



TOURISM SATELLITE ACCOUNT: MACEDONIA'S CHALLENGE

Biljana Petrevska

Faculty of Tourism and Business Logistics, Goce Delcev University - Stip, Macedonia

biljana.petrevska@ugd.edu.mk

Abstract

The paper informs about the importance of designing the Tourism Satellite Accounts (TSAs) as a tool for structural rather than short-term analysis, for quantifying the overall contribution that tourism makes to an economy. Given the fact that Macedonia has identified tourism as one of its priorities for the national economic development, the paper argues the challenges that arise and suggests valuable recommendations for the initial process of the TSA establishment. Besides the identified strengths in the current statistics, some weaknesses also appeared upon a theoretical screening. Consequently, it is strongly recommended that in the following period Macedonia may be focused firstly on developing a 'Pilot Experimental TSA', which may serve as a starting point for further improvements leading to 'Experimental TSA'. Such TSA indicators may be useful for policy-makers since it will provide clear focus on how much tourism contributes to Macedonian economy and how many jobs it creates.

Key words:

Tourism Satellite Account; National economy; Tourism development.

INTRODUCTION

Tourism is a significant driver of many countries' economies by contributing not only to national and regional development, but also to cultural development and general well-being. However, it is extremely difficult to measure the overall contribution that tourism makes to the economy. It is not an easy job to track tourism demand and find the number of trips, the use of tourist accommodation facilities and how much tourists spend. The way-out is detected in the harmonised system of Tourism Satellite Accounts (TSAs) developed over the years by the World Tourism Organization (UNWTO), the United Nations Statistics Division (UNSD), the Organization for Economic Cooperation and Development (OECD) and the Statistical Office of the European Union (Eurostat).

The TSA concept fully conforms to the national accounts definitions and classifications and serves as internationally recognized framework for measuring tourist activity and



the importance of tourism to national economy. Opposite to traditional tourism statistics which is focused on 'flows' (number of tourists, overnights, etc.), the TSAs presents how much tourism contributes to an economy and how many jobs it creates.

Many countries were encouraged to introduce the TSAs, but so far only 22 submitted the indicators thus enabling analysis of tourism in macroeconomic frames (Eurostat, 2013). Even than some TSA indicators were incomplete or sparsely covered, so the UNWTO recommended framework (UNWTO, 2008a and 2008b) has been only partially followed.

The literature contains a large body of work arguing the necessity of developing TSAs (Dwyer et al, 2007; Frechtling, 1999; Jones & Munday, 2008; Libreros et al, 2006; Smeral, 2006; Smith, 2004). This paper adds to the current research on the TSA importance, by elaborating the challenges Macedonia is facing with in the initial process of the TSA establishment. This is generally done by identifying strengths and weaknesses in the current statistics, along with posing valuable recommendations that Macedonia may be focused on in the following period. The novelty of this paper is that represents a pioneer work for a TSA in Macedonia since no previous study paid attention.

TSA concept development

The purposes of TSAs are threefold: (i) To analyse in detail all aspects of demand for goods and services associated with the activity of visitors; (ii) To observe the operational interface with the supply of such goods and services within the economy; and (iii) To describe how this supply interacts with other economic activities.

As a popular method of measuring the direct contribution of tourism consumption to a national economy, it has a long evolutionary route whereas it converts tourist 'spend' into 'value added' (Fig. 1). The TSA does not state which markets to target, what type of hotels to invest in, or what part of the tourist product needs to be improved.

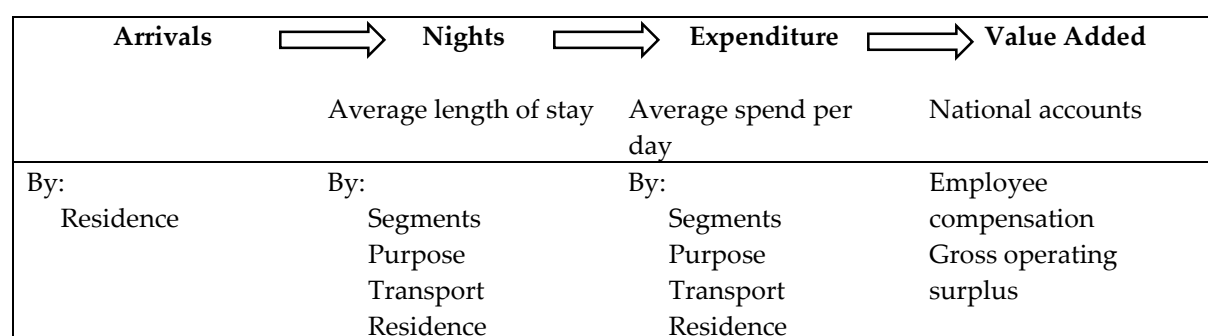


FIGURE 1. THE ROUTE FOR THE TSA

The 'Usual Environment' concept

The purpose of introducing the concept of 'usual environment' is to exclude from visitors those travelers commuting regularly between their place of usual residence and place of work or study, or frequently visiting places within their current life routine, for instance homes of friends or relatives, shopping centers, religious, health-care or any other facilities that might be at a substantial distance away, or in a different administrative area but are regularly and frequently visited. Based on the prevalent habits of movements, it is recommended that each country define the precise meaning of what is termed regular and frequent in the context of its tourism statistics. Trips to vacation homes are usually tourism trips. Recognizing the growing importance of these trips in an increasing number of countries, and because of the specificities of the corresponding expenditure and activities, tourism statistics compilers are encouraged to measure them separately for analytical purposes and cross-country comparisons.

Because the measurement of flows of visitors and of all associated variables is highly sensitive to the definition of the 'usual environment', it is recommended that neighboring countries or countries belonging to supranational organizations consult with each other in order to ensure compilation of comparable statistics. There are often differences in density of population, transportation accessibility, cultural behaviors, proximity to national or administrative borders, etc., between countries. These differences hinder the development of a unique worldwide statistical determination of the usual environment of an individual. Nevertheless, the determination of the usual environment should be based on the following criteria:

- Frequency of the trip (except for visits to vacation homes);
- Duration of the trip;
- The crossing of administrative or national borders;
- Distance from the place of usual residence.

ORGANISATIONAL STRUCTURE FOR THE TSA

The right organizational structure for the TSA is essential because of the wide range of data and expertise that is required. It obligates cooperation between different institutions in particular the Ministry in charge for tourism development, the State Statistical Office (SSO), the National Bank, the Ministry of Finance, the Ministry of Interior etc. Three tier organisational structure works well in the experience of UNWTO, comprised of:

- an overall Steering Group;
- a core TSA team; and
- several technical committees dealing with specific issues.

Each institution involved has its own role in the TSA. In this line, tourism working with the SSO is concerned with providing the tourism statistics, in effect the demand statistics. The SSO National Accounts is concerned with the production accounts, in



effect the supply side, which is then concerned with the reconciliation of demand and supply, and with producing the key metrics of tourism direct gross value added and gross domestic product.

CONCLUSIONS AND RECOMMENDATIONS

The paper presents some stylized facts on number of practical and conceptual challenges associated with the TSAs. The general conclusion is that Macedonia is facing a great challenge in the initial process of the TSA establishment. Some strengths are identified in the current statistics mostly referring to the strong statistical competence of the SSO. It is also noticeable the growing tourism industry, particularly the private sector, which implies more statistics and a TSA.

However, based on theoretical screening, some weaknesses also appeared in the statistics. Namely, there are substantial gaps which must be envisaged in the first line dealing with the coverage of tourism visitors (e.g. visitors not using registered accommodation etc.), and too long periodicity of key sample surveys (which must shorten from five to two years). So, there are many open issues on accommodation statistics, hence referring capacity and utilization. Namely, the SSO undertakes surveys on covering the following accommodation units: hotels, boarding houses, motels, overnight lodging houses, spas, mountain lodges and houses, workers' vacation facilities, children and youth vacation facilities, youth hotels, temporary lodging facilities (student dorms), sleeping cars and uncategorized accommodation establishments. However, the houses, vacation apartments and rooms for rent, are not covered by this kind of surveys.

Therefore, the paper strongly recommends that in the following period Macedonia may be focused firstly on developing a 'Pilot Experimental TSA', which may serve as a starting point for further improvements leading to 'Experimental TSA'. Yet, in order to come to this end objective, numerous background activities must be programmed, like:

- Carrying out necessary sample surveys;
- Organizing focus groups;
- Undertaking investigations as ad hoc studies;
- Preparing needed sample surveys for the forthcoming years noted as reference ones;
- Ensuring follow up process etc.

So, in the first 3-4 years, Macedonia may create the piloting TSA which may include tables 1-7 and 10, while the Tables 8 and 9 may be left out. More precisely, the following table improvements may be recommended:

- *Table 1* (referring to inbound tourism expenditure) may be extended to give full coverage by including:
 - Casino visitors (staying less than 24 hours, same-day); Transit visitors (staying less than 24 hours);
 - Visitors using informal commercial accommodation; and
 - Visitors staying with friends and relatives.

At the same time, the next round of visitor sample surveys may be prepared thus covering the overnighter and the same-day visitors, but this time by providing data for private tourism sector as well. This means that the necessary ad hoc sample surveys must be prepared by including sample surveys as required for the transit visitors, casino visitors, VFR visitors, and visitors using informal accommodation. Furthermore, some sample surveys or focus groups with tour operators may be organized in order to ascertain what money comes into the Macedonian economy. So, it can be generalized that it is perfectly possible for Macedonia to get the statistics for Table 1 of the TSA including a breakdown of expenditure both, by the tourist directly and by the spending on his/ her behalf by tour operators;

- *Table 2* (referring to domestic tourism expenditure) may be more focused on clarifying the term 'usual environment', which is always an issue. The key moment is ensuring that the sample is representative (or can be made representative) of the 'universe/population' being estimated. Grossing up when there are large differences in travel propensity according to geographic location can be difficult. This way it may be manageable to keep using whatever data is possible in a tourism module in a household surveys on expenditure or trips;
- *Table 3* (referring to outbound tourism expenditure) as a temporary measure, may have information on the immigration on departing residents, so at least will include data on outbound visits. Furthermore, it may include the travel debits and passenger transport debits as reported by the NBRM to the IMF;
- *Table 4* (referring to internal tourism consumption) may leave out 'Other consumption' unless vacation homes are of real significance. In this line, the 'Other consumption' covers:
 - Vacation homes - where this does not involve renting out the vacation home;
 - Trips provided by institutions to individuals e.g. factory holidays, trade union holidays etc.; and
 - Services provided to visitors for which they do not pay (e.g. museums);



- *Tables 5 and 6* (referring to the value added) may ascertain what can be described as tourism characteristic industries and hence, will have available the output, intermediate consumption and value added;
- *Table 7* (referring to employment) may use the data from the Labour Force Survey in the line of putting together only the estimation of employment in the tourism industries. It is important to include this table because of the frequent strategic importance of tourism in the development of an employment policy;
- *Tables 8* (referring to tourism gross fixed capital formation) and *Table 9* (referring to tourism collective consumption) may be left out since are accorded a lower priority. Yet, their inclusion in the TSA might be considered in a future stage;
- *Table 10* (referring to non-monetary indicators) may be completed to the extent possible. This table presents indicators which are required to assist the estimation and support the interpretation of the information presented in tables 1-7.

Additional recommendations may be taken into account as a possible way forward for tourism demand statistics.

- Regarding the *inbound international tourism data*, the following issues of coverage may be addressed: Same-day visitors to casinos; Transit visitors; Visitors not staying in registered accommodation; and Visitors staying with friends and relatives. Furthermore, the sample surveys may have larger coverage and more frequent periodicity. They may be undertaken at the border post, in accommodation facilities, or conclusions may arise from focus groups of tour operators;
- Regarding the *domestic tourism data*, the sampling surveys may be undertaken at household level, particularly when addressing the overnight visits as well as the same-day visits; and
- As far as the *outbound tourism data*, it must be clarified what is the domestic component of the expenditure on an outbound trips.

Finally, it needs to be born in mind that collecting data for the TSA is a complex process and requires joint effort of all involved parties in pooling the knowledge and experience. It is not enough to have the will to do it, but also requires adequate statistical infrastructure in place to support TSA development, along with having the financial support and expertise to develop the infrastructure.

ACKNOWLEDGEMENT

The author wants to thank the Tourism and Hospitality Sector within the Ministry of Economy of the Republic of Macedonia, for the opportunity to participate at the workshop chaired by Mr. Dawid McEwen, UNWTO facilitator on TSA.

REFERENCES

- Dwyer, L., Deery, M., Jago, L., Spurr, R. & Fredline, L. (2007). Adapting the Tourism Satellite Account conceptual framework to measure the economic importance of the meetings Industry, *Tourism Analysis*, 12(4), 247-255.
- Eurostat. (2013). Tourism Satellite Accounts (TSAs) in Europe, EU, Luxembourg.
- Frechtling, D. C. (1999). The tourism satellite account: foundations, progress and issues, *Tourism Management*, 20(1), 163-170.
- Jones, C. & Munday, M. (2008). Tourism Satellite Accounts and Impact Assessments: Some Considerations, *Tourism Analysis*, 13(1), 53-69.
- Libreros, M., Massieu, A. & Meis, S. (2006). Progress in Tourism Satellite Account Implementation and Development, *Journal of Travel Research*, 45(1), 83-91.
- Smeral, E. (2006). Tourism Satellite Accounts: a Critical Assessment, *Journal of Travel Research*, 45(1), 92-98.
- Smith, S. L. J. (2004). The measurement of global tourism: old debates, new consensus, and continuous challenges, In: *A Companion to Tourism* (Lew at al. Eds), Blackwell publishing, 25-35.
- UNWTO. (2008a). International Recommendations for Tourism Statistics (IRTS 2008).
- UNWTO. (2008b). Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2008).