

New legislation for categorization of hospitality objects in Macedonia

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Abstract

Tourism and hospitality industry is one of the main branches of economy and its development. Contribution of these activities in economy depends of many factors, and one of main factors for its development can be done by taking law measures by state and local municipalities. Macedonia in the last several years is truly dedicated for tourism and hospitality development a lot, and with set of measures done on national and also on local level this is more achieved. It is very obvious and very optimistic beside worldwide crises that in Macedonia, in tourism and hospitality, numbers and parameters show increasing values. Very important thing in this chain is categorization of hospitality objects. In 2012 new legislation for categorization of hospitality objects was passed. Categorization and its proper implementation under European and world standards must be done. This paper analyses and focuses on general trends in tourism and hospitality in Macedonia, and on the process of categorization of different objects and standards for categorization as well. All this is done analyzing of the newest data for this process which will show the real image of the position and state of tourism and hospitality industry in Macedonia.

Key words: Categorization, hospitality, legislation, implementation

MAIN PART

Introduction

Significance of tourism and hospitality development for Macedonia is very important, for its whole economy and development as a state. This is put as one of top priorities of macedonian economy and political system. In the period of last several years, set of measures are taken for achieving this goal even on economy and on legal field. New Strategy for Tourism Development for 2009 – 2013 was adopted, laws related to tourism and hospitality was amended several times, and new rulebook for categorization of hospitality objects was passed. Also decreasing of VAT for tourist visits and spent overnights from 18% to 5%, is one of the most efficient measures. Then, giving subsidization for tour-operators for taking foreign tourists in our country is also very essential instrument for tourism development. Increasing of number of tourists and overnights than previous years, numbers of foreign tourist are increased, and all this must be taken with big courage and big satisfaction.

Some weaknesses in the process of categorization were revised in some cases and amended and new categorization was adopted in 2012.

General trends in tourism and hospitality industry in Macedonia

Situation with tourism and hospitality development the best can be shown with presentation of data for number of tourists and overnights. Below, Table 1 shows number of tourists and number of nights spent in Macedonia for period 2008-2012, both for foreign and domestic tourists and totally. Numbers show that form 2008 till now number of total tourists has increased from 605 320 in 2008 to 663 633 in 2012, which is good signal, but more must be done to achieved goal - number of 1 000 000 tourists per year. In the structure, for number of domestic tourists has

decreased from 350 363 in 2008 to 312 274 in 2012, which is not good sign because bigger tourism and hospitality development should be achieved through increasing of domestic tourism and hospitality and more measures should be taken for attracting domestic tourists, such as decreasing of prices for domestic tourists. Numbers for foreign tourists show different situation, which give more satisfaction, from 254 957 in 2008 to 351 359 in 2012, i.e. almost 100 000 plus. This fact is very optimistic and tells that measures for attracting foreign tourists gave better results in practice, but certainly more should be done also in this structure. Numbers for nights spent in totally show decreasing from 2 235 520 in 2008 to 2 151 692 in 2012, and this shows that tourism and hospitality stakeholders should make more interesting destinations and programs for attracting tourists to stay longer in Macedonia. In the structure, bigger decreasing is shown in domestic tourists nights spent almost 310 000 difference, from 1 648 073 in 2008 to 1 339 946 in 2012, and maybe that is the results of global crisis, prices, no incomes, and also habit of macedonian people to travel especially to the neighboring countries, and unfortunately not in Macedonia. But tourism is a global trend and that is the essence of tourism to travel and spent money abroad. Numbers of nights spent of foreign tourists show opposite trend, form 587 447 in 2008 to 811 746 in 2012, almost 300 000 plus, which is very significant for income and also for bigger promotion. With that fact in the future it can be expected increased income and development.

Table 1. Number of tourists and number of nights spent in Macedonia period 2008-2012 -

Source: Statistical yearbook of the Republic of Macedonia, 2013

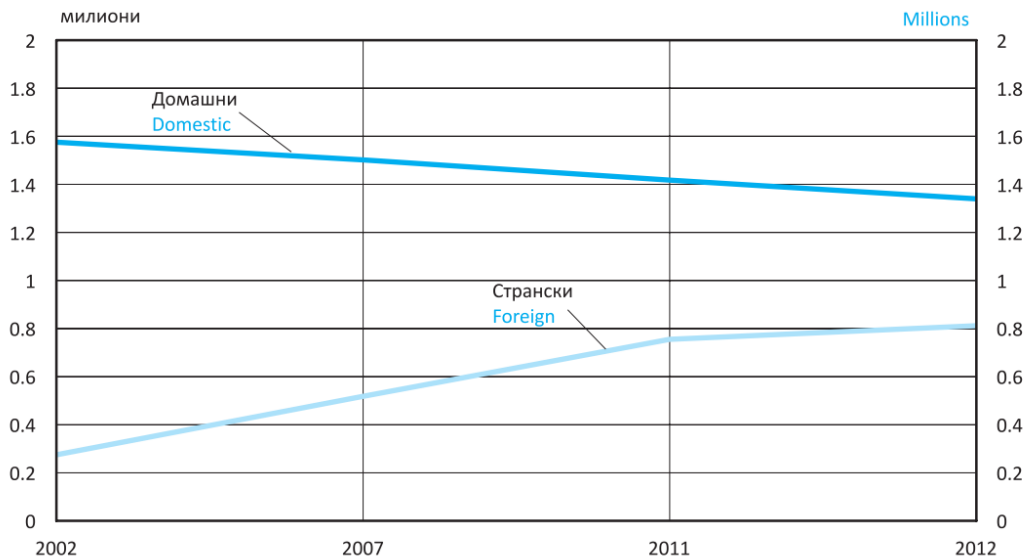
Year	Number of tourists			Number of nights spent		
	Total	Domestic	Foreign	Total	Domestic	Foreign
2008	605 320	350 363	254 957	2 235 520	1 648 073	587 447

2009	587 770	328 566	259 204	2 101 606	1 517 810	583 796
2010	586 241	324 545	261 696	2 020 217	1 461 185	559 032
2011	647 568	320 097	327 471	2 173 034	1 417 868	755 166
2012	663 633	312 274	351 359	2 151 692	1 339 946	811 746

Picture 1 below, shows numbers of nights spent in Macedonia for the period from 2002 till 2012.

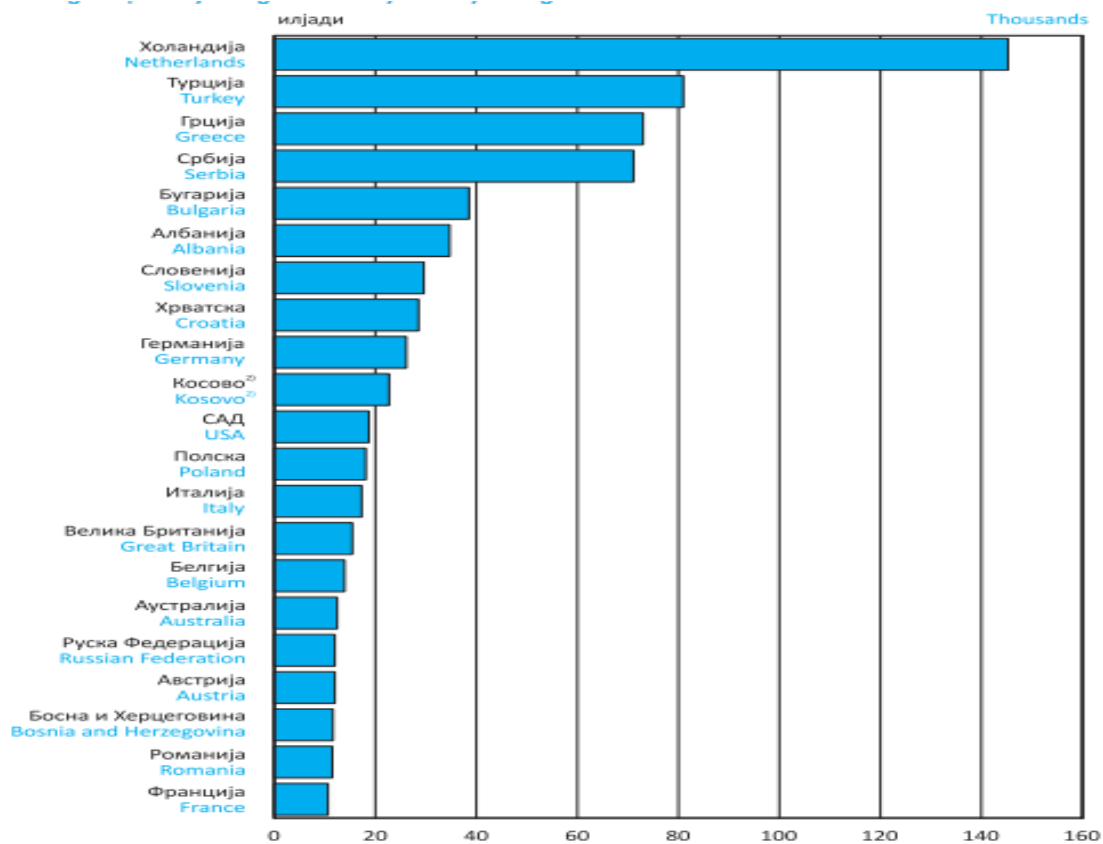
From that it can be seen that number of nights spent of domestic tourists from 2002 till 2012 rapidly decreased. From almost 1,6 million in 2002 to 1,3 million in 2012. Very different situation is for number of nights spent of foreign tourists, from 300 000 in 2002 to 800 000 in 2012. And that is general trend in Macedonia.

Picture 1. Number of nights spent in Macedonia from 2002-2012 Source: Statistical yearbook of the Republic of Macedonia, 2013



Further paper is focused on analyzing different numbers of foreign tourists by structured data shown in Picture 2.

Picture 2 Nights spent by foreign tourists by country of origin in 2012 Source: Statistical yearbook of the Republic of Macedonia, 2013



From picture 2 above it can be seen that the leading number of foreign tourists is represented by Netherlands with almost 150 000 nights spent. Second is Turkey with more than 80 000, then follows Greece and Serbia with almost same numbers of approximately 70 000. Numbers of nights spent from tourists from Bulgaria, Albania, Slovenia, Croatia, Germany and Kosovo varies from 40 000 to 20 000. And then with less than 20 000 nights spent follows USA, Poland Italy, Great Britain, Australia, Russia, Austria, Bosnia and Herzegovina, Romania and France.

Measures for subsidization give results it is obvious, but more should be done on attracting especially tourists from neighboring countries in the future, and this is related a lot unfortunately in Balkan mainly with the political situation.

In Picture 3 below, it can be seen comparison of number of tourists in Macedonia, by statistical regions for two periods from 2007-2009 (green color) and 2010-2012 (blue color). And it can be concluded that in 7 regions numbers are increasing except in southwest region where number is decreased.

Picture 3. Number of tourists in Macedonia, by statistical regions comparison 2007-2009/2010-2012 Source: Statistical yearbook of the Republic of Macedonia, 2013



Legislation for conditions for categorization of objects for performing hospitality activity
Legislation for categorization of hospitality objects is represented by Rulebook for conditions for categorization of objects for performing hospitality activity, which is derived from Law for hospitality activity. This rulebook is a by-law act and it was passed by the Minister of economy in 2006, but also changed and amended in 2012. Hospitality objects are divided into different categories depending on arrangement and equipment and service quality. Different categories are marked with different number of stars. The classification of objects into categories and labeling categories are carried out as follows:

1. Hotels - hotels, motels and boarding houses in first, second, third, fourth and fifth category, adequately with five, four, three, two and one number of stars.
2. Hotel settlements in the first, second and third category with three stars (high comfort), two (comfort) and one (standard).
3. Tourist apartments in the second, third and fourth category with four, three, two and one number of stars. Tourist apartments from first category are marked with five-star and are called tourist residences.
4. Camps in the first, second, third and fourth category with four, three, two and one number of stars.
5. Houses, flats and rooms for issuance in the first and second category with two stars (comfort) and one star (standard).
6. Restaurants in first, second, third and fourth category with four, three, two and one number of stars.

Categorization of objects is performed out separately for each object. Blocks and whole of objects have the same category. Outbuildings have the same category as the hotel where they belong. Outbuildings with four and five stars should provide services for breakfast in the object. Specific deviations out of the Rulebook for categorization can be approved if less than 10% of the criteria which are required for appropriate category is not met and if the Commission decides that deviations do not affect the quality of services for the required category by the applicant. New amended rulebook gives new standards for Categorizations of hotels, motels, pensions, and categorization of camps. Categorization for camps is giving from 1 to 4 stars, and also that is regulated in new passed Law for auto camps in 2013.

For hotels, motels and pensions new Rulebook gives new standards and conditions, in accordance with EU practice, and that is very good and qualitative step forward. There are provisions for structure and equipment. That is related with size of facility, minimum rooms, Entrances, reception hall, security room and information desk, lifts, guest rooms and space for serving-only for objects which serve lunch and dinner, common sanitations - in terms of capacity of building expressed by the number of places, stairs and hallways, heating, cooling, electric lighting of the common spaces, telephone standards, items for distance communication, signal items for calling of staff, safes for storing valuables, additional content of accommodation facility as swimming pools, as additional or mandatory content, gym (fitness), spa - wellness centers, parking lots and garages – only for objects which are accessible with vehicles, radio and TV items, making and equipment in rooms for guests, Minimum space of rooms, including Pre-room, bathroom and balcony, rooms for invalids (obligation only for new objects which are built after the entry into force of the rulebook and bathrooms in the rooms. Also there are provisions for different Services such serving of main meals (lunch, dinner), other meals, drinks and

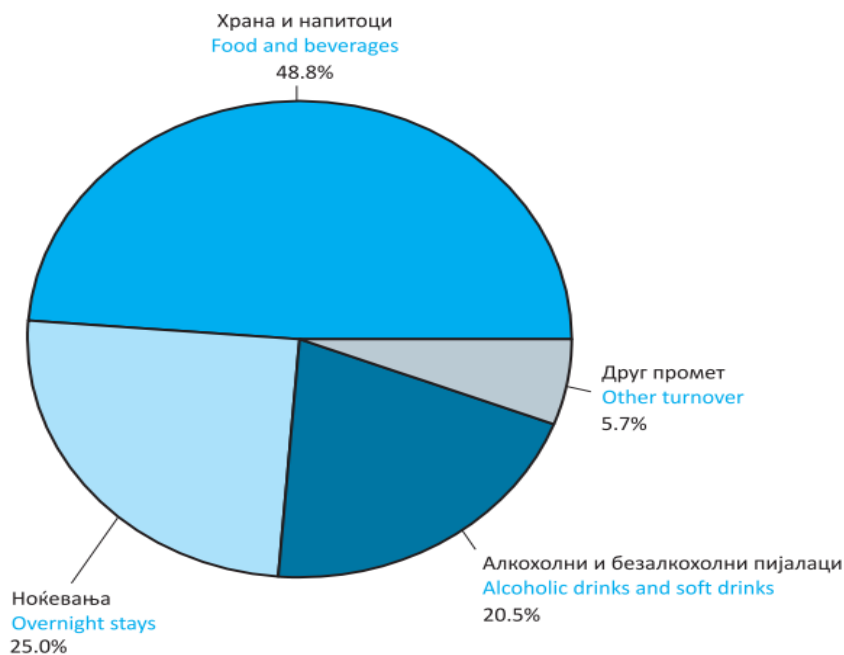
beverages in spaces for serving, then serving food, drinks and beverages in rooms, looking of staff-clothing. Very important is provisions for knowledge of foreign languages of head, director, manager, owner of the object and staff which communicate with guests. Also there are standards for changing of bedding and towels in the rooms and bathrooms, cleaning and arranging of rooms, laundry and ironing of guest's clothes, cleaning of shoes, sale and available of newspapers, domestic and international, daily and weekly.

Table 2, and Picture 4 below show different parameters for hospitality units in the Republic of Macedonia period 2008-2012 and also on picture it can be seen structure of turnover in hospitality trade and services in Macedonia for 2012.

Table 2. Different parameters for hospitality units in the Republic of Macedonia period 2008-2012 - Source: Statistical yearbook of the Republic of Macedonia, 2013

year	Number of hospitality business units	Beds in hospitality trade and services, private rooms and vacation facilities	Employees	Turnover of hospitality trade services in thousands denars
2008	2 035	69 097	11 400	8 125 392
2009	1 967	69 561	12 039	7 636 016
2010	1 914	69 102	12 250	7 352 408
2011	1 950	69 737	12 308	7 816 343
20 12	1 079	70 287	9 797	6 662 162

Picture 4. Turnover in hospitality trade and services in Macedonia for 2012 Source: Statistical yearbook of the Republic of Macedonia, 2013



In Table 3 is shown process of categorization of different objects in period from 2010-2012, and these data give very significant image of the position and state of the process of categorization.

Table 3. Hospitality business units by type according to the categorization in the Republic of Macedonia period 2010-2012 Source: Statistical yearbook of the Republic of Macedonia, 2013

Type of unit	year		
	2010	2011	2012
Hotels-total	124	136	143
Hotels*****	9	10	10
Hotels****	19	21	23
Hotels***	25	34	39
Hotels**	41	41	41
Hotels*	30	30	30
Boarding houses	2	3	3
Motels	9	8	13
Overnight lodging houses	10	13	9

Spas and sanatoriums	5	5	5
Workers' vacation facilities	24	20	17
Children and youth vacation facilities	15	15	14
Eight camps are yet uncategorized because it will be done with the process of implementation of new law for auto camps			
Houses, vacation apartments and rooms for rent - total	2	2	2
Uncategorized accommodation establishments	48	42	46
Restaurants, garden restaurants and summer gardens	287	283	159
Milk bar and similar facilities	146	140	36
Cafeterias	42	40	35
Student cafes and canteens	4	15	16
Barrooms	150	147	64
Night club, dancing club, cabaret	9	11	7
Stand-up bars	163	135	63
Coffeehouse, snack bar, aperitif bar and other similar facilities	287	308	161
Pastry and ice-cream shops	104	110	38
Beer house	2	-	-
Tearooms	57	51	13
Grill houses and other similar facilities	106	113	45
Pizza house and similar catering facilities	75	77	46
Inn and public kitchen	85	113	28
Kiosk and other similar facilities	138	143	97
Other catering establishments	12	12	11

Implementation of licensing and categorization

Until now the implementation of the licensing and categorization is unsatisfactory, but now with new standards for categorization there has been a hope that it will be better.

A national classification system is primarily a marketing tool which can also be used as a development tool to raise standards which in the long run can enhance the sector. It is not a negative for the industry. A classification system can therefore only be successfully implemented where there is a good understanding and partnership between government authorities and the private sector of the tourism and hospitality industry.

It is desirable that the categorization assessors are well trained with a hospitality background that it should be more private sector inclined as advisers rather than as government inspectors.

It is recommended that classification be confined to accommodation. Tourists do not tend to seek information on restaurants prior to arrival in a destination. Restaurant selections are usually based on local recommendations, independent guides, visitation and appearance. While restaurants are classified in a number of destinations this is usually done by non- statutory bodies such as commercial food guides or automobile clubs. These can be totally subjective in the application of the system and can be selective on the restaurants they include and exclude. A statutory system cannot be so selective and would have to base its judgments on objective as well as subjective elements.

The subjective elements are the dominant elements in restaurants as the basic product is the food and service and the quality of these. The ambience, atmosphere and general environment are equally important to the guest satisfaction level and are even more subjective. The assessment of the subjective elements requires highly experienced assessors with a detailed knowledge of food preparation, presentation and service and, as mentioned above, freedom from statutory impositions. The safety issues in hospitality are covered by hygiene, health, fire protection implemented by the appropriate authorities.

With new standards of categorization it will be achieved categorization criteria to exclude subjective elements in the process but the best factor for assessing that is time, and time will show that standards are good or not.

Conclusion

From all above mentioned, it can be concluded that:

1. Numbers of tourists show that the trend form 5 past years is increasing in total. Increased is number of foreign tourists but decreased is the number of domestic tourists. In the terms of nights spent there is a little decreasing in total, but increasing number of nights spent of international tourists, but huge decreasing of nights spent by domestic tourists. Although it is an objective to increase the length of stay of leisure tourists, it is likely that this will be offset by an increase in shorter duration business trips. Also domestic tourism must be more developed and set of measures should be taken in this direction. Aim should be a slower increase in domestic registrations and overnights of about 3 % per annum in the medium to longer term.
2. The number of international tourists shows that sweeping first place is reserved for dutch tourists, which is very good, but number of tourists from neighboring countries should be increased.
3. Process of new categorization for hospitality objects, will give more effects in direction of attracting new tourists from new countries, improving tourism quality, of infrastructure, of tourist products, of tourist services. New categorization eliminates at most subjective factors for categorization and set measures of standards for that. Also very significant is the fact that this process should be established with big attention in

order not to cut and spoil present tourism infrastructures and early and present investments in tourism. For improving of process of categorization it should have trained and experienced inspectors which have the ability to give advice and guidance to operators/agents - the inspectors are usually recruited from hotel management and personnel. With new categorization for sure tourism and hospitality will be more developed and also tourism and hospitality industry, state and municipalities will have bigger income of that.

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