
	No	*19*	*70.4*
Does the hotel you work in possess an occupational health and safety management systems certificate ISO 45001:2018?***	Yes	*14*	*46.7*
	No	*16*	*53.3*
Does the hotel you work in possess an ISO 22000:2018 food safety management system certificate?	Yes	*19*	*59.4*
	No	*13*	*40.6*
Does the hotel you work in possess an implemented system for hazard analysis and critical control points (HACCP)?	Yes	*28*	*87.5*
	No	*4*	*12.5*
Does the hotel you work in apply the ISO 26000:2010 Social Responsibility guideline?	Yes	*13*	*40.6*
	No	*19*	*59.4*
Does the hotel you work in apply multiple management systems combined as an integrated system?	Yes	*7*	*21.9*
	No	*25*	*78.1*

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

** 5 respondents did not answer this question.
*** 2 respondents did not answer this question.

As can be seen from the presented information (Tab. 3), the majority of the hotels, i.e., 87.5% have implemented HACCP, the system for hazard analysis and critical control points. 59.4% of the respondents declared that the organizations in which they work possess a certificate for food safety management systems ISO 22000:2018.

Here, it is important to indicate that HACCP (Hazard Analysis and Critical Control Points) is a system with which the identification, assessment and control of the hazards that are significant for food safety are carried out. In the Republic of North Macedonia, the implementation of HACCP food quality standards is regulated by the Law on Food Safety adopted in 2004.

Furthermore, 46.7% of the hotels in the sample possess an ISO 45001:2018 certificate for a safety and health management system in the workplace, whereas 2 respondents did not answer the question.

Then, 40.6% of the hotels in the sample possess an ISO 9001:2015 quality management system certificate and the same percentage (40.6%) apply the ISO 26000:2010 social responsibility guideline.

Less than a third of the hotels in the sample, or 29.6%, possess an ISO 14001:2015 environmental management system certificate.

Finally, only 21.9% of hotels apply two or more management systems in business process management.

From the general characteristics and implemented management systems of the organizations that contain the research sample shown in Table 4, it can be concluded that in more than half of the hotels the organizational structure is functional.

In terms of management systems, the majority of hotels possess an ISO 22000:2019, HACCP certificates, while for the rest these percentages are lower. This indicates that towards achieving excellence, it is necessary to increase awareness among hoteliers about business process management, strict compliance with the legal regulations and the appointment of responsible persons who will follow the introduction of the management systems until they are fully implemented.

Thereafter, the findings of the research are elaborated in relation to the frequency of the application of different management systems in accordance with the different sizes of organizations by number of employees (Table 4). For this purpose, the hypothesis was tested: X1: Different management systems are predominantly applied in the management of hotels in the Republic of North Macedonia. Table 4 presents descriptive statistics relating to the predictor variables number of quality employees and the criterion variable quality management systems.

Table 4. Descriptive statistics for the predictor variables number of quality employees and the criterion variable management systems

		Number of employees			In total
		Up to 25	**26-50**	**Over 50**	
ISO 9001:2015	%	*0*	*38.5*	*61.5*	*100*
	n	*0*	*5*	*8*	*13*
ISO 14001:2015	%	*0*	*25*	*75*	*100*
	n	*0*	*2*	*6*	*8*
ISO 45001:2018	%	*0*	*42.9*	*57.1*	*100*
	n	*0*	*6*	*8*	*14*
ISO 22000:2018	%	*21.1*	*36.8*	*42.1*	*100*
	n	*4*	*7*	*8*	*19*
HACCP	%	*21.4*	*50*	*28.6*	*100*

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

	n	*6*	*14*	*8*	*28*
ISO 26000:2010	%	*0*	*53.8*	*46.2*	*100*
	n	*0*	*7*	*6*	*13*
Integrated system	%	*0*	*0*	*100*	*100*
	n	*0*	*0*	*7*	*7*

For the testing of this hypothesis and determining the frequency of use (the proportion of cases in different sizes of organizations) of each of the management systems, the method of cross tabulations – Pearson's χ2 (chi-square) test was applied, as shown in Table 5.

Table 5. Pearson's χ2 chi-square test

Management systems		**Value**	**Number of degrees of freedom**	**Statistical significance**
ISO 9001:2015	Pearson's χ2 chi-square	*17,149*	*2*	*.000*
	Probability percentage	*23,355*	*2*	*.000*
	Two-way linear association	*16,065*	*1*	*.000*
	Cramer's V	*.745*		*.000*
	n	*32*		
ISO 14001:2015	Pearson's χ2 chi-square	*11,813*	*2*	*.003*
	Probability percentage	*13,005*	*2*	*.001*
	Two-way linear association	*10,041*	*1*	*.002*
	Cramer's V	*.661*		*.003*
	n	*27*		
ISO 45001:2018	Pearson's χ2 chi-square	*15,536*	*2*	*.000*
	Probability percentage	*21,265*	*2*	*.000*
	Two-way linear association	*14,727*	*1*	*.000*
	Cramer's V	*.720*		*.000*
	n	*30*		
ISO 22000:2018	Pearson's χ2 chi-square	*7,385*	*2*	*.025*
	Probability percentage	*10.209*	*2*	*.006*
	Two-way linear association	*4,016*	*1*	*.045*
	Cramer's V	*.480*		*.025*
	n	*32*		
HACCP	Pearson's χ2 chi-square	*2,286*	*2*	*.319*
	Probability percentage	*3,059*	*2*	*.217*

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

	Two-way linear association	*2,214*	*1*	*.137*
	Cramer's V	*.267*		*.319*
	n	*32*		
ISO 26000:2010	Pearson's χ2 chi-square	*9,457*	*2*	*.009*
	Probability percentage	*12,302*	*2*	*.002*
	Two-way linear association	*9,036*	*1*	*.003*
	Cramer's V	*.544*		*.009*
	n	*32*		
Integrated management systems	Pearson's χ2 chi-square	*36,880*	*2*	*.000*
	Probability percentage	*27,592*	*2*	*.000*
	Two-way linear association	*17,360*	*1*	*.000*
	Cramer's V	*.917*		*.000*
	n	*32*		

The chi-square for independence between the ISO 9001:2015 quality management system and number of employees (organization size) is statistically significant $\chi 2$ (2, 32) = 17.149, $p<.01$, with Cramer's V = .745 which represents high level of connectivity. This means that organizations differ significantly in terms of the application of the ISO 9001:2015 quality management system, i.e., the ISO 9001:2015 quality management system is used notably more in larger organizations.
The chi-square for independence between the ISO 14001:2015 environmental management system and number of employees (organization size) is statistically significant $\chi 2$ (2, 27) = 11.813, $p<.01$, with Cramer's V=. 661, which represents a high level of connectivity. That is, organizations differ significantly in terms of applying the ISO 14001:2015 quality management system. From the obtained results, it can be concluded that the environmental management system ISO 14001:2015 is used notably more in larger organizations.
The chi-square for independence between the ISO 45001:2018 occupational health and safety system and the number of employees (organization size) is statistically significant $\chi 2$ (2.30) = 15.536, $p<.01$, with Cramer's V= .720, which represents a high level of association. Organizations differ considerably in terms of the application of the ISO 45001:2018 occupational health and safety system, i.e., the occupational health and safety system is used much more in the larger organizations.
Chi-square for independence between the food safety management system ISO 22000:2018 and the number of employees (the size of the organization) is statistically significant $\chi 2$ (2.32) = 7.385, $p<.01$, with Cramer's V=.480, representing a high level of association. Organizations vary widely in their implementation of the ISO 22000:2018 food safety management system, i.e., the food safety management system ISO 22000:2018 is implemented a lot more in the larger organizations.
Chi-square for independence between the HACCP food safety system and the number of employees (the size of the organization) did not find a statistically significant result $\chi 2$ (2,32) = 2.286, $p>.01$. This means that the proportion of organizations in terms of size does not differ significantly in the application of the HACCP food safety system, or the application of this standard in relatively the same measure is present in small, medium and large organizations.

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

Furthermore, the chi-square for independence between ISO 26000:2010 CSR management system and number of employees (organization size) is statistically significant $\chi 2$ (2,32) = 9.457, p<.01, with Cramer's V=. 544, which represents a high level of connectivity. That is, organizations differ significantly in terms of the implementation of the ISO 26000:2010 social responsibility management system, with larger organizations significantly more likely to have implemented this social responsibility management system.

The chi-square for independence between the variable multiple management systems combined in an integrated system and the number of employees (the size of the organization) is statistically significant $\chi 2$ (2,32) = 36.880, p<.0.1, with Cramer's V = .917, which represents very high level of connectivity. Organizations differ significantly in terms of the application of multiple management systems combined into an integrated system with this being much more prevalent in organizations with over 50 employees.

Considering the analysis above, statistically significant differences in the degree of use were found between different sizes of organizations for all quality management systems except HACCP (food safety system). These results are in line with the expectations because the hotels that are organizations of interest for this research work with food. Consequently, regardless of size and number of employees, hotels that serve food are expected to have an implemented HACCP system.

Regarding the use of other management systems, this is significantly more a case in the organizations with over 50 employees.

In addition to the standards that are a prerequisite for a hotel to reach a higher rank (in the context of stars), hotels that are part of a franchise must have implemented integrated management systems. With that, they are more competitive on the market and give the impression of reliability and professionalism.

Conclusion

The purpose of this research was to analyze the current situation in the hotel industry, to analyze the possibilities for the improvement of business processes in the hotel industry, and finally, to propose a model for improving these processes. The research within this paper aimed at determining the degree of application of different management systems for management in organizations, which was implemented by using the statistical method of cross tabulations, i.e., with the Pearson's chi-square test (Tab. 5). Based on the conducted analyzes of independence between the management systems and the number of employees (the size of the organization), it was found that there is a statistically significant relationship between the management systems: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 22000 :2018, ISO 26000:2010, i.e., several management systems are combined in an integrated system and the criterion variable number of employees (organization size). A significant connection was not found only with the HACCP system and this partially confirms the hypothesis that reads: Different management systems are predominantly applied in the management of hotels in the Republic of North Macedonia, as shown in Table 4.

The conclusion is that the process orientation in management is more prevalent in the larger organizations, in contrast to smaller and medium-sized organizations where the functional organizational structure dominates. Taking into account that 75% of the surveyed employees work in medium and small organizations, it is not possible to fully determine the dominance of using the process orientation, as shown in Table 4. That is, according to what is shown in Table 43, in the hotels in the Republic of North Macedonia, the management based on the concept of process orientation is predominant.

Analyzing the direction in which the hotels in the Republic of North Macedonia should move, it can be indicated that managing the hotels by applying the principles of process orientation and process approach, the management manages the entire value chain of its products and services. By focusing and relying on the manner of the actual work performance and applying a logical order of activities in the processes, a more reliable picture of the business is obtained and the managerial work becomes more rational and clearer.

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper

Analyzing the hotel industry in the Republic of North Macedonia, it can be indicated that in the increasingly competitive market, the issue of quality has become more and more important for the hotel industry. This is influenced by a number of factors, such as the expansion of consumer rights and the alleged emergence of "new" tourists who are more aware of quality. In addition, the greater competition has caused hotels to become increasingly aware of the importance of quality as a source of competitive advantage. Quality components in the hospitality industry that can be used to develop and implement service quality systems are: thinking about guest service, determining what guests want, developing a process to deliver what guests want, training staff, systems implementation, evaluation and modification of the service delivery system.

Furthermore, quality self-evaluation of the hotel industry (usually through comment cards in guest rooms or online questionnaires) is very important for hoteliers to be able to identify and solve the problems. Regular and systematic analysis of evaluation results can lead to a wide range of advantages, including: measuring the degree of alignment with customer needs and expectations and comparing the results with perceived quality, further, acting as a basis for a strategic process, determining actions for improvement, as well as controlling competitiveness in quality with the help of the Benchmarking strategy.

Quality assurance is a long-term investment that is a cost component, but this investment is always less than operating with "poor" quality. Managers should identify, record and reflect the profit impact of quality and prioritize quality improvement processes through knowledge and implementation of various management systems. There are various mechanisms aimed at achieving better quality in tourism services. Different management systems should make quality service a top priority for both them and their employees. Top recommendations for guest services that can achieve successful and profitable results include: focus on quality service and least satisfaction; retaining existing guests by exceeding their expectations; continuous quality improvement; employment, regular training and strengthening of service-oriented employees; the search for best practices through measurement; implementing quality accreditation through various schemes, such as eco-labels, ISO and EFQM.

REFERENCES

Bohdanowicz, P., Simanic, B., & Martinac, I. V. O. . (2005). Environmental training and measures at Scandic Hotels, Sweden. . *Tourism Review International,* , 9(1), 7-19.

Campanella, J. (1999). Principles of quality costs: Principles, implementation, and use. . *In ASQ World Conference on Quality and Improvement Proceedings* (p. 507). American Society for Quality.

Dervitsiotis, K. N. (2000). Benchmarking and business paradigm shifts. *Total Quality Management*, 11(4-6), 641-646.

Dighe, A., & Bezold, C. . (1996). Trends and Key Forces Shaping the Future of Quality. *Quality Progress*, 29(7), 89.

Foster, T. S. (2001). *Managing quality, an integrative approach.* Upper Saddle River: prentice-hall inc.

Hammer, M. (1990). Reengineering work: Don't automate, obliterate. *Harvard business review*, 68(4), 104-112.

Heleta, M. (2008). *Menadžment kvaliteta.* Univerzitet Singidunum.

Heleta, M. (2010). *Projektovanje menadžment sistema životne i radne sredine.* Univerzitet Singidunum.

Jayaram, J., Handfield, R., & Ghosh, S. . (1997). The application of quality tools in achieving quality attributes and strategies. . *Quality Management Journal*, 5(1), 75-100.

Kratsu, H. (1995). Concept engineering points in developing hit products. *JUSE, Societas Qualitatis*, 9(2).

Manuscript received: 02.05.2024
Accepted: 30.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 105-115
Online: ISSN **2671-3810**
UDC: 005.6:640.4(497.7)
DOI: https://doi.org/10.46763/IJEMT2441105m
Original scientific paper
Luburić, R. (2014). Total quality management as a paradigm of business success. *Journal of Central Banking Theory and Practice*, 3(1), 59-80.
Medina-Muñoz, D., & García-Falcón, J. M. . ((2000)). Successful relationships between hotels and agencies. *Annals of Tourism Research*, 27(3), 737-762.
Mitreva, E. (2010). Реинженеринг на деловните процеси-темел во примената на TQM стратегијата. *Списание "Економија и бизнис"*, 13(147), 21-23.
Mitreva, E. (2011). Model-integral methodology for successful designing and implementing of TQM system in Macedonian companies. *International Journal for Quality Research*, 5(4), 255-260.
Mitreva, E. (2012). The need for planning and implementing educational activities in Macedonian companies. *International Journal for Quality Research*, 6(2), 143-149.
Mitreva, E., & Filiposki, O. . (2012). Proposal methodology of the subsystem-internal standardization as part of TQM system. *International Journal for Quality Research*, 6(3), 251-258.
Mitreva, E., Chepujnoska, V., & Chepujnoski, G. . (2008). QC-CE-PYRAMID model in the designing of the information system within a company. *Macedonian Journal of Chemistry and Chemical Engineering*, 27(2), 163-168.
Mitreva, E., Sazdova, J., & Gjorshevski, H. . (2018). Management with the Quality Control System in the Hotel Industry in Macedonia. *Tem Journal*, 7(4), 750-757.
Mitreva, E., Sazdova, J., & Gjorshevski, H. (2019). Quality management system applications in the hotel industry in Macedonia. *Quality-Access to Success*, 20(170), 68-72.
Mitreva, E., Tashkova, S., & Gjorshevski, H. . (2019). Optimization of business processes in a transport company in the Republic of North Macedonia. . *TEM Journal*, 8(3), 879-887.
Ojwaka, P. M. (1999). *Process Modelling for Planning and Management of Facilities: A Re-Engineering Approach.* Tampere University of Technology.
Parashar, M., & Singh, S. K. . (2005). Innovation capability. *IIMB Management Review*, 17(4), 115-123.
Šaković Jovanović, J., Vujadinović, R., Mitreva, E., Fragassa, C., & Vujović, A. . (2020). The relationship between E-commerce and firm performance: The mediating role of internet sales channels. *Sustainability*, 12(17), 6993.
Sasaoka, H. (1995). The QC circle evolution from TQC to TQM, a management perpective. *JUSE, Societas Qualitatis*, 9(4).
Stoiljković, V., Stoiljković, P., & Stoiljković, B. . (2009). The EFQM excellence model implementation in West Balkans. . *In Fifth International Working Conference „Total Quality Management–Advanced and Intelligent Approaches* , (pp. 31st May–4th June (pp. 61-67)).
Sugiyama, T. (1996). Application of quality methods and techniques in automotive component industry. *In International Conference on Quality, Yokohama* , (pp. (pp. 175-178)).
Taskov, N., & Mitreva, E. (2015). The motivation and the efficient communication both are the essential pillar within the building of the TQM (total quality management) system within the Macedonian Higher Education Institutions. *Procedia-Social and Behavioral Sciences, 180, 227-234.*, 227-234.
Vusić, D. (2007). Poslovna izvrsnost. *Tehnički glasnik*, 1(1-2), 51-54.
Westcott, R. T. (2014). Modular Kaizen: Continuous and Breakthrough Improvement. *Quality Progress*, 47(4), 61.

Manuscript received: 26.04.2024
Accepted: 27.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

MEANING AND STATE OF MANAGEMENT IN TOURISM COMPANIES AND ITS PERSPECTIVE

Zlatko Jakovlev[1], Vladimir Kitanov[2]
[1]Faculty of tourism and business logistics, Goce Delcev University, Stip, North Macedonia, *zlatko.jakovlev@ugd.edu.mk*
[1]Faculty of tourism and business logistics, Goce Delcev University, Stip, North Macedonia, *vladimir.kitanov@ugd.edu.mk*

Abstract: The crucial role or importance of management in the Republic of North Macedonia, and thus managers, consists in leading the company in the field of tourism to achieve the goals in the most efficient and effective way. Each company has a certain goal for which it exists, and management has that responsibility to exploit and combine organizational resources in the most optimal way, thus achieving the company's goal. Management is moving the corporation towards achieving the goals by focusing on the activities that company members are obliged to carry out. If such activities are largely creatively and creatively defined, the productivity of each employee will contribute to the achievement of the goals of the travel company.

Key words: tourism, tourism industry, goals, profitability, hospitality

INTRODUCTION

Management seeks to motivate individual activities that will lead to the achievement of organisational goals, while and to discourage and disable those activities that will eventually prevent the achievement of goals. The link between management and goals can best be expressed through the following finding: "There is nothing more important to the management process than achieving the goals. Management has no meaning separate from the goals to be achieved. The link between management and goals can best be expressed through the following finding: "There is nothing more important to the management process than achieving the goals. Management has no meaning separate from the goals to be achieved. Based on the above, it can be noted that there is no management without clearly defined goals to be achieved, and management defines the roads through which it will reach them. Since it is not every time it is selected, it can be noted that management plays a key role. Management is very significant because it depends on the existence of the tourism company and its activity, which is very important, as for a national economy such as the Republic of North Macedonia and beyond.

State of management in tourism companies in the Republic of North Macedonia

The development of science and technique in each business subject, and thus in the Republic of North Macedonia, requires permanent changes. In modern turbulent working conditions, it is impossible to live without change. The step with competition should be maintained, as the passivity of business subjects from the field of tourism and hospitality will be sanctioned. A well-known US management analyst on the matter made the following comment: "Monday to Friday I am working to keep up with the competition. Saturday and Sunday I work to beat the competition." Modern management in tourism and hospitality is not just a competition with competition in providing tourist services, quality and other elements of operation. At the same time, it is a struggle of minds, initiative, courage, organizational skills and more. The management revolution shows that it has had a decisive impact on the development of capitalism, and the history of management that a phenomenon of instability, both the organization and managers, is at the forefront. In other words, some business subjects fail, others occur. The winner is most often the most learned,

Manuscript received: 26.04.2024
Accepted: 27.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

capable and visionary managers who can predict developments and feel like reducing their company's negativity from the realm of tourism and hospitality. Modern management in tourism and hospitality, but also future management requires knowledge and skill in management, strategic and tactical maturity. Modern managers in tourism and hospitality have eliminated the template way of working, influences outside the environment, passivity and haste. Managers should think faster than others. It is generally the manager's efforts in tourism and hospitality to beat competition with knowledge, skill and ability. Management in tourism and hospitality companies in the Republic of Macedonia has its own specificities and characteristics, resulting from the past Yugoslav socialist system. They are as follows:

Deciding by intuition. In our conditions, similar to the developed world, tourism and hospitality management has a crucial impact on mobilising all factors of production, i.e. providing tourist services. Namely, the decision-making power remains in the hands of the General Manager, both for initiating strategic analyses (33%), to procure new equipment or change activities (divided by a board of directors in 45% of cases) and creating a new or permanent job (even in 77% of cases). Like the state of the former self-governing socialist system, the decision-making process is the greatest power of managers, with the difference that the formerly formal decision-making body was the Workers' Council, and today its role is taken over by the Board of Directors, which is without doubt a positive shift towards competent decision-making. Intuitiveness in decision-making still seems to prevail. The procedure for deciding on strategic or operational decisions is almost unified in tourism and catering companies and usually takes place on a relationship: a proposal by the General Manager, a decision of the board of directors together with the professional college in the first case, i.e. general manager with sector managers in the second case. Од истражувањата на промените во организационата структура на tourism and catering companies, as well as the way they reacted to external ones, whether internal influences, came to a conclusion about their age. The predominant preoccupation of management is towards the internal problems of organizations. In 52% of cases, human management problems are. Second place is control problems (28%), while financial problems are highlighted as the last.

Satisfaction and selfsatisfaction. In the Republic of North Macedonia, the competitive spirit (seen as expanding and responding to the external perspective) is low, which is more evidence of complacency and complacency in which organizations that have passed zenith usually fall and are in the early or late bureaucracy phase. As there is low organization in Macedonia, managers are rightly turning to internal problems. Internal problems are so complicated that managerial orientation towards them may be completely justified. However, this situation is also an argument more in favor of the thesis on the age of tourist companies, which according to this knowledge are at the last stage of the life cycle of a so-called politicized organization.

Closed-circuit information. The negative sign of such an attribute stem from the following: A) Information about (non)satisfaction of users of products, services are performed with immediate contact with them, but this is done occasionally or as needed. B) No one in particular oversees monitoring and informing the tourism and hospitality company about the state of the environment (e.g. innovation in equipment capital, new technologies, new forms of organization of operation, monitoring of competition and the like). C) Information to management structures inside the organization in 40% of cases is provided through meetings held as needed, in 11% of cases in informal contacts with each other, and only 2% through the travel company's information system, while combined in 23% of cases. From all of the above in terms of information, there is a finding of its extensiveness, update and irresponsibility of organizations in understanding the importance of information.

Manuscript received: 26.04.2024
Accepted: 27.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

Indolentity to knowledge. As is known from the theory of organizations, mature companies should decide the future, relying on outdated equipment, classic allocation of tourist services and people who are also with outdated knowledge, which are certainly problems that young companies do not have. The neglect of the vital resource in organizations (managers and employees) on the one hand is evident, and on the other hand the complexity and scale of the problems managers need to face, whether internally, or externally. This certainly calls into question the possibility that managers will overcome these problems with such an indolent relationship to knowledge and conformity that is contrary to the modern world. When asked what successful decisions Macedonian managers have made lately, they cite decisions that mainly concern solving external problems such as: secured service placement, successful raw materials procurement, introduction of a new tourist product and the like. The struggle for survival forced them to turn to the problems of the environment, which culminated in a short period with drastic changes and restrictions. Almost without exception, they stressed that they do so in an information vacuum.

Flexible management style. Macedonian managers point out that the shift from autocratic to flexible management style is evident. The first niches of entrepreneurial spirit in individuals are already observed.

Preparedness for risk. Readiness for taking risks is highly expressed. Relations between managers and employees are rated as currently good, although such an assessment should be taken with reservation, as it is often noted the relationship of owners and individual businesses to employees as if they were in the initial capital accumulation phase. Such an entrepreneurial spirit is present not only to individual businessmen but also to all employees involved in the decision-making. There is also a greater loyalty of employees to company owners through relative low fluctuation and absenteeism, although this may be an indicator of a yet undeveloped market structure, i.e. insufficiently expressed opportunities for fluctuating employees.

Perspective on the work of tourism and hospitality companies in the Republic of North Macedonia

Tourism is one of the few success stories of today. It is a relatively new social economic phenomenon. It occurs to a certain degree from the development of the underlying factors that condition it and is the result of total social economic development. In highly developed tourism countries, tourism has primary significance, due to the amount of revenues generated. Tourism no longer falls within people's luxury needs, but has the character of primary human needs, taking on the fact that people's psychophysical condition is improving, they seek to make better use of leisure. Today, more than a billion people are thinking about where and how to use their annual vacation, how to organize a trip to the country they want to travel to, the people they want to communicate with, and what is a calorific of presented tourist maps and prospectuses. As a reality of such reflections, the desires of the modern tourist to get something new remain, to enrich their knowledge, to pierce the membrane of the distant horizon and experience the landscape world, and to live in it, should feel it as it imagines it. Eventually, he decided and, entering tourist flows, became a visitor. As such, he will experience his travel, stay and satisfaction, and what impressions he will bring depends primarily on tourist workers. Predicting the future and training of human resources and hospitable service are an inevitable responsibility of top management. Top managers should prepare their companies for future challenges and opportunities. Change is the biggest constant they face. Those who are not preparing for the future will not be able to inherit it either. What the future will bring remains to be seen. In any case, there will be changes. The Republic of North Macedonia is no exception. It can be

Manuscript received: 26.04.2024
Accepted: 27.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

noted that tourism is now one of the largest businesses in the world. For these reasons, the republic of Macedonia is also dominated by the understanding that tourism development should be intensified. In this way, it can be more equally involved in international economic relations. Whether the Republic of North Macedonia succeeds or not will depend on whether we all know how to take advantage of our own comparative advantages. The undeniable fact is that tourism has polyvalent significance and is a multiplier of the economic landscape. Since our country has natural, material and human factors for tourism development, which are underused, it is considered that special attention should be paid to this issue. Today's way of working in tourism usually takes place in the following order: the company begins to offer basic services – a sleep and rest area (Days Inn) to be competitive the tourism company will offer more amenities - telephone lines in the rooms, cable TV, swimming pools, room service, tourist animation and the like, and companies will start giving new benefits and lures, to increase the commodity of visitors. Restaurant services will develop in the same model. Those tourism and catering companies in the world and in the Republic of North Macedonia that have improved in the quality of the services they offer have succeeded and succeeded. In the 1970s, the better was about better ambition and décor. In the 1980s, it better meant offering better meals, drinks better services, hospitality. Today, the presence of all the above qualities means better. This means that today's visitors demand much more than the amount of money itself. Foreign visitors are ruled by the syntagma "value for money", while in domestic countries "how much money so much music". The more chooseable and sophisticated tourism demand underlines the need for intangible, psychological elements of tourism workers. The human factor, staff culture and their educational and vocational training are sincerely pleased to serve visitors, becoming a significant factor of effectiveness and a decisive moment in attracting consumption of tourist services. Today's turbulent management conditions have been significantly changed. Tourism is entering a period of transformation, in which only those who manage better and provide better services will survive. At the top will be only the most capable, the most combative who not only know but will be able to realize the activities in the best possible way. Such a finding also applies to tourism and catering companies in the Republic of North Macedonia. However, one thing should be mentioned that will not change, which is the hierarchy of human needs. The maslova, the hierarchy of needs, is very good. Its model will be more applicable and affected than it is today. In this case, it can be found that there is a hierarchy in meeting these needs. The modern Tursti-catering company will be a subject that contributes to facilitating social interaction and providing new experiences. The winners of modern tourism and hospitality will be hospitable hosts who will be able to animate visitors with early programmes from the field of sport and recreation, cultural and fun life and excursions and walks. They will motivate and entertain visitors and make their tourist stay more content. Abundant food will not be as important as interesting food. Fast service will not be as important as personal service. This means, in particular, that the holders of the tourist offer will be fully committed to visitors individually. As for the hotel room, what is outside the doors and windows will be more interesting. In particular, twenty-four hours of animation of visitors. Hospitality as a accommodation segment will have more refuges. In the business world, the placement of the principle of time-determined use of catering facilities will be more current. The restaurant segment will have a number of exclusive restaurants, a more hospitable restaurant service, fewer family restaurants, and reduce the intensity of development of fast food restaurants, i.e. fast food restaurants will be popular for transit travelers. Restaurants offering animation for guests, extremely prepared and presented dishes with animation activities will be very active, all woven with hospitality. This means that the consumables will choose restaurants that will be recognized and respected, welcomed and referred to by name. All restaurant facilities will train their staff for such a service. The menu will contain smaller meals, but fresher and richer with nutrients. The consumables will require greeting food, which will at the same time satisfy their taste and smell. Creative chefs will be particularly appreciated and sought. The restaurant will employ people who will not

Manuscript received: 26.04.2024
Accepted: 27.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

panic because of an intimely resulting ingredient. Capable individuals who will be able to create new visual effects, taste and composite combinations using the usual ingredients (now known as chefs) will more often work as consultants and part-time for other business units. One of their basic obligations will be training other workers. In the background of catering companies, there will be a decrease in the intensity of the work invested. Staff who have direct contact with guests, the technology has reduced the intensity of the work put in. Staff who have direct contact with guests (hosts, those serving, receptionists, bartenders, etc.) will be virtually unchanged. Greetings, accommodation, service and attention to guests will be things that will continue to be informed by tourism workers.

The general impression is that there is a lack of a global concept for tourism and hospitality development in Macedonia, adequate economic policy, especially the development policy of complementary activities that should send its development. The trend, which began towards the end of the last century, is expected to continue, i.e. improve traffic performance, to acquire the right to use the annual holidays of employees and students on several occasions (in installments), to have a huge development of the tourist offer, to intensify the development of tourist propaganda and to open a number of turopertators and travel agencies that are engines of dynamic tourism development. Tourism companies worldwide, and thus in the Republic of North Macedonia, have begun to reduce the number of members of management teams. They began to give dismissal solutions to middle-level managers. The highest-level executors found it easier to manage with the help of new computer technology, which would effectively provide the necessary information. For large tourism companies, a pyramid organisational structure is common – more employees at the initial (lowest) management level, a smaller group of middle-level managers, and only a few top managers. The basic level for training top managers is the middle management level, and the basis for training middle-level managers is at the age of 40, which means there is not much room for rapid progress. In other words, this indicates the fact that if they work well, they will continue to retain their managerial positions. The opportunities to improve today's young managers from the lowest levels are disheartening. Today's top managers are at the top of their careers, and it is difficult to believe that they will easily give it up. Managers in this century will be very noticeable, and there will often be cases of owner managers. Tourism in the 21st century will change substantially worldwide, and thus in Republin of North Macedonia. Visitors will be older and will seek to meet higher-level needs. Management will be more focused on the person and more professional. In any case, the same as before will be appreciated: good tourist products, quality service, good atmosphere and environment, huge hospitality, and animation of visitors during their tourist stay. In this context, from the point of view of Zlatko Jakovlev, animation is a blend of sports-recreational, cultural, and fun and outgoing content and activities, which motivate visitors to actively and dynamically participate in them during the tourist stay. This plot includes preparation, content, and effects of activity.

CONCLUSION

The importance of management in tourism and hospitality in the Republic of North Macedonia is seen by its wide practical application, for which there are several examples: starting with differential types of managerial functions, branches and sectors, advisories and scientific gatherings, textbooks, individual business functions, new concepts and the like.

Its meaning is also reflected in the basic characteristics of management:

1. Management is a permanent activity, because tourism and catering companies are formed permanently in order to meet the needs of visitors.

2. Management is a continuous process, as it solves the problems the tourism company faces throughout the continuity of its existence.

Manuscript received: 26.04.2024
Accepted: 27.05.2024
International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

3. Management is a dynamic process, why the conditions of operation inside the tourist company, and in its surroundings change permanently.

4. Management is a prerequisite for the survival, growth, and development of the tourism company. It is not only exhausted by decision-making from the management domain, but also incorporates the acquisition of activities to implement those management decisions and responsibility for the efficient and efficient use of available resources.

5. Management is a process of integrating and targeting individual factors, which are necessary to carry out activities. Management integrates all available resources

6. Management provides flexibility to the tourist corporation of the events in the surrounding area, but also actively acts on them. It insinuates minimizing the actions of the factors of the environment, while optimizing their positive impact.

In the future, tourism, and hospitality management in the Republic of North Macedonia, and more broadly, will gain even greater importance for the following reasons:

- the development of science and technique.
- increasing the dynamism of the environment.
- internationalization of tourist and catering companies.
- increasing competition in tourism.
- acceptance of market laws and in real socialist countries.
- ideological aspects and the like.

LITERATURE

Ацковска, М., Ангеловска, Петроска, Н., Методијески, Д., Филипоски, О. (2012). Економијата на туризмот и нејзиното изучување на додипломските студии на факултетите за туризам во Република Македонија. Предизвиците на науката во економија базирана на знаења – состојби и перспективи, Економски Институт – Скопје, по повод 60 годишнината од своето постоење, Скопје;

Ацковска, М., Ангеловска, Петроска, Н., Методијески, Д., Филипоски, О. (2017). Економика и организација на угостителството. Скопје;

Buble, M. (2000). Management. Ekonomski fakultet, Split;

Butler, W. A., Gustavo, G., James, P. W. (2005). Can Managers Forecast Aggregate Market Returns?, Journal of Finance 60, April;

Гарет, Р. Џ., Џенифер, М. Џ. (2008). Современ менаџмент – превод на делото: Contemporary management од Владата на Р. Македонија. Национална и универзитетска библиотека во Скопје, Скопје;

Грифин, В. Р. (2010). Основи на менаџментот. Генекс – Кочани, Превод од Владата на Р. Македонија од програмата на 500 стручни, научни книги и учебници, оригинален наслов: Griffin, W. R., Principles of Management;

Јаковлев, З. (2016). Анимација во туризмот – теорија и практика. Универзитет „Гоце Делчев“ – Штип, Факултет за туризам и бизнис логистика – Гевгелија;

Јаковлев, З. (2019). Основи на туризм. Универзитет „Гоце Делчев“ – Штип, Факултет за туризам и бизнис логистика – Гевгелија;

Јаковлев, З. (2021). Анимација во туризмот и угостителството. Универзитет „Гоце Делчев“ – Штип, Факултет за туризам и бизнис логистика – Гевгелија;

Manuscript received: 26.04.2024
Accepted: 27.05.2024

International Journal of Economics, Management and Tourism
Vol. 4, No. 1, pp. 116-122
Online: ISSN **2671-3810**
UDC: 338.486.2:005.2/.3(497.7)
DOI: https://doi.org/10.46763/IJEMT2441116j
Review paper

Јаковлев, З. (2022). Туризам, менаџмент и анимација. Универзитет „Гоце Делчев“ – Штип, Факултет за туризам и бизнис логистика – Гевгелија;

Јаковлев, З. (2023). Современ менаџмент. Универзитет „Гоце Делчев“ – Штип, Факултет за туризам и бизнис логистика – Гевгелија;

Moehrle, G. M. (2006). Exploring Problems with function analysis, Expirimental Insights for team management. Journal compilation Blackwell Publishing;

Radosavljević, Z. (1991). Kako postati uspešan preduzetnik i biznismen. Preduzetništvo i menađment,Turisticka Stampa – Beograd, BEST Marketing Agencija - Beograd, Beograd;

Stoner, D., Fridman, E., Gilbert, D. (2000). Menadzment. (prevod), NB Srbije, Beograd;

Fry, J. N., Killing, J. P. (2000). Strategic Analysis and Action. Prentice Hall, Ontario;

Cerović, S. (2009). Strategiski menadzment u turizmu. Univerzitet u Singidunum, Fakultet za turisticki I hotelski menadzment, Beograd;

Cerović, Z. (2003). Hotelski menadzment. Fakultet za turisticki i hotelski menadzment, Opatija.