



OPINION OF GENERATION Y - HAS NORTH MACEDONIA SUCCESSFULLY DEALT WITH THE TOURISM CRISIS 2020-2022?

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Abstract

Crisis events represent a costly threat to businesses in the tourism sector. Tourism companies have long recognized the importance of crisis management and realized that their passive attitude toward possible crises can negatively affect their work. Despite this knowledge, many of them are not prepared for a quick response and do not have mechanisms that can indicate that danger early. For those reasons, the need to write this paper arose, intending to provide tourism enterprises with an appropriate tool for successfully fighting against crises. This paper's main goal was to determine the opinion of Generation Y about "Were we able to deal with the crisis in the tourism sector in the Republic of North Macedonia in the period 2020-2022?". For this purpose, the authors did narrative research using secondary sources of information and empirical research about the problem. After processing the data and their visualization through tables and graphs, based on the results of the empirical research, the authors presented their conclusions and recommendations for appropriate actions in dealing with the crises encountered by the enterprises that belong to the tourism sector.

Keywords: tourism, strategies, crisis management, organizational wrongdoing, personal perception

1 INTRODUCTION

Tourism represents a very significant activity within the economic system of North Macedonia and is a normal part of our daily life. The positive

effects of tourism are diverse. For tourists, a holiday means satisfaction as travel allows them to bring their hopes and dreams to life. Furthermore, by taking a holiday outside their usual surroundings, tourists consciously and unconsciously increase their knowledge of other cultures and ways of life.

Tourism enterprises are of great importance for the employment of the labor force. They are an

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efficient means of reducing unemployment and an excellent source for generating a large income. Thus, their impact on the creation of the country's gross domestic product is significant, so they are of great importance for the development of economies.

All of this would've been nice if there were no crises. A crisis negatively affects the functioning of all segments of everyday life. Nowadays, as well as in the past few years, we have witnessed events that have had and are still creating huge problems in the overall economic system functioning, including the tourism sector.

For this paper, we dwell on only three such events, namely, SARS-CoV-2, the Energy Crisis, and the War in Ukraine.

As a result of the spread of SARS-19, many tourist attractions worldwide, such as museums, amusement parks, and sports venues, were closed. It was also the case with the Republic of North Macedonia. Many large enterprises worldwide have been suspended or shut down permanently due to the heavy impact of COVID-19 (Cloyne, 2020).

A second manifestation of the crisis is the number of tourists who visit North Macedonia and spend at least one night. According to the State Statistics Office, before the pandemic outbreak in 2019, the total number of tourists was 1,184,963. With the pandemic beginning in 2020, that number drops to 467,514 tourists. In 2021, the number increased to 702,463 tourists. It was still significantly less than before the pandemic. Stabilization of the situation occurred in 2022 when that number rose to 969,295 tourists¹.

Then, a new problem arose, the energy crisis. Its consequences are still being felt. As a result of various factors, justified or speculative, the price of electricity significantly increased in recent periods. One can see it best from the data obtained from the HUPX exchange based in Budapest, Hungary, where we used the period from 2019-2022. What was the spot hourly price movement according to the Hungarian stock exchange, in the period from 2019-2022, with the

minimum, maximum, and average price noted in the respective year, can be seen in Table 1.

Table 1. Price of electricity in the period 2019-2022 (in euros)

No.	Year	Minimal	Maximal	Average
1.	2019	0	138,82	50,36
2.	2020	-8,12	150,02	39,00
3.	2021	-35	620,00	113,86
4.	2022	-2,56	1047,10	271,66

Source: (hupx, 2023)

What we see is a huge price increase in 2022. The reasons lie in the intention that the production of electricity from fossil fuels and atomic energy is eliminated and replaced by renewable sources that are currently unable to meet the needs. Another incident that affected the price and its dramatic increase is the war in Ukraine. It caused a reduction in production in certain parts of Ukraine that distributed large amounts of electricity to the rest of Europe.

The high electricity prices on the world energy market influenced the adoption of a decision by the Regulatory Commission for Energy of the Republic of North Macedonia. According to it, four tariff blocks are determined. Because tourist facilities are large electricity consumers (in quantum), they entered the 4th tariff block with dramatically higher prices. That further affected the energy costs for tourist facilities.

All these three phenomena harm the functioning of tourist companies. We can say with certainty that tourism companies are facing a crisis that affects their performance. Also, in the newly emerging situation, tourism companies face organizational errors and changes in personal understanding. There is a great fear for their future, a real possibility of job loss, and the termination of their functioning. On the other hand, if they decide to reduce the scope of their operations and lay off employees, this may have repercussions in the future with operating at a loss, but also with the inability to provide the necessary workforce in periods when the situation will normalize. Namely, employees who will lose their jobs may reorient themselves to other

¹ www. Stat.gov.mk Database MakStat

activities, look for work in other companies or countries, etc. It will be a huge problem for tourism enterprises to provide the necessary, quality, and trained workforce to perform the activities in this sector.

An effective managerial response to crises in the functioning of tourist companies is needed to eliminate the consequences of these negative influences. These activities are crucial for effective institutional functioning. Novelli et al (2018) concluded that there is a real possibility of getting out of a tourism crisis, according to which, after crises, the tourism industry usually rebounds, which shows that the tourism industry has obvious resilience in alleviating the collapse of demand or supply.

For tourism enterprises to function effectively and efficiently again, their management should take appropriate actions. We can call these activities simply - crisis management. As a function, crisis management describes the actual implementation of an action plan as well as the adaptation of existing tasks and business processes in the case of an acute crisis (Glaesser, 2003).

Crisis management must be an integral part of an organization's contingency planning (Sapriel, 2003). As such, crisis management needs to be treated as part of businesses' mainstream functions, not as an ancillary activity.

Over time, manifestations of tourism crises mainly include economic and financial crises, political conflicts and instability, and public health and safety issues (Fotiadis, et al., 2021). For those reasons, it is crucial to recognize that crisis response strategies can involve functional communication and actions, including information that helps stakeholders avoid harm, in addition to more symbolic management efforts that attempt to manage the organization's public image (Bundy & Pfarrer, 2015). An encompassing interpretation of what is meant by 'tourism crisis management' is made by Santana (2004: 308): "Tourism crisis management one can define as 'the wide-ranging efforts of various organizations to understand and prevent crises and effectively manage the crises that occur, taking into account every step of the planning activities and the interests of their stakeholders'". When talking about tourism, the activities that should be undertaken, according to various authors, are as follows. According to

(Evans & Elphick, 2005:148), the activities that should be undertaken include the preparation of a detailed contingency plan, defining decisional and informational roles and responsibilities, and retaining a degree of flexibility to react swiftly and decisively at an operational level but not to rush into more strategic level decision-making. According to Blythe (2002), the crisis management process includes the following steps: analysis of possible weak points, assessment of existing procedures, identification of new procedures that need to be changed to remove weak points, organization of a crisis management plan, use of the prepared plan, and constant control of processes and weak points. According to Millar & Heath (2004), good crisis management includes three elements: an action plan, the existence of an early warning system to signal a potential crisis, and the company must have a crisis management team that can successfully deal with the crisis.

An appropriate plan should be made for crisis management to be efficient and effective. It includes the following activities (MacDougall, A. et al., 2016):

- Key team members in finance, legal, and security matters are ready to take immediate action in all aspects of the crisis.
- A communication plan that contains a detailed schedule of activities and includes the existence of a spokesperson for public relations.
- A detailed review of the cooperation of all information verification teams.
- Consideration of the possible impact of the crisis on all stakeholders, such as employees, shareholders, suppliers, and other business partners.
- A recovery plan that will allow the company to return to its original state as quickly as possible.

A very significant activity is the formation of the crisis team. The crisis management team must cover a variety of factors aimed at fighting and reducing the damage caused by the crisis. A crisis management team is a department in an organization that manages problems or issues generated by major events that have a bad impact

on the company (Smith, 2000). Therefore, this team will respond quickly and bring some solutions to help the organization recover from the event and meet dynamic and urgent demands effectively and immediately (Moon et al., 2020). Withers et al (2012) suggested that a quality board may reduce the impact of a crisis and enhance leadership efforts.

Here we must refer to the competencies that the members of the crisis management should possess.

Psychological nature skills are significant together with tools used to analyze key events in a crisis, including the amount of control over the event, the extent to which the event can affect the enterprise, the extent of damage done, and the duration of symptoms.

A specific focus is placed on leadership in all phases of the crisis existence to build a team, lead the team, establish teamwork, and maintain high work standards. The importance of the ability to work under pressure is also emphasized.

The crisis team members should possess a high self-motivational ability to predict future situations. They must be loyal, have a high level of professionalism, the ability to notice details, and be consistent and trustworthy, summarizes Schein, E.H. (2010).

Finally, the main question is whether the same management that brought the company into the crisis can also be the bearer of crisis management. About that question, there is no single answer, but two solutions are given (Postolov, 2011: 288):

1. The top management that brought the company into a crisis cannot be the bearer of the crisis management activities.
2. According to the second opinion, top management should be used to get the company out of the crisis.

2 METHODOLOGY OF RESEARCH

Most of the surveys the authors conducted online, to distribute forms to a larger number of respondents, in a shorter time and with lower costs and due to complete anonymity, since the probability of receiving more honest answers is

much higher, although some of the distributed questionnaires were also personally made.

Within the research and about the sample, the following rules were accepted:

1. People who belong to the so-called Generation Y (people born between 1980 and 1996).
2. Regarding the level of education, only people with an academic education were included, regardless of the level.
3. To obtain relevant data and results, the authors determined the sample size to be over 50 respondents.

The questionnaire consisted of 2 parts with a total of 11 questions, of which the first (Section 1) set of 3 questions referred to the respondents' data, including age limit, gender, and level of education, while (Section 2) a set of questions referred to some aspects related to the functioning of tourist enterprises in the conditions of a crisis caused by the pandemic, energy dependence and the war in Ukraine. The questionnaire used the Likert scale for the second part. The respondents expressed their agreement or disagreement through a five-point scale (1 = 'I do not agree at all', 2 = 'I partially disagree', 3 = 'Neutral' (neither agree nor disagree), 4 = 'Partially agree', 5 = 'Completely agree'), but also yes/no questions and structured interview.

3 RESULTS OF THE EMPIRICAL RESEARCH

The first table we constructed is related to the demographic characteristics of the respondents, in terms of gender, level of education, and age. A total of 51 respondents were surveyed. Based on the obtained data, we constructed Table 2.

According to the influence levels of running a business, we classify the crises into 'serious crises' and 'crash crises', we can see the answers in Graph 1.

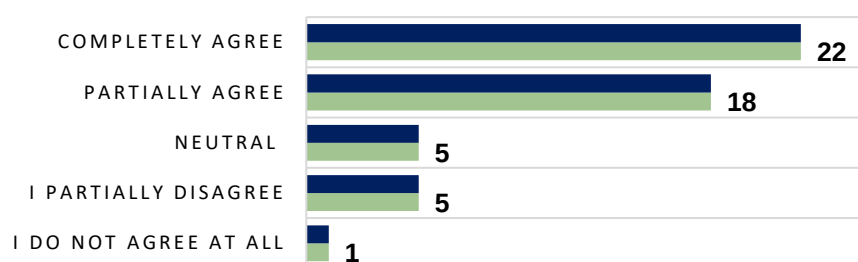
Based on the received data, we notice that a larger number of respondents agree with the given statement.

We constructed the following table based on the received answers to several questions and obtained a mean score.

Table 2. Sample

Sex	
Male	24
Female	27
Level of education	
Graduated	45
Master	5
Ph.D.	1
Age	
Under 25	20
Between 25 and 30	28
Between 31-36	3

Source: Author's research



Graph 1. According to the influence levels of running a business, we classify the crisis into a serious and crash crisis.

Sources: Authors' research

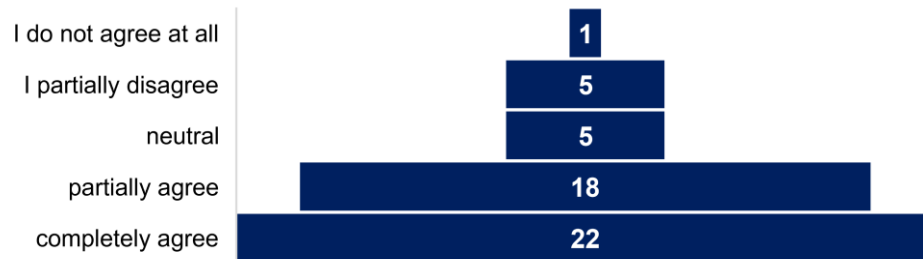
Table 3. Organizational issues related to the crisis.

No.	Constatation	Do not agree at all. (1)	Partially disagree. (2)	Neutral (3)	Partially agree. (4)	Completely agree. (5)	Result
1.	To establish the "enterprise crisis management system"-necessity	22	12	10	6	1	2.06
2.	Need to solve the crisis immediately	3	12	18	10	8	3.16
3.	When a company has a crisis, it should have a special department to handle with responsibility to do so	20	20	11	0	0	1.82
4.	After the crisis is over, my company is changing the way it works to avoid conditions for a new crisis	12	14	18	5	2	2.43
5.	Operation Procedure (plan) concerning crisis management, dealing team, definition, goal, operation procedure, operation handbook, and efficiently measure the performance of management	22	20	8	0	1	1.78
6.	Have you introduced changes in the way your company works?	0	5	15	21	10	3.71

Source: Authors' research

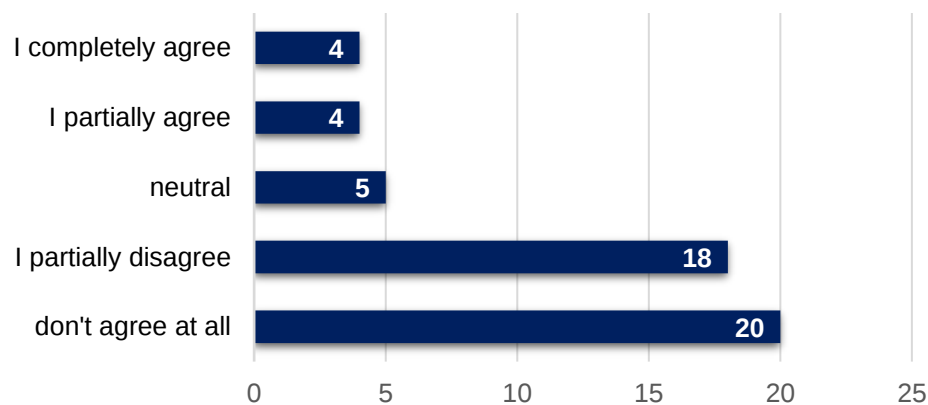
The next two questions are related to whether to use external or internal crisis managers to deal

with the situation. We can see the answers from the following two graphs:



Graph 2. Do you think that external experts such as professional advisers, lawyers, and financial experts are ready to deal with any crisis?

Source: Authors' research

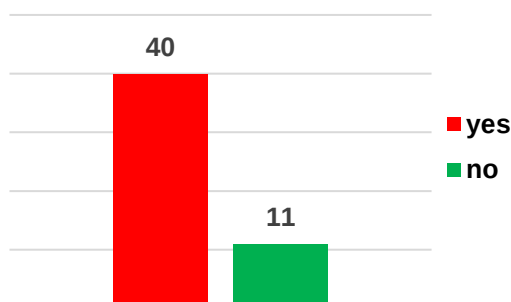


Graph 3. Do you think that in your company some managers and leaders are ready to deal with any crisis?

Source: Authors' research

The last two questions are related to the status of the employees, that is, whether they were fired, as well as the reasons for that situation.

We can see the results of the received answers in the following two views:



Graph 4. Have you fired employees?

Source: Authors' research

Table 4. For what reasons are employees fired?
(Only companies that have a reduced number of employees are eligible)

Answers	Number of answers
Reduced workload	29
Canceled orders	32
Payment difficulties	36
Fixed-term work	35

Source: Authors' research

4 FINDINGS AND RECOMMENDATIONS

Regarding the first question, and according to the influence levels of running a business, we classify the crisis into serious and crash crisis, the respondents to this question declared with a high degree of agreement that we had a serious crisis - the percentage of people who completely or partially agree is about 78.5%. Consequently, we

believe that those people had a high degree of understanding of the situation and the need to take appropriate actions to remove those deviations in the operation.

Regarding the findings from the group "Organizational issues related to the crisis", we conclude that the obtained weighted results are in the interval of 1.78–3.71. The answers to some questions from this group show a low level of perception among the respondents. Therefore, a recommendation is imposed to undertake appropriate measures and activities that will enable effective and efficient functioning and reduction of the negative consequences of the crisis.

The next group of questions was related to the use of external or internal crisis managers to deal with the situation. From the received responses we can see that respondents believe more in solving the challenge by external crisis managers.

If the current management succeeds in reducing the negative consequences of the situation with its activities, our position is that it can also be a crisis management team. But if there is an impossibility for proper management by the current management team, then, in our opinion, there is a need to use external crisis managers.

The last group of questions was related to whether employees were fired and what were the reasons for that. Based on the obtained results, unfortunately, we can state that 78.5% of the respondents answered that there is such a phenomenon.

However, was it the right decision? The following few findings point in the direction that it was not. First, these are people who have specific work skills and knowledge; therefore, their replacement will take a long time. Second, there is a possibility of a fluctuation of employees from the tourism sector to countries that need this kind of human resource and are prepared to pay more, compared to hiring them in their domestic countries. Finally, those managers must ask themselves whether after firing these employees, they will become more resistant to returning to their old jobs, which creates the impossibility of quality performance of this activity.

Based on our findings, a significant recommendation is that it is a management skill to find a way to retain employees.

5 CONCLUDING CONSIDERATIONS

1. Tourism companies are of great importance for workforce employment and are an effective means of reducing unemployment. They are potential employers who, due to the specificity of the activity they deal with, must be in all parts of a country, and in which labor is engaged, thus reducing unemployment. Also, this type of enterprise provides certain types of services and products. Finally, they are an excellent source for generating a large income, which makes their impact on the creation of the country's gross domestic product significantly felt, so they are of great importance for the development of economies.
2. As shown in this paper, tourism enterprises operated in the conditions of the SARS-CoV-2 pandemic, the energy crisis, and the war in Ukraine for a long time. All those external factors affect the efficiency and effectiveness of their operation with negative impacts on several dimensions of their operation. It implied a reduction in the number of tourists, with a simultaneous cost increase because of the listed unexpected unfavorable events.
3. Tourism companies must apply crisis management methods and tools to eliminate the negative consequences of these unfavorable events. Crisis management is a process that includes many intertwined activities. All activities aim at achieving a common goal, ensuring effectiveness and efficiency. Tourism companies must consider several dimensions. First, one must possess a certain level of knowledge about the characteristics and principles of operation of tourist enterprises in crisis conditions. Therefore, knowing the essence and content, i.e., the characteristics and principles of functioning, suits everyone. It is appropriate not only for managers who manage companies but also for employees, who, knowing the basic features, can more effectively align their own goals and interests with common goals and interests.

4. In crisis management, managers must determine the threat level before taking the next steps in crisis elimination. After defining the character of the crisis, the next steps are taken in terms of planning to get out of the situation, determining the team, taking appropriate actions, and the time frame. A highly treated issue in that process must be related to employees. They must accept the situation the enterprise finds itself in, which may require taking painful action on their income and possibly employment status. There is no optimal solution in that process. But in our opinion, the management should take action to find a way to retain employees, which creates employee loyalty to the company.

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