

Promoting Economic Diversity in Macedonia: the role of skills in the tourism sector

Skills Policies for Economic Diversification in Republic of Macedonia

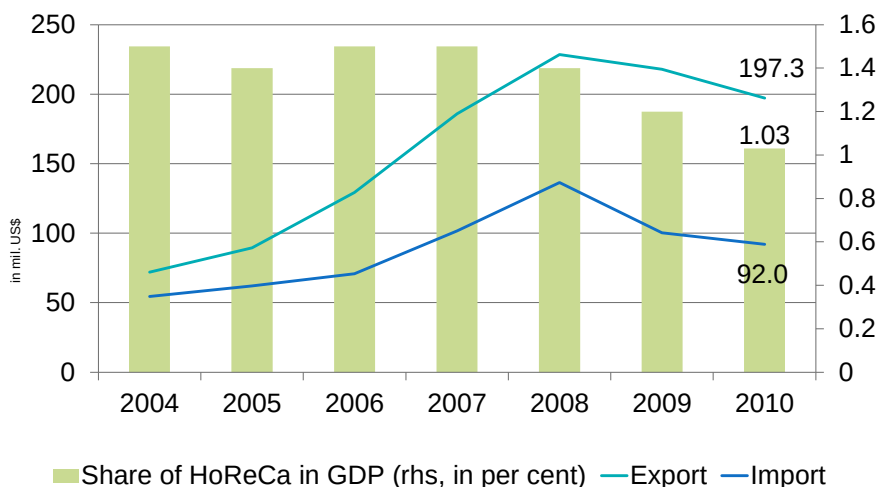
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Importance and Developments

- Small and declining contribution to the overall economy (1.03% of GDP in 2010)
- Regional comparison: a medium-term goal of 2%, and widening the tourist offer
- The country records a positive net balance in travel services, on the balance of payments (export of 197.3 mil. US\$ in 2010, and import of 92 mil. US\$)
- Increased investments in tourism
- The industry is dominated by small companies (99.7%)

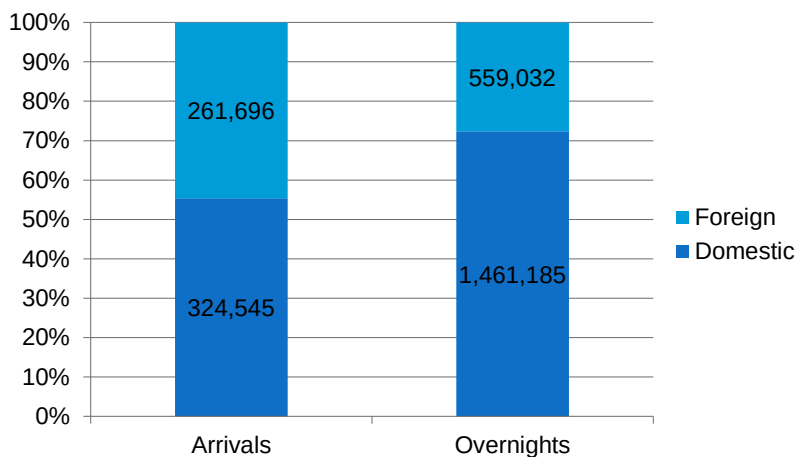
Export and Import of Travel Services and Contribution of HoReCa in GDP



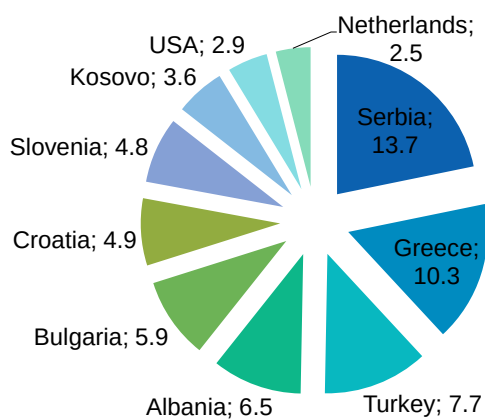
Data on Tourism

- In 2010, there were 586,241 tourist arrivals and 2,020,217 overnights (average of 3.44 overnights)
- Highest number of tourist arrivals in 2000; the level not yet reached
- The share of foreign tourists doubled in the period 1998-2010
- In first half of 2011, number of foreign tourist arrivals increased by 21.4 per cent (overall increase of 6.6%)

Structure and Number of Domestic and Foreign Tourist Arrivals and Overnights, 2010



Structure of Foreign Tourists by Country of Origin, 2010



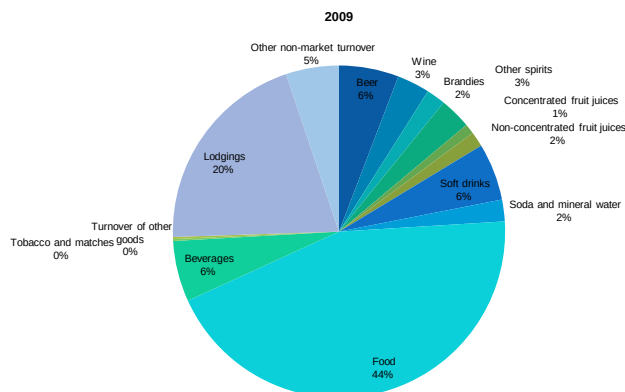
“Diversification” – non-traditional countries of origin; subsidy

Characteristics of the Tourists

- About 60% of tourists stay in hotels (foreign tourists dominate)
- Domestic tourists more likely to visit spa resorts, mountain and lake areas, whereas foreign tourists dominate in visits to Skopje and non touristic areas
- Survey on foreign tourists:
 - prices as expected;
 - nature and surrounding, quality of services from personnel and personal security as best services;
 - worst services are services on the roads, sports and cultural events and ecological value.

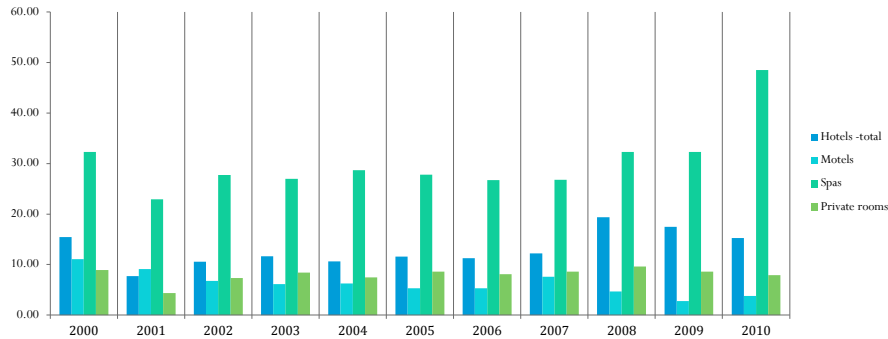
Turnover in tourism sector

The main categories in tourism turnover in 2009 were: Food (44%), Lodgings (20%), Beverages (5.9%), Beer (5.8%)



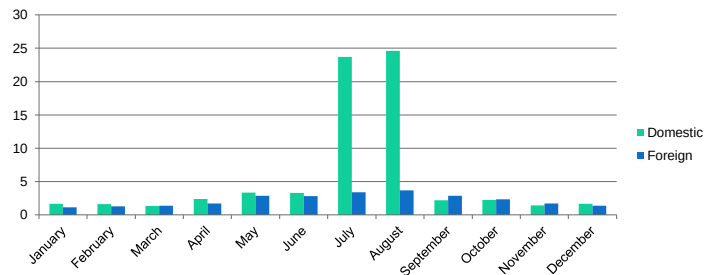
Seasonality of Tourism

- Gross capacity utilization of 15.2 per cent of the Hotels in 2010



Seasonality of Tourism (cont.)

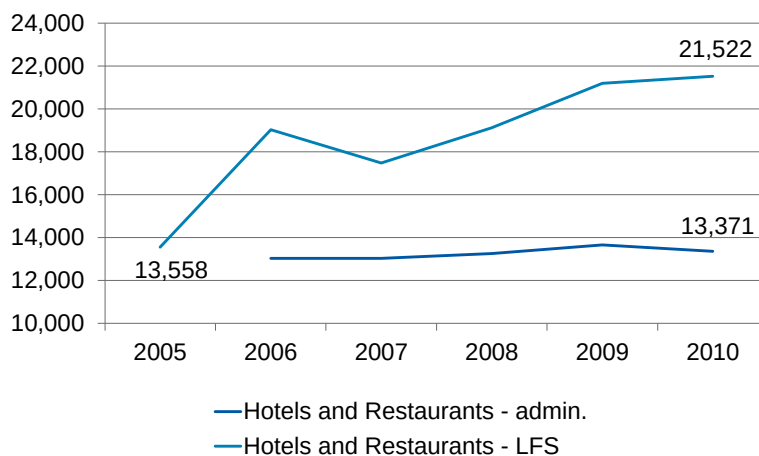
- Related to high seasonality of tourism
- Gross capacity utilization by month and origin in 2010:



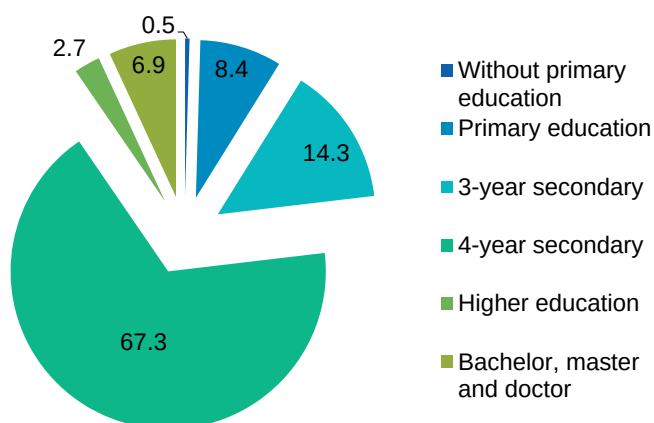
- Slightly less than half of all nights spent in a given year are in the period June-September

Employment, Wages and Skills

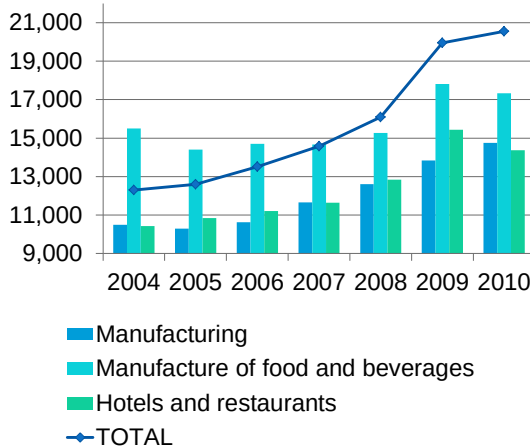
Large discrepancy between data from LFS and administrative source



Employment, Wages and Skills (cont.) – educational structure



Employment, Wages and Skills (cont.) – net wage, in MKD



- Declining relative wage
- 40% of workers receive wage of about 50% of the national average wage
- Envelope wages

Employment, Wages and Skills (cont.) – Education

- Large number of sec. schools graduates (about 7% of employment), but employees are not predominantly with the tourism-specific education
- Programs at VET schools: Hotel and catering technicians, Waiters, Chef and Confectioner – Pastry Cook
- Programs are combination of: tourism-related courses, general courses, practical training and electives
- Employers in general not satisfied with the skills: practical training, soft skills, motivation, foreign languages

Employment, Wages and Skills (cont.) – Education

- Increasing offer of university-level tourism-related studies
- Besides more traditional ones, new programs such as Tourism and business logistics, or Business logistics, gastronomy and diet
- Unable to assess the demand for tertiary educated workers from tourism-related programs
- Training programs: specific, language and ICT, soft skills
- Limited offer of certified (international) training

Government Policy and Institutional Set-up

- National Strategy for Tourism Development 2009-2013, not yet adopted
- SWOT analysis – improvements in product development, infrastructure, HR, marketing, investments and organisational issues
- Central-level Institutions: Ministry of Economy, Department for Tourism; Agency for Promotion and Support of Tourism; Committee for Tourism
- Annual Program for Tourist Propaganda and Informative Activity – increasing financing
- Municipalities and the programs for tourism planning development

Issues for Discussion

- What are the skills in need in the tourism sector? What languages, soft skills, etc?
- No skills forecasting system and no data available for assessing the existent skill gaps - focus groups or surveys with the trend-setting employers? Sectoral skills committee?
- Reforms of the 3- and 4-year VET
- Certified training courses
- How to overcome the seasonality of tourism? Widening the tourism offer (product)?
- Possible changes in national legislation related to employing seasonal worker
- Improve services: poor services on the roads, sports, cultural events, and ecological values
- Improve infrastructure
- Increase the capacity of administration, increase/sustain financing