

## THE IMPACT OF TOURISM ON MACROECONOMIC INDICATORS

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### Abstract

Tourism has a great influence on local product growth and through this, it enables the increase of productivity in goods and services as well as it also affects the activity of the tourism sector and the areas of material production of the national economy that supply the tourism sector. One of the macroeconomic indicators is employment, which in the tourism economy has a decisive and very important role, without which the local economy would not be able to function. The economic growth of the tourism sector created new jobs, and through this, the unemployment rate in the country decreased. In this study, a research period will be taken the years from 2015 onwards, which will analyze the rate of employment in accommodation and hotel facilities, as well as in general in all tourism sectors, compared to the general employment in our country.

Various measures and activities should be taken to promote our country as a tourist attraction because the development of tourism will directly affect the micro and macro economy in the country.

*Keywords:* productivity, employment, tourist attraction

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### 1. Macroeconomic indicators

In 2008, Macedonia adopted the "National Strategy for Tourism Development 2009 - 2013", which was prepared with a main vision: by 2013, Macedonia to become an attractive travel and tourism destination in Europe based on its cultural and natural heritage. Such a concept imposes the need to present a new economic policy, where tourism will not be treated as an autonomous sector, but as an integral part of the economy as a whole.

Macroeconomic indicators are important because through them you can see the current situation as well as the future economic development of the country. Some of the most important macroeconomic indicators are Gross Domestic Product (GDP), the level of Inflation, the level of employment and unemployment, the well-being of the population, the state of the trade balance of payments, etc.

Tourism has an impact on the creation of the national product and income in such a way that it stimulates the production of goods and services in the activities of the tourism sector and in the areas of material production of the national economy that supply the tourism economy.<sup>1</sup>

One of the macroeconomic indicators is employment. With the economic growth of the tourism sector, new jobs are created in this sector, this positively affects the reduction of unemployment in the country. We can also represent this through the following table.

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<sup>1</sup> Ацковска М. ,Туризмот е економскиот развој на Република Македонија, Скопје, 2009, стр. 90.

**Table 2** Employment by activities, by years

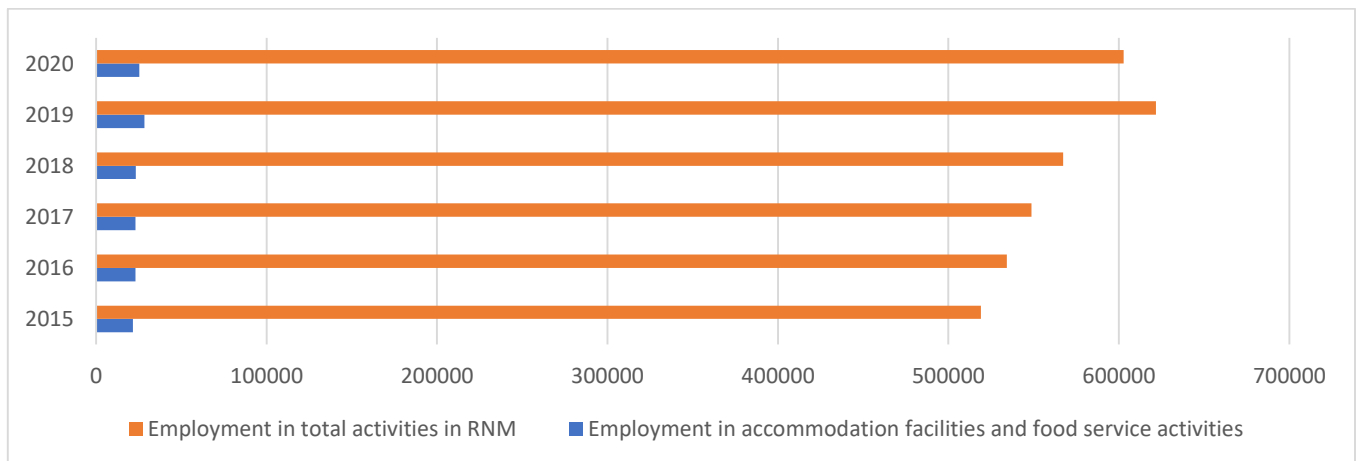
Years	Employment in accommodation facilities and food service activities	Employment in total activities in RNM	% participation in the employment of accommodation facilities and service activities with food in the total employment in RNM
2015	21468	519031	4.14%
2016	23050	534200	4.31%
2017	23073	548681	4.20%
2018	23198	567230	4.08%
2019	28334	621821	4.55%
2020	25383	602722	4,21%

<http://makstat.stat.gov.mk/>



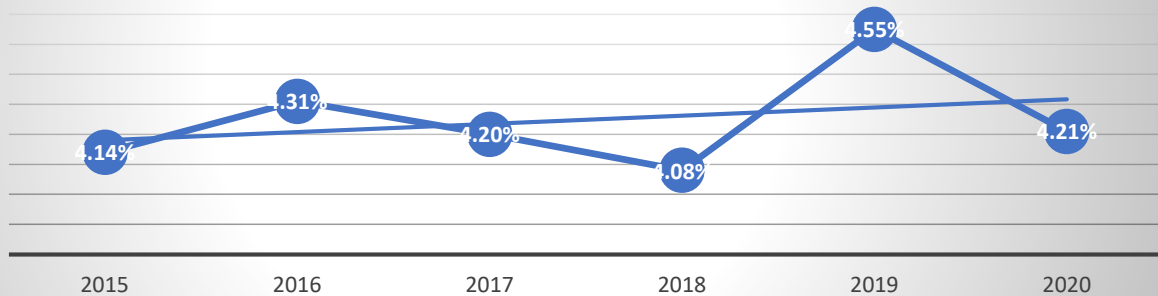
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**Chart 2** Employment in total activities in RNM



**Chart 3** % participation of employment in accommodation facilities and food service activities in the total employment in RNM

## % participation of employment in accommodation facilities and food service activities in total employment in RNM



The chart shows the trend of participation in employment, where the dotted lines show the linear trend, while the full line shows the real percentage. So, it can be noted that the biggest difference is recorded in 2019, while other values are very close to the linear trend.

Recently, tourism has been presented as one of the main industries in the economy, including many sectors such as transport, hospitality, accommodation, etc.

Every country in the world strives to have the most developed tourism and achieve as many financial resources as possible, filling the state budget, but also enabling economic growth and improvement of living standards. All countries want the number of visitors to be as high as possible and to have a greater economic turnover.

In the Republic of North Macedonia, the economic parameters that affect tourism are the gross domestic product which allows the measurement of the contribution of tourism to economic activities in the country, employment in the tourism sector that affects the reduction of unemployment in the country, as well as income from tourist services that affect the balance of payments. Serious measures and various activities should be taken to promote our country as a tourist attraction worth visiting and spending free time as well as financial resources.

Every country has an interest in developing tourism in its country and thus influencing the micro and macroeconomic aspects.

From a microeconomic point of view, tourism has a great impact. It affects the improvement of the quality of work in the industries by utilizing the resources needed for great competitiveness as well as the use of economies of scale by setting up a variety of facilities adapted to international standards for supply and demand in tourism.

In terms of macroeconomic effects, tourism is considered a tool for improving the export demand for goods and services, thus enabling the entry of foreign currency into the country, greater employment opportunities, contributing to the repayment of debts in foreign countries, increasing the national income, etc.

The tourism industry is considered an economic resource for growth and development, for the promotion of the global community, for international understanding and peace, for the improvement of living standards, for the stimulation of local trade and industry, and the strengthening and preservation of heritage and tradition.<sup>2</sup>

Tourism in economy is a great helper in economic development, in state, regional, and social planning, and it is necessary to implement a special strategy that will influence the creation of a general economic policy.

<sup>2</sup> Влада на Република Македонија, *Национална стратегија за развој на туризмот 2009 - 2013*, Скопје, 2009 година, стр. 3.

In 2008, Macedonia adopted the "National Strategy for Tourism Development 2009 - 2013", which was prepared with a main vision: by 2013, Macedonia would become a well-known travel and tourism destination in Europe based on cultural and natural heritage. Such a concept imposes the need to present a new economic policy, where tourism will not be treated as an autonomous sector, but as an integral part of the economy as a whole. It is almost impossible to remove the term "parasite" applied to tourism in North Macedonia until the overall economic structure becomes adequate to the needs and demands of the international tourism market. Predictions regarding tourism in North Macedonia are numerous. By 2021, tourism's direct contribution to Gross Domestic Product (GDP) is expected to reach 1.6%, bringing in revenues of €170 million at constant 2011 prices. With that, the total contribution of tourism to the GDP will increase to 6.0%, and the export of visitors is expected to generate an income of 76 million euros (5.1% of the total export). Investments in tourism are predicted to reach the level of 76 million euros, which represents 2.8% of total investments. Economic impact analysis involves the flow of expenditures generated by tourism activities in a given region to identify changes in sales, tax revenues, and operating income. Various methods have been applied, the most significant of which are: a study of visitor costs, analysis of secondary data, models of economic basis, models of income - expenditure and costs. Economic development can be said to be one of the procedures of human development and this development changes the way and quality of life in the country, which means that with economic development, the quality of life increases, and this is taken as the main goal of this development and is measured through different indicators:

- Indicators of value compatibility - dynamics and speed of growth of total GDP, production, GDP growth rate, savings rate investment index, etc.
- Natural indicators - the level of changes in the infrastructure, the level of assistance in the construction of apartments, and schools, the level of biological nutrition of the population, etc.
- Social indicators - nutrition, health, level of education, social insurance, working conditions, housing, employment, etc.

**Table 3** Accommodation facilities and food service activities

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>15001-16000</b>	<b>15001-16000</b>	<b>15001-16000</b>	<b>15001-16000</b>	<b>15001-16000</b>
<b>Accommodation facilities and food service activities</b>	10	18	78	60	75

**Table 4** Components of GDP by sectors and departments of **NKD** Rev.2, by years<sup>3</sup>

	<b>Current prices (in millions of denars)</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Gross value</b>	<b>Gross value</b>	<b>Gross value</b>
<b>Travel agencies, travel organizers (tour operators), and other reservation services as well as activities related to them</b>	4 044	3 834	4 45

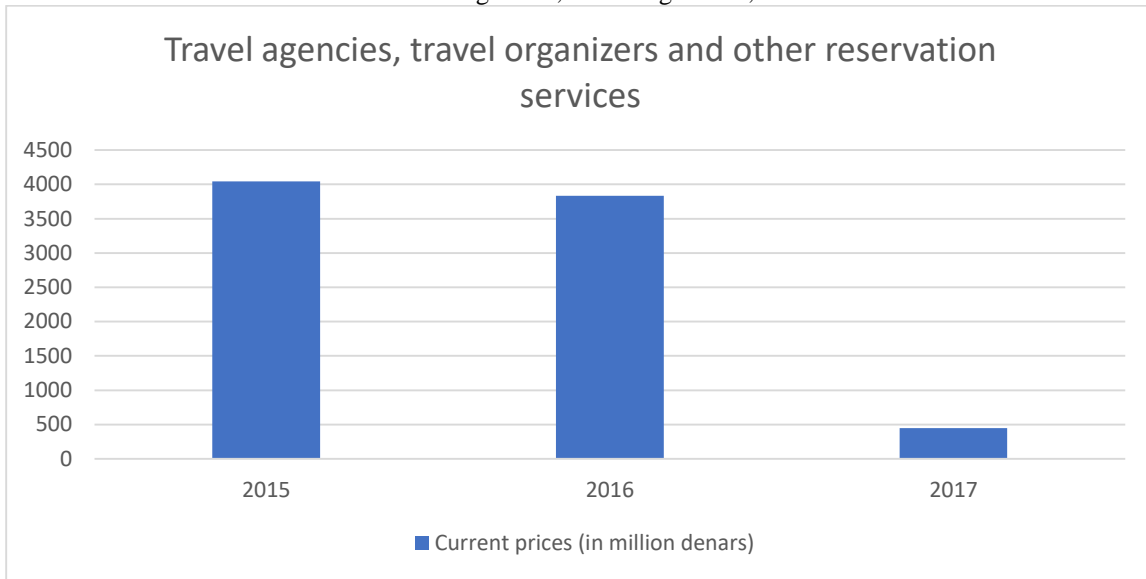
<sup>3</sup> <http://makstat.stat.gov.mk/>

	Current prices (in millions of denars)		
	2015	2016	2017
	Gross value	Gross value	Gross value
<b>Accommodation facilities and food service activities</b>	17 451	20 336	22 039
<b>Water transport</b>	135	164	182
<b>Fisheries and aquaculture</b>	322	282	320
<b>Accommodation facilities</b>	4 893	6 191	7 338
<b>Sports, entertainment, and recreational activities</b>	1 662	1932	2 689

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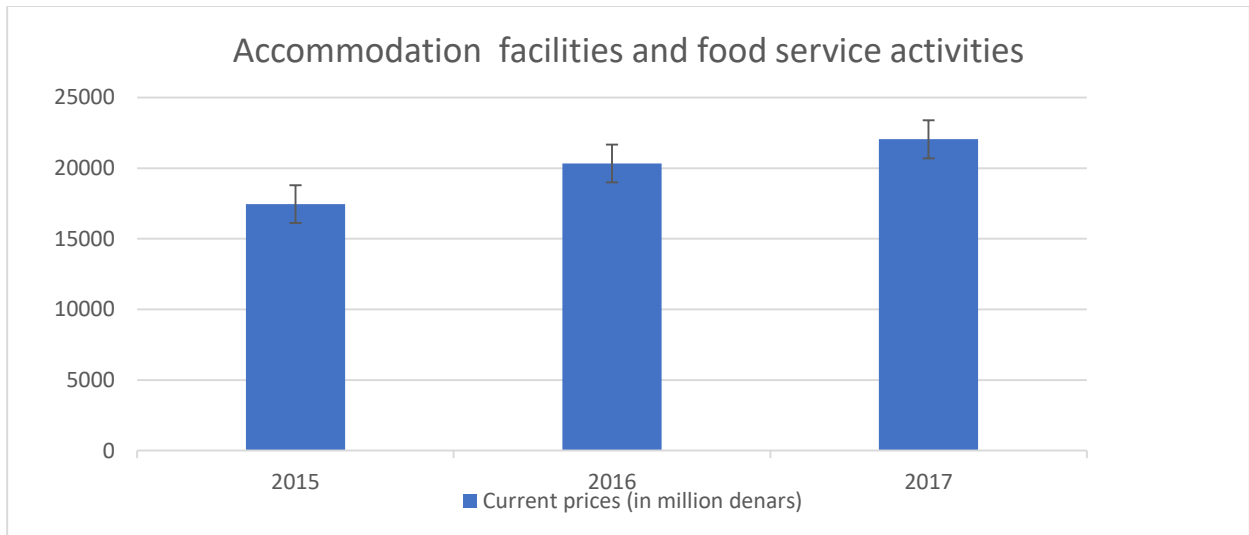
In this table, it can be seen that in the GDP of North Macedonia, of all activities, the accommodation and hospitality sector contributes the largest amount, while a smaller value can be observed for water transport. According to the years, it can be noted that from 2015 to 2017 we have an increase in all activities. According to the years, all this can be seen from these charts:

**Chart 4** GDP of travel agencies, travel organizers, and other reservation services



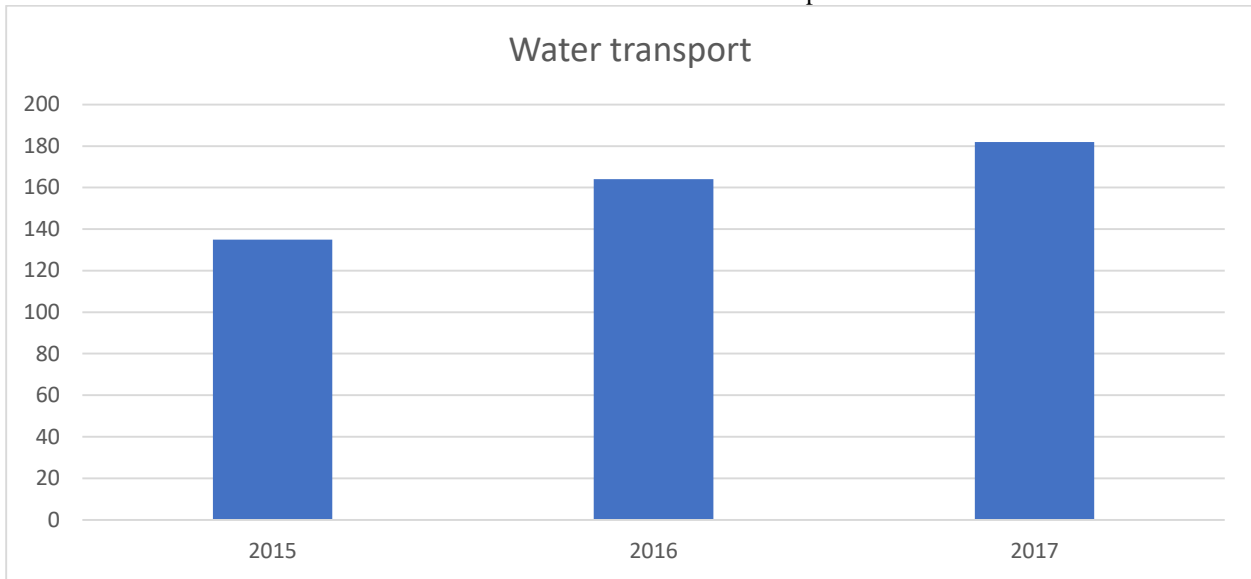
From this graph where the GDP of travel agencies, travel organizers, and other reservation services as well as the activities related to them are presented for three years, namely 2017, 2016, and 2015, it can be seen that the GDP in 2015 is higher than the other two years and it has a big growth since 2017. All this can be described on the contrary, that 2017 was not very successful and there was a fall in GDP compared to the previous years 2016 and 2015.

**Chart 5.** GDP from accommodation facilities and food service activities



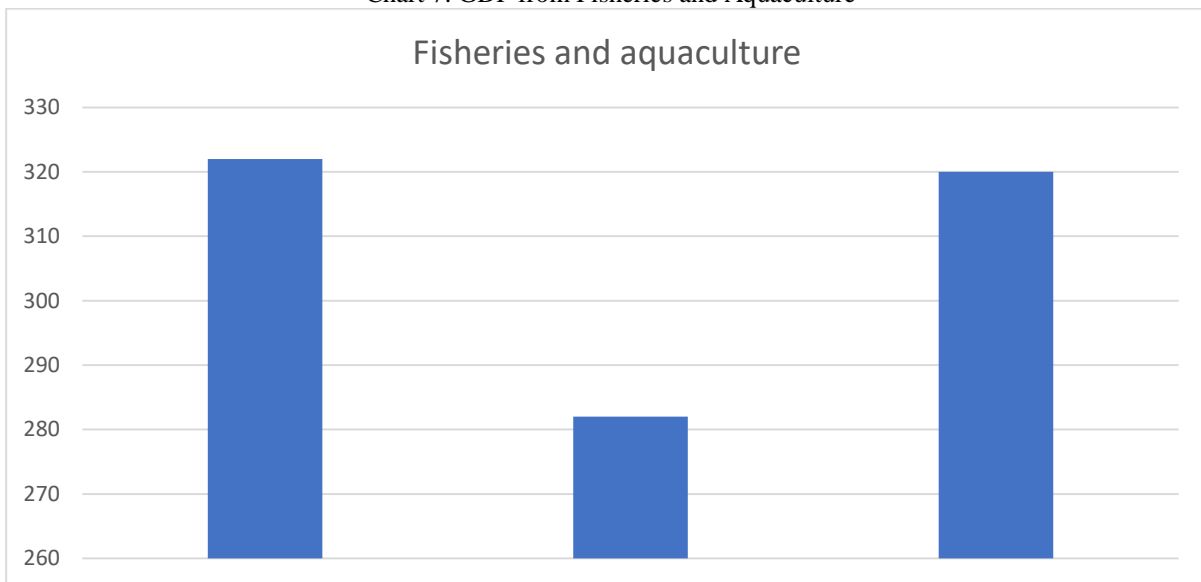
This second chart presents GDP from accommodation facilities and food service activities. According to the chart, it can be seen that in 2017 we had a GDP growth, unlike previous years such as 2016 and 2015.

**Chart 6** GDP from water transport



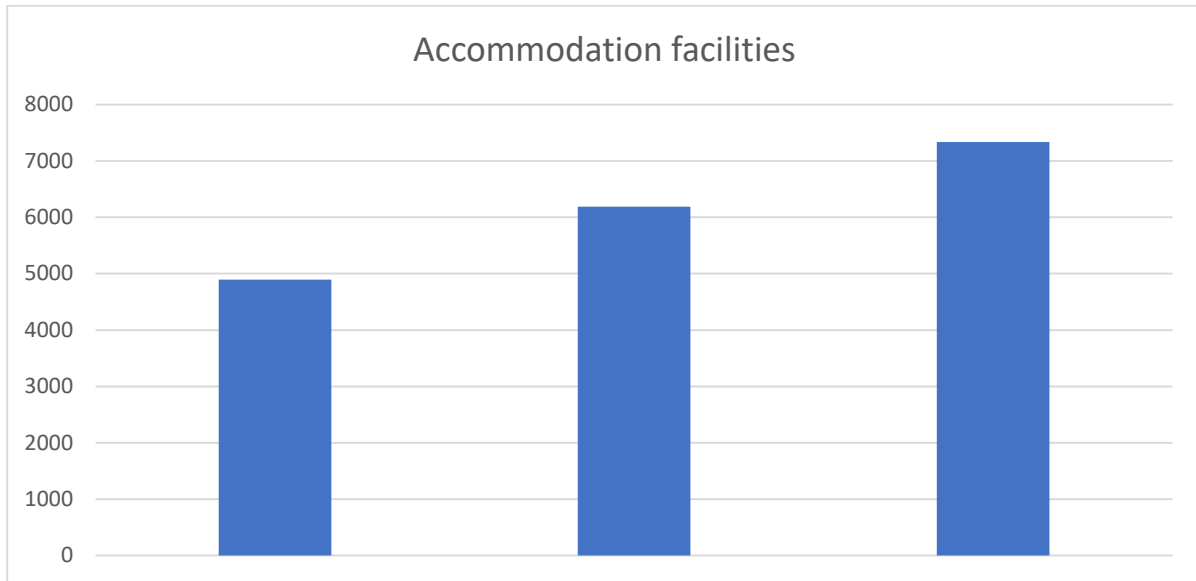
Regarding the third chart, it can be said that we also have GDP growth in 2017, although the growth is not much higher than in previous years.

**Chart 7.** GDP from Fisheries and Aquaculture



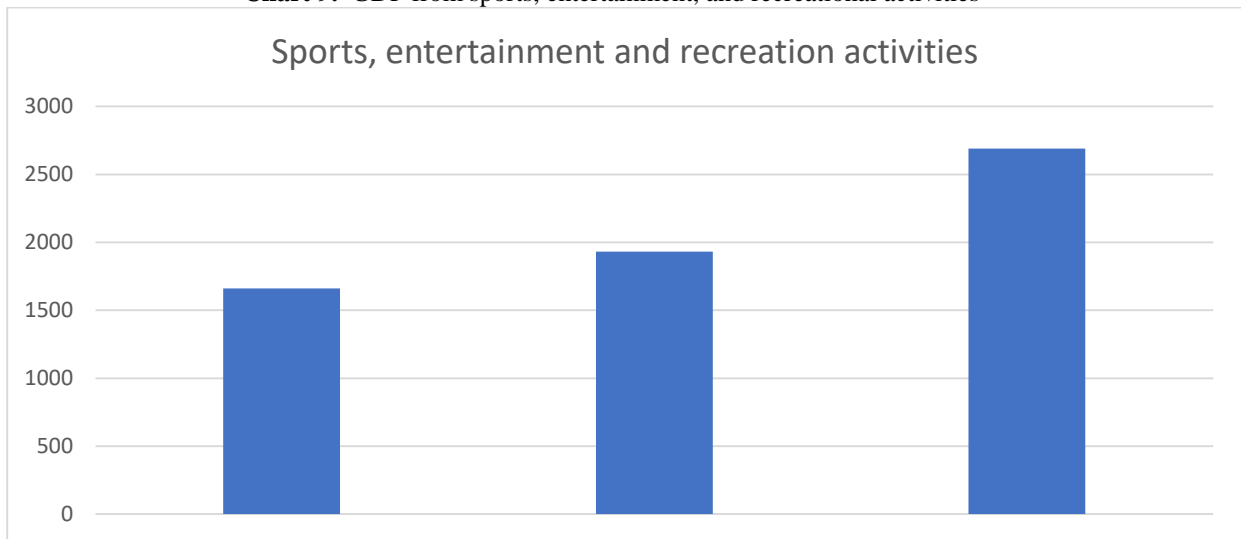
GDP from fisheries and aquaculture was higher in 2015. It is interesting in this graph that in 2016 there was a drastic drop in GDP that has recovered in 2017.

**Chart 8** GDP from accommodation facilities



From the table of GDP from accommodation facilities made for 2015, 2016, and 2017, it can be seen that we have a gradual growth to reach 7338 (a figure in million denars).

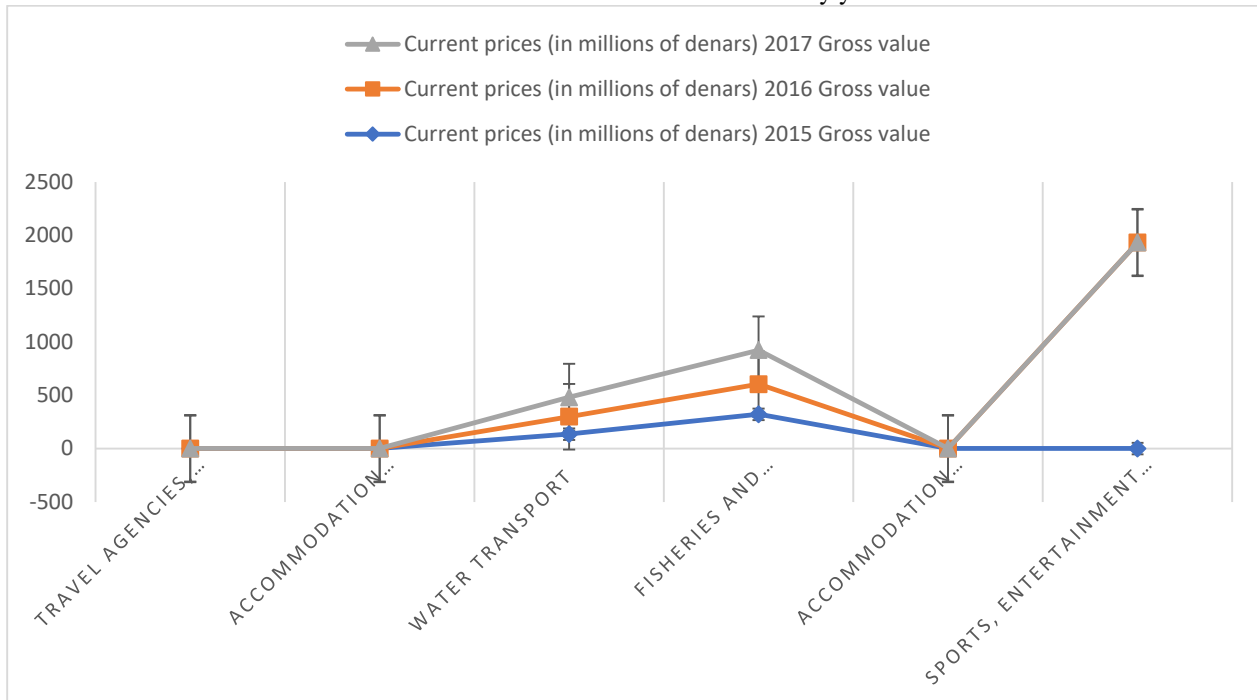
**Chart 9.** GDP from sports, entertainment, and recreational activities



From the GDP of sports, entertainment, and recreational activities, it can be seen that the amount in 2017 is higher than the other two years and it can be said that we also have growth in the economy for 2017.



**Chart 10** Trend line of all tourism activities by years



From this graph, it can be seen that almost all activities have GDP growth for 2017 and it can be said that this year is more successful for the economy.

According to the data shown for the values marked as gross value for two years 2018 and 2019, it can be noted that for some activities we have an increase in GDP, and for some a decrease.

Travel agencies, travel organizers (tour operators), and other reservation services as well as the activities related to them - in this activity we have a decrease in GDP of 210 million denars or approximately 5%.

Accommodation facilities and catering facilities - in this activity we have an increase in GDP of 2885 million denars or 14%.

Water transport - in this activity too, we have an increase in 2018 compared to 2019, by 29 million denars or about 18%.

Fisheries and aquaculture - In this activity, in 2018 compared to 2019, we have a decrease in GDP of 40 million denars or about 12%.

Accommodation facilities - In 2018 we had 4893 million denars GDP, and in 2019 we had an increase of 1298 million denars or 21%. It follows from this that we have a small number of accommodation facilities.

Sports, entertainment, and recreational activities - the GDP of this activity from 2018 to 2019 has increased by MKD 270 million, or 14% calculated as a percentage.

## 2. The impact of tourism on the Gross Domestic Product

Gross domestic product represents the total monetary value of all final goods and services produced (sold and provided) within a country, over some time (usually 1 year). From the level of GDP, we can determine what economic development a country has. Tourism as a very important sector affects the country's GDP as it brings income from tourism products.

**GDP based on activities and total GDP (according to years, value expressed in million denars) ECC 2010**

Years	Wholesale and retail trade; Repair of vehicles and motorcycles; Transport and storage; Accommodation facilities and food service activities	GDP ( ECC2010)	% participation of GDP by activities in total GDP	Comparison I % with the base year (2015)
2015	102 856	558 954	18,40%	-
2016	113 050	594 795	19%	+ 0.60%
2017	122 945	618 106	19,90%	+ 1.5%
2018	131 737	660 878	19,93%	+ 1.53%
2019	140 322	692 683	20.26%	+1.86%
2020	130 471	669 280	19,50%	+ 1,1%

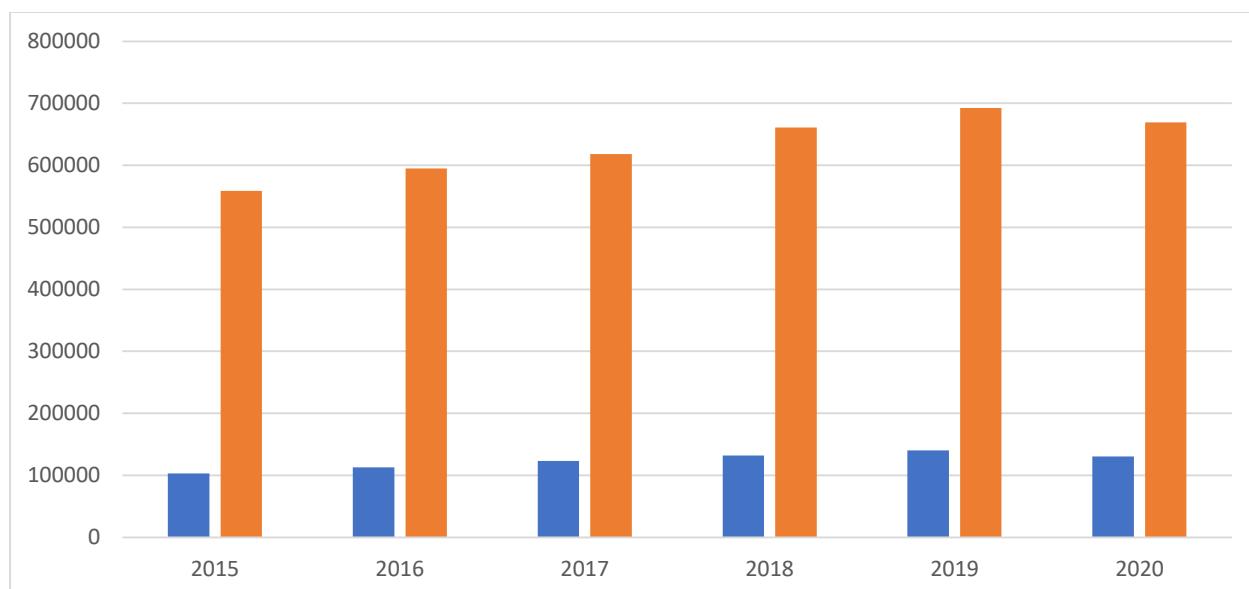
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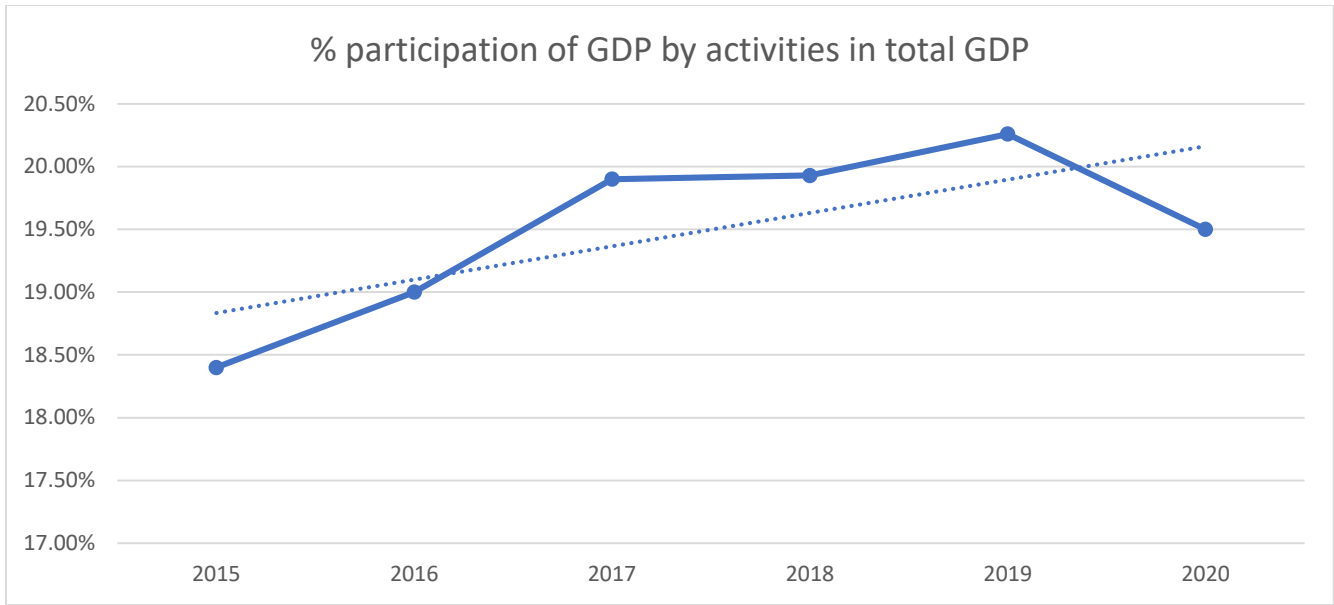
From the table above which presents the comparison of total GDP and the GDP from wholesale and retail trade; repair; transportation; accommodation facilities and food service activities, it can be seen that the largest participation is in 2019 with 20.26% and the smallest participation is in 2015 with 18.40%.

When we compare the increase in participation with the base year, which is 2015, we see that 2019 also has a greater increase.

Regarding the year 2020, compared to 2015, there is also an increase here, but when we compare the year 2020 with 2019, we have a decrease in GDP.

We can also see this through the presentation of the trend of growth or decrease.





### 3. Employment as a macroeconomic indicator

With the economic growth of the tourism sector, new jobs are created in this sector and this positively affects the reduction of unemployment in the country.

Tourism in our country plays an important role in employment as even with seasonal employment we have an economic growth effect.

Recently, tourism has emerged as one of the main industries in the economy, including many sectors such as transport, hotels, accommodation, etc. Every country in the world tries to have tourism as developed as possible and achieve as many financial resources as possible, filling the budget of the state, but also enabling economic growth and improvement of living standards. All countries want the number of visitors to be as high as possible and to have a greater economic turnover.

Employment by activities, based on years

Years	Employment in accommodation facilities and food service activities	General employment in all activities in RNV	% of employment participation in accommodation facilities and ac. Food services in total employment in RNM
	1468	519031	4.14%
	23050	534200	4.31%
	3073	548681	4.20%
2018	23198	567230	4.08%
2019	28334	621821	4.55%
			%

<http://makstat.stat.gov.mk/>

#### 4. Conclusion

Recently, tourism has emerged as one of the main industries in the economy, including many sectors such as transport, hotels, accommodation, etc. Every country in the world tries to have tourism as developed as possible and achieve as many financial resources as possible, filling the budget of the state, but also enabling economic growth and improvement of living standards. RMV, like all countries, wants the number of visitors to be as high as possible and to have a greater economic turnover.

In terms of macroeconomic effects, tourism is considered as a tool for improving export demand for goods and services, thus enabling the entry of foreign currency into the country, greater employment opportunities, contributing to the repayment of debts in foreign countries, the increase of national level of income, etc.

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