

**3<sup>rd</sup>  
International  
Scientific  
Conference**

**31 May - 2 June, 2018  
Vrnjačka Banja, Serbia**

**20  
18**

**TOURISM  
IN FUNCTION OF DEVELOPMENT  
OF THE REPUBLIC OF SERBIA**

**Tourism in the Era of Digital Transformation**



**THEMATIC  
PROCEEDINGS**

**I**



**UNIVERSITY OF KRAGUJEVAC  
FACULTY OF HOTEL MANAGEMENT  
AND TOURISM IN VRNJAČKA BANJA**



# CAPITAL AND INVESTMENTS IN COMPANIES IN TOURISM AND HOSPITALITY IN THE REPUBLIC OF MACEDONIA

*Risto Gogoski<sup>1</sup>; Kliment Naumov<sup>2</sup>;*

## **Abstract**

*When talking about economic growth, economists emphasize the need to increase equity. The neoclassical model theory explains that capital stock is very important. In the case of the Republic of Macedonia, due to a number of statistical and methodological issues, capital and investments will be presented with the part of the companies classified as accommodation and food service activities. The first thing analyzed is the significance of capital goods for tourism and food service companies. Additionally, the investments in fixed capital of the accommodation and food service companies in Macedonia are being explored. Lastly, the situation and trends in bank loans given to accommodation and food service companies are analyzed. There is an attempt to make proposals for improvement of the conditions of investments and commercial loans in the tourism and hospitality activities. They are a potential opportunity for capital and technological improvement of companies' business, their growth, development, employment and productivity and indirectly GDP growth of the Republic of Macedonia.*

**Key Words:** *accommodation and food services activities, capital, gross fixed capital formation, credit exposure, investment, financing.*

JEL classification: *D25, G21, L66, Z33*

## **Introduction**

According to the United Nations World Tourism Organization (UNWTO) "Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes." During the period of

---

<sup>1</sup> Risto Gogoski PhD, full professor, Faculty of tourism and hospitality Ohrid, Kej Makedonija 95, 6000 Ohrid, ristogogoski@gmail.com

<sup>2</sup> Kliment Naumov MA, PhD Student, Faculty of tourism and hospitality Ohrid, Kej Makedonija 95, 6000 Ohrid, kliment.naumov@gmail.com

absence from the domestic environment the traveler needs to eat, drink and sleep. Here is where the accommodation and food service activities come into the picture. This part of a country's economy is crucial for the basic satisfaction of the needs of the tourist.

According to the Organization for Economic Cooperation and Development (OECD)/Eurostat (2014) the accommodation and food service activities are closely linked to the development of the tourism economy and makes a considerable contribution to economic growth, employment, enterprise demography and to development in rural, peripheral or less developed areas.

The accommodation division mainly comprises the provision of short-term accommodation, typically on a daily or weekly basis, for visitors and other travellers by hotels, motels, guesthouse, holiday homes, bed and breakfast etc. It also includes the supply of short-term accommodation services by camping grounds, parks as well as the provision of space and facilities for recreational vehicles and the provision of temporary or longer-term accommodation in single or shared rooms or dormitories for students, migrant and seasonal workers and other individuals. In most countries, the provision of short-term accommodation by hotels is the main focus. In the Republic of Macedonia, accommodation objects are focused on longer stays or in other words higher number of overnights.

The food and beverage service activities division, according to the UK Standard Industrial Classification of Economic Activities (2007), comprises the provision of meals and/or drinks fit for immediate consumption whether in bars, restaurants, cafeterias, or from take away restaurants. The division also includes the provision of meals by event and industrial catering and canteens based on contractual arrangements with the customers, for a specific period of time and/or for a specific event.

According to Potdar M. (2013) tourism is one of the largest and dynamically developing fields of external economic activities. Its high growth and development rates, considerable volumes of foreign currency inflows, infrastructure development, and introduction of new management and educational experience actively affect various sectors of economy, which positively contribute to the social and economic development of the country as a whole. Most highly developed western countries, such as Switzerland, Austria, and France have accumulated a big amount of their

social and economic welfare on profits from tourism. According to recent statistics, tourism provides about 10% of the world's income and employs almost one tenth of the world's work force. All considered, tourism's actual and potential economic impact is astounding.

When we consider the tourism development and in that sense economic growth of the Republic of Macedonia the situation is very different compared to the western tourism developed countries (Naumov K. 2014).

Even after more than two decades, the economy in the Republic of Macedonia failed to noticeably improve the capital equipment, accumulation, savings and economic growth rates. This is especially true in the tourism and hospitality industry, that is, the sector - accommodation and food service activities, as they are officially kept in the system of national accounts in the Republic of Macedonia after 2010. After more than two decades of independence, the tourism and hospitality activities face little participation in the creation of GDP in the Republic of Macedonia, inefficient models of capacity transformation (the privatization process), as well as inefficient business policies and strategies of the companies' management.

The consequences of this are weak output increase, weak accumulation (savings), weak credit support from financial institutions and national and international funds, insignificant share in the capital market, etc.

In the absence of funds, the financing of tourism and hospitality enterprises in the Republic of Macedonia, as well as other activities, is mainly aimed at commercial banks. In this regard, all efforts for investments in fixed assets require support from the commercial banks' credit activity.

In order to elaborate on the foregoing, the paper is conceptualized in two parts. The first part considers the state of capital investments in the tourism and catering companies, respectively capital goods, form of ownership of investments, the technical structure of investments, direct and portfolio investments. The second part of the paper analyzes the relations between the companies in the tourism and hospitality activity with the commercial banks in the Republic of Macedonia, that is, the credit exposure towards the banks, the currency structure of the loans taken from the commercial banks, as well as the risk treatment of credit exposure to the enterprises in the activity of the accommodation and food

service activities. Finally, in the conclusive observations, some suggestions in terms of improvement of the current situation are given.

It is known that the tourism development requires many components such as qualified personnel, financial resources, local involvement and authorities in charge. In many developing countries, there is highly a centralised control. It is evident that there is a gap in implementing policies and regulations especially in developing countries where there is poverty, bureaucracy and corruption.

### **Capital investments in tourism and hospitality companies**

A demand for production factors comes from the basic microeconomic unit - the tourist firm. Tourist firms need production factors to produce services in tourist industry. A tourist firm's demand for factors is called a derived demand, because its demand for factors to use in creating tourist product is derived from the demand for the tourist firm's products.

If a demand for a tourist firm's outputs increases, so will, on the whole, its demand for all inputs. Tourist's demand for specific services and products stimulates entrepreneurship and provides additional local employment and income. Tourist firms also translate consumer's demands into a demand for factors of tourist production (Gogoski R., 2005).

According to theory, capital funds cover all material, non-material and human resources. However, the capital of enterprises can be placed in two basic forms - monetary capital and physical capital. Physical capital consists of tangible, visible (administered records) items, mainly ranked as construction objects, equipment etc. This form of capital is the point of interest in this paper.

The neoclassical model explains that the capital by itself is very important, together with the technological improvement (Gogoski R. 2012).

Widely observed, the capital fond includes all possible material, nonmaterial and human inputs. In a narrow sense, a company's capital may appear in two forms, money and real capital. The real capital consists of tangible, visible capital goods, from their physical forms- buildings, equipment etc. that are used in business. Companies in the tourism

activities are not an exception, the same statements apply to them too. Economic theory and practice shows that intensive investment in physical capital is an essential precondition for economic growth of all countries in the world. The higher the level of capital, the greater will be the level of output (Real GDP). However, while there is a statistical association between capital accumulation and economic growth, economic theory plays an important role in our understanding of this apparent relationship (Sloman & Garratt 2016)

Table 1: *Basic determinants of the long term companies' development*

<b>Increase of</b>	<b>Determines production, expenditure and capital per employee to be</b>	<b>Reason</b>
Savings rate	Increased	Higher savings rates enable higher investments and higher level of capital.
Productivity	Increased	Higher productivity directly increases the production; income growth increases savings and capital level.

In accounting terms, the capital of each tourism and hospitality company is a net asset that is a stock of temporarily acquired funds of the enterprise. Capital is a stock, while investments throughout the year are flow. Capital in physical terms is a condition of the quantities of buildings, equipment and supplies at a certain point.

Contrary, the investments of the tourism and catering enterprises are a process of adding new elements of the capital fund, in case of positive net investments, or subtracting in negative net investments (disinvestment).

So it is important for companies to invest. The source of investment is in austerity rates, which increase the level of investment, and the level of capital goods. Investments, by definition, also make qualitative changes, in the sense that lead to technical and technological changes and not only a quantitative increase in capital equipment. This should be the model for long-term development of tourism and hospitality companies.

Table 2: Investment in fixed assets in the industry of "accommodation and food service activities" in Macedonia, according to the purpose  
In millions of denars

Year	Total	Construction	Machinery and equipment	Research and development	Other
2000	673	507	165	-	1
2001	916	696	219	-	1
2002	1 214	963	251	-	0
2003	897	672	224	-	1
2012	1 165	889	238	-	38
2014	1 786	1 442	322	1	6

Source: State Statistical Office, Working Materials 2003, Fixed Capital Investments, SSO of the RM, Working Material 2003; Statistical Review no. 3.4.14.03 / 791 <http://www.stat.gov.mk/Publikacii/3.4.14.03.pdf> ; Statistical yearbook of the Republic of Macedonia, 2017 pages 413-414 <http://www.stat.gov.mk/Publikacii/SG2017/09-NacEk-NatEc.pdf>

Table no. 2 shows that there is an increase in capacities through positive investment from year to year and that is a potential opportunity for quality services in the activity of accommodation and food service activities.

Table 3: Gross fixed capital formation in the field of "accommodation and food service activities" by to the type of ownership  
In millions of denars

Year	Type of ownership			
	Total	State	Private	Other
2000	673	7	634	32
2001	916	0	862	54
2002	1 214	1	1 104	109
2003	897	2	832	63
2012	1 165	3	1 161	-
2013	2 424	6	2 418	-
2014	1.786	15	1.771	-
2015	2.829	-	-	-

Source: State Statistical Office, Working Materials 2003, Fixed Capital Investments, SSO of the RM, Working Material 2003; Statistical Review no. 3.4.14.03 / 791 <http://www.stat.gov.mk/Publikacii/3.4.14.03.pdf> ; Statistical yearbook of the Republic of Macedonia, 2017 pages 413-414 <http://www.stat.gov.mk/Publikacii/SG2017/09-NacEk-NatEc.pdf>

Table no. 3 shows the structure of the investment according to the form of ownership. The data show that technological equipment is dominant in companies of private ownership. This means that private profit oriented companies in the field of accommodation and food service activities have to make efforts to technically and technologically improve their operations.

Table 4: *Stock of direct investments in the Republic of Macedonia in millions of euros*

Year	Total		Accommodation and food service activities		Total services		Insurance, reinsurance and pension funding		Production	
	Value	%	Value	%	Value	%	Value	%	Value	%
2009	3141.4	100	<b>47.7</b>	<b>1.5</b>	1722.4	54.8	62.8	2.0	953.4	30.3
2010	3256	100	<b>55.9</b>	<b>1.7</b>	1678	51.5	64.9	2.0	1053	32.3
2011	3615.1	100	<b>54.9</b>	<b>1.5</b>	1726.3	47.8	71.8	2.0	1308.8	36.2
2012	3685.5	100	<b>41.5</b>	<b>1.1</b>	1722.2	48.1	68	1.8	1281.5	34.8
2013	3980	100	<b>35.4</b>	<b>0.9</b>	1885.5	47.4	73.6	1.9	1388.9	34.9
2014	4023.6	100	<b>32.8</b>	<b>0.8</b>	1830.6	45.5	80.6	2.0	1435.8	35.7
2015	4400.1	100	<b>43.9</b>	<b>1.0</b>	2109.3	47.9	86.2	2.0	1563.7	35.5
2016	4657.3	100	<b>42</b>	<b>0.9</b>	2100.3	45.1	88.2	1.9	1685.6	36.2

Source: *National Bank of the Republic of Macedonia (NBRM). Banking system Reports, annex, different years [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makiedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makiedonija7b8cb632.nsp)*

Table no. 4 gives a comparative overview of the direct investments in the Republic of Macedonia for some of the activities in the service sector. The data shows that the share of accommodation and food service activities has a relatively small share in the total investments and the total investment for the services sector. The service activities have greater participation in investment from the production sector, but the trend of movement is in line with the movement for the entire sector of services.

It is important to have an idea about the origin of capital in the field of accommodation and food service activities, as shown in table 5. It is about the coverage of assets with liabilities of companies that are in different types of ownership. In that sense, the share of capital in the form of portfolio investments in companies from the tourism and catering

industries is relatively small, implicitly indicating that the companies are not directed towards the capital market.

Table 5: *Direct investment in the Republic of Macedonia for the activity of "accommodation and food service activities" in millions of euros*

Year	Total direct investments in the country	Equity	Debt instruments	Portfolio investments
	1 = 2 + 3	2	3	4
2010	55.93	23.04	32.89	1.59
2011	54.90	22.48	32.42	0.75
2012	41.53	15.28	26.25	1.74
2013	35.45	9.59	25.86	1.40
2014	32.80	8.60	24.20	1.50
2015	43.90	20.40	23.50	1.6
2016	42.00	18.2	23.8	-

Source: *Banking system Reports, annex, different years*  
[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistem_na_riepublika_makedonija7b8cb632.nsp)

On the other hand, the share of debt instruments (mainly loans) is with higher share of the own capital acquired from its own accumulation, by itself indicating that the companies from the tourism and hospitality services are directed towards the use of financial institutions, or to unsettled obligations to creditors.

### **Credit exposure of banks towards tourism and food service companies**

Table no. 6 shows us the flows of payments of fixed assets in the field of accommodation and food service activities in the Republic of Macedonia. The current (at the end of the year) acquired fixed assets in the activity of accommodation and food service activities dominantly consist of their own funds, and relatively few consist of financial credits. This can be taken as a positive trend, because these companies try to cover their relatively small share in the financing of the payments for fixed assets at the level of the economy of the Republic of Macedonia, mostly with funds derived from their operations. Below, we will see that perhaps the reason for this is the low interest of the banks in Macedonia for crediting the activity of accommodation and food service activities.

An additional problem for observing the facts is that the official statistics in the Republic of Macedonia have not published structural data after 2012. It remains a task for future research in this area to calculate these data from the system of national accounts.

Table 6: *Financing of gross fixed capital formation in the activity of "accommodation and food service activities" in the Republic of Macedonia in millions of denars*

Year	Financing of gross fixed capital			
	Own financial assets	Joint assets	Financial loans	Total
2000	629	-	34	645
2001	296	-	10	306
2002	521	-	57	578
2003	320	-	22	342
2012	194	-	34	228
2013	-	-	-	815
2014	-	-	-	884
2015	-	-	-	947

Source: *Financing of gross fixed capital, Statistical Review no. 3.4.14.03 / 791* <http://www.stat.gov.mk/Publikacii/3.4.14.03.pdf> ; *Statistical yearbook of the Republic of Macedonia, 2017 pages 413-414* <http://www.stat.gov.mk/Publikacii/SG2017/09-NacEk-NatEc.pdf>

Table no. 7 shows the credit exposure of the banks towards the activity of accommodation and food service activities, in absolute numbers and percentage share in the total credit exposure of the banks. In doing so, a comparison was made with certain activities in the services sector. Credit exposure to tourism and hospitality firms is insignificant and does not exceed 1 percent of the total banks' exposure. The volume of crediting of the activity of accommodation and food service activities are on the absolute increase, but the dynamics of the increase in loans from other service activities is more prominent. Below, we will see that this marginal value of loans approved in the activities of tourism and hospitality contributed to NBRM to give up special monitoring of the assets of the banks that relate to this activity, in other words it is totally left out from the official statistics. Thus, the latest official data for the sector structure for companies in this field is for 2014. Again, it is a challenge for future researchers to extract these data from the national accounts system.

It can be noted that the expectations for the commencement of an intensive investment cycle did not come true after 2007. They were based upon the entry of famous foreign brands both in banking and tourism and hospitality industry in the Republic of Macedonia (Gogoski R. 2007). As an example we can state the purchase of Ohridska Banka by Société Générale Group.

Table 7: *Banks' Credit exposure by activity in millions of denars*

	31.12.2013		31.12.2014		31.12.2015		31.12.2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Total credit exposure in all activities	389953	100	423575	100	459658	100	469675	100
Accommodation and food service activities	<b>3210</b>	<b>0.82</b>	<b>3480</b>	<b>0.82</b>	<b>4288</b>	<b>0.93</b>	<b>3922</b>	<b>0.84</b>
Financial activities and insurance	74753	19.17	88258	20.84	88798	19.32	97106	20.68
Information and communication	2349	0.60	2786	0.66	2797	0.61	2573	0.55

Source: *NBRM, Banking system Reports, annex, different years*  
[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makedonija7b8cb632.nspix](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makedonija7b8cb632.nspix)

The indicators for the currency structure of the credit portfolio in the banks for the activity of accommodation and food service activities are given in the table No.8. The percentage participation only confirms the marginal significance of the activity in the credit portfolio of the banks for all types of loans. The data show that there is a uniform division of credits in the national currency and loans in foreign currencies, or in denars with foreign currency clause. The further researches should confirm this, but the impression remains that the credits in denars are long-term loans that were approved in the initial period of the monetary independence of the Republic of Macedonia, from certain national and international development funds. Foreign currency loans are most likely to be assigned to the economy of the Republic of Macedonia by certain credit lines of foreign institutions.

Table 8: *Currency structure of the banks' credits exposure towards the activity of "accommodation and food service activities" in millions of denars (at the end of the year)*

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Credits in denars	1647	2119	2151
% share in the total credits in denars allowed by banks	0.72	0.82	0.81
Credit in denars with FX clause	688	912	896
% share in the total credits with FX clause allowed by banks	0.93	1.17	1.07
Credit in foreign currencies	1145	1257	875
% share in the total credits in foreign currencies approved by banks	0.95	1.01	0.73
Total credits for the activity of accommodation and food service activities	3480	4288	3922
% share in the total credits allowed by banks	0.82	0.93	0.83

Source: *NBRM, Banking system Reports, annex, different years*  
[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistem_na_riepublika_makedonija7b8cb632.nsp)

Also, it is important to mention the data for delay of the amount repayable irregularly to the commercial banks in the Republic of Macedonia from the analysis of the National Bank of the Republic of Macedonia, as given in table no. 9.

The numbers indicate that the activity of accommodation and food service activities has the highest participation at the time of the repayment of both the loan equity and the calculated interest. From the banks' point of view, the data shows that the credit risk of the activity is high for accommodation and food service activities, but the risk is relativized with the small share of the crediting assets of the banks.

On the other hand, from the tourism and hospitality companies' point of view, it can be identified that the poor financial position of these companies, their low profitability, weak cash flows and illiquidity make them uninteresting for the banks in terms of business.

Table 9: *Duration of average delay of the amount repayable irregularly to the banks by type of credit exposure and activity as of 31 December 2016 in years*

	Type of credit exposure			
	Loan	Interest	Other claims	Total credit exposure
Total for all activities	1.5	1.8	1.1	1.5
<b>Accommodation and food service activities</b>	<b>2.0</b>	<b>1.7</b>	<b>2.4</b>	<b>2.0</b>
Financial and insurance activities	0.9	0.8	1.1	1.1
Information and communication	1.2	0.7	1.6	1.2
Construction	1.8	1.0	1.2	1.7
Transport and storage	1.6	1.5	2.4	1.6

Source: *NBRM, Banking system Reports, annex, different years*  
[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makedonija7b8cb632.nsp).

### Conclusion

Nowadays, tourism and hospitality activities are flourishing world wide. The advantages of tourism and hospitality include employment opportunity, growth of service sector, foreign exchange earning, opportunity for recreation, economic growth, cultural exchange, better international relations, enjoyment, better health and wellness. Services sector in the developed destinations engaged in the field of tourism and hospitality get the most out of tourism sector. A large number of business engaged in service sector such as airlines, hotel, surface transportation etc. grow with the growth of tourism and hospitality.

Contrary in Macedonia the growth of tourism and hospitality is not in pace with the tourism growth compared with the developed destinations and one of the reasons is the lack of investment and the low interest of the banks in issuing loans to companies in the field of accommodation and food service activities. One of the reasons is the low level of political stability that negatively affects the visitor's arrivals in the Republic of Macedonia. Unfortunately tourism and hospitality is mostly based in the capital with a high level of amortization, in other terms most of the accommodation and food service capacities are very old and there is not

a great interest in the construction of the new ones because of various reasons. The most present ones are the bureaucratic obstacles and political issues.

The predictions that after 2007 there would be a new, intensive wave of investment in tourism and hospitality companies, primarily in the form of foreign direct investments from famous world brands, did not come true. Contrary, also in the last years we have a slow growth of investments, investors and creditors. In a word - there are no noticeable and qualitative changes and improvements.

The companies in the field of tourism and hospitality are not the subject of a special interest of the banks in the Republic of Macedonia. This leads to a state of mutual indifference on both sides in the process of financial intermediation in provision of resources for capital investment. Neither the tourism and hospitality companies have what it takes to offer to the banks in terms of business, nor are the banks interested to risk investing in them. The final result is a slowdown of the growth rate in the tourism industry in the frame of the Macedonian national economy.

The private and institutional investors remove the activities in tourism and hospitality from their focus because of their bad performance.

Investments in accommodation and food service activities in the Republic of Macedonia are dominant in tangible fixed assets and within that they are in the form of buildings and other constructions, which is in accordance with the service character of the activity. From intangible fixed assets there is a trend of increase in investment in computer software.

Investments in fixed assets are almost excluded from privately-owned enterprises, and investments of state-owned enterprises are almost lost. However, the dynamics of private sector investment growth has not been drastically increased, and it is not possible to talk about the main destination of the investors of the industry of accommodation and catering services. Hence, it is not surprising that the situation with the direct investments in accommodation and catering does not exceed 1.7% in the total investments, and there is at least a small but stable positive growth.

The share of portfolio investments in the activity of accommodation and food service activities in the total investments in fixed assets is small, i.e.

the direct investments in the activity are dominant. The previously told points to the fact that the tourism and hospitality companies have not recognized the capital market as a source for financing of their capital investments, and at this point they are similar to the companies from other industries. In the area of direct investments, capital and debt instruments are main and evenly distributed among companies in the activity of tourism and food services. But given the share in banks' credit exposure to these activities with a percentage lower than one, it drives the companies to put pressure on their own meager funds, in other words they use little finance loans. The conclusion is that the orientation towards its own low accumulation slows down the development of these activities.

This paper showed us that the enterprises in the industry of accommodation and catering services are not companies of business interest to the banks in the Republic of Macedonia. This leads to a very bad combination of the mutual indifference on both sides in the process of financial intermediation in providing capital investment resources. Enterprises in the industry of tourism and catering services, although relatively small in the banks' credits, are among the most risky entities due to bad balance sheets. So the companies have nothing to offer, nor are banks interested in risking. The end result is a slowdown in the growth of the tourist industry in the economy of the Republic of Macedonia. Such performances remove the activities of tourism and catering from the focus of interest, also at foreign private or institutional investors.

Can the situation be improved in the future? It may, but for this, some preconditions need to be met:

1. The companies in the sector of tourism and catering services should receive institutional support from the state. The Government of the Republic of Macedonia can in practice confirm the strategy for tourism development through financial support. For example, for a start, it is good for the enterprises from this sector to receive special treatment at the Macedonian Bank for Support and Development;
2. Participation in guarantees and co-financing in the withdrawal of funds from foreign credit lines or funds;
3. Tax incentives, professional assistance, financial and business training, which should aim to qualitatively improve the management of companies and their more aggressive performance with the influence of increasing the competitiveness of the market. This can be very helpful for the trainings and improvements offered by a range of foreign programs and projects funded by other countries.

Although the Macedonian economy has already reached its maturity within the Republic of Macedonia as an independent country, if the state considers tourism as a sector of significant growth and development, it must continue to be treated as a competitively protected activity, struggling to overcome the primal problems. This is especially necessary in the part of the finances.

## References

1. Gogoski R., (2005) “*Tourist Industry, Sustainable Tourism Development Policy and Economic Development*”, Hotel plan, The Second Biennial International Congress, The College of Hotel Management - Beograd, 18-19 November 2005.
2. Gogoski R. (2012), *Ekonomija*, Fakultet za turizam i ugostiteljstvo Ohrid, 229-232.
3. Gogoski R. (2007) *Kapitalot i investiciite vo turizmot na R Makedonija*, 9ta megjunarodna konferencija – strateski razvoj na turizmot vo 21-vi vek, FTU Ohrid, 25-26 maj 2007 god. Ohrid
4. National bank of the Republic of Macedonia, Banking system Reports, annex, different years [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makiedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makiedonija7b8cb632.nsp) [accessed February 2, 2018]
5. Naumov K. (2013) *Marketing aktivnosti za zgolemuvanje na plasmanot na makedonskiot turisticki proizvod na pazarot na Holandija i Belgija*, magisterski trud, Ohrid
6. OECD/Eurostat (2014), “*Accommodation and food service activities*”, in Eurostat-OECD Methodological Guide for Developing Producer Price Indices for Services: Second Edition, OECD Publishing, Paris. <http://ec.europa.eu/eurostat/documents/3859598/6485893/KS-04-14-661-EN-N.pdf/f8f5d9d6-50c4-4fa1-9322-c9c00a6377fd> pg.178 [accessed February 2, 2018]
7. Potdar B. M., (2013) *Economic Impact of Tourism on Kolhapur District of Maharashtra*, vol: 2 iss:10 [https://www.researchgate.net/publication/261879747\\_ECONOMIC\\_IMPACT\\_OF\\_TOURISM\\_ON\\_K](https://www.researchgate.net/publication/261879747_ECONOMIC_IMPACT_OF_TOURISM_ON_K)

OLHAPUR\_DISTRICT\_OF\_MAHARASHTRA\_MEENA\_B\_POTDAR  
[accessed February 2, 2018]

8. Republic of Macedonia State Statistical Office, Gross fixed capital formation 2012, *Statistical Review no. 3.4.14.03 / 791*  
<http://www.stat.gov.mk/Publikacii/3.4.14.03.pdf>

9. Statistical yearbook of the Republic of Macedonia, 2017,  
<http://www.stat.gov.mk/Publikacii/SG2017/09-NacEk-NatEc.pdf>

10. Sloman J., Garratt D. (2016), *Essentials of Economics, Seventh edition*, Pearson Education Limited.