



The Role of Tourism Enterprises in Kosovo

Idriz Kovaci¹ 
Alberta Tahiri² 

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Abstract: *The purpose of this paper is to assess the importance of the tourism enterprises in Kosovo in the level of satisfaction of tourists visiting Kosovo and in identifying the role played by the restaurant sector in promoting the traditional cuisine of the area, based on local production. The data to carry out this work were provided from extensive and contemporary literature as well as from primary sources, using quantitative research through questionnaires and qualitative research through in-depth interviews with chefs of restaurants operating in the tourist areas of Kosovo.*

1. INTRODUCTION

Kosovo has a tradition in tourism, which should be recognized since it dates back to the 80s and due to twenty years of political unrest in Kosovo and beyond it has stalled and could not follow the world steps in the tourism industry. It turns out that the existence of Kosovo tourism products can not be ignored, but it is necessary to review the registered and categorized resources and with the help of marketing and its instruments to prepare a plan and strategy for the better sectoral performance of the offer is available in the domestic and international tourism market. So far, many tourism development initiatives have been implemented at both central and local levels, mainly through donor assistance (GIZ, SIDA, Care International, USAID KPEP), as well as the public and private sectors of Kosovo. While these individual initiatives appear to have succeeded on a small scale, their potential impact on sustainable development appears to have been hampered largely by their narrow focus on economic development and environmental protection. They have not increased the total number of tourists and, in particular, have targeted certain local destinations, as there was a lack of a collective approach to these initiatives to promote themselves as a common product. This is necessary if these actors want to make Kosovo competitive in the global tourism market. In general, the projects of international organizations and civil society organizations to some extent have filled the gaps left by the government to manage this sector responsibly. However, most of the projects relied on imported models and lacked proper contextualization according to local conditions and capacities.

Some development projects have been implemented in Kosovo by various organizations and institutions, which have mainly received international funding. The most common donor agencies for tourism development projects were the European Union, the German Agency for International Development GIZ, United Nations Program for Development, the United States Agency for International Development, and several other national agencies.

¹ Faculty of Tourism and Environment, University of Applied Sciences in Ferizaj

² Faculty of Tourism and Environment, University of Applied Sciences in Ferizaj

The European Union Office in Kosovo has given high priority to support for Regional Economic Development in Kosovo by European best practices, where tourism entrepreneurs enjoyed a central focus on regional development strategies. Work towards regional economic development began in 2008 with launching preparations for the first technical assistance project for the establishment of an RDA network to cover the territory of Kosovo. Currently, the five Regional Development Agencies implement a dynamic development agenda and in the last three years have launched many tourism enterprise development projects.

As one of the good practices, the European Commission funded the Tourism Development Project “See you in Dukagjini”, implemented by the organization Cultural Heritage without Borders. Promoting community-based tourism development in Strpce with a focus on strengthening tourism enterprises throughout the year and regional integration, and Promotion of spa tourism in the Klokot region. UNDP Kosovo supports the development of tourism in Kosovo through the project Sustainable Land Use Management and Biodiversity Conservation in the municipality of Dragash (Rexhepi, 2012).

2. TOURISTS AND TOURISM ENTERPRISES IN KOSOVO

According to the Statistics Agency, in 2019, 192,761 foreign tourists came to Kosovo. Tourism in Kosovo is becoming one of the sectors that are giving impetus to economic and social development. The rapid growth of tourism in Kosovo follows the global trends in this sector, especially in the last ten years. There is a constant introduction of new tourism products, improved supply to destinations, and in general, services are modernized and diversified. Tourism, therefore, is becoming one of the sectors that are giving impetus to economic and social development.

According to the World Tourism Organization, in 2018 more than 700 million tourists arrived in European destinations and it is estimated that during their stay, each spent an average of 800 US dollars. In the same year, according to the Kosovo Agency of Statistics, 192,761 foreign tourists came to Kosovo. These visitors are mainly from German-speaking countries, from Turkey as well as from the diaspora. It is an interesting fact that many Asians come to Kosovo as part of Balkan tours. In addition to foreign tourists, local visitors, i.e. residents of Kosovo who choose to spend weekends or holidays in various destinations within Kosovo, are an important group of users of tourist services. This group is also growing from year to year. According to the Kosovo Agency of Statistics, in 2019 the number of domestic visitors who visited various destinations within Kosovo was 108,043.

3. THE IMPACT OF GASTRONOMIC ENTERPRISES ON THE DEVELOPMENT OF TOURISM IN KOSOVO

Chefs can be motivators for changing not only tastes and eating habits but also in support of local farmers. By incorporating fresh ingredients into their recipes, chefs create stronger links between farmers and restaurants, as well as between farmers and consumers. In 2019, world-famous chefs Fejsal Demiraj and Entiana Osmenzeza organized the event “Taste of Kosovo” where they served dishes prepared entirely from ingredients grown or collected throughout Kosovo. The event was part of the Albanian gastronomy expedition, a project of the RRNO Foundation, which aims to document and rediscover Albanian cuisine. The expedition pays special attention to local farmers and producers. There are so many delicious and healthy things to eat in nature, we just have to look for them and find them! Outdoor activities, but also in urban centers are a necessity of a pleasant tourist offer, which have a positive impact on the decision of tourists to extend their stay at the destination. Kosovo’s tourist offer is interesting and diverse for every type of tourist and it is getting richer.

4. NEW PRODUCTS AND THEIR IMPACT ON TOURISM

Only in 2019, new tourist products were launched in Kosovo such as a Via Ferrata in Prizren; another Via Ferrata in Peja in addition to two existing ones; in Peja, tourists can already experience the thrill of the Tibetame Bridge; parachuting, kayaking, mountain biking, hiking combined with yoga, winter sports are some of the most popular outdoor activities. More modern products such as “escape room”, museum of illusions, and cultural events have already become part of Pristina’s offer. Meanwhile, a long list of emerging products is being added to Kosovo’s existing offer. Near Pristina, Bear Forest will soon launch a natural trail with six attractions for families, near the river Lumbardh in Peja, a camping area is being built with six products and intertwined activities, in Prizren, work is underway to open a museum of filigree. These are some of the newest investments.

Tourists and visitors now find it even easier to experience Kosovo’s tourist offer, thanks to a new service being developed in the market - local guides. These professionals have information about the history, myths, and beauty of destinations and know how to send tourists to the right places. *“Apart from the financial aspect, the effects of the increase in the number of foreign tourists and domestic visitors to the destination Kosovo are also felt in other related sectors, which directly or indirectly are resulting in an increase in jobs, in local production, in increasing the number and quality of services, but also improving Kosovo’s image in the world,”* says Blerina Batusha Xërxa from Swiss contact which since 2014 cooperates with Kosovo’s institutions for the development of tourism sector thanks to financial support from the Swiss Agency for Development and Cooperation.

Destination marketers and tourism-related business owners have seen tourism as any other convenience, resulting in marketing strategies and promotional campaigns focusing solely on the purchase transaction and increasing the number of visits to the selected destination. There are some facts and figures:

- 22% of large hotels have restaurants.
- There are over 11,680 rooms in Kosovo.
- In large hotels, about 50.6% of guests are international tourists, about 22.7% are from the diaspora and 11.8% are local visitors.
- The economic impact of tourism on accommodation units and restaurants is estimated as follows € 153 million in 2017 and about € 202 million in 2019. The ‘utilization rate’ in hotels is estimated at 49%, while in smaller accommodation units (like Airbnb) at around 60%.

To contribute to the increase of things to be done in Prishtina - for visitors, tourists, and residents of the city come to the “escape room” RAZ, an investment by a group of young people coming from the world of tourism. The idea for opening this space of rescue games was to meet the demand of visitors to Pristina to have more things to do while visiting the city. Space will improve the local offer and will have an impact on increasing the number of visitors, length of stay, and the number of expenses.

The rise of the gastronomic tourism segment presents a new need for marketers and business owners, requires a new way of thinking about tourist travel, from a more sensitive perspective, and a focus of marketing efforts on consumer experiences. Culinary businesses are sharing their ‘secrets’ with tourists and in return these tourists tend to evaluate the tourist experience more positively. Presenting a strong identity and a positive image has become one of the most important requirements of marketing strategies in creating a strong competitive advantage.

Today's tourists are part of the fourth generation of tourism markets where these consumers are looking for new experiences that best suit their individual needs. It is for this reason that the tourism industry is moving towards the creation of travel packages, in search of meeting the requirements, paying attention to emotions and hedonistic consumption, in creating holistic impressions with a direct impact on the formation of the image of a destination. The changing demand of tourists comes as a result of demographic changes, with a significant increase in the average age of the population, who are more interested in experiencing experiences than just "things". In this regard, tourist destinations tend to create innovative products which stand in the early stages of the product life cycle.

5. RESULTS

The number of businesses registered in the industry in 2012 was 2,089 1,938 micros, 141 small, 9 medium, and 1 large company (Figure 1).

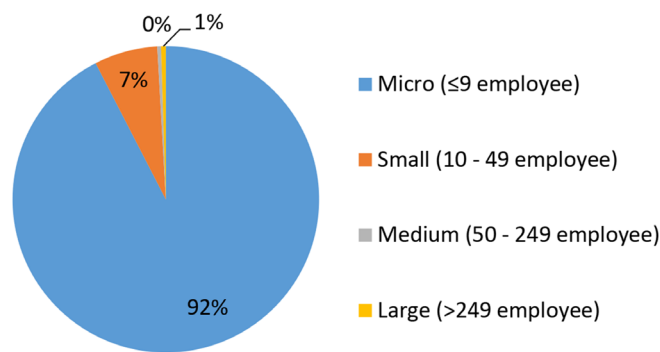


Figure 1. Distribution of businesses by size

Source: UNDP Survey, 2013

The following activities are considered part of the hotels and motels industry, hotels and motels without restaurants, youth hostels and mountain resorts, camping sites including caravan sites, short-stay facilities, restaurants, bars, canteens and kitchens, and travel agencies. The largest number of businesses in the tourism industry are based in the region of Pristina (36.6%), followed by Prizren (17.2%) and Peja (10.1%).

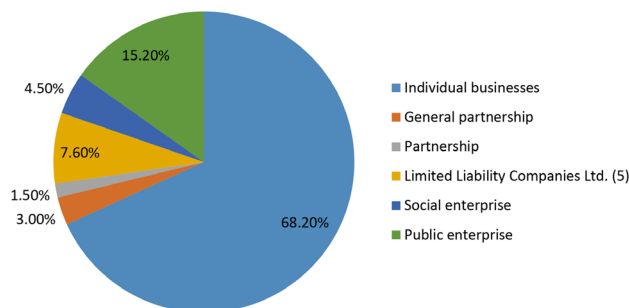


Figure 2. Distribution of businesses by ownership structure

Source: UNDP Survey, 2013

Of the 66 businesses that participated in the survey, 45 of them (68%) are individual businesses, 10 (15%) public enterprises, followed by other categories (Figure 2). About 97% of the business owners who participated in the survey are Kosovo Albanians. Of the owners who took part in the survey, 43.8% are aged 22 to 41, and 56.3% are aged 42 to 65. Surveys stated that only 9.1% of women are part of the ownership structure of their business.

Most employees in the tourism sector have completed secondary education, while 27% of businesses reported employing 5 or more men with a university degree and 26% employing 5 or more women with a university degree. Of the businesses surveyed, 22% provide on-the-job training for their employees (Figure 3).

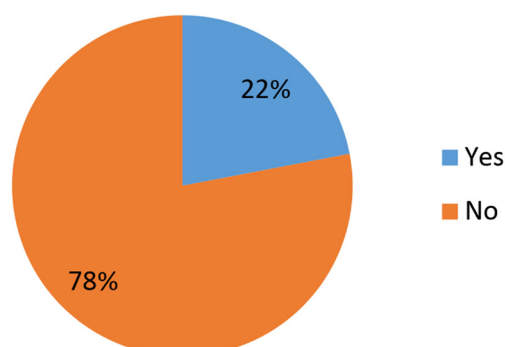


Figure 3. Employee education in tourism enterprises

Source: UNDP Survey, 2013

Regarding the difficulties related to human resources in the tourism sector, businesses have highlighted the following issues: lack of skilled workers (over 50% think this is a problem), high cost of skilled workers (almost 50% think this is a problem), lack of vocational high school graduates suitable for the sector (53%), high cost of sector-appropriate vocational high school graduates (50%), lack of sector-appropriate university graduates (55%) and high cost of sector-appropriate university graduates (almost 50%).

The average monthly costs of supplies for the surveyed businesses were € 21,214 (minimum cost) and € 32,732 (maximum cost) in 2012. In terms of utility costs per year, 85% of businesses stated that they paid up to € 1,000 per year for electricity, 94% paid € 500 and € 800 for water and about 80% of them paid up to € 1,000 for fuel. In terms of their total value of products, most of the businesses surveyed reported that this amount does not exceed € 100,000 per year (85% for 2011 and 83.37% for 2012). Only 3% of businesses reported products worth more than € 5 million.

The survey results show that most businesses have declared their average annual revenues for 2011 and 2012 in two main categories, € 10,001- € 50,000 and € 50,001- € 250,000, while 2.63% and 2.56% have declared annual revenues of over € 1 million for 2011 and 2012, respectively. The accommodation and food service sector generated an annual turnover of € 34 million in 2007, accounting for 2.28% of GDP. However, official data from the Kosovo Agency of Statistics (KAS) show that the contribution of hotels and restaurants in GDP varied from 0.7 - 1.4% during the years 2006 - 2011. This is evidence of the lack of reliable data on tourism and its participation in the economy of Kosovo.

Most of the revenues from tourism are estimated to be from the private sector (90 - 95%), while the rest are from the public sector (5 - 10%). In 2012, the number of visitors increased by 18.86% compared to 2011, while the number of overnight stays during the same period increased by 16.20%. An increase was also realized in the number of foreign visitors (60.76%), as well as in their sleeping postures (38.7%).

According to KAS statistics on hospitality, foreign visitors who have stayed the longest in Kosovo come from the following countries: Albania, Croatia, Germany, Great Britain, Italy, Slovenia, Turkey and the USA. According to the data of the Association of Alternative Tourism in

Kosovo (SHATK), Kosovo has realized a 20% increase in the number of foreign tourists in the first six months of 2013, compared to the same period in 2012. Kosovo, amid substantial changes at a developmental stage where tourism is being considered as an essential asset.

The total number of men employed in the surveyed businesses was 929 from 2011 (average 15 per business), while the number of employed women was 302 (average 7 per business). These numbers declined low in 2012, with businesses reporting a total of 912 men and 274 women employed. Almost 24% of businesses employed non-Albanian staff in 2012. About 22% of surveyed companies reported average monthly expenditures for salaries from € 80 - € 800; 35% between € 1,500- € 3,000, 31% between € 3,200- € 9,400 and 12% between € 12,000 and € 43,000.

6. CONCLUSION

The first challenge for the development of tourism enterprises is the lack of official data and statistics. Therefore, data are extracted from a range of sources to gain an overview of this industry. This is due, in part, to a lack of a common understanding of how different government agencies related to tourism are. MTI has presented a list of enterprises considered as tourism entities, but given the economic impact of cultural activities (festivals and similar events), a redefinition should be made to raise and expand this list of entities considered to be related to tourism.

Kosovo lacks tourism managers and mid-level professionals in hotels and restaurants. Managers running tourism enterprises lack proper formal education, while mid-level staff usually consists of unqualified young people who do not have training opportunities. The low number of female business owners adds to the problem of educated managers, given that the current percentage (9.1%) is a large discrepancy with the percentage of the female population. Some high schools in Kosovo have courses in tourism and management/hotel services, while three higher education institutions in Kosovo (two private colleges and a public university) offer tourism studies. The curriculum of university departments needs to be further improved to be more competitive and in step with modern international developments in this sector.

In general, Kosovo and most of its cities lack the necessary materials to promote tourism. Failure to approve the tourism development strategy has slowed down institutional coordination and impacted tourism promotion initiatives, while many cities lack adequate points for tourist information.

Putting tourism at the top of the list of priorities in Kosovo's development strategy and public policies will inevitably have a positive impact on overcoming the many challenges identified in this report. Kosovo officials should consider tourism as a real potential for development and invite all relevant actors (municipalities, businesses, civil society, tour operators, etc.) for an inclusive policy dialogue that could produce an approach strategic for tourism development. The role of the newly formed Tourism Council in Kosovo is essential in coordinating the policy dialogue process.

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