

# Public-Public Partnership and Tourism Development Strategy: The Case of Municipality of Gazi Baba in Macedonia

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**Abstract**—Tourism development strategies are an important link in the tourism policy that is used to make its management better and easier. A public-public partnership (PUP) is a partnership between two or more public authorities or between a public authority and any non-profit organization with the goal of providing services and facilities or transferring technical skills. The paper presents this kind of partnership between two public authorities in Macedonia, the Municipality of Gazi Baba on one hand, and the University of Goce Delcev on the other. The main idea of this partnership is the development of a tourism strategy for the Municipality of Gazi Baba by the University on one side, and on the other, the construction of a mini park in the court of the University by the Municipality. This paper presents the causes and analyzes the procedures relating to this partnership and the methodology of the tourism development strategy. It contains a relevant literature review related to PUPs and tourism development strategy. The results and benefits of this partnership are presented with figures.

**Keywords**—Public-public partnership, tourism development strategy, municipality of Gazi Baba, Macedonia.

## I. INTRODUCTION

As a unique phenomenon, tourism today is present in all countries in the world and has constant tendency of increasing its growth globally [1]. There is no country in the world that does not develop some type of tourism sector or a country where citizens are not involved in tourist travel and movement outside of their permanent place of residence. Basically, the technical definition of tourism is just that, a trip for various reasons such as business, pleasure, sports and recreation, or other reasons. International tourists' arrival in 2016 has reached 1.235 million (3.9% increase compared to 2015), tourist's expenditure reached to 1.400 billion US dollars in 2015, and the tourism industry participated with 10% of the global GPD (gross domestic product) [2]. Every eleventh employed person in the world is employed within the tourism industry.

More and more countries recognize the great role of tourism, both in terms of cultural prosperity and economic benefits. For this reason, the countries at each level (national, regional and local) are strategically planning and creating policies for development that are known as tourism policies [3]. Many countries encourage the development of international tourism through different forms of support. At the national level, the development of international tourism is

falling under the Ministries and State Agencies of tourism. Generally, these institutions are engaged in carrying out activities such as controlling and regulating tourist activities; gathering information about the industry; preparing a national strategy for tourism development; preparing a national tourist marketing and advertising campaigns, and more [4].

The term tourism policy describes the conscious activity of a country or society in the field of tourism in order to develop the two main sectors of the industry (accommodation and food and beverage) as well as the development of all other sectors [5]. The main objective of this policy is to undertake measures and activities that will fully activate all factors for development of hospitality and tourism towards the increase of hospitality revenue and consumption as well as to improve their structure and quality. Tourism policy fulfills a certain set of functions, these include [6]:

- defines the rules and the terms under which tourism operators function;
- sets out activities and behaviors that are acceptable for visitors;
- provides a common direction and guidance for all tourism stakeholders in a destination;
- facilitates consensus around specific strategies and objectives for a destination;
- provides a framework for public and private discussions associated with economic and social benefits of the tourism industry; and,
- allows tourism to interface more effectively with other sectors of the economy.

The development and planning of strategies for tourism development is one of the existing instruments of tourism policy. For successful management and development of companies, industries or sectors at the local, regional and national level, often special programs and development solutions that are called strategies, are produced [7]. This term is used in with regard to the economy, and specifically in tourism and hospitality during the last forty years. In the contemporary tourism and hospitality sector, the creation of development strategies and action plans for future progress are recommended.

PUPs are the collaboration between public authorities and organizations in order to improve the effectiveness and capacity of partners, provide services and facilities, and to transfer technical skills and expertise. This collaboration may occur between public authorities of the same type or between different types of public authorities [8], and between

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countries. The legal systems of countries do not restrict the freedom of a contracting authority to perform the public interest tasks conferred on it by using its own administrative, technical and other resources [9]. There are various kinds of PUPs, according to types of partners: public authority–public authority; public authority–community; development partnerships; and international PUPs. The typology of PUPs, according to objectives, include: service efficiency and/or effectiveness; capacity development and human resources; defense against privatization; accountability and participation; and other objectives. A range of different partners and objectives from various sectors can be observed from the cases of PUPs around the world, but most of them are in the field of water [10]–[14]. A review of existing literature shows that neither a uniform nor common PUP definition can be found [15], and it appears that PUPs concept has originated as a response to the concept of public–private partnership. Nevertheless, this concept combines various forms of collaboration and integration between public sector institutions. Relevant literature shows many cases in public–private partnership in different fields of science [16]–[20], while only a small number of PUPs cases were found concerning tourism. For the purpose of this paper, the case of one successful PUP between two public authorities in Macedonia is presented, the Municipality of Gazi Baba and the University of Goce Delcev. The primary goal of this partnership is preparing a strategy for tourism development of the Municipality of Gazi Baba by the University, and the horticultural and urban arrangement of the buildings and surrounding parklands of the University by the Municipality.

## II. BASIC INFORMATION ABOUT THE MUNICIPALITY OF GAZI BABA

### A. Location

Macedonia is a country located in the central part of the Balkan Peninsula, covering an area of 25.713 km<sup>2</sup>, with a population of more than two million. Centuries ago, this country was a geographical, political and cultural link between the eastern and western parts of the world [21]. Although it is a relatively small country, it abounds with beautiful scenery and cultural and historical heritage that are important factors that affect the development of tourism.

The Republic of Macedonia has borders with: Serbia and Kosovo to the north, Bulgaria to the east, Greece to the south, and Albania to the west. The capital and largest city - Skopje, located in the northern part of the country, on the upper course of the Vardar River is home to over half a million people. It is the country's cultural, academic and economic center. Many state institutions and ministries, as well as the Government, the Parliament, the Presidential Palace, a many foreign embassies and consulates are located in Skopje. There are international bus and train stations, a cable car that scales Vodno Mountain, as well as organized sightseeing tours and bike rentals available. There are also more than 150 hotels, hostels, villas, apartments, pensions, numerous restaurants and cafes, about 200 travel agencies, themed restaurants, guest

houses, kebab restaurants, pizzerias, bakeries, pastry shops, pubs, clubs, discos, playrooms etc. Tourism is one of the main priorities of Skopje. According to the tourism website, Trip Advisor, the top places to visit in the city are: the Lake Matka, Vodno Mountain, the Monastery of St. Pantheleimon, the Old Bazaar, the Stone Bridge, Macedonia Square, the Millennium Cross, the church of St. Spas, Mother Teresa Memorial House, the Cathedral of St. Kliment Ohridski, Museum of the Macedonian Struggle, and Mustafa Pasha Mosque and the national archaeological museum. All of these sites are located in 10 municipalities including Gazi Baba.

### B. Profile of the Municipality

Gazi Baba was established in 1976. It is a modern administrative unit of the local government with 100 employees. The Municipality body is composed of 10 sectors and a special department of human resources and operates under certified management system that meets ISO 9001:2008 requirements. The Municipality actively participates in national and international development projects. The main sectors are: Mayoral Support Department; Department of Legal and General Affairs; Department of Public Affairs; Department of Financial Affairs; Department of Urban Planning; Department of Public Works, Transport and Energy Efficiency; Department of Environmental and Nature Protection; Department of Local Economic Development and Information and Communication Technology Development; Department of Inspection - Inspection and Internal Audit Division.

Gazi Baba, located at an altitude of 173 meters with a population of 72,617 inhabitants, covers an area of 92 km<sup>2</sup>. The average annual temperature is 12.5 °C. There are numerous educational and health facilities, indoor and outdoor sports facilities, conference and concert halls. The city is home to around 5,066 companies that operate businesses in various fields: Agriculture, forestry and fishing (32); Mining and quarrying (8); Manufacturing (320); Electricity, gas, steam and air conditioning (16); Water supply; sewerage, waste management and remediation activities (18); Construction (178); Wholesale trade and retail trade; Repair of motor vehicles and motorcycles (946); Transportation and storage (335); Accommodation and food service (91); Information and communication (66); Financial and insurance activities (10); Real estate (35); Professional, scientific and technical activities (137); Administrative and support service activities (62); Public administration and defense; Education (18); Health and social care (76); Arts, entertainment and recreation (14); Other (68).

### C. Natural and Cultural Resources

There are a lot of natural and cultural resources in Gazi Baba. The most important natural resources are: the botanical garden, Lake Smilkovci, Vardar River, the mountain of Skopska Crna Gora, and Forest Park. The most important cultural resources are: large number of religious buildings (churches, monasteries and mosques), monuments, around 10 archaeological sites (Tumba - Madzari is the most significant

Neolithic settlement), as well as an abundance of organizations and events.

#### D. Tourism

Tourism is an important source of income for Skopje. Most of foreign tourists visiting Macedonia are accommodated in this city as well. Within the boundaries of the Municipality, more than 90 companies offer accommodation and food services. In Gazi Baba, there are various restaurants and catering facilities such as wineries, guest houses, kebab restaurants, pizzerias, bakeries, pastry shops, cafes, pubs, student cafeterias, etc.

There are only two registered accommodation facilities in Gazi Baba, with a capacity of 210 rooms, 435 beds and 132 employees. With regards to the planning of tourism development for the municipality, emphasis should be placed, above all, on creating the possibility to develop cultural and historical tourism; gastronomy and wine tourism; transit tourism; industrial tourism; health tourism; business tourism; sports tourism and educational tourism.

### III. METHODOLOGY OF TOURISM DEVELOPMENT STRATEGY OF GAZI BABA

#### A. Methodological Framework

Tourism Development Strategy of the Municipality of Gazi Baba is a document that outlines the potential opportunities for sustainable tourism development in the area. The strategy has several objectives to outline the natural and anthropogenic tourist values, services, activities and types of tourism that can be developed. Those objectives define the methodology. During the process of the preparation of the strategy, the following steps were undertaken: initiating cooperation, holding meetings, memorandum of cooperation signed between the Municipality of Gazi Baba and the University of Goce Delchev, team building, field research and literature review; organizing workshops, writing, presenting and approving the strategy.

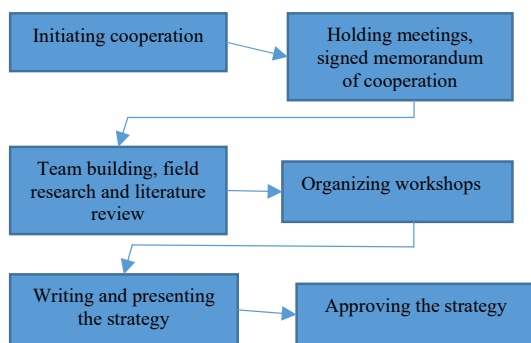


Fig. 1 The process of the preparation of the strategy

In the process of preparation of the tourism strategy were used research methods and tools such as content analysis of European and world tourism development plans and strategies; analysis of legislation and statistical reports related to hospitality and catering industry; qualitative research (focus

groups and workshops); conducting unstructured interviews; creative thinking; field research with photography; analysis of relevant literature review, bibliography and internet sources; cartographic analysis; 6A frame for analyzing the destination etc. The tourism strategy was prepared in accordance with existing travel policy in Macedonia and is based on the relevant plans, programs and strategies such as the National Tourism Development Strategy of the Republic of Macedonia 2016-2020; National Strategy for Rural Tourism Development 2012-2017; National Strategy for Health Tourism Development 2012-2018; Sub-strategy for Sports Tourism Development 2015 - 2018; Sub-strategy for Traditions and Events in the Republic of Macedonia; Sub-strategy for MICE (congress) tourism development; Strategy for Tourism in Skopje 2014-2018; Program for Skopje Region Development 2015 - 2019; Study on mapping of Natural and Cultural Heritage in Skopje Region; Strategy for Local Economic Development of Gazi Baba 2013-2016; Sub-strategy for Rural Development of Gazi Baba, etc.

The process of the preparation of the strategy also took into account the modern trends in tourism as well as the interests of the concerned parties, such as:

- Local people living or working there which provide local resources to visitors;
- Business community, interested in the development of the tourist destination as it provides tourism products and services;
- Public sector, interested in employment, encouraging regional development and increase of the overall income and plays an important role in the development of the tourist destination;
- Other participants such as non-governmental organizations, associations, investors, craftsmen, etc.;
- Visitors and existing and potential tourists that use the tourism products and services in the destination.

The main motive for synergies and PUP between the Municipality and the University are their common interests. The Municipality had previously issued two public calls for a national strategy and nobody applied to prepare it. On the other hand, the University needs to landscape the garden and to involve its employees and students in research and social contribution to exploit their knowledge.

The whole process of developing the strategy, from the informally initiated cooperation to the final version of the strategy approved by the Council of the Municipality of Gazi Baba, lasted one year. A lot of activities were conducted during this process: more than 20 meetings of the teams established by the University and the Municipality, 30 informal meetings, workshops with the private sector, field research relying on photography and maps as well as designing and presenting the strategy. The team is composed of 12 professors and students, six municipal employees and 16 participants of private and non-governmental organizations.

In the process of preparation of the strategy were included only participants from both institutions, without external collaborators. During that period of time, the Municipality designed the University garden. The employees placed

benches, waste bins, bike docks, planted cypresses and built a 120 meter-long walking track. This mini park is the perfect place for students to spend time between classes.



Fig. 2 Cover page of the tourism development strategy document



Fig. 3 Mini park

#### *B. Action Plan, Strategic Objective, Priorities and Measures*

During the process of designing the governance documents, part of the strategy is setting the vision and mission as a basis for further development.

The vision of the tourism development strategy is "Gazi Baba is a modern and coveted tourist destination with a wide range of tourist attractions, recognizable to domestic and foreign tourists and visitors throughout the whole year." The mission of this strategy is "Increasing the economic impact of tourism on the Municipality development."

The Action Plan is made in accordance with the main objective, which stems from the vision and the mission of the strategy and contains all the important information as a result of the research, as well as the workshop and the work with the focus groups. The main objective of the tourism development strategy in the Municipality of Gazi Baba is to create conditions for tourism development. This objective would be implemented through three main priorities with their own measures of action. The measures are described by the following parameters: activities, carriers, timeline and indicators of success.

Priority 1. Capacity building and partnerships aimed at exploitation of the natural and cultural heritage and other resources, and includes the following measures: destination management organization, encouraging investment activities in tourism; strengthening the capacity of the municipality - opening a Tourism unit in the Department of local economic

development; partnerships and collaborations with municipalities in the country and abroad; development of all types of tourism; organizing innovation competitions - case study and founding of ethnological museum.

Priority 2. Development of tourism infrastructure and promotion includes the following measures: tourist information center; creating tourism and recreation areas along the Vardar River; marking of significant tourist sites; urban plan for sports - recreation and spa center outside the urban area; construction of parking areas for tourist buses; establishing public facilities and restrooms; construction of zip lines and adrenaline park; Internet promotion visitgazibaba.com, social networks; creating promotional material for the Municipality, souvenirs, tourist guide; promotion of the Municipality at tourism fairs; making tourism facilities accessible to people with disabilities.

Priority 3. Designing a recognizable tourist offer and tourist products includes the following measures: training of local tourist guides in the Municipality of Gazi Baba; the natural beauties in Gazi Baba as an eco destination; travel arrangements to visit the Municipality; a survey on tourist and visitors attitudes; organizing a conference on tourism products and events; creating a mobile application for the Municipality of Gazi Baba and making the gastronomic offer in restaurants.

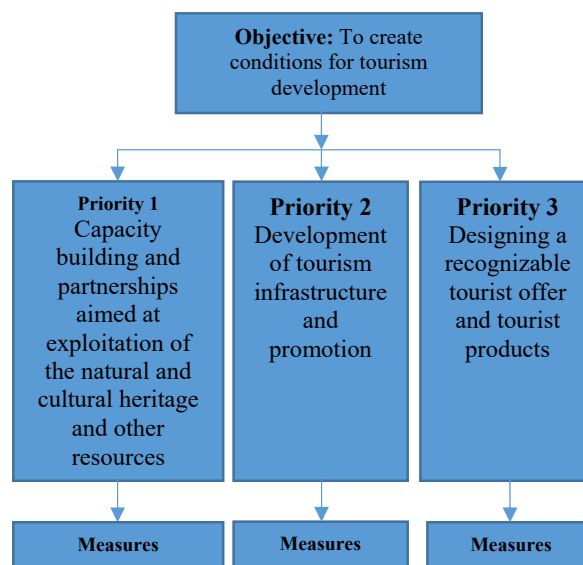


Fig. 4 Strategic objective, priorities and measures of the Action Plan

#### *C. Monitoring, Evaluation and Implementation of the Strategy*

The new created model of monitoring, evaluation and implementation is very important for the final use of the strategy from theory to practice and leads to successful monitoring and implementation of the strategy. Based on this model, the future strategy may be completed in the areas where this has not been implemented; it may also be given explanations and guidance for future tourism development in the Municipality.

The basis of the model is creating a Commission that performs monitoring, evaluation and implementation of the strategy. This Commission should include members from all interested parties, the Municipality, the business community, project managers and so on.

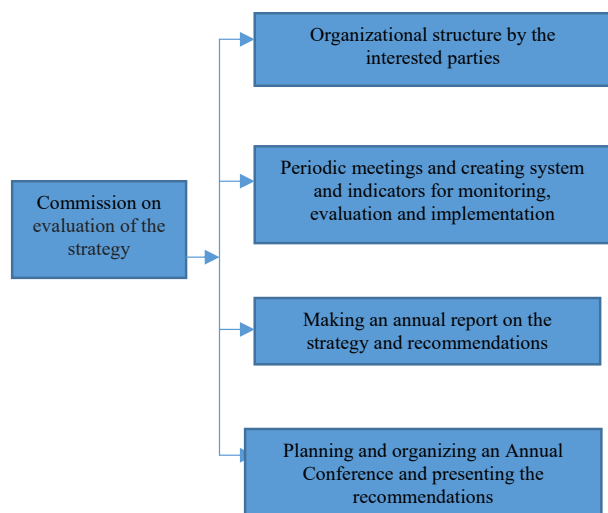


Fig. 5 Model of monitoring, evaluation and implementation of the strategy

#### IV. CONCLUSION

The purpose of this paper is to present one case of PUP in the field of tourism and to complete the existing literature in this field. Basically, this paper asks and answers couple of questions: How can the PUPs concept promote effectively with policy makers and governments? How can PUPs help resolve some of the capacity building and financial challenges of public institutions? How can tourism development strategy assist in the sharing of PUP-related information among public bodies?

This story about the cooperation between the two institutions does not end here; on the contrary, it just has begun. Additional to the development of the tourism strategy, the employees from both institutions realized that in the future they could work together in many other areas to make best use of their facilities. By incorporating the University into the destination management organization, it strengthens its ties with public, private and non-governmental organizations and successfully integrates processes in the hospitality industry. Although it is relatively small and refers to very small territory, this successful example may be applied by other public institutions not only for similar activities related to tourism, but also for many more initiatives and infrastructure projects.

Aside from the PUP between the Municipality and the University, the paper also presents the methodology of tourism development strategy, which is of great interest to researchers dealing with issues of strategic planning and tourism policy.

#### ACKNOWLEDGMENT

The authors would like to express gratitude to all those who participated and assisted in the preparation of the tourism development strategy of Gazi Baba Municipality: the employees and students from the Faculty of Tourism and Business Logistics at the University Goce Delcev, the representatives of the private sector and NGOs, and the employees of Gazi Baba Municipality, and all remaining participants who willingly gave a sincere contribution.

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