

*Preliminary communication*

## **THE IMPORTANCE OF SMALL HOTELS IN TOURISM INDUSTRY DEVELOPMENT**

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### **Abstract**

The tourism industry is experiencing its greatest expansion since the time of Thomas Cook until today. Namely, the last 20 years have been a sign of dominant growth and development of tourism, in addition to the fact that at the same time, the world economy is under attack from economic crises. The continuous and high development of tourism is due primarily to the expansion of the hotel industry, seen through the parameters: investments in new hotel capacities, increasing the level of quality of services, and an offer that should satisfy the demands of the modern tourist. Dynamic development and the changes that it conditions dynamize the competition of tourist entities to keep up with the ever-increasing competition in the international tourist market. Discerning modern tourists, in addition to insisting on value for the price they pay, prefer programs of the type that provide "rest for the soul", which are distinguished by ecological, health, recreational and spiritual contents, healthy organic food, and warm hospitality from their hosts, which is called a kind of new tourist vision. At the same time, they expect their requirements to be fulfilled in full and with delivered value for money - value for many, but also hospitality and a kind of integration with their hosts, which is primarily possible in small hotels, which is why they can be called "small hotels" with a big soul".

Keywords: hotel, service, staff, quality, competition

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### **INTRODUCTION**

The tourism industry is experiencing its greatest expansion since the time of Thomas Cook until today. It is the fastest-growing industry in the last 20 years, even though at the same time the business world is shaken by economic crises, almost continuously. This phenomenon is primarily due to the globalization of capital, which sets the world in motion, which in turn results in an "explosion" of demand for accommodation facilities, on the one hand, and the development of new technologies, primarily information technologies, which enable quick and easy availability of information in the globalized world, on the other hand. The high development of tourism is due primarily to the expansion of the hotel industry, which as its material basis conditions its emergence, seen through the parameters: construction of new hotel capacities and increase in the level of service quality through standardization of the operation process and with an offer that should satisfy the requirements of the modern tourist. In addition

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to its tremendous economic contribution, tourism can also create external benefits with its multiplier effect (Cetin, Sekreter and Mehmet. 2023)

The dynamic development in general and the changes that it conditions are already dynamizing the race of tourist entities to keep pace with the increasingly fierce competition in the international tourist market. In such general circumstances, the urban tourist, faced with a lack of time, and exposed to high-stress situations in his business everyday life, look for places and forms for his vacation, which will free him from everything that burdens and tires him. In that sense, modern tourists, in addition to insisting on value for the price they pay, prefer programs of the type that provide **"Vacation for the soul"**, which are distinguished by ecological, health, recreational and spiritual contents, healthy organic food, and warm hospitality from their hosts, which is called a kind of new tourist vision. At the same time, the pyramid of the wishes and demands of the guests is getting higher, while they expect their demands to be fulfilled in full and with delivered value for money.

What builds up the pyramid of desires is the tourist's need to integrate temporarily with his hosts, with the other guests in the hotel, to learn about new cultures, to communicate and experience authentic values, and at the same time to feel satisfied and at home. Inspiration is crucial to the self-development and creative experiences of tourists, which has increasingly received research attention. However, the role of host–tourist interactions in arousing tourist inspiration has yet to be examined. (Chen, Jiang, Liu 2023).

The satisfaction of the guest from the personal approach of the host is not compensated by anything else from the offer, in which small hotels have a particular advantage, which is becoming an increasingly significant form of the overall offer, and which best recognizes the needs of the guests from such an approach to hospitality, while each hotel is a special tourist attraction.

Hospitality in the Republic of Macedonia has long been established in every home and every person and has become a national landmark, and in recent times it is seen as a significant application of the total tourist offer of the hotel, the destination, and the country, through the development of a concept that is called "a small hotel with a big soul".

## **1. TOURISM GENERATOR OF ECONOMIC DEVELOPMENT**

### **1.1 Term and definition of tourism**

Tourism is an activity of integrated actors who create services, first of all, to satisfy the needs, wishes, and expectations of the users, i.e. tourists. The process of image formation can be understood as a continuum of different agents or sources of information that operate independently to form a single image of a destination (Suárez, 2011).

From an economic point of view, tourism is increasingly asserting itself as a significant generator of profit, primarily in the countries of the developed world. The wave of globalization puts the world in motion, whereby tourists and business or business travelers work and live outside their place of residence, that is, on the move. Hotels are a substitute for their homes. Such an occurrence is an opportunity for hotels, but also an obligation to offer services that will fully correspond to the users' perceptions in terms of quality, but also an authentic offer. Tourism is a tertiary activity and represents a set of activities that meet the needs of tourists during their travels and temporary stay in the

selected destinations and facilities, and its development has a positive impact on the overall economic and social life of the tourist country.

## 1.2 Tourism and it's significance

The tourism industry is one of the world's fastest-growing industries and at the same time the largest of the service industries, on a global scale. Four attribute-level satisfaction factors determining destination satisfaction and travel frequency: “diversity of natural and cultural resources,” “barrier-free access to tourism and recreation attractions,” “provision of senior-related facilities and services,” and “quality of senior-only tour operations. (Lee,2016). Some authors estimate the importance of tourism as the largest service industry, which at the same time has a huge potential for increasing the number of employees. If we take into account the fact that this sector records continuous growth, it is quite certain that the need for an increased number of employees will grow, as well as increased competitiveness of employees. According to I. A. Holjevac in the strategy for the development of the Croatian economy, tourism and hospitality should be the carriers of the development, precisely because of the possible great dynamics of growth and employment.

The Republic of Macedonia still faces a high unemployment rate of 28%, which is why it is necessary to intensify capital investments in the hotel industry, first of all, which has the power to absorb a large number of employees, on the one hand, and the same would contribute to a more diverse and a higher quality tourist offer that will open the possibility of expanding existing and conquering new market segments, on the other hand.

But of course, the economic attributes that are inherent to tourism as an activity and put it on the pedestal of effectiveness are very important to mention, such as:

- Tourism is the only economic activity that exports on the spot, that is, at the place of the product and service, and charges them in currency. It reflects a series of economic conveniences not only for economic entities in the field of tourism but also for the economy of the country as a whole and for the state itself.
- Tourism, especially the hotel industry, is a highly intensive activity characterized by a high employment rate
- Tourism encourages the growth and development of other industries in the economy that have trade relations with the business activities of tourism stakeholders, and whose products and services are directly, occasionally, or continuously used by this industry.

The expected increase in the participation of employees in the tourism sector, in Europe, over 9%, indicates that the influence of tourism on the creation of the labor market is growing and represents a significant input in the developing economies of the EU countries. However, the real effects of tourism on the employment of the population should be considered much more widely, as the creation of indirect effects. These are those economic effects that are achieved in economic branches that do not have direct contact points with the realization of tourism activity, (industry, agriculture, health, crafts, construction, culture, etc.). Thus, according to the effects that are realized in tourism, tourism takes a respectful place.

The mass representation, especially of the hospitality industry in the world, as a determining component of the tourist offer and the increasing free time of the people, are

factors that point to further development of the activity and more intense competition in the tourist market in the future. This is especially significant from the aspect of the size and structure of the hotel facilities as a material basis for the development of tourism and the category in which they are ranked, according to the categorization standards, that is, the quality of the service.

At the beginning of this century, the United Nations World Tourism Organization published a global forecast regarding the expected number of international arrivals in 2020 – for the first 20 years of the century. The forecast is named **Vision 2020** and includes forecasts for each state.

Here is a table with projected international arrivals, by major tourism regions, at the WTO UN (UNWTO), according to the Vision 2020 document

**Table 1.** Forecast of international arrivals, according to Vision 2020, of the World

In millions	1995	2010	2020	SGSR
Afrika	20	47	77	5.5%
South and North. America	110	190	282	3.8%
East Asia/Pacific	81	195	397	6.6%
Europe	336	527	717	3.1%
Middle East	14	36	69	6.7%
South Asia	4	11	19	6.2%
WORLD	565	1,006	1,561	4.1%

OAGR – an overall annual growth rate  
 Source: UN World Tourism Organization

Here is a table with projected international arrivals, by major tourist regions, of the UN WTO, according to Vision 2020 (the base year 1995) 3

**Table 2.** Forecast of international arrivals, according to Vision 2020

In millions	1995	2010	2020	SGSR
Albania	40	51	133	4.6%
I would	37	248	444	10.5%
Bulgaria	3,466	6,226	10,635	4.6%
Croatia	1,324	7,454	10,017	8.4%
Greece	10,130	14,315	17,111	2.1%
Romania	2,575	5,732	8,484	4.6%
Slovenia	732	1,920	3,128	6.0%
Macedonia	147	246	364	3.7%
Turkey	7,083	17,068	27,017	5.5%
Serbia/Montenegro	228	643	1,669	8.3%

## 2. SPECIFICITY OF HOTEL WORK

Hospitality is a representative part of catering as a branch, specific in many ways, above all in spatial, technical-technological, and organizational-personnel aspects, which enable a complete catering service, accommodation with different combinations of food, within one facility, drinks, and beverages as well as other additional services. Environmental pollution or air pollution has a negative impact on tourists' satisfaction, it can negatively affect tourism demand for destinations with high environmental pollution.(Ozdemir and Tosun, 2022) The hotel, as the basic representative of that activity, is a catering facility that provides accommodation and other services in a specific way. A hotel is an environment whose purpose is to provide its guests with useful and efficient services, as well as a pleasant stay.

One of the basic specifics of the hotel industry is the character and specificity of the goods it offers to its users, namely the services. A basic and very specific feature of the service is that it is first sold and then performed, and the performance of the service occurs in the presence of the user or the guest. The immaterial character of the service, the impossibility of storing it, or the one-time use of it, the simultaneity of the production and consumption of the product based on the service, the necessity of direct contact of the employees with the users of the services, are all elements that put the hotel management in a special and process activity and dynamics. Covid 19 employment impacts were considered as 'very high' and 'high' in the Algarvean hospitality. Portuguese governmental intervention was classified as good, but more support should be enhanced, namely associated with four main policy areas such as 'income-generating support measures', 'cost reductions', 'legal framework', and 'health and safety'. (Henriques and Carvalho 2023).

The expansion of the middle classes in developing markets has been one of the key outcomes of economic growth, as huge swathes of these populations move out of poverty and form an increasingly demanding and sophisticated consumer base. (Moutinho,2016)

The mentioned elements of the hotel service certainly influence the organization of business functions and activities, as well as the process model of hotel operations, in every hotel without exception, although the division of facilities from the hotel group is done on several grounds. The main division is according to the size of the capacity, the number of employees, the type and attractiveness of the offer, the category to which they belong according to the categorization standards, the object of the operation, the time of the operation, etc. However, during the pandemic, it has been unveiled that social and economic profiles have started to influence how tourists make decisions (Duarte, Estevao, Campon-Cerro, Costa and Cabral 2023)

According to the structure and category of hotel facilities, as a material basis for the development of tourism, in each country on the one hand and the quality of the hotel service on the other hand, conditions are created for the production of continuous satisfaction of the users of the services, which is a key element for the successful realization of the defined long-term goals. Although luxury hotels are emerging worldwide, most of them are in the United States. According to the World Luxury Index (2013), the number of luxury hotels in the United States has occupied 75.5% of the world's luxury hotels (Tran 2015)

The Republic of Macedonia can be said to have a fairly large number of beds, 71,225 in 2014, compared to 69,000 in 2010, to the number of inhabitants in the country, but from the aspect of the structure of the facilities by category, it would be said that it is not

the most favorable, but in the last five years there have been significant changes in that plan, in the direction of increasing the number of beds, and that significantly more in the ranks of the higher categories.

This is best illustrated by the following table of statistics.

**Table 3.** Structure of accommodation facilities, by number of beds in the Republic of Macedonia

Legla Hotels	2010	2014	SGSR
5*	1 251	2 152	14.5%
4*	3 150	4 483	9.2%
3*	2 072	4 323	20.2%
2*	3 565	2 753	- 6.3%
1*	2 336	1 832	- 5.9%

It is noteworthy that the largest increase in the number of beds occurs in hotels ranked in the 3-star category, from 2,072 beds in 2010, which increased to 4,323 beds in 2014, which represents a more than double increase. A significant increase in the number of beds with new investments in the hotel industry also occurred in facilities that are of the rank of 4 and 5-star categories, which together points to the conclusion that it is a matter of a realized strategic approach to quality. Particularly noteworthy is the fact that a strategic turn towards the concept of building small hotels is recognized if we recognize small hotels in the group of hotels with 3 stars.

Macedonia is a recognizable tourist destination for most European countries, continuously, with a strong tendency in the last few years, to increase the number of overnight stays from certain new emission destinations, such as Turkey, Israel, Germany, etc. The number of nights spent by foreign tourists will continue to grow.

In support of this, the data on overnight stays in the Republic of Macedonia and by separate developed destinations/regions are added, as follows:

In 2015, there were approximately 816,000 tourist arrivals in the Republic of Macedonia, with an indicated OAGR of 4.4%, since 2008.

**Table 4.** Realized total arrivals in the Republic of Moldova in 2015

Arrivals in	2008	2009	2010	2011	2012	2013	2014	2015	OAGR
Homemade	350	329	325	320	312	302	310	331	-0.8%
Foreign	255	259	262	328	351	400	425	485	9.6%
In total	605	588	586	648	664	702	736	816	4.4%

In 2015, the two municipalities around Lake Ohrid, Ohrid, and Struga, accounted for 47% of the total overnight stays in Macedonia. The Skopje region, which is mainly distinguished by business tourism, participates with approximately 19% and is in second place in terms of overnight stays, while the southeastern region (Dojran, Gevgelija with the facilities on the Greek border), participates with 17% of overnight stays to the total and is in third place<sup>7</sup>. Thus, three regions in the Republic of Macedonia, out of a total of 8, record an achievement of 83% of the total number of overnight stays on an annual level. This situation is a barometer for perceiving the elements of the offers in the indicated regions, which provoke or dimension the given size of real demand.

In that context, it can be said that Macedonia should focus on **city (business) cultural, and lake tourism for successful tourism.**

Among other things, this segment points to the conclusion that the offer of the western region (Ohrid and Struga) with a small exception (hotels Metropol and Belvi in Ohrid and Hotel Drim and Biser in Struga) consists mainly of the structure of small hotels, which affects the trend of the modern tourist and his preference for small hotels for big pleasures.

### **2.1. The quality of hotel products and services, an instrument of competitiveness**

Filip Crosby, one of the quality gurus and the founder of the scientific theory of quality, is unavoidable in the conceptual definition of quality, according to whom quality is not an imaginary category that is intuitively experienced, but represents compliance with choices and can be measured. Crosby stands for zero error, that is, error prevention, where the occurrence of an error is linked to a lack of knowledge, experience, and attention.

The hotel product, as a complex of material and immaterial elements, also implies their mutual spatial-functional connection in an integral whole which manifests itself as a chain of services resulting from the needs, wishes, and demands of the consumers of the hotel guests. The hotel product is distinguished by an individual dimension of its realization, and the same arises from or is imposed by the individual needs of the guests. The hotel product is open and mobile, which means that the guest participates in the final shaping of the product/service through the process of its realization, in which way each guest creates his/her product/service in the outcome, which can be called creation in motion.

The intangible part of the service forms the basis of the creative power of the employees in the realization process, to the professional staff to produce satisfaction for the guest, to translate the possible tragic moment into a magical one through the process of communication with the guest. In no other activity is the guest's satisfaction so dependent and conditioned by the action and influence of the human factor.

According to Phillip Kotler, quality represents the totality of product/service features and characteristics that result from their ability to satisfy existing or implied consumer needs.

### **3. SMALL HOTELS**

Although the hotels belonging to the large corporations of the world hotel chains are considered to be the leaders in the hotel industry, which are distinguished by a high degree of exclusivity, high international standards of operation, and high economic effects, however, it seems that a new tourist trend of massification of the preference of small family hotels is on the way. Financial support is effective in enhancing firm performance only in terms of the number of foreign markets but not in terms of economic performance, that informational support is effective through its influence on relational capital, and that operational support is not. (Catanzaro, Messenhem and Sammut, 2018). Such a wave affects the development of tourism in Macedonia from the point of view of the existing structure of hotels in which small hotels are dominantly represented, and located exactly in the most attractive tourist region, Ohrid and Struga. Regarding the increased need for new investments in the group of small hotels, the conveniences are

significant from all aspects and the interest of new investors is much more certain. Especially due to the required relatively small investment capital, they are attractive for small entrepreneurs and especially provide chances to domestic ones. Its objective is to present an algorithm that allows the identification of service characteristics relevant to guest satisfaction and trust. (Rey-Moreno, Jesús Sánchez-Franco and De la Sierra Rey-Tienda, 2023).

The concept of organizing and operating small hotels is much closer to the preferences of the modern tourist, who wants to feel cared for in a hotel with a warm family atmosphere, where the uniqueness of each guest, his wishes, and inclinations are respected. The modern tourist recognizes this as an irreplaceable part of the service in addition to the usual level of its quality. The little hotels are a new opportunity to install an offering model that will reflect a high internationally recognized quality of service on the one hand and the incorporation of local values from the micro-area, in all elements of the offer, which is a kind of reality for attracting foreign, but also domestic tourists. The official data provided by the authorized institutions provide an insight into the structure of the hotel facilities according to the category, but not according to the criteria for such classification. But according to separate portals and sales networks, the significant representation of small hotels in the Ohrid and Struga regions in the total offer is confirmed.

The perspective of small hotels is reflected in their pretentiousness for higher quality based on appropriate standards even in the phase of shaping the conceptual and executive project of a new hotel facility and a superior standard of the existing ones, in its category. It has been revealed that the destination image has a positive effect on tourist satisfaction, memorable tourism experience and intention to recommend. (Çevrimkaya, Zengin 2023)

### **3.1. Characteristics and advantages of small hotels**

Small hotels are attractive first of all as an architectural building, an object that reflects the style of local architecture, an object that is attractive because it associates privacy, a house, and a home. Given the fact that the nature of the hotel business is the provision of personal services, which gives a personal stamp to each individually performed service, and that element is the source of the strength of one of the most basic advantages of small hotels - a concept based on "personal stamp" of the hotel service.

The specific interior with a touch of local architecture and interior design impresses the guests, creating a feeling of new unique experiences.

The opportunity to be immediately and often surrounded by the attention of the owner and/or manager, to talk to the chefs, to enter the kitchen, to be joined by the staff during a tour or a visit to a landmark, and many other similar services is a privilege and an extraordinary experience for guests who are fed up with the style of routine in the urban environment they come from.

The list of advantages of small hotels is long, and it is also very significant in the area of representation of original local specialties, representation of local premium wines, wine from the hotelier's cellar, organization of themed dinners, original music, various outings, and many other authentic services that the guest will want to consume. Small hotels are characterized by significantly greater flexibility, compared to large hotels, when it comes to changes that require quick adaptation to new situations and changes in the market, they are not burdened with extensive and expensive multi-functional equipment, expensively paid and unmotivated employees, are thoroughly familiar with



the needs and manners of the guest, which gives them an advantage to fully satisfy them. They have higher financial flexibility and can maintain the functional and aesthetic condition of the building as a kind of competitive advantage.

Due to the series of advantages that small hotels have, they should be the driving force and bearers of changes in the direction of advancing the activity, the success of which is based on the satisfaction of the users of the services.

### **3.2. Promotion of small hotels**

Promotion as the hotel's communication with the tourist market is of extraordinary importance for the successful sale of the hotel. The hotel management always tries to make the optimal combination of the elements of the promotional mix, at the time and in the places when and how it will direct the promotional activities. The transit leg of a trip may be perceived as the core component of the trip, an intrinsic part that is valued more or less the same as being at the destination or a chore that must be completed in order to get to the destination. (McKercher, Tkaczynski 2023)

## **4. RESEARCH ON THE TOPIC**

The general environment in which the strategic development of tourism in Macedonia is conceptualized is made up of a separate rounded infrastructure, as a condition and way of action for all stakeholders, in the desired direction.

In the context of the strategic planning of the development of tourism in Macedonia, the four pillars on which it is recommended to base the future positioning of Macedonia on the international tourist market are Skopje, Lake Ohrid, Macedonian culture, and the natural beauties of Macedonia. Lake Ohrid is a tourist landmark of Macedonia that is under the protection of UNESCO as a natural rarity in the world. Ohrid as a city with its ancient history and culture, and a kind of natural museum of cultural heritage, is already an established tourist destination in the world.

Ohrid, together with the poetic and multi-ethnic Struga, is a destination that annually registers a high average participation, of 46% of the total registered overnight stays in Macedonia.

The development of this tourist region is strongly supported by the functionality of the second international airport in the country, St. Paul Apostle Airport, which is 9 km away from the city of Ohrid and 15 km from the city of Struga.

The airport operates during the summer season and is functional mainly for charter flights.

Key stakeholders involved in tourism at the national level are: <sup>11</sup>

- Department for Tourism that functions within the Ministry of Economy,
- Agency for Promotion and Support of Tourism,
- HOTAM (hotel and tourist association of Macedonia),

#### **4.1 The importance of small hotels for the development of tourism in the Republic of Macedonia**

For planning and realizing stable economic effects in small hotels, in addition to the general infrastructure conditions, legal legislation for carrying out the activity, and the institutional structural framework, the individual peculiarities that distinguish small hotels and condition their flexibility, which is fully indicated in this research, are crucial chapters of this paper.

Common to all hotels is the maxim that there is no such small hotel for which it is unprofitable to organize a sales service or any other sales model/network, which alludes to the fact that hotel sales today have a fundamental and decisive role in the operation of every hotel, where the most expensive room for the hotelier is the empty room. Therefore, it can be said that the economy of small hotels is based on the level of capacity utilization.

It primarily covers the fixed costs associated with the facility and depreciation, which are otherwise known items in advance. But it is a feature and a rule for all sizes and categories of hotels. What undeniably affects the shaping of the results of operations in small hotels are certainly the restrictions that condition or dictate the economic results, in terms of their amenities or non-residues.

In the area of human resources, where costs are generally high and constant, in small hotels there is relief because the resources are paid by the owner and members of his family and part of the professional personnel profiles employed from outside. On the other hand, small hotels are faced with insufficiently educated management staff. Small hotels are small buyers in the purchase market, so they cannot take advantage of favorable purchase prices, as well as any other possible benefits that apply to bulk purchases, according to the business policies of the associates.

In the process of the diet, they prepare homemade, mainly local specialties, but they are also easily adaptable to the requests of the guests.

The constant contact of the staff with the guests leads to the personalization of the service, in which the effort is made to give maximum attention to each guest and to meet his requests and needs. It leads to the creation of a pleasant atmosphere of comfort, trust, and satisfaction that results in the constant return of the users of the hotel's services, which is the biggest benefit that stabilizes the successful realization of the planned values. In that sense, the maxim that quality is compliance with the choices and expectations of the guest can be confirmed. Continuous quality of service is a need that is equally important for all categories, large and small hotels.

The satisfaction of the user of the service, the motivation of the employees, and the results of the operation represent common advantages and challenges - a trilogy of integrated interests of all participants. But if we use the maxim that a smile is key to the guest's satisfaction, and the smile is still small, the advantages of small hotels can become their disadvantages. To preserve and improve the advantages of small hotels, they must be networked in the large network of all hotels in Macedonia, through the association of common goals, through which they will communicate with the institutional structure of the activity. The increasing demand for small hotels in the tourism market is conditioned by the declining trend of the old form of mass tourism, which is distinguished by offering package arrangements, regardless of how users travel. On stage is the so-called individual tourism that is segmented, facing nature, flexible, dynamic, and open to new challenges and authentic experiences, as a result of new preferences among service users.

New tourists are looking for special and different accommodation facilities, in which they will feel at home, friendly, relaxed, and special. This completely matches the characteristics of the profile of small hotels.

#### 4.2. Millennium Hotel – case study

Millennium Palace is a hotel categorized with 4 stars which is located on the first line of the quay of Ohrid Lake in the city of Ohrid - the European Jerusalem, where the advantages of the modern city and the ancients are combined, a place with a rich historical and cultural heritage. It offers an unforgettable view of the lake, the old town center, and the antiquity of the city. The combination of natural and cultural-historical treasures also offers a sense of admiration: ancient monuments, churches, museums, and a beautiful view of the lake complemented by the sunset.



Figure 1. Hotel Millennium Palace Ohrid



Figure 2. Standard room

**Equipment:** air conditioner, mini bar, wireless internet, direct telephone line, cable TV, bathroom with shower cabin or bathtub.

**The hotel offers two conference rooms** with a capacity of 120 participants. The halls are equipped with the most modern audio-visual equipment, and at the request of the users, technical support for simultaneous translation is also provided.

**The Millennium Restaurant** offers a professionally complex gastronomic offer that smells of homemade and authentic specialties with flavors to savor.

**The wine bar** in the Millennium Palace Hotel offers a pleasant ambiance in traditional Macedonian style, a large selection of top-quality homemade wines, combined with appropriate cheeses and prosciutto, and the warm hospitality of the host.

**Spa and Wellness Center** offers services in Funan sauna, Turkish steam bath (Hamam), gym, and massage.

**The Millennium Palace Hotel in Ohrid** is a leading hotel in the category and a group of small hotels in Ohrid, but it still shares the fate of all other hotels.

A **business challenge for the management** of Hotel Millennium Palace is a continuous effort in creating unique sales offers that will set them apart from the group of hotels in their category and will provide them with a competitive advantage. It is about the business and creative efforts of the management with which they will succeed in introducing a new system to declare "total sales" in which the activity will include all employees who have contact with the guests, to actively sell. At the same time, the management is aware that to implement such changes in the behavior of the employees, professional support is necessary. The management opted for a combined model of continuous learning, by organizing thematic training for employees in the organization and through the participation of employees in training organized by certain professional donors in the hotel or another hotel in Ohrid, such as USAID, Comoros Associations, etc.

In-house training is thematically selected from other providers and is built primarily as unique according to the needs of the employees and related to the hotel industry and the needs of the hotel. According to the activities carried out so far on that plan, the hotel management is satisfied with the achieved level of employee performance improvement, and will continue to develop even more intensively the concept of strengthening its forces and, on that basis, creating a competitive advantage in the market.

The satisfaction with the achieved results of the management and the employees is reflected above all in measurable results in the operation, as well as in a series of elements that indicate business success, such as:

- Increased sales of services, increased income and profit
- Increased interest and motivation of employees (training-results-bonuses)
- Increased guest satisfaction (personalized service)

The established postulates make Hotel Millennium Palace a healthy business force that has a competitive advantage in the market and habits of producing value that represents an investment in future successful operations.

The management is confident in the correctness of the decision to invest in the most sensitive and irreplaceable resource, human resources, which play a particularly significant role in the hotel industry, where without the presence of an employed professional, there is no service, and that very act determines and conditions the sale. This success is particularly significant because, at the destination level, there is a problem that reflects an imbalance of supply and demand in the labor market, precisely from the occupations absorbed by the hotel industry, that is, there is a continuous deficit of professional profiles for this industry.

This example confirms the importance of taking care of meeting the guest's needs, which is in line with the managerial approach of recent times, the "CRM" (Customer Relation Management ) concept, as well as taking care of employees as a factor in creating the quality of service. According to modern business concepts, quality has become an instrument for achieving business goals, but also an inspiration for every managerial preoccupation.

## CONCLUSION

Small hotels in Ohrid that are categorized with 4 stars and operate throughout the year imply that this segment of the offer is of extraordinary importance for strengthening the competitiveness of the market. The inventive programs of the small hotels provide a unique experience and a warm homely atmosphere, and with their actions, each one creates its own local story. It is precisely in this that the sense of sustainable development and good destination management at the local level is recognized, which should be a strong incentive, the future strategy for the development of tourism in Macedonia, to understand this segment of the offer as a great chance to extend the season, which is of crucial importance for tourism in the destination and beyond.

Strengthening the personnel component in the process of hotel operation is a necessity, and the same can be achieved through continuous improvement of the professional level of the employees on the one hand and through the construction of a system for motivating the employees, as a significant factor for improving quality on the other hand. If we comment on this situation with IT language, we can say that human resources (software), and the object with the level and style of the equipment (hardware), are the two levers of success that function properly only in a harmonious interdependence.

The innovative offer of a small hotel and its difference from the offers of the others in the destination, but also their organized interconnection due to the realization of advantages of common interest, lead to a new form of action that assumes a good corporate culture.

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