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**TOURISM
IN FUNCTION OF DEVELOPMENT
OF THE REPUBLIC OF SERBIA**

Tourism and Rural Development



**THEMATIC
PROCEEDINGS**

I



**UNIVERSITY OF KRAGUJEVAC
FACULTY OF HOTEL MANAGEMENT
AND TOURISM IN VRNJAČKA BANJA**



The Fifth International Scientific Conference

**TOURISM IN FUNCTION OF
DEVELOPMENT OF THE REPUBLIC OF
SERBIA**

Tourism and Rural Development

Thematic Proceedings

I

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IN VRNJAČKA BANJA**

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Tourism and Rural Development

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FOREWORD

The Faculty of Hotel Management and Tourism in Vrnjačka Banja organized the fifth International Scientific Conference "*Tourism in Function of the Development of the Republic of Serbia – Tourism and Rural Development*" that was held in Vrnjačka Banja from September 3-5th, 2020. For the purpose of this year's Conference, 60 scientific papers were submitted by 113 participants coming from Russia, Slovenia, Tanzania, Croatia, Romania, North Macedonia, Montenegro and Serbia.

The Conference is organized in the function of exchanging ideas and experience of the participants coming from Serbia and abroad for the purpose of future tourism development, with the special emphasis given to the rural economic growth and social change of the Republic of Serbia and other countries due to its complementarity with other economic activities.

The Thematic Proceedings are published in two volumes, and will be available to a wider audience, scientifically and practically focused on tourism-related multidisciplinary issues.

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Vrnjačka Banja,
September, 2020

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PROSPECTS OF THE DEVELOPMENT OF THE TOURIST - RECREATIONAL CLUSTER IN SAMARA

Natalia Alexeeva¹; Tatyana Zhuravleva²

Abstract

In the conditions of the market functioning of tourism industry enterprises is changing significantly. Under these conditions, studying the problems of tourism sphere becomes an integral element in developing a region's elaboration strategy and acts as one of the starting points for substantiating long-term programs, indicative, strategic development plans for the Samara Region. The sharply increased interest in the tourist and recreational development of region compels us to seek new theoretical and methodological approaches to the search for innovative methods of regionalization. Clusters are a modern effective and widely used form of the territorial organization of the economy in developed countries. This approach greatly simplifies the solution of the problem of managing the development of the region. The choice of the research topic presented in this article was determined due to the fact that tourism is developing quite successfully in modern Russian society, and the state declares the task of turning tourism into one of the leading sectors of the national economy.

Key Words: *tourism, cluster, region, competitiveness, development, innovation*

JEL classification: Z32

Introduction

Recently, when designing the changes of territories, regions of the world are increasingly paying attention to the development of the tourism sector

¹ Natalia Alexeeva, candidate of philosophical Sciences.n., Associate Professor, head. Department of "Hospitality and intercultural communications", Volga Region State University of Service Gagarina str. 4, 445017 Togliatti Russian Federation e-mail: natali0174@mail.ru

² Tatyana Zhuravleva, Ph. D. in Economics, Associate Professor of the Department "Multifunctional economy and development of territories", Volga Region State University of Service Gagarina str. 4, 445017 Togliatti Russian Federation e-mail: tatiana502007@yandex.ru

as an opportunity to diversify the economy. A similar trend is observed in those destinations that are single-industry status. By developing related and alternative economic sectors, including tourism, the regions have a chance to get real opportunities to improve the economic system. Currently, there is an increased interest in the tourism research sector, since the creation of cluster models in tourist destinations has become a priority for public policy.

The topic of creating clusters is associated with the development of tourism in the Samara region has been developed since 2011. At this time, the regional target program for the development of the tourist and recreational cluster from 2011 to 2014 began to operate, but it did not bring visible results. The mistake was that only individual projects of tourist complexes were developed. However, some of the projects began to develop and their further promotion can lead to a tourist flow, the emergence of relations between the subjects of the tourism business and government.

The socio-economic development strategies of many subjects of the Russian Federation are to some extent focused on the emergence of such management elements as clusters in the regions. In recent years, more and more often when designing the development of territories, Russian regions pay attention to the development of the tourism sector as an opportunity to diversify the economy. Similar trend is observed in those destinations, which are non-diversified status. It is thanks to the development of related, related and alternative industries, including tourism, that these regions have a chance to get real opportunities to improve the economic system. A comprehensive approach and analysis should be applied to the development of tourism in the region, which can be implemented by clustering the industry. The presence and accounting of relationships (not only territorial) of individual tourist objects unites these objects in clusters, which can later be considered as separate tourist and recreational associations. This approach significantly reduces the size of the task of managing the development of the region. The purpose of creating tourism and recreation clusters is to increase the competitiveness of the territory in the tourist market due to the synergetic effect, including: improving the efficiency of enterprises and organizations that are part of the cluster, stimulating innovation, stimulating the development of new directions. The creation of a tourist cluster actually determines the positioning of the territory and affects the formation of the region's image (Shepelev & Markova, 2014).

For Samara region history and culture are an important factor providing spiritual development, economic growth, social stability, development of civil society institutions. Cultural life in Samara province is rich and diverse. Together these factors make possible the creation of programs of Patriotic nature with the use of high technology in close cooperation of education, science and tourism.

A total of 706 of cultural heritage (monuments of history and culture) of Federal and regional significance and 23 the archaeological heritage of Federal importance are located in the region. There are 11 theatres, 58 museums in Samara region. Samara regional Local History Museum named after P.V. Alabin, founded in 1886 has several branches throughout the area. Art Museum in Samara — is of the largest museums of Russia. On the basis of Zhigulevsky State Natural Reserve and National Park "Samarskaya Luka" created the middle Volga biosphere reserve and included in the world network of biosphere reserves 27 October 2006. Moreover this unique area is full of monuments of history and culture. Sightseeing tourism, Volga cruises, therapeutic recreation, environmental, event, rural and ethnographic tourism, caving, cycling and horse riding routes are developed in Samara region. During the advertising companies and the city's excursion it should be underlined that even sovereigns, starting with Alexander I made educational-study tour to Samara and its environs before the revolution (Alekseeva et al., 2016).

Therefore, in 2015, the state program "Development of a tourist-recreational cluster in the Samara region" was adopted until 2025. This may become a point of growth and development of the tourist and recreational cluster in the Samara region.

Research on this problem is based on the results of a previous analysis of the applied problems of the tourist-recreational cluster and focuses on the development of practical recommendations for its development. When forming a tourist cluster, its geographical boundaries are identified and climatic factors are taken into account. Geographic boundaries create transport communications (the state of roads, the development of small aviation, water transport), which connect the main centers of attraction for tourists.

When developing a strategy, development and sustainability can be taken as the main directions. The competitiveness of the final tourist product will depend on the management able to bring the product to the market, and on

the specialists who serve them. The main competition in recent decades has shifted from price competition to innovation. For successful implementation of the strategy, it is necessary to properly organize work with the aim of staying ahead in innovative areas. Leading the way in innovation differs from the strategy that was implemented in previous eras, when the strategy was based on minimizing costs.

Innovative processes in economy are caused by the competition on a commodity market and services. However, being the generator of innovations, the market in view of essential instability and variability is not capable to start innovative processes in the necessary directions and scales, is not capable to provide uniformity and a continuity of process of innovative development in economy (Krayneva, et al., 2017).

Economic conditions include the investment climate in the cluster, which is able to ensure the establishment of the basic elements of the cluster. The quantity and quality of labor resources are also significant in the functioning of the cluster.

In the establishment of the research criteria, the traditions and culture of the local population are taken into account - sociocultural conditions that directly affect the hospitality industry. The political situation in the cluster is of great importance.

The authorities' policy in the field of tourism development, its support, research, constant monitoring are the most important conditions for the formation of a cluster. Particular attention in the formation of a tourist cluster is given to the interconnections between its elements. This connection is based not only on the economic benefits of the participants, but also it is focused on the creation and implementation of quality tourist services that satisfy the needs of both tourists and the territory. This is expressed in the relationship ("transport - accommodation facilities – food") as the basic services of the cluster.

According to the study, the cluster approach involves the concentration within a limited territory of enterprises and organizations involved in the development, production, promotion and sale of tourism products, as well as activities related to tourism and recreational services.

Successful development technologies fulfilled in several "pilot" tourist - recreational clusters are supposed to be extended to all promising (from the

point of view of the establishment of domestic and inbound tourism) regions of the country, thereby ensuring optimization of the return of both state and private investments.

Along with the development of tourism infrastructure, improving the training system and pursuing a balanced and effective advertising policy, the cluster approach allows us to activate the work of regional enterprises in various sectors of the economy to meet the growing needs of tourists. The data presented in the article clearly demonstrate that most of the research tasks are being successfully implemented.

Technologies for the development of tourist - recreational clusters

Tourism - recreational clusters are an integral part of a market economy. They are formed in accordance with the laws of the market. The state, together with other interested organizations, may be one of the initiators of the process of cluster formation, but it does not play a major role in their organization and functioning. In many countries of the world there is the practice of creating tourist and recreational clusters at the national and local levels, as well as the development of thematic clusters (sports, adventure, cultural and educational and others).

Currently, Russia is in the process of forming a number of regional and local clusters, which are being formed with the support of the Federal Target Program. Tourism - recreational clusters are a set of interacting elements that function as separate organizations and enterprises of various ownership forms and affect the development of both the tourist - recreational clusters sphere and related industries of the region.

Acting as a progressive form of the territorial organization of the region's productive forces, tourist and recreational clusters are characterized as a set of technologically and economically interconnected enterprises concentrated in a limited territory and using its resources and a unified infrastructure. In accordance with this, tourist - recreational clusters include a combination of specialized tourism and recreational enterprises. They function as a complex and consist of production, technological, resource and infrastructure subsystems. Consequently, they interact on the basis of general processes of production and the provision of high-quality tourist - recreational services to the population.

In general, talking about successful implementation of projects to create clusters is possible only if there is a coordinated and legislatively fixed development strategy. To develop tourist - recreational clusters in isolation from the general concept of regional development is inefficient. To achieve the set development goals of the territories, regional strategies and strategies for the development of individual clusters must be agreed upon.

World experience shows that the cluster approach involves the development of various forms of public-private partnerships, the implementation of program-targeted methods and requires the effectiveness of a regional management system. At the same time, the functioning of the cluster is ensured not only due to individual territories with a high level of tourist and recreational potential, but also by involving the entire territory of the region in the cluster. Such an approach can ensure the creation of a multi-level system of regional clusters and create conditions for the regional development of domestic and inbound tourism (Markov, 2015).

Thus, the formation of a tourist and recreational cluster contributes to the creation of a modern competitive tourist complex. Its functioning provides ample opportunities to ensure local employment and meet the needs of Russian and foreign citizens in tourist services.

The significant contribution to the development of the economy is made through tax revenues to the budget, the influx of foreign currency, an increase in the number of jobs, the preservation and rational use of cultural and natural potential. The creation of a tourist cluster actually determines the positioning of the territory and affects the formation of the image of the region.

Depending on the coordination mechanism between cluster members:

- sustainable market clusters;
- short-term coalition;
- clusters with long-term relationships based on hierarchical construction.

Depending on the level of development in accordance with modern approaches, several types of clusters are distinguished:

1. "Living cluster", in which a high level of cooperation and competencies of the participants was achieved, and which really works.

2. "Emerging cluster", in which there is already a "critical mass" of potential participants, but the interaction and cooperation between them are not well established.
3. "Potential cluster", which has the necessary elements and conditions for creating a successful cluster. However, its participants have not yet realized the benefits of cooperation.
4. "Clusters governed by politics". In this case, the authorities choose a specific sector of the economy to create a cluster, using the administrative resource and the existing potential of the region. As a rule, these are only primary initiatives, on which everything ends.
5. "Dream cluster". As a rule, such a cluster is invented and declared politically, although it lacks the necessary elements and conditions. In this case, the transformation of such a cluster into a "living" is unlikely (Boyko, 2009).

Depending on the main focus of tourism activities, clusters are divided into: cultural - educational; tourist - recreational; cultural-entertainment and others. Consider the positions of various authors on the kinds of clusters. The tourist- recreational cluster, according to Professor V.I. Kruzhalin, is a group of geographically neighboring and interacting companies, scientific, educational-public organizations, related government bodies that form and serve tourist flows that use the tourist-recreational potential of the territory (Rudchenko, 2014).

Dunets (2010) justified a model for managing a tourism cluster, the structure of which is interconnected by functional complexes: service-system-forming, social-service, production, natural resources and conditions. At the same time, the basis of the cluster is formed by professional associations, specialized enterprises providing tourist-recreational services, which allows you to get a full cycle of consumption of a tourist product (Dyshlova, 2010).

Boyko considers the possibility of building a model of a tourism cluster from the perspective of studying the interaction and mutual influence of a combination of conditions: sociocultural, economic, political, natural. Therefore, insufficient attention is paid to the allocation of the components of these conditions and the establishment of direct and indirect links between them, which contributes to the emergence of problems in the identification of tourism resources to determine the necessary elements of the cluster (Boyko, 2009).

Dyshlova (2010) considers the tourism cluster from the perspective of institutionalization of entities directly involved in it. This model provides exclusively for the interaction of subjects and does not take into account the typology of nature- climatic conditions and the relationships that arise between the constituent elements of the cluster.

In this case, in our opinion, it is advisable to explain the functional responsibilities of the cluster entities, which will eliminate duplication of their powers (Markov, 2015). In substantiating the model of the functioning of the tourism cluster, Garmider (2015) relies on his own point of view regarding the essence of the concept of the tourism cluster, which, according to the author, is a synthesis of the views of Russian and foreign scientists (Rutko, 2009; Dunets, 2010).

In this connection, the tourism cluster is proposed to mean "the unification upon the voluntary and mutually beneficial terms of geographically localized tourism enterprises and related industries in order to create a competitive tourism service, enhance the advantages of its participants and generate income" (Markov, 2015).

Based on the above statements, we can conclude that there are different points of view regarding the approach to building a model of a tourist cluster. This is due to the complexity and versatility of the investigated issue. However, one can draw a general conclusion on the investigated problem (Alekseeva et al., 2015)

The tourist and recreational cluster is represented as a group of geographically neighboring and interacting companies, scientific, educational - public organizations, related government bodies that form and serve tourist flows that use the tourist and recreational potential of the territory.

So, the theoretical foundations of the cluster approach to the development of the region, the concepts of the tourist - recreational cluster, its role in increasing the competitiveness of the region were revealed. The goal of creating tourist - recreational clusters is to increase the competitiveness of the territory in the tourism market due to the synergistic effect, including increasing the efficiency of enterprises and organizations included in the cluster, stimulating innovation and developing new directions.

Innovative technologies in tourism cluster management

One of the promising directions in the development of tourism is the use of innovative technologies in cluster management. The degree of use of innovative technologies in the management of tourist clusters is a qualitative and quantitative characteristic. It reflects the merger of the cluster of centers for the activation of scientific knowledge, centers for the intensification of business ideas, centers for the training of highly qualified specialists, the release of innovative and knowledge-intensive products, and the characteristics of the markets for the sale of these products.

The difference of such a cluster from other forms of economic formations is that the cluster organizations do not go to a complete merger, but form a mechanism of interaction that gives an additional impetus to the economic and innovative development of the region. For the introduction of advanced information technical and telecommunication technologies, it is necessary to introduce modern forms of organizational - managerial activity.

The main promising goals of the government of the Samara region are the search for new opportunities to support the implementation of the latest developments in the tourism industry. Establishment of communications between participants in innovative activities, intensification of the transfer of scientific and technological developments to the real sector of the economy and tourism, preparation of innovative companies in the Samara region to enter the private capital market and enter new tourist products into the commodity markets through the formation of artificial attractions - all these factors will help attract additional tourist flow to the region (Belozerova, 2015).

The need to develop program activities is due to:

- the impact of tourism on the socio-economic development of the Samara region;
- increasing of the importance of tourism in shaping the image of the Samara region;
- intensive development of interregional and international cooperation;
- goals on the formation of tourist activity in the framework of regional and federal programs.

The developers of the program offer a system of events that the Department of the Samara Region will be able to take as a basis for the establishment of a tourism management system in the region. Actions will include the

main directions of state policy in the field of tourism support, which are grouped in the following areas:

1. Organization of tourism activities and tourism development management in the Samara region.
2. The formation of the tourism cluster as a single center for the development of tourism in the Samara region.
3. Assistance in attracting investment in the tourism industry of the Samara region.
4. The implementation of tourism projects and the formation of tourism infrastructure.
5. Reconstruction and construction of accommodation facilities.
6. The development of interregional and international relations of the Samara region in the field of tourism.
7. The development of folk arts and crafts.
8. Personnel maintenance in the field of tourism.
9. Advertising and information support.
10. Sources and volumes of financing.

Innovative technologies in the field of recreation and tourism are aimed at creating a new or changing an existing product, improving transport, hotel and other services, developing new markets, introducing advanced information and telecommunication technologies, modern forms of organizational and managerial activities (Novikov, 2012).

Technological advancements into all parts of our social and economic lives. Moreover, it appears necessary to build an international cooperation in the sphere of regulation of the digital economy with the purpose of linking databases and joining efforts for higher efficiency and safety of all the parties involved (Neshcheret, et al., 2019).

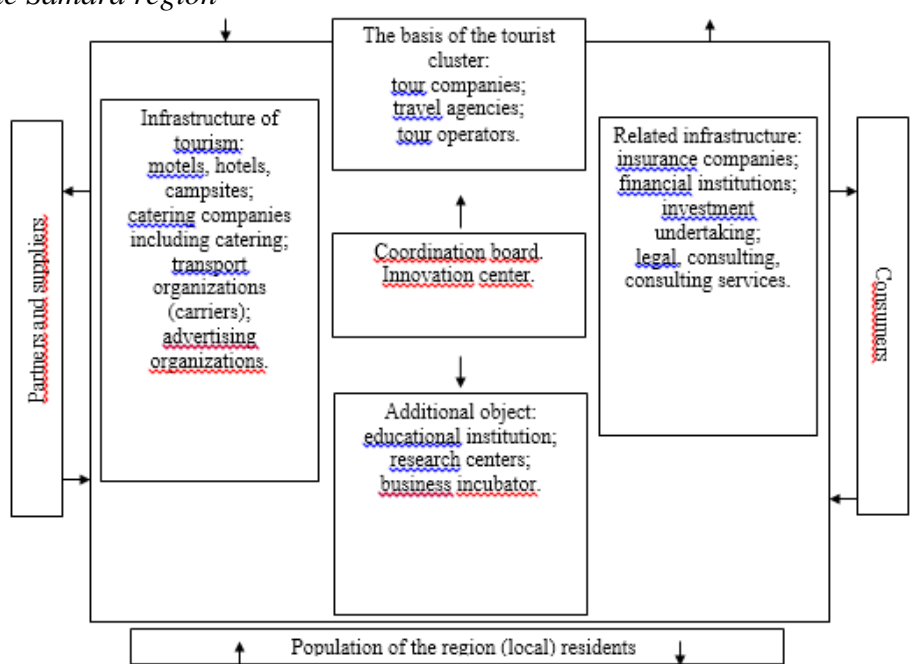
Most modern training programs intended for the early socialization of young people, completely ignoring the need for storage of their cultural potential. A system factor of human integrity, mainly is the national culture. However, the poll we conducted shows that our young people are absolutely not focused on regional and urban problems, at the same time looking for ways to interact with different people and social groups; seeks to learn the traditions of family and social upbringing. In their future activity young people would like to take into account both material-economic and spiritual and moral beginning.

For the successful functioning of the innovative management model, three main components are required:

- leading enterprises in the industry;
- a developed network of service organizations;
- a favorable business climate.

Analysis of the management models of tourist - recreational clusters allows us to identify the structure and composition of the participants in this entity, shown in the figure.

Figure 1: *The management structure of the tourist - recreational cluster of the Samara region*



Source: *Authors*

There are representatives of government agencies (legislative authorities, executive authorities, local governments), business entities (tourism and related industries, service providers), additional facilities (educational institutions, research and consulting organizations, business incubators), related facilities (insurance companies, financial institutions, investment enterprises, legal, consulting firms), as well as the population of the region and locals in the list of participants in this cluster.

In such a way, the implementation of the tourism-recreational cluster management model based on innovative technologies as an integrated system for managing the tourism and recreation industry, taking into account cluster interactions, will allow us to establish stable relations between its participants. This will predetermine the development of intersectional cooperation, the strengthening of specialization, the intensification of innovation and a positive impact on the competitiveness of tourism services.

The study of cluster management entities showed that in most cases, the control is carried out by two entities (Zavyalov, 2014):

- an advisory board (cluster council, cluster board of directors, board of trustees of the cluster, general meeting of cluster members) that carries out strategic planning, control over operational and financial management;
- executive authority (a cluster management company, a cluster secretariat, an executive committee), representing the interests of the cluster in the external environment, coordinating the activities of cluster members, implementing and monitoring current activities, and managing working groups in areas.

The introduction of the proposed organizational structure into the practice of managing regional tourist clusters will make it possible to increase the efficiency of using various control methods due to a clear delineation of responsibility for their implementation between participants in the management process. It is especially necessary to dwell on the legal status of the Innovation Center of the tourist cluster.

In accordance with the Civil Code of the Russian Federation, it is advisable to register it in the form of a non-profit organization. The members of this organization will be educational institutions providing training for cluster companies in educational programs at various levels of education; scientific organizations, consulting organizations and cultural institutions, in the department of which there are natural and historical-cultural objects visited by tourists.

Consequently, the Innovation Center is defined as a special element of the cluster, which is the center of communication and the provision of specialized services in the field of analytical, consulting, personnel and technological support for its activities. According to the authors, the model "Specialized Center for Association" is most suitable for the development

of a tourist and recreational cluster. This model implies that the Innovation Center of the cluster performs more complex functions than simply facilitating the access to the innovations. The innovation center is designed to act as a kind of point of "attraction" and coordination of cluster enterprises, an instrument for coordinating positions and interests.

The implementation of the proposed activities within the framework of this research will contribute to the establishment of the tourism industry as a profitable sector of the Samara region's economy, the strengthening of the tourism material base, the creation of new tourist routes, the development of other sectors of the region's economy (agriculture, transport, communications, trade and catering, construction and reconstruction roads, landscaping of cities and settlements and more). The implementation of these actions will also entail an increase in the influx of Russian and foreign tourists into the Samara region and an increase in financial revenues to the regional budget.

Conclusion

In the framework of this study, the authors adhere to a systematic approach to designing a tourist cluster management mechanism; however, they use an expanded set of elements of such a mechanism. Along with such classical elements as the object and subject, goals and objectives, principles and methods, the authors distinguish such elements as forms and means of control. As a result of the research, a model of the organizational and economic mechanism for managing the tourism and innovation cluster at the regional level is formed.

The authors propose introducing an innovation center into the tourist-innovation cluster management entity that implements the functions of monitoring, analyzing and forecasting the market, providing personnel, organizing communications of cluster participants and forming complex tourism products, branding and marketing them. The goals of managing the tourism and innovation cluster are grouped by us depending on the types of synergy that arises within the cluster, and in an enlarged form include such tasks as: ensuring the efficient use of resources, strengthening positions in the international market, increasing the competitiveness of the tourism industry, and intensifying the interaction of target groups.

Using the proposed organizational economic mechanism for the management of the tourism and innovation cluster will streamline the

management processes and interactions within such a cluster. The novelty of this model is the emphasis on interaction not only with direct stakeholders (suppliers and consumers of cluster products), but also with other regional and urban development groups (local population, state authorities in the region, local governments and industrial enterprises). It should be considered that the development of the tourism sector is provided by small and medium-sized businesses, whose activities, on the one hand, contribute to increased competition, and, on the other, the development of relations between them.

Thus, the development of the tourist and recreational cluster in the Samara region urgently requires the modernization of the entire tourism industry, the widespread use of international experience, including the active promotion of the tourism potential of the region in the global and regional tourist markets.

The most important result for the economy of a particular city or territory when a cluster appears will be guaranteed job retention for people working in business structures (including in the tourism sector, related and related industries). Also a plus will be increasing the share of employed in small and medium-sized businesses, maintaining and increasing the tax base, reducing unemployment benefits, etc.

For the economy of the state as a whole, clusters serve as points of growth of the domestic market. Cluster formations help to strengthen the competitive advantages of individual companies, and, consequently, the structure as a whole, which allows you to achieve a specific economic effect. Clusters are an alternative to an individual enterprise or industry object of study and forecasting, and at the same time, they are the object of support in the framework of regional development strategies.

Therefore, the main aim of the tourism partnership of business and education should be the development of the minds of youth moral sensibility and intelligibility, and the formation of their views, based on which the consumers of tourist services could develop its own system of beliefs and guiding principles.

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THE SIGNIFICANCE OF FINANCIAL STATEMENTS FOR FINANCIAL MANAGEMET OF HOTEL COMPANIES

Danijela Anđelković¹

Abstract

The quality of the financial statements depends primarily on the extent to which the information contained therein is able to satisfy the needs of the financial management of hotel companies and external users. The information is contained in a set of financial statements, of which the balance sheet and the income statement are the basic ones. The purpose of this paper is to point out the relevant information from the financial statements of hotel companies which can be of significant impact both for the needs of managing the company, as well as for the future decisions of investors and other users. When it comes to managing a hotel company, the information from financial statements can be used not only for operational levels and shorter periods of time, but also for the needs of strategic management. The intent is to determine the direction of the observed relation of these two variables.

Key Words: *financial management, accounting, financial statements, hotel companies*

JEL classification: *G32, M41, L83*

Introduction

As it is well-known, in theory and practice, increasing attention is paid to the problem of business performance evaluation in hotel companies. This is because of the change in the significance of some influential information resulting from hotel company financial statements. The characteristic of hotel companies' modern business conditions is variable and uncertain environment. The strengthening of hotel companies' competitiveness in the market is the basic aim of business and the prerequisite of their growth and development. Hotel company competitiveness, as well as business security,

¹ Union University "Nikola Tesla" in Belgrade, the Faculty of Economics and Finance, 62-64 Cara Dušana Street, 11080 Belgrade, Serbia, phone number: +381 64 222 15 61
e- mail: andjelkodani@gmail.com

is limited by business performances, primarily the performances resulting from financial statements structure (Aboagye-Otchere & Agbeibor, 2012; Alexander et al., 2005).

Therefore, hotel company growth and development management based on its competitiveness cannot be imagined without the information based on the financial statements. Thereby, financial statements objectivity and reality is understood, that is, they are required to reflect the real business of a hotel company. The key role in this is the impact of accounting harmonization on financial statements quality (Anđelković & Zubac, 2019; Barth et al., 2012).

If we consider that hotel companies' competitiveness strengthening is a strategic component, it follows that the financial statement information can be used for company strategic management needs, not only for operative or other levels and shorter time periods. Financial statement information can be used at all management levels as the result of business performance analysis, whereby various general levels are implied as the characteristic of various levels of management in hotel companies. The basic aim of financial statement as accounting information carrier refers to relevant and reliable informing of hotel company financial management as well as other external users (mainly investors and creditors) about financial position and success of hotel company business (Anđelković, 2018).

The paper starts from the following fundamental hypothesis: it starts from the hypothesis that the high-quality information presented in the financial statements represents the appropriate and reliable basis for financial management in hotel company business performance assessment and the creation of competitive advantage for hotel companies. In search for the answers to the set research goal and hypothesis, we made the concept for the research contents in this paper.

In addition to the introduction and conclusion discussion, the paper particularly considers the segments referring to the financial statement and balance sheet information significance for business performance analysis, as well as the information significance of other financial statements, mainly cash flow statements and the statements on equity changes in hotel companies.

The information significance of balance sheet and income statement for business performance analysis

In the context of understanding the information significance of balance sheet and successful study of hotel company financial position, asset, liability and equity structure essential definition is very important, as well as their interconnections and mutual dependency. According to Alexander and Nobes (2010, p. 94), "balance sheet is the basic financial statement representing a company's financial position, and it is used for its business security rating."

Balance sheet (financial position statement) provides the information for hotel company management and other interested parties in order to answer the following questions, "among other things (Žager et al., 2008, p. 53-54):

- What is the financial strength of the company?
- What is the liquidity?
- What is the company's debt?
- What is the company's horizontal financial structure, i.e., what are the assets financed from its own and other sources ratio?"

On the basis of considering the basic balance sheet elements structure, we can reach the conclusion that balance sheet is the reliable foundation to conduct the analysis of hotel company financial position and determine its financial possibilities and weaknesses. The future hotel company business can be assessed on the basis of this information. According to Ranković (2004, p. 191), "successful balance sheet analysis and sound financial structure design imply assets and liabilities balance sheet grouping in such a manner that ensures the aforementioned balance relations establishment and control." In other words, the information strength of financial statements depends on the type of basic assets elements (liabilities and equity) grouping or systematization.

The information on expected dates of assets and liabilities implementation is useful in hotel company liquidity and solvency assessment. Funding involves trade receivables and other receivables, while financial liabilities involve debts to suppliers as well as other debts. The information on financial liabilities is used for future liquidity evaluation and insight (the possibility to settle due financial liabilities in the short term) and hotel company solvency (the possibility to settle long-term liabilities), i.e., to consider and evaluate the ability to settle its obligations on maturity date. This consideration aims at future credit needs prediction. The statement

about hotel company financial position (balance sheet) enables the connections between assets and liabilities in terms of maturity (inflow dates and liabilities maturity interaction).

Hotel companies acquire necessary balance sheet information strength to conduct business performance analysis within the legislative framework, with the involvement of professional organizations in its definition. From that point of view, it is necessary to take care about two important points when we speak of balance sheet presentation forms: a) balance sheet formal layout, and b) assets and liabilities structure. Due to its stronger information power, balance sheet as a double-sided view or presentation type is more suitable for financial analysis needs compared to a single-sided statement form. This statement follows from its transparency as well as clarity of main balance relations emphasis, especially horizontally. The examination of the main balance relations as the foundation for financial structure analysis is the main reason for more frequent balance sheet presentation in double-sided form, rather than single-sided form (Ranković, 2004).

According to Stevanović et al. (2008), assets and liabilities structure, i.e., balance sheet position order depends on certain criteria. Bearing in mind that balance sheet is basically company financial position statement at a certain point in time, where solvency and current liquidity are the main phenomena that balance sheet sheds the light on, the dominant criterion in position ordering relates to liquidity. If we consider the fact that hotel company financial strength is not only determined by liquidity indicators but all the other things, especially profitability, security and independence indicators, balance sheet items grouping intended to highlight all the characteristic groups that serve as a basis for setting balance sheets according to financial rules.

When we speak of hotel companies, balance sheet particularly indicates a special element within assets – goodwill and other intangible assets. Nowadays, it is common practice in almost all hotel companies. The reason can be found in the fact that intangible assets (goodwill, brand, marketing relations with service users, research and development, etc) are significant determinant in hotel company value (Anđelković et al., 2018; Anđelković & Ivkov, 2013).

It has contributed to the fact that there is an increasing difference between market value and book value of the shares, in favor of the market value. Financial statement information as the result of intangible assets is crucial

for the establishment of long-term relations with hotel service users, as well as hotel company value creation and increase based on that.

Income statement refers to the business flow report, unlike balance sheet that represents the current business situation report. From the aspect of information significance for hotel company management and other external user's needs, these two reports represent two ways to illustrate the company's business: 1) in terms of doing business over a certain period of time, and 2) in terms of position or the situation in the company at certain point in time. Income statement information significance is to represent the amount of profit (gain) achieved or the amount of loss registered in a hotel company over the period included in income statement.

If we only consider accounts, financial result represents the difference between revenue and expenditures. However, there is also economic meaning for the above mentioned accounting dimension. IASB's framework for financial statement preparation and presentation considers income statement elements revenues and expenditures from the aspect of their impact on the increase or reduction in economic benefit (The International Accounting Standards Board, 2009). According to Kothari and Barone (2012), in the context of revenues and expenses understood in this manner, financial result of a hotel company represents the increase in its own (equity) capital arising from business and supporting activities of the company in certain period, or a decrease in equity on the same basis (also known as profit or loss). In fact, when these two items (revenues and expenses) are united, they define the fundamental meaning of profit that can simply be defined as revenue surplus in relation to expenses.

As we have already mentioned, business result represents the difference between revenues and expenses in terms of accounting. It is common to evaluate whether a company is profitable or not in business on the basis of that difference. However, from the aspect of income statement information significance for the needs of hotel company management and other information users, it is not enough to consider the absolute profit (or loss) amount alone when we observe hotel company business success. It is also necessary to include in the analysis intangible content of the elements used to achieve such profit, which necessarily introduces the problem of revenue and expense assessment and recognition. If we have in mind mutual dependency and correlation between revenue and expenses with balance sheet, it is very important that estimates of balance sheet positions on the basis of certain criteria should be equally valued. For example, if asset

positions are valued at a lower level, it will cause expenses to be higher, which will result in a lower financial result (with the same revenue) and vice versa. It follows that the reality of the financial result depends on the reality of balance sheet items assessment (Žager et al., 2008).

The information on "coverage contribution" is very important for hotel company business success assessment. It shows hotel company ability to achieve sufficient income to cover other (fixed) expenses. Of course, the emphasis is on cost distribution according to employment level (fixed and variable production costs), as well as coverage contribution recognition for the rest of the fixed costs.

The form of income statement presentation is especially significant from the aspect of information for hotel company management and other external users' needs. In this context, income statement presentation forms according to the nature of expenses and their function are far better expressed and analytically more appropriate. The difference in the income statement forms presented appears mainly in business expenses position, with their structure depending on the statement of costs method choice (Anđelković, 2018).

At cost breakdown, according to their function, costs are included as a part of trade costs, i.e., services, transport, administration, etc. this type of cost presentation provides more relevant information for financial report users. According to Dmitrović-Šaponja et al. (2012, p. 468), "From reporting power and analytical eligibility point, the least expedient balance sheet method is the one determining periodic result. Its reporting power is very poor, and as such, it cannot provide the data for the insight into the source of successful or unsuccessful business."

In terms of hotel company business nature, particular range of goods and provided services as the topic of hotel company business and basic functions of its activities, the highest analytical and information value for business management is provided by income statement according to the nature of expenses. A well-designed income statement scheme based on total cost method version can provide a set of information relevant for understanding the level of success in hotel company business over the past accounting period. This method can provide specific information on revenue related to the sale of individual goods and services provided. Also, the information on the nature of expenses is useful in anticipation of future cash flow projections.

Financial report evaluation, i.e., position estimate, and income statement accordingly, is the basic issue in accounting policies, as well as one of the most sensitive issues and problems in accounting. It is especially so because the accounting regulations allow the application of various methods and procedures of financial reporting positions evaluation, as in case of expense classification (The International Accounting Standards Board, 2009).

The application of various methods and procedures in position evaluation will also have impact on various basic income statement element values. Evaluation methods, i.e., position estimate that hotel company management will choose depending on the regulations and standards as a component of the accounting concept framework and they represent a detailed elaboration on accounting principles and hypotheses. According to Žager et al. (2008, p. 62), "these are the principles and hypotheses that represent the original criterion for the basic financial statement position evaluation." Therefore, the income statement generally appears as a consequence of the need to determine the financial result, as well as cost-effective measures, with the task of providing the hotel company with quality information in order to find out its direction, thus approaching strategic decision making.

Information significance of other financial statements for business performance analysis

Cash flow statement provides the insight into hotel company performance in a completely different way from balance sheet and income statement. Cash flow statement offers quite detailed information on inflow and outflow within business, investment and finance activities, opens the possibilities for information users to fathom the hotel company's strong and weak points. According to Malinić (2009), this type of reporting about cash flows is in the function of the assessment of company's exposure to financial risks, and an in-depth analysis makes it possible to place it in the function of discovering early warning signals about financial position. One of the particular values of cash flow reporting stems from the fact that it is the kind of report that can discover the effects of some accounting policies, and consequentially, accounting profit quality from income statement, making it attractive for detecting possible presence of the accounting practice accompanied by extremely high risk.

Hotel company management and external users of financial information should not only recognize profits and expenses derived according to accrual standards, but also cash positions and company cash flow. This is the reason for report preparation on cash flow, indicating the sources of cash raising from business and finance, as well as the use of cash; establishing the difference or pure cash flow, i.e., available surplus, that is, shortage of funds. The report provides information on the amount of cash on a certain date, and the factors affecting cash balance within certain period of time. Cash flow information provides financial management with the basis for assessing the company ability to generate cash and cash equivalents, and the company's need to use these cash flows. The International Accounting Standards Board (2009), IAS 7 – Cash flow statement, defines the requirements about the cash flow statement presentation and information disclosure. Cash flow statement provides true situation on hotel company "financial health situation" through the interaction with the analysis of other statements.

It is very common that the companies report successful business in their income statements, business profit, and they have liquidity problems, i. e., current liabilities settlement. Alexander and Nobes (2010, p. 109) state that "the first statement, profit account, shows a successful year and positive results based on the balance position accrual standards. The second statement represents an abbreviated view of cash flows. It shows a reduction in business entity's monetary resources, even without any dividend payment. This reduction is sensible in any of the years, it is even welcome as a part of the strategic development process and long-term returns maximization. However, this annual reduction cannot be allowed in the long run, so the analyst or potential investor should control or supervise carefully any similar financial situations or circumstances."

Great material implications resulting from the decisions made on the basis of the information contained in hotel companies financial statements present a very serious problem for the financial analysts, that is, a challenge about total performance analysis in a company. A very powerful information resource in this process is cash flow analysis. It is a complex analysis that involves various areas of business, shedding light over different management problems. In this context, the need for timely recognition of hotel company business and financial risk is particularly expressed. It exists among internal users (management, above all), as well as external users. However, due to the presence of information asymmetry, risk recognition is the most important for investors directly exposed to the

dangers not only on the basis of yield return loss, but invested capital loss as well. Therefore, significant misstatements in financial statements mainly related to overestimated results in the income statement and hidden loss creation in the balance sheet, highlight particular significance of the information contained in cash flow statement.

In order to provide high-quality information basis for business performance analysis in every company, and therefore, a hotel company as well, cash flows are systematized as business activities, investment activities and financing activity cash flows (Đukić, 2007). "This classification is of great importance for the assessment of relations among these activities, as well as the insight into the type of the activities that the company generates most cash from, as well as on which of the activities it is spent" (Đukić and Trajčevski, 2012, p. 156).

Business activities are basic, main activities of a company that create income, and therefore, they have the largest influence on the business financial result. This refers primarily to cash income from the sale of goods or service provision. When it comes to expenses, this refers mainly to the suppliers for the delivered goods or provided services, employees, income tax, insurance premiums, etc.

In relation to business activities, investment activities cash flow refers to the investments that result in changes on permanent, long-term assets. These are tangible assets, intangible assets, financial assets, as well as receivables due in more than one year. The most common cash inflows come from real estate sales, equipment, proceeds from loan repayment, from the sale of other companies' stocks or bonds sales.

When we speak of cash benefits, they most often relate to property and equipment acquisition, and other tangible and intangible assets. Also, they can appear on the basis of giving loans, share purchase, etc. Unlike the above listed business activities, hotel companies financial activities are related to business finances. They involve monetary changes related to liabilities and equity structure. The most frequent transactions refer to income from share issues, bonds, as well as other securities and received loans. When it comes to cash expenditures, they are frequently tied to dividends, interest rates, etc, as well as expenses based on loan repayment.

Using cash flows presentation according to business, investment and financing activities, a hotel company provides information for its

customers on the impact of these activities on its financial position. In the combination of all three types of cash flow, a hotel company receives the total cash flow for the accounting period. Stipulation of reporting forms, report preparation methods and cash flow classification types on the basis of business activities, investment activities and financing activities of a company contributed to a higher level of reporting unification.

It has resulted in testimonial power increase of this highly regarded report. This is a specific type of accounting – financial statement, resulting from the need for a company's liquidity dynamic analysis. As the most widespread concept on cash flow statement, it also responds to the needs for a more complete financial analysis, i. e., the need to complete a set of financial statements with cash flow statement as well.

The preparation of separate equity changes statement is a component of the complex financial statement for a company, intended primarily for equity owners. The statement on equity changes is a response to the needs for a more complete liquidity analysis. Therefore, it is considered the second liquidity analysis method compared to the cash flow statement based liquidity analysis.

All business or financial events within the hotel company equity changes statement provide information on origin and use of current period assets. It indicates the key factors that affect cash flow in the observed period. The analysis can determine financial events that caused changes in hotel company equity and net current assets. On the basis of that analysis, determining the basic causes that led to net current assets changes, the basic corrective measures for liquidity improvement can be undertaken.

When it comes to hotel companies, the most significant change in equity generally comes from retained earnings. The amount of retained earnings is increased through profit making, and reduced for the amount of loss, as well as dividend amount. Hotel company management leads dividend policy through retained earnings determination. For example, lower amount of dividends approved (and paid) means a higher amount of profit that remains available for the hotel company. Therefore, this statement expresses the importance of ownership, reflecting the interests of investors, owners as well as the hotel company itself.

Respecting the accounting principle that substance is more important than form, the formal appearance of the statement on changes in equity

sometimes varies. In certain cases, it is presented in abbreviated form, and all other information on changes in equity is presented in the notes to financial statements. "In doing so, it is also important that all relevant information is presented and made available to interested users" (Žager et al., 2008, p. 87-88).

In addition to the above mentioned basic financial statements, a set of financial statements also include the notes to the financial statement and statistic report (The Law on Accounting, 62/2013 and 30/2018).

Other required information is displayed in addition to the notes in financial statements. According to the International Accounting Standards Board (2009), and the translation of the conceptual framework for financial reporting and basic IAS, i. e., IFRS texts (35/2014), the notes in financial statements according to IAS 1 should:

- Provide information on the foundations for financial statement preparation and certain accounting policies used for important transactions and events;
- Publish, disclose information required by the IFRS, not presented in other financial statements;
- Provide additional information not presented in financial statements, but relevant to understand them, i.e., necessary to ensure objective, authentic presentation.

On the basis of the information content in the notes, we can state that the notes to the financial statements contain relevant, that is, important information for more comprehensive understanding and rating of financial position, earning power and asset flow in a company, as well as more reliable anticipation of its future situation and achievements. It is of particular interest to hotel company management, as well as investors (shareholders and others), creditors, business partners, government institutions and other interested users. Therefore, the notes to financial statements are an important instrument in external financial reporting, i.e., accounts rendition by the management.

According to Dmitrović-Šaponja and Milutinović (2010, p. 83-84), "the impact of the notes on financial statement quality is beyond doubt because their main purpose is to increase information power of the data contained in financial statements that the notes refer to. Disclosures in the notes are necessary in order to provide the information users with a complete picture of financial, property and yield position of a business entity."

At this point, financial and non-financial information contained in the notes should improve financial statement transparency, as well as inform the users about hotel company management intentions in terms of future business results achievement and the manner of resource management. Report readability of financial statements assumes the use of accurately and appropriately segmented materials on the base of which we can calculate the performance indicators that will clearly anticipate market response for different users of information.

The perspective of creating this kind of relationship between the increase of profitability and intention to improve relations with consumers can be achieved by identifying customers' demands and creating a larger, superior value for the customer that leads to his/her satisfaction and loyalty. This is achieved by applying the concept of customer relationship management and its value (Gupta & Shukla 2002; Kumar & Peterson 2012; Trivedi et al., 2016; Yu et al., 2014).

In this way, information obtained by non-financial indicators valuating allow a company from the hotel sector to determine the contribution of its activities aimed at increasing customer satisfaction to the improvement of the process of creating value for the customer as well as to the increase in the value of the company itself. Thereby, we should emphasize the role and significance of non-financial performance in financial statements structure and hotel companies value creation (Anđelković & Vujić, 2019; Marinković et al., 2013).

Conclusion

Hotel company growth and development management based on its competitiveness is impossible to imagine without the information based on financial reports. The information significance of financial reports for hotel company financial management and other users' needs follows from this statement.

From the aspect of information significance for hotel company management and other external users, balance sheet and income statement represent two ways to illustrate a company in terms of business flow over a certain period of time, as well as company position or situation at certain moment.

Cash flow statement, providing quite detailed information on inflow and outflow within business, investment and finance activities, opens new possibilities for hotel company management and other information users to fathom into the stronger and weaker points of a company in relation to balance sheet and income statement.

The statement on changes in equity represents the answer to hotel company financial management information needs for a more complete liquidity analysis. After establishing the basic causes leading to net current assets changes, specific corrective measures are undertaken in order to improve liquidity.

The notes in financial statements contain relevant information for a more complete understanding and evaluation of financial position, earning power and asset flow in the company, as well as more reliable predictions of its future situation and achievements.

On the basis of the research presented in this paper, theoretical and empirical work illustrated, we confirmed the basic hypothesis - that the high-quality information presented in the financial reports will represent the appropriate and reliable foundation for the financial management in business performance assessment, as well as the creation of competitive advantage for hotel companies.

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A BRIEF ANALYSIS OF TOURISM ECONOMICS IN THE EU – IS THERE A MASSIVE ECONOMIC POTENTIAL CHANGE?

Jean Vasile Andrei^{1,2}; Mihaela Cristina Drăgoi³

Abstract

The tertiarization of contemporary economies has imposed tourism as one of the relevant activities in generating gross added value. The main aim of this research is to make a synoptic analysis of the tourism economy in the European Union from the perspective of structural changes determined by the adaptation to the demands levied by the new world economic flows. The paper contains a panoramic analysis of tourism in some European countries, insisting on specific elements, essential for understanding the global economic mechanism.

Key Words: *tourism, sustainability, employment*

JEL classification: *F63, I31, O11, Z3*

Introduction

The evolution of the global economy and the diversification of the pressures levied by the need for a sustainable economic development have imposed tourism as a strategic economic branch, able to offer a significant degree of capitalization of the national economic potential. As provided in available literature (Ana, 2017; Andrei et al., 2014; Antonakakis et al., 2015; Ciolac et al., 2017; Drăgoi et al., 2017; Grechi et al., 2017; Guccio et al., 2018; Heslinga et al., 2020; Jean-Vasile & Popescu, 2014), tourism and agriculture has consolidated as an economic activity generating high added value and economic well-being, thus becoming an engine for an increasing labor resource. Although it has become progressively relevant from an economic and social point of view, tourism has failed to impose

¹ Jean Vasile Andrei, Ph.D., Full Professor, Petroleum-Gas University of Ploiesti, B-dul Bucuresti, No. 39, Ploiesti, Prahova, Romania, e-mail: andrei_jeanvasile@yahoo.com

² Scientific researcher, National Institute for Economic Research "Costin C. Kirițescu", Romanian Academy

³ Mihaela Cristina Drăgoi, Ph.D., Full Professor, Faculty of International Business and Economics, The Bucharest University of Economic Studies, 6 Romană Square, 010374 Bucharest, Romania, e-mail: mihaelacristina.dragoi@gmail.com

itself as a specific economic policy, such as those in the agricultural, industrial or competition and business fields. As noted by Nicolescu and Ana (2018), tourism is one of the economic sectors that has benefited the most and has been favored by EU membership and each new member state has contributed in itself to increasing competitiveness in tourism at European level.

Sustainable economic development, beyond being one of the most used contemporary concepts, requires a broad process of adapting economic sectors to the new demands on environmental protection, preserving high value habitats, vulnerable communities or threatened by a massive degradation of environmental conditions. From this perspective, tourism represents an economic activity with a high degree of inclusion and capitalization of environmental conditions, being at the same time a beneficiary of the environmental inventory but also a factor that can significantly disrupt it.

In a much broader perspective, tourism can be considered an input for achieving economic growth (Li et al., 2018) and the process of capitalizing on economic potentials thus requires a new approach to the role and place of tourism in all contemporary economic structures. As stated by the European Economic and Social Committee (2019), the tourism sector ranks third in importance in the international trade balance with a contribution of 10.4% to global GDP and 10.3% for the EU, generating 313 million jobs globally; practically, one in eleven jobs available worldwide is related to economic activities within the tourism sector.

Tourism, through the synergic effects it has triggered over time, has become an important economic activity, with a positive impact on economic growth, mobilizing and capitalizing on a wide range of resources. Starting from the capitalization of the natural and cultural heritage, of the local traditions and specificities and continuing with the increasing degree of sectoral employment, the tourism manages to harmonize the necessity of economic growth with the exigencies of the responsible environmental development.

From this perspective, as highlighted by several specialized studies (Danish et al., 2019; De Vita & Kyaw, 2017; Sokhanvar et al., 2018), the role of tourism is highly complex at macroeconomic level, being an essential tool in stimulating and ensuring economic growth, which often exceeds the specific sectoral characteristics determining an emerging impact on all

sectors on which it is reflected, including international trade, transport and agriculture.

As emphasized in some European documents (European Commission, 2007; European Economic and Social Committee, 2008), tourism must identify functional solutions, adapt, and reduce the impact of a number of major challenges, precisely because of its specificity, such as:

- sustainable management and capitalization of available natural and cultural resources;
- capitalizing on the specificity of landscapes and local communities;
- significant reduction of pollution and excessive use of resources;
- managing change in the interest of the well-being of citizens and communities;
- reducing the impact of the seasonal character of the demand and diversifying the complementary activities;
- battling the impact of transport on the environment and promoting alternative sources of transport;
- creating a tourism sector accessible to all;
- improving the quality of jobs in the tourism sector;
- guaranteeing the safety of tourists and local communities in tourist areas.

The development and diversification of tourist activities generates new challenges in terms of its exploitation in a sustainable way, in order to respond to an increasing degree to the requirements of the population. The tourist demand, mainly influenced by the seasonal nature of the activities, usually concentrates the gains in the seasonal months, either in summer or winter, affecting the comparative advantage that implies considerable efforts to attract both the traditional demand but also the new, emerging one, at the international level. But, at the same time, the tourist demand, in a continuous change and diversification, contributed to the identification and offer of innovative, attractive, and sustainable products at the same time, able to provide unique, personalized experiences.

Thus, Dogru and Bulut (2018) trying to answer the question of whether tourism is an engine for economic recovery, they conclude in their study that there is a two-way causality between increasing the volume of revenue from tourism and economic growth, which further strengthens the idea of the interdependence between economic growth and tourism development, in both senses: respectively, that the existence of a developed tourism

sector contributes to economic development itself, and economic development intensifies and stimulates the development of tourism as an economic sector.

Through the diversity of implied actions and under the pressure of market developments and increasing consumer expectations, tourism must develop an intrinsic mechanism of adaptation to new conditions, based on the impact that these activities have on the social and cultural environment of the countries of origin and destination, generating specific systems and forms of capitalization of the available potentials, not yet valorized.

It must also be taken into account that most of the times the economic performance of tourism and the high degree of capitalization of potentials are in flagrant contradiction with the efficient protection of the environment and the ecological criteria, which require harmonization through complementary measures and policies, as found in various existing studies (Aquino et al., 2018; Hall, 2019; Nikazachenko et al., 2018; Nunkoo, 2017; Shakouri et al., 2017).

Accordingly, Paramati et al. (2017), by applying panel econometric techniques which account for cross-sectional dependence and heterogeneity, find a contrasting situation as an effect of different adaptation of sustainable tourism policies and efficient management of the sector, noting that tourism generates a wide amount of the CO₂ emissions in the Eastern part of the EU member states, while economic growth and CO₂ emissions are much more correlated in the western EU.

In this context, it can be stated that the development of tourist activities and the capitalization of existing specific potentials imply both the existence of a healthy and human-friendly environment, but also the sustainable use of natural capital. This demonstrates the strong interdependence and correlation between the economic success of tourism activities, the quality of the environment and the natural capital favorable to exploitation.

The main objective of the paper is, therefore, to provide a brief analysis overview of the tourism economy of the European Union, by analyzing the evolution of fundamental indicators, such as: value added, turnover, persons employed and the number of enterprises, and also the possibility of the existence of a European policy specific to the field. The second part of the paper is dedicated to the analysis of four indicators (nights spent in tourist accommodation establishments, tourism intensity, guest nights

spent in tourist accommodation establishments per inhabitant, net occupancy rates of bedrooms and bed places in hotels and similar accommodation establishments), in the case of some member countries of the Visegrad group vs. Romania and several countries such as: Serbia, North Macedonia and Croatia. The statistical data used in the analysis were extracted from the specialized publications available in the Eurostat database (Eurostat, 2019, 2020b, 2020c).

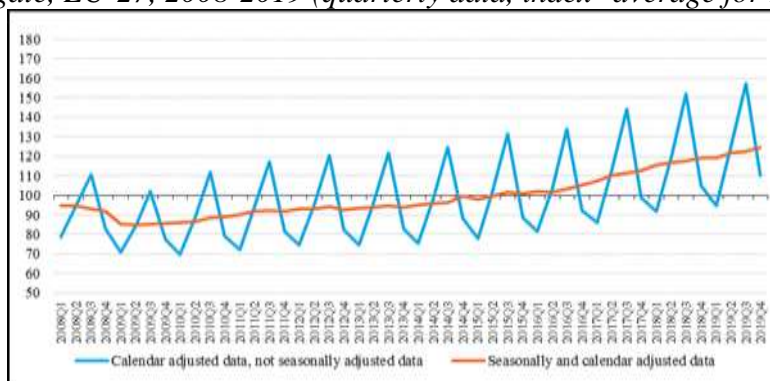
A short overview on the economy and tourism sector in the EU

At the EU level, tourism has over time become an increasingly consolidated economic sector, significantly contributing to the creation of gross added value, and capitalizing on the economic potential of tourist destinations. As also claimed by the European Commission (2014), tourism is the third largest socio-economic activity in the EU in terms of contributing to GDP formation and employment, after trade and distribution and construction. At the same time, tourism is one of the few economic sectors that have continued to grow over time, despite economic and financial difficulties, thus demonstrating a great potential to contribute to achieving the demands of smart, sustainable and inclusive growth within the EU. Under these circumstances, although tourism can be appreciated as one of the viable instruments in increasing and consolidating the degree of cohesion and economic integration in the EU, no specific financing lines can be identified within the multiannual financial framework (MFF) – at least not for 2021-2027. However, the seasonality of the activities in the tourism sector emphasizes the capacity to generate incomes and implicitly the contribution to the GDP formation.

Figure 1 significantly illustrates the seasonal character of turnover for tourism aggregate, evidenced by the sawtooth trend of the evolution during the period 2008-2019. Therefore, the capacity of tourism to generate an evaluable level of turnover is closely dependent on the seasonality of activities. In this context, Butler (2001) argues that seasonality is influenced by both demand and supply factors, although this is usually perceived as an undesirable aspect of the tourism economy. Hence, Ferrante et al. (2018) measuring the tourist seasonality in European countries have shown a strong link between seasonal tourism patterns and its spatial distribution between European countries, which can benefit from guiding specific policy actions to address the seasonality of tourism activities at European level and to increase the degree of capitalization of the potential. In order to create a relevant image on the tourism sector and

economy for EU-27, Table 1 presents significant sectorial indicators for the year 2017.

Figure 1: *Calendar and seasonally adjusted turnover for tourism aggregate, EU-27, 2008-2019 (quarterly data, index=average for 2015)*



Source: Authors based on Eurostat (2020a)

Table 1: *Key economic indicators for the tourism industries, EU-27, 2017*

	Number of enterprises	Number of persons employed	Turnover (million EUR)	Value added at factor cost (million EUR)
Total non-financial business economy	22.234.234	125.293.499	24.640.361	6.203.109
Total services	11.122.887	53.458.438	5.615.069	2.424.643
Total tourism industries	2.298.071	11.673.179	920.817	360.079
Tourism industries (mainly tourism)	391.934	2.934.982	382.587	125.081
Tourism industries (partially tourism)	1.906.137	8.738.197	538.229	234.997
Transport related (total)	387.285	1.903.386	237.026	97.629
Land transport	374.217	1.538.015	110.770	62.852
Passenger rail transport, interurban	229	437.925	50.415	29.798
Taxi operation	322.233	613.693	21.051	12.187
Other passenger land transport N.E.C.	51.755	486.397	39.305	20.866
Water transport	9.407	103.513	22.031	7.923
Sea and coastal passenger water transport	5.407	85.391	19.885	6.967
Inland passenger water transport	4.000	18.122	2.146	956
Passenger air transport	3.661	261.858	104.225	26.854
Accommodation (scope of Reg 692/2011)	316.087	2.313.602	165.149	78.228

Hotels and similar accommodation	143.526	1.914.409	137.435	66.885
Holiday and other short-stay accommodation	158.081	335.243	20.710	7.982
Camping grounds, recreational vehicle parks and trailer parks	14.480	63.950	7.005	3.361
Food and beverage (total)	1.434.820	6.828.354	306.208	120.633
Restaurants and mobile food service activities	884.984	5.062.980	239.444	96.398
Beverage serving activities	549.836	1.765.374	66.764	24.235
Car and other rental (total)	54.854	189.281	87.899	40.769
Renting and leasing of cars and trucks	40.134	163.410	86.013	40.057
Renting and leasing of recreational and sports goods	14.720	25.871	1.886	712
Travel agency, tour operator reservation service and related activities (total)	105.025	450.000	124.535	22.821
Travel agency and tour operator activities	72.186	359.522	113.213	20.000
Other reservation service and related activities	32.839	79.034	11.322	2.821

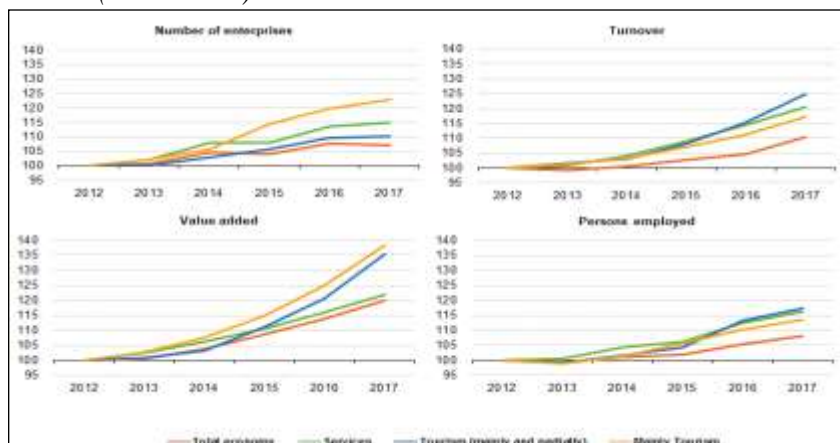
Source: Eurostat. (2020a). *Tourism industries - economic analysis*, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Tourism_industries_-_economic_analysis, (14 April, 2020).

As can be seen from Figure 1 and Table 1, the tourism sector and economy of EU-27 play an important role, with multiple valences, able to shape an emerging economic sector with significant potential.

Thus, according to statistics (Eurostat, 2020c), in 2017, more than half (56%) of enterprises operating in the tourism industry in the EU-27 were concentrated in four Member States, namely: Italy (383,600), France (326,700), Spain (308,000) and 263,400 in Germany. At the same time, the tourism industry showed a significant presence in some countries such as: Greece (147,800), Portugal (120,200) and Poland (109,100). Significant in this sense are the trends of specific economic indicators, such as value added, turnover, number of enterprises and employed persons, in the case of the EU economy, but also of the economy and the tourism sector as a whole, described in the figure below.

Figure 2 proves that the tourism sector and industry registered a significant growth trend throughout the analyzed period 2012-2017. Both tourism as an independent activity and complementary activities such as tourism mainly and partially have been circumscribed to this trend.

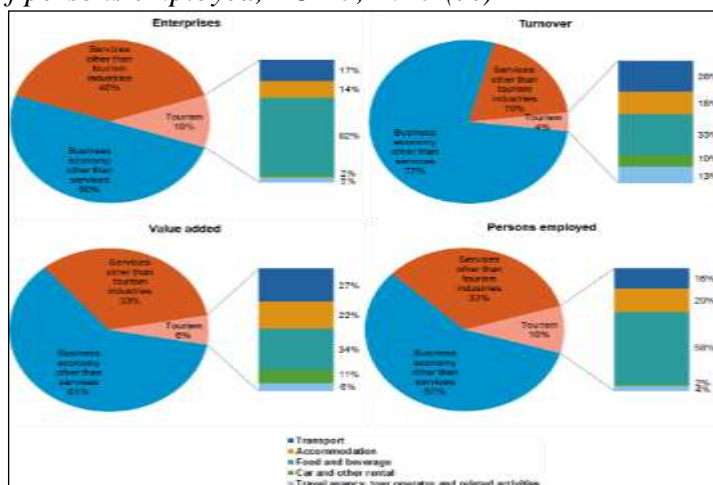
Figure 2: *Evolution of indicators for different sectors of EU-27 economy 2012-2017 (2012=100)*



Source: Authors based on Eurostat (2020a)

The distribution of the four fundamental indicators in the analysis of the importance of the tourism sector for all economic structures (value added, turnover, persons employed and the number of enterprises), come to complete the importance of tourism in the economy as a whole. Figure 3 depicts the percentages of these indicators for EU-27 for the year 2017.

Figure 3: *Number of enterprises, turnover, value added at factor cost and number of persons employed, EU-27, 2017 (%)*



Source: Authors based on Eurostat (2020a)

Moreover, figure 3 emphasizes that tourism and the tourism economy in general hold important percentages in the structure of the European economy. Thus, if the capacity of tourism to generate added value is taken into account, it contributes with 6% to the formation of this indicator for EU-27, given that the entire service sector excluding tourism, achieves one third of European added value, while the turnover is 4% in the case of tourism and 19% in the case of the services sector.

The role that tourism has in employment for EU-27 is also demonstrated, given that 10% of the workforce is employed in tourism, and 10% of all companies operate exclusively in this field. Thus, as noted by Zsarnoczky (2017), the EU tourism policy is of utmost importance for the EU economy, both in terms of income and employment, and can be considered a global benchmark, contributing to the definition of the trends manifested by the global tourism market.

In order to better understand the issues addressed by this paper, the next section is dedicated to the analysis of field-specific indicators, given the latest data available in Eurostat statistics.

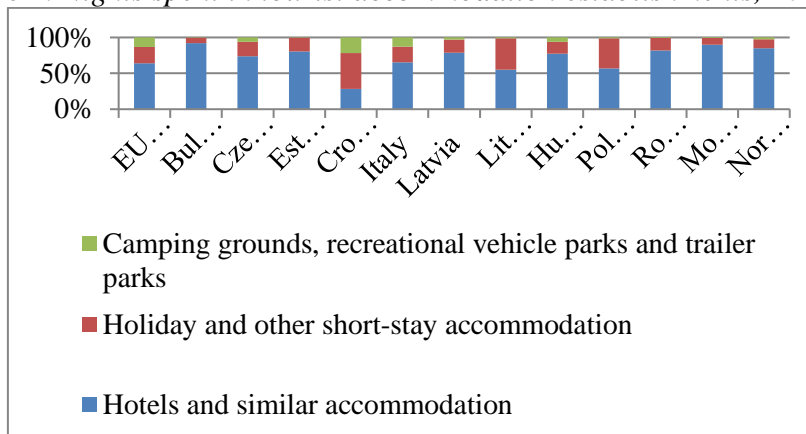
From general to particular in the European tourism economy

At EU-27 level, tourism and the tourism industry have registered a massive consolidation in the structure of the economy. As Estol et al. (2018) also claim, over time, EU policies have been meant to strengthen the common single market, and inevitably this has also contributed to the development of new policies in the field of tourism, precisely to increase the competitiveness of the community economy.

From this perspective, a relevant indicator in the field is represented by the nights spent in tourist accommodation establishments, which also highlights the willingness of a tourist to stay for a certain period of time in a tourist location, also including the possibility to spend money in that particular structure. As an example, figure 4 shows the number of nights spent in tourist accommodation establishments, in 2018.

The data presented in Figure 4 show that hotels and similar lodging facilities are the preferred type of accommodation for tourists in most of the countries analyzed, except Croatia.

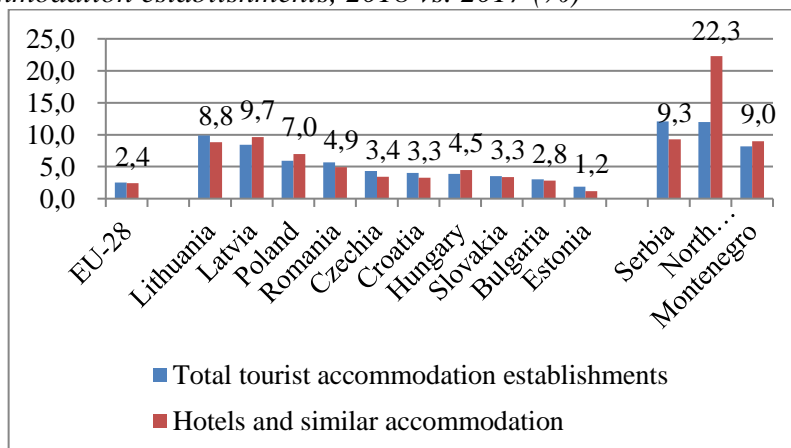
Figure 4: *Nights spent in tourist accommodation establishments, 2018*



Source: Authors based on Eurostat (2020b)

The existence of modern accommodation spaces, but especially the "linking of tourists to all-inclusive offers", makes Bulgaria register the highest value in the case of hotels. Thus, analyzing the percentage change in number of nights spent in tourist accommodation establishments, for the year 2018 compared to 2017, the situation is quite thought-provoking, as revealed in Figure 5.

Figure 5: *Percentage change in number of nights spent in tourist accommodation establishments, 2018 vs. 2017 (%)*

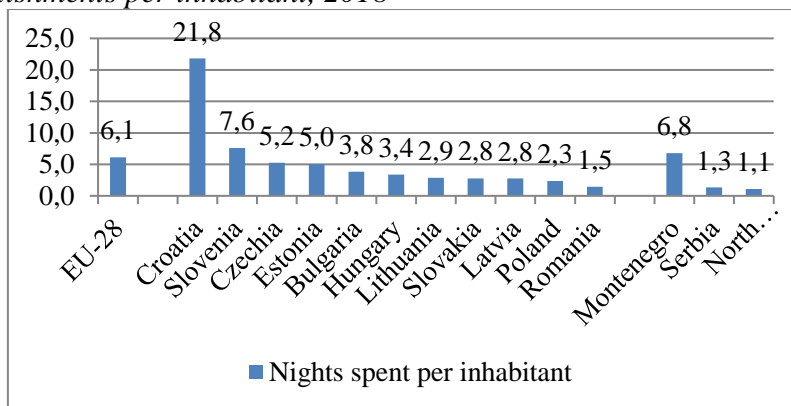


Source: Authors based on Eurostat (2020b)

If in most of the analyzed states, including at EU-28 level, the changes are relatively constant, in the case of North Macedonia there is an "explosion" of the number of nights spent in hotels and similar accommodation.

The indicator presented in figure 5, however, acquires greater relevance if we consider tourism intensity and guest nights spent in tourist accommodation establishments per inhabitant. The existence of tourist capacity becomes more pertinent only insofar as there is significant demand in the field, and the degree of occupancy of the capacity is very high. As it is argued in Eurostat (2019), for 2018, the number of nights spent in tourist accommodation establishments in the European Union was expected to have reached more than 3.1 billion, up by 2.2% compared to 2017. This situation is explained in the same document by the steady increase in the number of nights spent in tourist accommodation establishments in the EU, notably driven by the rise in the nights spent by non-residents of the country visited (Eurostat, 2019).

Figure 6: *Tourism intensity, guest nights spent in tourist accommodation establishments per inhabitant, 2018*



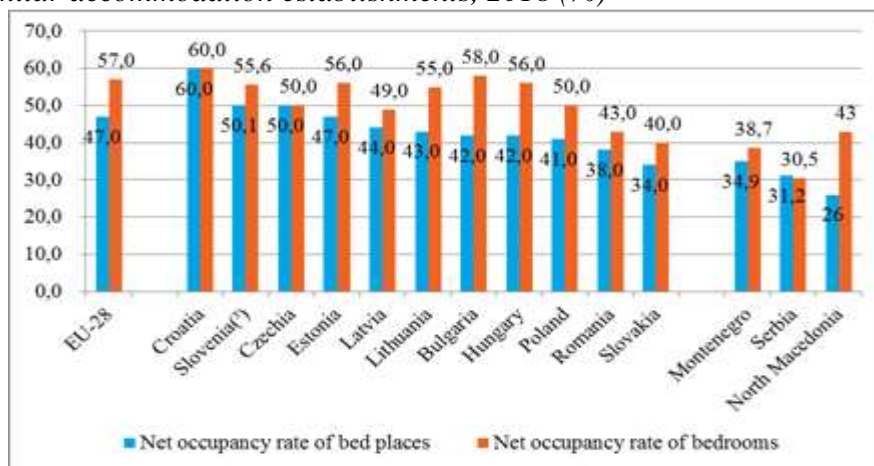
Source: *Authors based on Eurostat (2020b)*

From figure 6 it can be easily noted that the highest tourism intensity, guest nights spent in tourist accommodation establishments per inhabitant, in 2018 is registered in Croatia, while for the other states, except Slovenia, the value of this indicator is below the European average. A significant value, compared to the EU-28 average, is also registered in Montenegro.

The value of the tourism intensity indicator, guest nights spent in tourist accommodation establishments per inhabitant is of special importance when the degree of capitalization of the tourist potential is addressed, which must also be correlated from the perspective of another relevant indicator, namely the net occupancy rates of bedrooms and bed places in hotels and similar accommodation establishments.

This indicator specific to the tourism economy is of definite importance since it indicates the efficiency of using the resources available in the tourism industry. As noted by Lado-Sestayo and Fernández-Castro (2019), the degree of occupancy of tourist capacity, seasonality and market concentration are the variables with significant impact on economic efficiency. Hence, the analysis of the net occupancy rates of bedrooms and bed places in hotels and similar accommodation establishments in 2018, depicts a pleasing picture (Figure 7).

Figure 7: *Net occupancy rates of bedrooms and bed places in hotels and similar accommodation establishments, 2018 (%)*



Source: Authors based on Eurostat (2020b)

Figure 7 shows slight differences between the two components of the indicator, namely the occupancy of the beds and that of the bedrooms. The tendency is of a minor differentiation between the analyzed states. Values vary in the net occupancy rate of bed places, from 26% in the case of North Macedonia to 60% in the case of Croatia, with the range of values concentrated between 40-50%. In the case of the net occupancy rate of bedrooms, the situation is slightly different: the lowest value is registered in Serbia (30.5%), and the highest value also in Croatia (60%), but the range of values varies between 50-60%.

Can a European tourism policy be outlined?

After synoptically analyzing the state of the economy and of the tourism industry, we turned our attention to the last aspect considered in the paper,

namely the possibility of drawing up a common European policy in the field of tourism.

Starting from the premise that tourism plays an important role in the community economy, holding significant shares in the formation of indicators such as: value added, turnover, persons employed and the number of enterprises, we can outline the possibility of developing a European policy specific to the field, such as the agricultural, regional or competition policy. Consequently, although at the European level there is a significant series of approaches that have taken into account the European tourism industry and economy, a specific policy has not yet been substantiated.

Tourism as an economic activity is distinguished from other economic sectors by its transversal character. Many other European policies impact the tourism industry, such as the transport policy when considering passenger mobility and security, fiscal and competition policy when addressing the tax treatment of companies in the sector, environmental policy or regional development; tourism is therefore placed at the confluence of the effects of these policies.

The various endeavors towards a common European touristic policy comprise a series of actions such as the launch in 2007 of the "Agenda for a sustainable and competitive European tourism" in which from the beginning it was stipulated that it aims to "fulfill a long-term commitment of the European Commission and a new contribution to the implementation of the revised Lisbon Strategy for Growth and Jobs and the revised Sustainable Development Strategy".

Another noteworthy approach is the "Calypso – Tourism for All" initiative, through which the European Commission has tried to capitalize on the tourism potential represented by the elderly population. According to the European Economic and Social Committee (2019), this initiative has contributed to exploiting the off-season periods of tourism, but also to the diversification of offers and the sustainable growth of social tourism.

At European level, the European Commission also announced a strategy for sustainable maritime and coastal tourism for which it also organized a

public consultation in 20124. Also in the same year, the "Blue Growth" Communication was prepared, which included the maritime and coastal tourism in the list of the five areas of interest for promoting sustainable economic growth and which can significantly contribute to the creation of new jobs in the blue economy (European Commission, 2012).

Although we did not intend to list and analyze the documents prepared by the European Commission in support of the development and promotion of tourism, we tried to highlight the significant interest of European bodies to strengthen the European tourism sector. We believe that the tourism industry developed within the EU will generate its own specific sectoral policy and will have its own budget line in the next European multiannual financial framework.

Conclusion

Over time, tourism has become an economic sector with strong reverberations and influences upon the European economic structures, becoming an instrument generating added value and social welfare within the EU. Our previous brief analysis demonstrates that tourism and the tourism economy of the EU registered a significant growth trend, holding important shares in achieving the main economic indicators.

The exigencies imposed by achieving sustainable economic development, transposed tourism on the list of economic activities with a wide potential of capitalization, having an emerging character. In this context, the tourism industry must adapt and face a wide range of challenges determined both by globalization and especially by the refining of the demand for specific services and travel availability.

Starting from the findings highlighted during the analysis, we appreciate that tourism and the European tourism economy can impose and generate a specific policy, contributing through its peculiarities to increasing the degree of economic and social cohesion in Europe, taking advantage of a diverse natural and cultural potential. From this perspective, capitalizing on economic potential requires, more than ever, a new approach to the role and place of tourism in all European economic structures.

⁴ Details regarding the results of this consultation are available at: http://ec.europa.eu/dgs/maritimeaffairs_fisheries/consultations/tourism/index_en.htm.

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VISITOR MANAGEMENT PLANNING AS A TOOL FOR SUSTAINABLE TOURISM IN PROTECTED AREAS IN SERBIA

Mirjana Bartula¹; Viktor Radun²

Abstract

Visitor management planning is a new concept, tool and strategy of sustainable tourism and ecotourism. The importance of this concept is in the new approach to tourism in protected areas of the country, which means implementing a completely different philosophy of tourism. This paper provides an overview of the potential for sustainable tourism development in Serbia as well as an overview of visitor management planning methodology – Limits of Acceptable Change (LAC) that was tested in Special Nature Reserve Zasavica, in Srem District, Serbia.

Key Words: *Visitor management planning, sustainable tourism, protected areas, ecotourism, SNR Zasavica*

JEL classification: *Z32; Q56; L83*

Introduction

It may be claimed that the well preserved and clean natural resources within the protected areas are the greatest value to tourists and there is a definite relationship between the value of the protected areas and the benefit of ecotourism activities. Visitor management in protected areas is crucial to ensure that the natural capital they protect can be enjoyed by future generations.

Having these considerations in mind, there is a huge potential for ecotourism in protected areas. This paper considers a case study of Special Nature Reserve Zasavica, in Serbia.

¹ Mirjana Bartula, Associate Professor, University Metropolitan, Faculty of Applied Ecology Futura, mirjana.bartula@futura.edu.rs

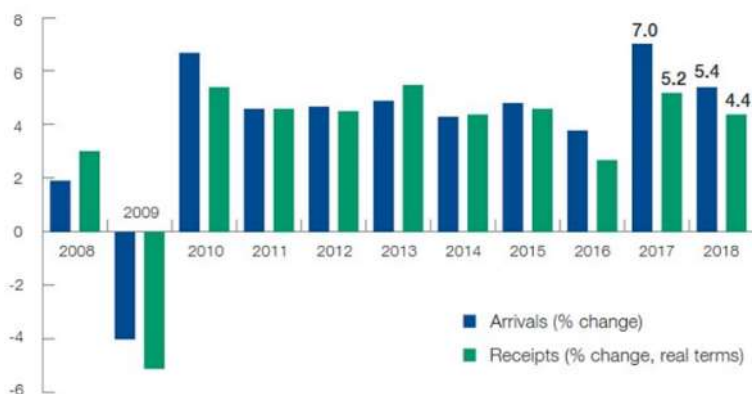
² Viktor Radun, Assistant Professor, University Metropolitan, Faculty of Applied Ecology Futura, viktor.radun@futura.edu.rs

Defining sustainable tourism and ecotourism

In terms of growth, tourism, as a sector of the economy, is one of the fastest growing industries in the world. Tourism is especially important for the less developed countries, as it stimulates the economy and increases employment.

According to data presented in the International Tourism Highlights 2019 (UNWTO, 2019), total international tourist arrivals in 2018 reached 1.4 billion, which is 5.4% annual growth, while total international tourism exports in the same year amounted to 1.7 trillion USD, which is 4.4% change per year. Both growths in international tourist arrivals and international tourism exports outperform the world GDP growth – 3.6% in 2018. There has also been a continual and stable expansion of the sector since 2010 until now, which is presented in Fig. 1.

Figure 1: *The annual % change of international tourism arrivals and receipts 2008-2018*



Source: UNWTO (2019)

Tourism is closely linked to the social, economic, and environmental well-being of many countries, especially developing countries. Therefore, it is an important factor of economic and social development.

The importance of sustainable tourism or ecotourism is highly recognized within the currently hyper turbulent business environment. Sustainable tourism, created by implanting key principles of sustainability into a tourism sector, is becoming the crucial factor of transformation of the whole economy into a sustainable one, and also it contributes to the goal of making the economy growth and development healthier, with the essential

responsibility for business environment as well as the wider, natural environment.

Sustainable tourism is defined by the World Tourism Organization (UNWTO, 2020) as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities". Incorporating balance between "environmental, economic, and socio-cultural aspects of tourism development", the sustainable tourism development "requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building."

This definition emphasizes the vital connections between sustainable tourism and the sustainable development goals – SDG (UNDP, 2020). The 17 SDG were adopted by the UN in 2015, and they are originally integrated into the 2030 Agenda for Sustainable Development, which was launched at the UN Sustainable Development Summit in New York, in September 2015.

European Commission has its own approach to ecotourism. According to the European Commission, "the competitiveness of the European tourism industry is closely linked to its sustainability" (European Commission, 2020). In the EC Communication *Agenda for a sustainable and competitive European tourism* (EUR-Lex, 2007) there is a strong emphasis on creating "the right balance between the welfare of tourists, the needs of the natural and cultural environment and the development and competitiveness of destinations and businesses".

There is a slight confusion between sustainable tourism and eco-tourism. Although there are many similarities between the two terms and essentially they inherit the same root idea – the sustainable development – we should make a distinction. According to The International Ecotourism Society (TIES, 2015), ecotourism can be defined as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education", whereby the education means the inclusion of both the staff and the guests. In other words, ecotourism is concerned with "uniting conservation, communities, and sustainable travel."

An excellent insight into the complexity of the sustainable tourism term and the differentiation of the general sustainable tourism is presented by I. Juganaru, M. Juganaru and A. Anghel (Juganaru, I. et al., 2008) According to those authors, there are many forms of sustainable tourism, such as: eco-tourism, soft tourism, green tourism, rural and agro-tourism, community tourism, equitable tourism, etc. They define ecotourism as "ecological tourism, with the main objective to preserve the nature or approach to rare species. Ecotourism activity involves an important education and interpretation component, as well as support for raising awareness on the necessity of natural and cultural capital preservation. Ecotourism must have minimum consequences on the environment and must also contribute to the welfare of local populations." (pp. 797-804).

Authors Ružić, P. and Amidžić, D. (Ružić & Amidžić, 2018) refer to the transition from the market, commercial view on tourism that prevailed during the 1960s, 1970s and in the greater part of the 1980s to the new concept of sustainable tourism and ecotourism, which occurred after the 1990s. They conclude that "the concept of sustainable tourism as a form basically implies the aspiration of a local community (or community of broader scope) in relation to tourism development, which should become responsible for the type, type and pace of the selected tourist development" (Ružić & Amidžić, 2018, p. 135).

Comparing various definitions and various views (Integra, 2010), we may summarize that the sustainable tourism can be applied to all types of tourism, hence it is sort of a wider term then the concept of ecotourism. On the other hand, ecotourism is more concerned with the conservation of natural areas and natural resources and also with the welfare of the local people, involving the proper knowledge and education of both the staff and the guests. It comprises the knowledge of the natural resources as well as the knowledge of the culture and practice of the local communities and people living within the natural environment.

Considering all the previous definitions and bearing in mind the challenges and the proposed principles and measures needed to be implemented in the area of this highly sensitive type of sustainable tourism, we can review the main characteristics of ecotourism in a way that it:

- is applied in natural and cultural areas;
- has a minor impact on the environment;
- is based on principles of conservation and preservation;

- may even contribute to the improvement of the environment and its resources;
- protects local communities and may be beneficial to the local communities' wellbeing;
- involves responsible and planned use and engagement of tourists who intentionally take care of the environment and local communities;
- implies highly informed, planned and strategic approach, which involves the use of technology and the knowledge management methodology.

As we can see from these definitions, there is a completely novel philosophy of tourism behind the concept of sustainable, and especially ecotourism. This philosophy is based on the view that supports sustainability, ethical and responsible relationship of the consumers with the natural environment. Its core is the need to sustain the balance between the economy and the natural environment. It involves the *proactive* role of users, resulting in users' (consumers') commercial enjoyment in natural resources attractions together with applying principles of ethics and social responsibility to the natural environment in the form of tourism. In this view, ecotourism may be understood as innovative tourism, involving the "emerging of a new innovation paradigm", which indicates that "the innovation process more and more includes not only producers, but also the users. It means a shift from the product-centered innovativeness towards user-driven innovativeness." (Radun, 2006, p. 193).

This is in accordance with the modern concept of competitiveness, in which "the environment puts new, more complex requirements to the companies... The consumers, as focal point and target group, change their choice and interests, becoming more sensible and refined. Requirements for quality of the products and services, globally established standards, environment protection, and many other factors, make the relationships between market actors more complicated." (Radun, 2004, p. 57).

The natural tourist potentials of Serbia are great, rich, complex and diverse. As such, it represents an abundant basis for prospective growth and development of ecotourism. As ecotourism promotes a sustainable, balanced, low-impact use of natural environment by consumers, it needs strategic approach, planning and developed legal framework that will guarantee its proper implementation.

With the great shift of the Fourth industrial revolution, there are huge opportunities, although there are threats as well, in the wider future use of new technologies in ecotourism. According to Radun (2018b) "The Fourth industrial revolution enables the connection and permeation of a wide range of new technologies and is a fusion or synthesis of many new scientific and technological fields. In this way, it synergically magnifies and multiplies the interplay of many disciplines, branches and fields, integrating science, technology and economics into new great syntheses, causing enormous and incomprehensible tectonic changes in the worldview, the relationship between human and the world, the possibilities of knowledge and re-examining possibilities, role, boundaries and meaning of human in general." (p. 110).

In this way, we can anticipate in near future ability to create all-inclusive, hyper-networked and hyper-intelligent management system aiming to enable more sophisticated management of ecotourism activities.

Ecotourism in protected areas as a new tourist product

With the advancement of industrialization, the impact of human society on the environment is growing. Having this impact in mind, the environmental degradation increases and the space for conservation and healthy nature is decreasing progressively. That is why it is extremely important to protect some parts of the territory of a country in order to preserve natural values of exceptionally prettiness, rarity and attractiveness.

It should be observed that there is a potential conflict between two main tendencies, one of which is the motivation of the urban population to satisfy their need to relax, refresh and recreate in the regions of preserved and protected nature, which is growingly acknowledged by tourism, and the other is the necessity of ensuring essential and long-term protection and conservation of the most valuable parts of the natural environment, including complex and rich ecosystems, rare and beautiful natural objects and species by the society, on a national, regional and international level. In this respect, D. Filipović (2017) states: "the main issues of protected area management is establishing the balance between the protection of natural values and sustainable development of an area – economic, ecological and social dimension of sustainability." (p. 39).

Ecotourism indicates the importance of conservation of the natural environment and its resources. The aim is to preserve the biodiversity and

sustain the integrity of the natural environment as well as the welfare of the local people dealing with it and/or living therein. In this respect, the protected areas, due to their special treatment, strict legal and institutional regulation and preserved natural resources, are highly important for the development of ecotourism.

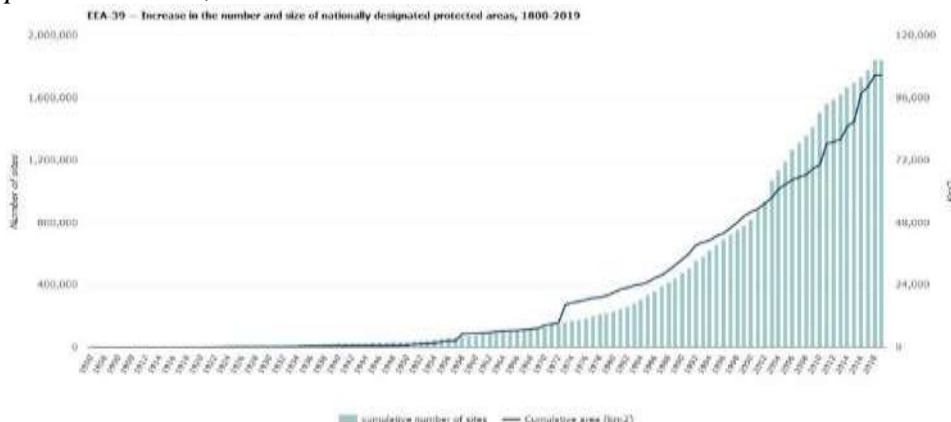
It may be indicated that the well preserved and clean natural resources within the protected areas are the greatest value to the tourists and there is a definite relationship between the value of the protected areas and the benefit of ecotourism activities. Hence, S. Nikolić (Nikolić, 2006) states: "If certain natural environments have richer and more complex ecosystems and landscapes of greater recreational opportunities, more attractive and rare natural objects and phenomena, so the more important are the ecotourism destinations. And it is precisely landscapes and natural objects of such features and importance that are valued and proposed for protection as natural resources. That means that there are no significant differences between the ecological and tourist features of a protected and ecologically preserved nature." (p. 110).

The protected area is defined by International Union for Conservation of Nature (IUCN, 2020a) as "a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values."

The EU has a rather advanced legal and institutional framework for the environment regulation and protection. The main institution responsible for environmental protection is the European Environment Agency (EEA), within which there is a comprehensive inventory of nationally designated protected areas (European Environment Agency, 2020a) in 39 European countries, including Serbia. Over time, the number and size of nationally designated protected areas in these countries have marked a constant rise (Fig. 2).

The CDDA officially outputs protected area information from the selected European countries to the World Database of Protected Areas (WDPA). The WDPA is a complete global database of protected areas (terrestrial and maritime). According to the WDPA (IUCN, 2020b), "the protected areas are internationally recognized as major tools in conserving species and ecosystems."

Figure 2: *Increase in the number and size of nationally designated protected areas, 1800-2019*



Source: *The European Environment Agency, 2020a*

The CDDA receives data from the Eionet Network (European Environment Information and Observation Network) which systematically gathers various data from EEA member and cooperating countries in Europe (Eionet, 2020). It differentiates three categories of designation types: A, B and C. Category A comprises (European Environmental Agency, 2020b) "designation types used with the intention to protect fauna, flora, habitats and landscapes (the latter as far as relevant for fauna, flora and for habitat protection)".

Policy and legal framework for ecotourism in Serbia

The systematic and well-planned policy is vital for the development of ecotourism. Since ecotourism is a kind of sustainable tourism, which is focused on tourism with a low or null impact on the environmental resources and aimed at the conservation and development of the natural environment, the legislation and institutions that deal with environmental protection are of utmost interest. The institutional and legal framework is designed for designation, classification, arrangement, planning and protection of areas of special or extraordinary interest for the country.

Serbia has founded a consistent and well-planned centralized system and policy of environmental protection. Nevertheless, only in 2017, with the establishment of the Ministry of Environmental Protection, for the first time, the environmental protection in the Republic of Serbia was raised on

the highest possible level and it received its full economic and social recognition.

There is a complex network of institutions, agents and organizations in Serbia, which have a great impact on the environment, aiming to regulate, protect and oversee environmental protection in Serbia. The most important institutions in Serbia, responsible for environmental protection are:

- The Serbian Environmental Protection Agency;
- The Institute for Nature Conservation of Serbia and
- The Institute for Nature Conservation of Vojvodina Province.

The state of nature conservation and protection is regulated by the Law on the Protection of Nature (Zakon o zaštiti prirode, 2018). The Law defines the protected areas as "areas that have pronounced geological, biological, ecosystem and/or landscape diversity and are therefore designated as protected areas of general interest by the Conservation Act."

The central national institution responsible for the conservation and protection of natural environment is the Institute for Nature Conservation of Serbia in Belgrade. The Institute recognizes 7 types of protected areas: a strict nature reserve, a special nature reserve, a national park, a monument of nature, a protected habitat, an outstanding natural landscape and a nature park (Institute for Nature Conservation of Serbia, 2020). The Law on Nature Conservation (Zakon o zaštiti prirode, 2018) differentiates and defines all these protected areas *in concreto*.

According to the updated Central Register of Protected Natural Resources of the Institute for Nature Conservation of Serbia (Central Register of Protected Natural Resources, 2020), the total protected area in Serbia is currently 677,950 ha, which is 7.67% of the territory of Serbia. There are 469 different protected areas, including 5 national parks (150,225 ha or 1.7% of total territory of Serbia), 18 nature parks (299,088 ha or 3.38%), 21 landscapes (67,998 ha or 0.77%), 69 nature reserves (145,446 ha or 1.64%), 6 protected habitats (2,728 ha or 0.03%) and 314 natural monuments (11,347 ha or 0.13%). According to the Spatial Plan of the Republic of Serbia (Prostorni Plan, 2010), by 2021, the total protected surface of Serbia should reach 12% of its territory. However, a large number of species and natural ecosystems in Serbia indicate rich biodiversity in terms of quality, but natural habitats of many species, especially endemic ones, take up very small areas, thus limiting biological

resources and potentials which urge for harmonization between nature protection and tourism planning sector (Amidžić et al., 2014).

The legal and institutional framework of environmental protection in Serbia is highly influenced by the complex and comprehensive legal and institutional system of the EU. According to Radun, V. (2018), "the environment protection is great challenge for Serbian government as it needs huge efforts and making substantial and sustainable progress in three areas: a) transposition of the environmental legislation of EU into national legislation of Serbia; b) administrative capacity to implement, monitor and enforce that legislation, and c) establishing the infrastructure required for compliance with the legislation." (p. 118).

Visitor management in protected areas

Visitors in protected areas have a wide range of environmental impacts including the impact on biodiversity, water resources and soils. Such impacts can include changes to animal behavior, breeding patterns, an introduction of invasive species, damage and removal of rare and endangered species' habitats (Spenceley et al., 2015). Consequently, visitor management in protected areas is crucial to ensure that the natural capital they protect can be enjoyed by future generations.

Since the mid 1970s, a variety of planning and management frameworks have been developed for protected areas to address visitors management planning issue. These frameworks include the Limits of Acceptable Change (LAC), Visitor Impact Management (VIM), Visitor Experience and Resource Protection (VERP), Visitor Activity Management Process (VAMP), the Recreation Opportunity Spectrum (ROS), and Tourism Optimization Model (TOMM) (Nilsen et al., 1997).

Due to economic benefit for protected areas managers, certain level of impact on natural capital may be acceptable. However, it is crucial to determine what degree of impact is acceptable - more precisely to determine the limits of acceptable changes in ecosystems.

That is why the Limits of Acceptable Change (LAC) framework has been used and accepted worldwide. According to Eagles et al. (2002), "It is essential to develop goals for tourism in protected areas. All subsequent actions, such as building facilities, developing recreation programs and assigning levels of tourism service, flow from these goals. The LAC offers

a way to do this that does not focus so much on the relationships between levels of use and impact, but on determining the desirable environmental and social conditions for the visitor activity, and the management actions required to achieve these conditions." (p. 81).

Rather than focusing on establishing carrying capacities and limiting use in these settings, the LAC identify desired social and resource conditions. Consequently, management is oriented toward maintaining or restoring those conditions. Limiting the use is viewed as only one of a number of possible management techniques.

In order to set up a framework for Limits of Acceptable Change appropriately, the following steps are envisaged:

1. Identify issues and concerns. The purpose of this step is to identify features of particular concern to be maintained or achieved and to provide a basis for establishing management objectives;
2. Develop and describe opportunity classes. According to Stankey et al., (1985), an opportunity class provides "a qualitative description of the kinds of resource and social conditions acceptable for that class and the type of management activity considered appropriate" (p.6).
3. Select indicators for resource and social conditions. This step identifies specific standards which require inventorying and monitoring (for example, vegetation damage, soil erosion, amount of infrastructure, crowding) and which provide the basis for identifying what management actions are required where.
4. Inventory of existing resources and social conditions. Indicators chosen in the 3rd step should guide the inventory of resources and social conditions to avoid unnecessary data collection and ensure that the collected data is useful.
5. Specify standards for resources and social conditions in each opportunity class. This step involves the specification of standards that describe acceptable and appropriate conditions for each defined opportunity class.
6. Identify alternative opportunity classes. This step identifies options to help define what conditions are acceptable in terms of the resource and social conditions.
7. Identify management actions for each alternative. During this step, the range of management strategies that would be required for each alternative opportunity class are examined, which will help determine which are viable.

8. Evaluate alternatives and select a preferred one. This step involves finalizing opportunity class allocations and the preferred management programme.
9. Implement actions and monitor conditions. During this step, the management programme is implemented to achieve the objectives set in step eight. Monitoring ensures periodic, systematic feedback on how the management action is working.

Case Study - Zasavica Special Nature Reserve

The Special Nature Reserve Zasavica (hereinafter referred to as SNR Zasavica) is situated in the Republic of Serbia, on the territory of Srem and North Mačva, east of the Drina River and south of the Sava River. It comprises territories of Sremska Mitrovica and Bogatić municipalities. It is a mosaic of aquatic and wetland ecosystems with fragments of flooded forests. The protected area covers 1128.55 ha, while buffer zones cover 3.462.65 ha. Regarding the international protection status, the SNR Zasavica is designated as a Ramsar site, Important Plant Area, Important Bird Area and Prime Butterfly Area. According to the IUCN management categories, it is a Habitat and Species management area, category IV (Bartula et al., 2011).

The potential for ecotourism in SNR Zasavica is primarily based on the natural capital of the area that attracts a number of visitors throughout of the year. The degree of visitors` impact depends upon many variables in addition to the amount of use: the degree of site hardening, the motivations and behaviors of visitors; the mode of visitor transport and lodging; the effectiveness of guides; and the season(s) in which most use occurs.

Overall measuring of tourism carrying capacity does not have to lead to a single number, like the number of visitors/total area/year. Defining the carrying capacity of individual tourist sites/zones in terms of a simultaneous maximum number of visitors/users is a more acceptable approach. Therefore a pragmatic, but a more appropriate approach is recommended that identifies potential sites for tourism development and visitor infrastructure and contrasts them with the data from the biodiversity research.

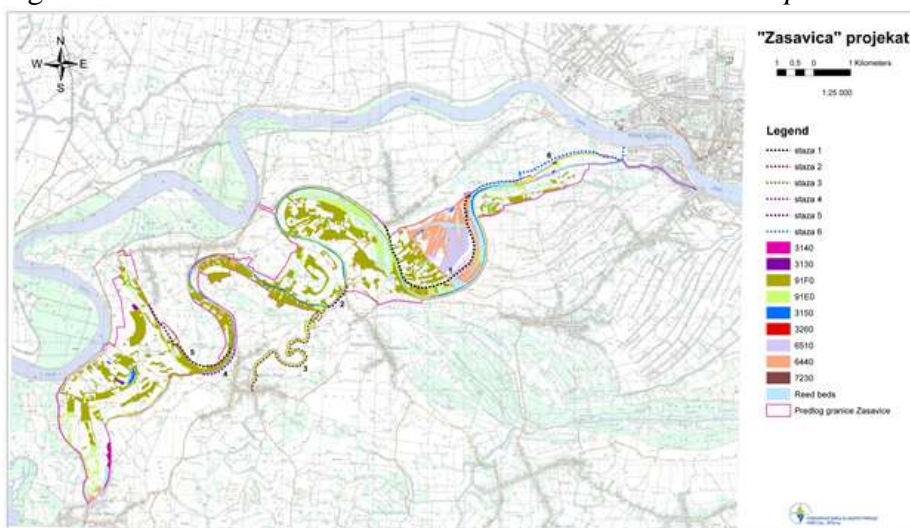
Zones are used to describe management actions and to guide or control a very wide range of activities. Zoning for visitor use is fundamental to all other management strategies of Zasavica SNR. Zoning of visitor activities

is the division of a reserve into a number of different sectors, or zones, for the purpose of distributing different types of use or non-use (i.e. protection) in the most appropriate places. Although visitor management could and should exceed the borders of the reserve, including the buffer zones and the communities around the area in the visitor experience, the prime focus was on the relation between visitation and conservation objectives. The second objective was to determine the range of potential visitor experiences and resource conditions that can be accommodated via a good zoning scheme and appropriate management. As the potential experiences mostly relate to the extensive use (a vulnerable zone with limited access), a "trail-oriented" visitor use has been chosen as a common approach. A clear trail scheme was produced that combines tourism potential with sensitive habitats and vulnerable species, monitoring indicators, etc.

Including the existing "Valjevac – Šumareva Ćuprija" nature trail, potential further development of trails was envisaged, as shown below:

- No 1: Pedestrian-Bicycle Path "Valjevac – Šumareva Ćuprija"
- No 2: "Beaver's Path": Gajića Ćuprija – Batar
- No 3: Educational Trail: Gajića Ćuprija – Batar
- No 4: Banovo Polje – Raševića Ćuprija – Ljubinkovića Ćuprija
- No 5: Raševića Ćuprija – Ljubinkovića Ćuprija – Staniševac
- No 6: Mačvanska Mitrovica – Visitor Centre
- No 7: Ravnjanska Ćuprija – Gajića Ćuprija

Figure 3: *Visitors trails and Natura 2000 habitats relationship*



Source: *Zasavica SNR Management plan*

The identification (Figure 3) was done of where the trails would be located and the field researches on the location's natural conditions were completed by biodiversity experts. By contrasting tourism data and visitors management opportunities with biodiversity maps, the basis for a visitor zoning plan has been established. It aims at minimizing negative impacts, while providing optimal experiences along Zasavica nature trails.

Conclusion

Having in mind that the protected areas in Serbia cover the surface of 677,950 ha, which is 7.67% of the whole territory, the potential for developing tourism based on natural resources is remarkable in Serbia. However, in order to secure sustainable use of natural resources by the tourism sectors, visitor management planning is required.

Researchers realized that looking only at numbers of visitors to minimize negative impact on natural ecosystems was not sufficient. They demonstrated that what visitors did, when they did it and a number of other circumstances were frequently more important in determining visitors' impacts than simply the number of visitors. Therefore, the Limits of Acceptable Change (LAC) framework been proposed as the most effective visitors management planning tool that involves identifying desired social and natural resource conditions, defining the objectives and measures for achieving the objectives rather than only limiting the use of resources and restricting the number of visitors.

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MICROGREENS IN GASTRONOMIC OFFER OF BELGRADE RESTAURANTS

Aleksandar Božić¹; Srđan Milošević²

Abstract

The use of microgreens in Belgrade restaurants was analyzed based on a questionnaire sent to managers of 200 restaurants with different rating on the portal Tripadvisor. A questionnaire containing eight questions about the use of microgreens was answered by a total of 60 managers. Their answers indicate that majority restaurant managers (87%) are familiar with microgreens. Many of them (60%) confirmed that they use microgreens for food decoration, while only 2% use it for food preparation. Most of them use microgreens because of the attractive appearance of food (69%) and fashion (28%). Dominant microgreens in Belgrade restaurants are red cabbage (44% of total answers), followed by sunflower (28%) and pea (22%), while other types are used in 6% of restaurants.

Key Words: *Belgrade restaurants, food decoration, microgreens, Tripadvisor*

JEL classification: L83

Introduction

Belgrade, as the capital of Serbia, is one of the most popular tourist destinations in this country. Although the involvement of the hotel industry in promotional activities of this destination is unsatisfactory (Đurović & Božić, 2018), foreign tourists from many countries visit Belgrade. Except for cultural and art monuments and various events, this destination is very popular for the high-quality of nightlife (Mizdrak et al., 2005), while hospitality plays a primary role in achieving guest satisfaction (Božić et al., 2018). But, as numerous studies indicate, the importance of food for the marketing of a tourist destination (Okumus et al., 2007, Vuksanovic et al.,

¹ Aleksandar Božić, Ph.D. student, Faculty for Sport and Tourism - TIMS, Radnička 30a, 21000 Novi Sad, e-mail: bozicaleks@gmail.com

² Srđan Milošević, Ph.D., Assistant Professor, Faculty for Sport and Tourism - TIMS, Radnička 30a, 21000 Novi Sad, e-mail: srdjan.milosevic@tims.edu.rs

2016), the restaurant offer has an important contribution to the guest attraction. Due to the significantly improved availability of information about food and service quality through communication via social networks (Božić & Zubanov, 2018), managers show an increasingly serious approach to the day-to-day operations of restaurants. The expectations of guests are increasing because they compare the quality of service with the experiences from foreign objects (Chen & Elston, 2013). Because of that, *travel lays the motive to get to know that which is different and as yet unexperienced, hence diversity as an imperative in tourism* (Škrbić, Jegdić, Milošević, & Tomka, 2015:231). So, in order to provide the level of service that a modern customer expects, it is necessary to implement modern trends and innovations in hospitality. In addition to the pleasant ambience and great memories, the contemporary guests wish new tastes in a restaurant (Gagić et al., 2013).

Modern trends in the hospitality industry which are the most obvious to the users of the services are changes in gastronomic offer. As healthy food is very popular, a lot of attention is directed to a healthy diet that requires the use of a larger amount of fruits, vegetables and salad, or vegetable fibers (Public Health Agency, 2001). Generally, restaurants must attract consumers with good taste and an interesting look. But, the relationship between the real biological needs of people for energy and the energy contained in meals in restaurants often is not in agreement. Namely, there is evidence that diseases which are result of poor eating habits such as obesity, type II diabetes and heart disease are higher in consumers who frequently visit restaurants (Kant & Graubard, 2018). All of this, as well as trends that favor a healthy diet, stimulate the use of healthy food in restaurants, especially if they want to attract guests with these problems.

The essence of every tourist destination is comprised of three groups of elements: attractions and attributes that attract tourists, services of accommodation and food for guests, and activities practiced by the guests (Jegdić, Škrbić, & Milošević, 2017). Food can be a major motive for tourist trips, which has led to the development of special forms of tourism (gastronomic tourism, culinary tourism, gourmet tourism, food and beverage tourism, etc.), which are recognized as trips motivated by various food-related attractions. The gastronomic offer can be the main reason for traveling to a destination, either for the consumption of gastronomic specialties or for acquaintance with the technology of preparing traditional or specific dishes and drinks. Folorunso Adeyinka-Ojo & Khoo-Lattimore (2013) consider gastronomic tourism to be an integral part of any tourist

journey, no matter which tourist destination they visit. Namely, tourists regardless of a destination have a physiological need for food, which can be used to better experience the destination. Through the gastronomic offer of the destination, tourists get to know the local culture, and above all the food culture (Jimenez-Beltran et al., 2016). For foreign guests, very attractive are traditional dishes, which are usually part of the catering offer of rural areas, while the gastronomic offer of urban restaurants includes modern and attractive dishes. But, one of the most interesting contemporary trends in gastronomy is the application of microgreens in food preparation and serving. This modern trend is typical for exclusive restaurants, with very creative chefs who add exotic flavors, colors and creative presentation to dishes by using just several days old plants. In view of that, the aim of this paper is to analyze the use of microgreens in the gastronomic offer of Belgrade restaurants.

Use of microgreens in restaurants

Due to the need for nutrition based on the use of fresh foods, rich in nutrients and high content of plant components, a new product known as microgreens appeared on the food market. "Microgreens" is a marketing term for young edible seedlings, which can be used for food and beverage preparation and decoration. The idea about the use of microgreens was born at the beginning of the 1980s in the menus of restaurants from the San Francisco (Bliss, 2014). But, serious commercial production of these forms of eatable plants starts in the second half of the 1990s in the Southern California (Di Gioia & Santamaria, 2015). The production of microgreens can be considered an innovation in vegetable production (Di Gioia & Santamaria, 2015). Microgreens represent eatable young plants of vegetable, herbs or other eatable plant species that are harvested 7-14 days after germination when only cotyledons (Xiao et al., 2012) or a pair of true leaves (Stoleru et al., 2016) developed. The microgreens are usually grown in controlled environment with high light, low humidity and intensive air circulation and are usually cut minutes before usage, which guarantees a longer shelf life and assures freshness and high nutritional value (Di Gioia & Santamaria, 2015). These young plants possess higher nutritional value than their full-sized counterparts due to higher content of macro- and microelements, vitamins, polyphenols, antioxidants and other useful compounds. Some the most used plant species for production of microgreens are cabbage, radish, turnip, carrot, beet, chard, pea, broccoli, kale, bok choy, celery, sesame, amaranth, cress, lettuce, endive, arugula, mustard, sunflower, alfalfa, clover, sorrel, canola, chia, flax, fennel, dill,

basil, cilantro, and chervil (Stoleru et al., 2016). It could be produced in greenhouses, but also directly in the kitchen of a restaurant or at home. Growing microgreens directly in the restaurant is becoming more and more popular because young plants produced in that way are more fresh than plants bought from microgreen producers.

The interest in fresh, functional and nutraceutical foods has been on the rise generally in society. Namely, consumers prefer new products in gastronomic offer that have positive effect on health and longevity (Drewnowski & Gomez-Carneros, 2000). In spite of the fact that microgreens often use in gastronomy and that have contribution to the popularity of the restaurant and attracting consumers, there are no papers dealing with this modern trend in scientific literature in the field of gastronomy and hospitality. Much more on this issue can be learned from the agronomic literature, but in this case, the emphasis is placed on the methods of production, species selection and a nutritive value of the microgreens.

Very often microgreens are described as a culinary specialty of top-class restaurants (Stoleru et al., 2016). In developed countries, chefs use microgreens, sprouts and edible flowers to give exotic tastes, colors and appearance to food, and thus attract consumers who care about health (Ebert, 2012). Although microgreens are often presented as culinary specialties used as an ingredient for preparation of dishes in kitchens of high-end restaurants, they are more and more popular in wider use as human food. Interest in microgreens has been generated by the findings which indicate that microgreens may have the amount of some nutrients and vitamins 4–40 times higher than the vegetables mature plant would produce, but nutritional quality vary among microgreen types (Xiao et al., 2012). Therefore, the popularity of the microgreens lies in vibrant colors, delicate texture and unique properties that enhance the taste, for example salads, sandwiches, soups, desserts and drinks, but also high content of useful substances and their potential bioactive value (Xiao et al., 2012, Sun et al., 2013, Xiao et al., 2015).

At the beginning of use of microgreens in restaurants, it was not unusual to start with their usage as a garnish, although they could be component of different dishes and beverages. In Serbia, where microgreens are not as popular as in developed countries and not known to the public, they are used just as a garnish in fine dining restaurants. They are popular due to creative presentation, fresh appearance, and distinct flavor elements. New

gastronomic trends strongly influence the supply and demand of microgreens, while species selection relies on the interaction between producers and chefs, as well as on consumer familiarization with their sensory attributes (Koppertcress, 2016). So, it is necessary to study the use of microgreens in gastronomy and to consider the possibilities of their use in order to improve the catering activity and increase the competitiveness of the restaurant in a demanding market.

Methodology

The research was conducted in April 2019. A selection of Belgrade restaurant for analysis was done based on the data from the most popular internet portal for traveling called Tripadvisor. The restaurants for the analysis and distributing questionnaires were selected based on average score of guest reviews/comments on this portal. Guests use a five-point scale (one circle mean very bad; two circles mean bad; three circles mean average; four circles mean very good and five circles mean excellent) to estimate restaurants on Tripadvisor. This scale based on evaluation of food and service quality, relation price-quality and comfort. A numeric score means certain number of laps that symbolizes eyes of owl, which is present on the logo of portal Tripadvisor (Mašić et al., 2014a). The analysis of Belgrade restaurants present on Tripadvisor were focused on collection and analysis of different parameters (total number of restaurants on this portal, average rating and type of cuisine in that restaurants).

All restaurants present on Tripadvisor were divided into four groups based on their ratings on this portal. The groups of restaurants include restaurants with rating 5, 4.5, 4 and <4. A total number of randomly selected restaurants was 200, including 50 restaurants per group. A questionnaire was sent to managers of selected restaurants by e-mail given on Tripadvisor as a contact e-mail, asking them to fill it out and return it to the sender. The filled questionnaires received from managers were analyzed and presented descriptively. Questionnaire contained eight questions: 1) Do you know what microgreens are?; 2) Do you use microgreens for food decoration in your restaurant?; 3) If answer to question 2 was negative: Do you plan to include microgreens in food decoration?; 4) Do you use microgreens for food preparation in your restaurant?; 5) If answer to question 4 was negative: Do you plan to include microgreens in food preparation?; 6) If answers to questions 2 and 4 were positive: Which types of microgreens do you usually use in your restaurant?; 7) If answers to questions 2 or 4 were positive: Do you produce microgreens directly in the restaurant? and 8) If

answers to questions 2 and 4 were positive: What is the reason for using microgreens in your restaurant?. To each question three or four answer were offered to round up. All participants were asked the same questions in the same order.

The analysis of Belgrade restaurants on Tripadvisor

Considering the tendencies of tourism and hotel development and better positioning of Serbia on the tourist map of the world, it is necessary to create adequate conditions for satisfactory competitiveness of our restaurants in modern hospitality. The development of tourism contributed to the expansion of restaurants that were necessary to meet tourists' needs for food and drink. On the other hand, the development of the restaurant industry contributes to an even more intense development of tourism due to the fact that food and drink have become a significant factor affecting travel. Also, the gastro and food tourism has become one of the most dynamic and creative segments of tourism. Meler & Cerovic (2003) estimated that food and beverage costs account for more than one-third of total tourism spending, while Hall et al. (2003) point that food represents an essential component in destination choice. Therefore, restaurant offer has a very important role in tourist attraction. Information about restaurants could be found using different sources (the internet, newspapers, recommendations of other people, TV advertising etc.). Also, Rainie et al. (2011) concluded that the internet is the main source of information about local restaurants, bars and clubs. There are many travel and restaurant web portals, on which is possible to find information about a restaurant (menu, specials, happy hours, parking, contact info etc.) and make online reservation and online reviews (Božić & Janićević, 2016). One of the most popular is Tripadvisor, which has an important role for hotel and restaurant reputation (Čačić and Mašić, 2013, Flores et al., 2014, Mašić et al., 2014a, Božić & Janićević, 2016).

The results obtained from our survey of Belgrade restaurants on portal *Tripadvisor* shown that 1522 restaurants in Belgrade can be found on this portal (Table 1). Based on visitor comments, most of them (1300) were ranked according to one to five point scale, while for 222 restaurants there were no visitor comments and there were no ranking. Most of ranked restaurants (87.77%) were estimated as very good or excellent (four to five circles). The average score for all ranked restaurants was 4.39. This score is better then the average score obtained for restaurants from 10 the most

visited Serbian spas, which present on the same web portal (Božić & Janičević, 2016).

Table 1: Ranking of Belgrade restaurants *on Tripadvisor based on visitor comments*

<i>Number of restaurants</i>	Restaurant rating
412	5
451	4.5
278	4
95	3.5
43	3
11	2.5
7	2
0	1.5
3	1
222	NA

Source: *TripAdvisor, 2019*

Type of cuisine affects the success of restaurant business (Parsa et al., 2019). Taking into account that the type of cuisine in local restaurants is very important for gastro or food tourists, types of cuisine in Belgrade restaurants present on Tripadvisor were analyzed. Different types of cuisine were highlighted (Table 2), but dominant were European (in 532 restaurants), then Italian (in 257 restaurants), International (in 251 restaurant) and Eastern European (in 231), followed by grill (193), Mediterranean (185) and Central European (182). Other types of cuisine (American, Asian, Chinese, French, sea food, health food, Japanese, etc.) were offered in a fewer number of restaurants. It is important to note that some restaurants offer different types of cuisine. Williams et al. (2014) indicate that many tourists travel with the aim to experience traditional foods and local beverages. Although many Belgrade restaurants offer traditional dishes, no one highlighted that on Tripadvisor.

Table 2: *Type of cuisine in Belgrade restaurants on Tripadvisor*

Type of cuisine	Number of restaurants
European	532
<i>Italian</i>	257
<i>International</i>	251
Eastern European	231
<i>Grill</i>	193
Mediterranean	185

Type of cuisine	Number of restaurants
Central European	182
<i>Fast food</i>	102
<i>Sea food</i>	77
American	58
<i>French</i>	48
Health food	46
Asian	45
Chinese	40
<i>Greek</i>	24
Sushi	24
Japanese	22
Spanish	21
Mexican	18
Latin American	12
Turkish	12
<i>German</i>	11
Croatian	9
Lebanese	7
Other	55

Note: *Some restaurants offer several types of cuisine*

Source: *TripAdvisor, 2019*

The use of microgreens in Belgrade restaurants

Modern lifestyles (accelerated pace of life, reduced physical activity, stress, etc.) have led to the emergence of new trends in nutrition, which are primarily reflected in the fact that more and more food is consumed outside the home. Also, previous studies have shown that the perception of food as 'healthy' is a basic quality attribute that positively influences guests' attitudes toward food (Kim et al., 2013, Hur & Jang, 2015). Food prepared in accordance with many modern trends in gastronomy, has a positive effect on human health, disease prevention and contributes to improving the quality of life. Among the many trends based on the preparation of dishes from specific and healthy ingredients (algae, whole grains, edible insects, sprouts, organically produced food products, fresh-cut fruit and vegetables, etc.), very popular is the use of microgreens in food preparation and decoration. Although commercial production of microgreens in the USA began 30 years ago (Di Gioia & Santamaria, 2015), in many parts of the world, including Serbia, these foods are not sufficiently known to the

general public. As the first step to using these young plants in a meal preparation is to become familiar with these foods and their high nutritional value. Many researchers studied the nutritional value, chemical compositions, and biological efficacies of microgreens (Xiao et al., 2012, Xiao et al., 2015, Pinto et al., 2015, Mir et., 2016, Weber, 2017, Tan et al., 2019), while its use in food offer in restaurants has not been studied so far.

A questionnaire containing 8 questions about the use of microgreens in a restaurant, which was sent to the e-mail address of 200 Belgrade restaurants, was answered by a total of 60 managers, of which 22 were from a restaurant with a rating of 5, then 20 managers from a restaurant with a rating of 4.5, then 14 managers from restaurants with a rating of 4 and 4 managers from restaurants with a rating below 4. Their answers (Figure 1) indicate that many restaurant managers (87%) are familiar with microgreens. Only 5% did not know what microgreens are, while 8% were partially informed about this foodstuff. Almost all managers from restaurants with the highest rating (5 and 4.5) gave a positive answer (95% and 100%) (Table 3). Most managers from restaurants with category 4 responded affirmatively (71.5%), while managers from lower-level restaurants (grades <4) were less informed about microgreens (50% responded negatively).

It is well known that at the beginning of their use in restaurants microgreens usually use as a garnish. Considering that these foodstuffs have not been used in Belgrade restaurants until recently, it can be assumed that the restaurants which use microgreens focus on food decoration with those young plants. Due to that, restaurant managers were asked if they used microgreens for food decoration and very high percentage (60%) of them gave a positive answer, while the others (40%) acknowledged not using them (Figure 2). The managers of better-categorized restaurants (5 or 4.5) had a positive response (86% and 80%, respectively), while restaurant managers with rating 4 or below generally responded that they did not use microgreens for food decoration.

Managers, who gave negative answer to the question "Do you use microgreens for food decoration in your restaurant?", in a relatively low percentage (17%) indicated their intention to start using microgreens for food decoration in the restaurant they manage, while a large percentage (46%) said they had no such plans and a prominent percentage of managers (37%) gave an answer that he/she was unsure about the plans to introduce microgreens to meal decoration (Figure 3). The managers of the restaurants

with rating 4.5 and 5, who did not use microgreens at the moment of the investigation, generally expressed their intention to use microgreens (50% and 67%, respectively) or they were unsure about it (50% and 33%, respectively) (Table 3). The managers of restaurants with rating 4 or less expressed disinterest in including microgreens in food decoration, giving answer "no" (rating 4: 62%; rating <4: 75%) or "I am not sure" (rating 4: 38%; rating <4: 25%) (Table 3).

Fig. 1: Answers to question no.1.

Do you know what microgreens are?

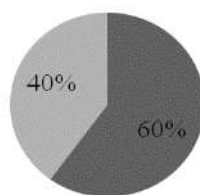


■ yes ■ no ■ partially

Source: Authors' research

Fig. 2: Answers to question no.2.

Do you use microgreens for food decoration?

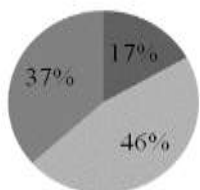


■ yes ■ no ■ rarely

Source: Authors' research

Fig. 3: Answers to question no.3.

Do you plan to include microgreens in food decoration?

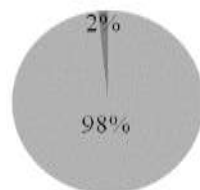


■ yes ■ no ■ I am not sure

Source: Authors' research

Fig. 4: Answers to question no.4.

Do you use microgreens for food preparation?



■ yes ■ no ■ rarely

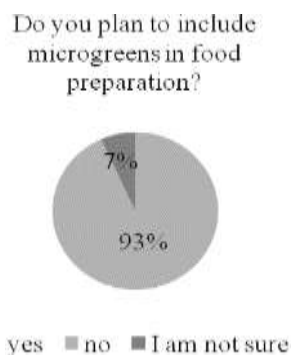
Source: Authors' research

Although microgreens are used for food decoration in high-end Belgrade restaurants (rating 4.5 and 5), the responses of the surveyed managers indicate that in food preparation, microgreens were almost not used. Only 2% of the total number of respondents gave a positive answer, which practically means that in only one restaurant microgreens are used for meal preparation (Figure 4). This positive answer was given by a restaurant

manager with a rating of 5, which is almost 5% of the total number of responses (22 responses) by a restaurant managers of the same rating (Table 3). Managers of all other restaurants in this category, as well as restaurants in the other categories analyzed, gave a negative answer to the question "Do you use microgreens for food preparation in your restaurant?".

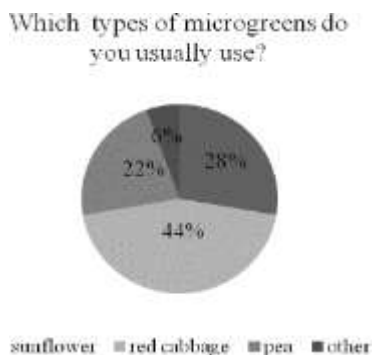
Among managers (59 managers from all restaurant categories) who gave negative answer to the question regarding the use of microgreens for food preparation, to question "Do you plan to include microgreens in food preparation?" also mainly negative answers were given. Namely, 93% of all managers who answered this question had no intention to start to use microgreens for food preparation, while the rest of them (7%) were not sure (Figure 5). Although most of managers (85% from restaurants with rating 4.5 and 95% from restaurants with rating 5) did not plan to use microgreens in food preparation, some of them (15% from restaurants with rating 4.5 and 5% from restaurants with rating 5) were not sure about that (Table 3). On the other hand, all managers (100%) from restaurants with rating 4 or less do not plan to use microgreens in food preparation (Table 3). On question "Which types of microgreens do you usually use in your restaurant?" only the managers from restaurant with rating 4 and higher answered, because in restaurants with rating less than 4 microgreens were not used (Table 3). Based on answers of all managers answered red cabbage (44% of total answers) were estimated as dominant, next were sunflower (28%) and pea (22%), while in 6% restaurants some other species usually used (Figure 6).

Fig. 5: Answers to question no.5.



Source: Authors' research

Fig. 6: Answers to question no.6.



Source: Authors' research

Based on the answers of the managers in Belgrade restaurants with rating 5, red cabbage is the main microgreen species (63%), then sunflower (21%) and pea (5%), while a significant number of managers (11%) highlighted the use of other species of microgreens (Table 3).

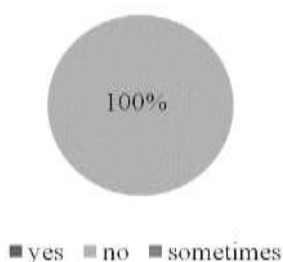
On the other hand, in restaurants with rating 4.5 the main species is pea (44%), after that is sunflower (31%) and red cabbage (25%), while in restaurants with rating 4 mainly use sunflower microgreens (Table 3).

Although the microgreens produced directly in the restaurant are fresher than the plants bought from microgreen producers, all managers who used microgreens gave a negative answer to the question "Do you produce microgreens directly in the restaurant?" (Figure 7, Table 3).

Most of them (69%), as a reason for using microgreens, stated "attractive appearance of food", while 28% managers used microgreens out of fashion and 3% because of other reasons (Figure 8).

Fig. 7: Answers to question no.7.

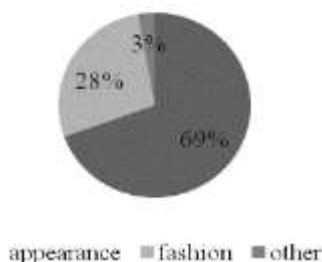
Do you produce microgreens directly in the restaurant?



Source: Authors' research

Fig. 8: Answers to question no.8.

What is the reason for using microgreens?



Source: Authors' research

The highest percentage of the managers from restaurants with rating 4.5 (56%) and 5 (84%) use microgreens in order to achieve attractive appearance of food, while less of them use it for fashion (rating 4.5: 44%; rating 5: 11%) (Table 3).

Only 5% managers from restaurants with rating 5 use microgreens due to other reasons. The only reason for using microgreens in restaurants with rating 4 is fashion.

Table 3: *Respondents' answers to questionnaire*

Question	Answer	Restaurant rating			
		5	4.5	4	<4
Do you know what microgreens are?	yes	95	100	71.5	25
	no	0	0	7	50
	partially	5	0	21.5	25
Do you use microgreens for food decoration in your restaurant?	yes	86	80	7	0
	no	14	20	93	100
	rarely	0	0	0	0
Do you plan to include microgreens in food decoration?	yes	67	50	0	0
	no	0	0	62	75
	I am not sure	33	50	38	25
Do you use microgreens for food preparation in your restaurant?	yes	5	0	0	0
	no	95	100	100	100
	rarely	0	0	0	0
Do you plan to include microgreens in food preparation?	yes	0	0	0	0
	no	95	85	100	100
	I am not sure	5	15	0	0
Which species of microgreens you usually use in your restaurant?	sunflower	21	31	100	/
	red cabbage	63	25	0	/
	pea	5	44	0	/
	other	11	0	0	/
Do you produce microgreens directly in the restaurant?	yes	0	0	0	/
	no	100	100	100	/
	sometimes	0	0	0	/
What is reason of use microgreens in your restaurant?	attractive appearance	84	56	0	/
	nutritional value	0	0	0	/
	fashion	11	44	100	/
	other	5	0	0	/

Note: *Calculations for answers 3, 5, 6, 7, 8, 9 were done based on the number of respondents who answered the question.*

Conclusion

Based on the research carried out in this paper, it can be concluded that the managers of Belgrade restaurants are familiar with microgreens, which are mainly used in restaurants with higher ratings (4.5 and 5). A dominant way of microgreens use is food decoration, while almost no one uses them for food preparation. The species usually used in restaurants are red cabbage (in 44% of restaurants), then sunflower (in 28% of restaurants), followed by pea (in 22% of restaurants), while in 6% of restaurants other plant

species are used as microgreens. The main reasons for using these young plants are an attractive appearance of food and fashion.

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SERBIAN LOCAL TOURIST ORGANIZATIONS' WEBSITES ANALYSIS

Dragana Ćamilović¹

Abstract

The Internet has become an integral part of everybody's life. It is the primary source of information, and it is hard to imagine anyone planning a trip without it anymore. Given that tourism market is highly competitive, local tourist organizations in Serbia have to make an effort to present the best of their destinations to potential tourists and create a desire to visit them. The visual and information contents on a website are important, but there are many other website's features worth considering. For this reason, the author has investigated numerous features of local tourist organizations' websites of popular Serbian destinations. The aim of this paper is to propose a list of websites' attributes that should be included in the analysis of the local tourist organizations' websites, to present the results of a comparative analysis of the selected websites, and to suggest the ways for their improvement.

Key Words: *the Internet, tourism, tourist organizations, websites analysis, Serbia*

JEL classification: *Z30, Z31, L86*

Introduction

Serbia attracts more and more visitors every year. According to the Statistical Office of the Republic of Serbia (2019), the total number of tourists in 2018 reached 3.431 million, 1.720 million of which were domestic, while 1.711 million were foreign tourists. Compared to the previous year, the number of domestic tourists increased by 8.3%, while the number of foreign tourists increased even more – by 14.2%. According to the total number of tourists' nights (as of August 31, 2018), the top five Serbian tourist resorts were: Belgrade (with 2,480,516 tourists' nights),

¹ Dragana Ćamilović, PhD, Professor, Academy for Applied Studies Belgrade – The College of Hotel Management, Kneza Višeslava 70, Belgrade, e-mail: dragana.camilovic@vhs.edu.rs

Vrnjačka Banja (with 818,045 tourists' nights), Zlatibor (with 763,867 tourists' nights), Kopaonik (with 535,594 tourists' nights), and Sokobanja (with 498,463 tourists' nights).

Tourism organizations play an important role in promoting and supporting tourism. One of the means for them to present a destination to potential tourists is through their websites. A study has shown that about 95% of tourists gather travel information through web searches, and 93% visit destinations' websites (Luna-Nevarez & Hyman, 2012). While the National Tourism Organization of Serbia promotes and encourages travel to Serbia at a national level, regional and local tourism organizations perform the same tasks at regional and local levels, respectively.

Serbian local tourist organizations, their contact information, and website addresses are listed on the National Tourism Organization of Serbia's website (2019). Belgrade, Vrnjačka Banja, Zlatibor, and Sokobanja have their own local tourist organizations. On the other hand, Kopaonik is just one of the four destinations promoted by the Tourist Organization of Raška. The websites of these five local tourist organizations are analysed in more detail, and the results are presented later in this paper.

Research background

Many studies in the field of tourism and hospitality have been focused on analyses and evaluation of websites. They propose different methodologies and analyse different website features (i.e. attributes). These ideas were of a great help in conducting the selected websites' analysis.

Baggio (2003) assessed several features that characterise a successful website of a European tourism organization, and he grouped them into 6 main categories: (1) first impact, (2) design and graphics, (3) information content, (4) interactivity and services, (5) structure and navigation, and (6) technical management.* Fifteen evaluators were asked to compare 16 different websites (major European and some Mediterranean tourism destinations) by rating every functionality at a score ranging from 0 (min) to 3 (max).

Stankov et al. (2009) investigated 260 tourism websites in Serbia according to several features grouped into five categories: website profile (when was

* The categories are cited as in the original paper – Author's Note.

the website created, website type: static/dynamic), website credibility (owner, data sources, update info), presentation of the website content (navigation, foreign language accessibility, basic colour, contrast), type of content (pictures, sound, multimedia), and visibility and search engine rank (Google, Yahoo, Pogodak, and Krstarica). The selected tourism websites included travel agencies, accommodation facilities, transport companies, and travel and tourism organizations and portals (op. cit.).

Fernández-Cavia et al. (2014) state that there are four main aspects of a website that need to be in focus: technical aspects (such as usability and positioning), communicative aspects (such as the amount and quality of content or language selection), relational aspects (such as interactivity or use of 2.0 tools), and persuasive aspects (such as brand image and options for marketing the products and services provided by the website).

Jovanović and Jovanović Tončev (2015) analysed the structure of the websites of Vrnjačka Banja and Sokobanja according to 9 categories: website domain (website domain adequacy), website type according to its functioning (static or dynamic), doorway page, content adequacy by the website type, website content presentation quality (navigation, foreign language availability, website colours, colour contrast), search engine visibility (Google, Yahoo, Metasearch.rs, and Krstarica), the Internet advertising techniques (links to other websites, presence of banners, number of banners, banner types: static or dynamic), public relations techniques (news section, chat box, forums, surveys, membership option), and website's distributive elements (online booking option).

Li et al. (2015) evaluated 19 World Heritage Sites (WHS) based on 33 attributes representing 5 dimensions: communication (8 attributes: online customer service, readability, contact information, links to social media, multiple language versions, electronic newsletter, feedback form, and surveys or polls), site attractiveness (2 attributes: visual appearance and webpage design), marketing effectiveness (4 attributes: tourism amenities/services, directions or maps, local weather, and commercial companies links), technical setup (5 attributes: logic structure, user-friendly interface, link workability, site map, and privacy policy), and world heritage specifics (14 attributes: world heritage logo, UNESCO logo, WHS program information, UNESCO website link, world heritage FAQ, statement of outdoor ethics, reference to sustainability practices, site recreation information, ticket pricing information, online ticket purchase option, availability of WHS brochures, visual tour, events calendar, and

photo gallery). In their study, the attributes were scored by using three types of scales (presence/absence; 2-point; and 3-point).

Novabosa et al. (2015) integrated the web quality attributes used in other studies and grouped them into 4 quality factors: information completeness (information quality, textual information, social media integration, travel aids), credibility (security, privacy, trust, reliability), usability (ease of use, responsiveness, interactivity, personalization, involvement, navigation, information architecture, accessibility), and persuasiveness (visual appearance, fulfilment, inspiration, reciprocity, advertising, auditory features, pictures and visuals).

Prathapan et al. (2018) used AIDA (Attention, Interest, Desire, Action) model in order to evaluate and compare the performance of the tourism website of the government of Kerala with its competitors' websites. According to them, the first stage of the AIDA model is about creating brand awareness. It is followed by creating interest (in the second stage), while in the third stage, customers need to be convinced that the product/service will satisfy their needs. This should incite them to action – the actual purchase (in the fourth stage). The authors proposed suitable KPIs (Key Performance Indicators) for measuring each stage of the AIDA model:

- Attention stage: total number of visitors and number of unique visitors,
- Interest stage: average duration of visit and bounce rate,
- Desire stage: most visited pages,
- Action stage: click-through rate.

Vaško and Vaško (2018) evaluated 26 websites of tourism organizations and boards in Bosnia and Herzegovina by analysing a large number of different attributes grouped according to contact data (address, email, telephone, fax, working hours, useful links, important phone numbers), location data (location of region/city, geographic information, map, how to get to the location), general website information (history data, accommodation, gastronomic offer, shopping opportunities, sightseeing tours, touristic agencies, cultural and historical sites, cultural manifestations, entertainment, sport activities), content search options (website map, website search, events calendar), multilingualism (1, 2, 3 languages, or more than 3 languages), multimedia content (photographs, videos, coat of arms/logo, brochures), Web 2.0 technologies (Facebook, Twitter, Instagram, RSS, YouTube, other 2.0 services), mobile device accessibility (functional on mobile devices, adjusted for mobile devices),

mobile applications (iOS, Android, Windows mobile), and website speed (five time-ranges). They calculated the overall ranks of the analysed websites by summing the number of points assigned to each of these attributes.

Ćamilović (2019) compared the websites of several Belgrade museums according to their overall SEO (search engine optimization) scores, general information availability (address, email, phone, fax, google map, opening hours, house rules), mobile-friendliness, additional information and online purchase availability (ticket prices, guided tours schedule, event calendar, online contact/reservation form, ticket purchase, online store), search button/box and sitemap functionalities, and social media buttons availability (Facebook, Twitter, Instagram, YouTube, Pinterest).

Comparative analysis of the selected tourist organizations' websites

As mentioned earlier, five websites of local tourist organizations were selected for the purpose of this study. The list of the tourist organizations (TOs) that are covered by the study and their official websites are presented in Table 1. The study was conducted in January 2020.

Table 1: *Analysed sample of TOs and their websites*

Tourist organization (TO)	Official website
TO of Belgrade	http://www.tob.rs
TO of Vrnjačka Banja	http://www.vrnjackabanja.co.rs
TO of Zlatibor	http://www.zlatibor.org.rs
TO of Raška	https://raskaturizam.rs
TO of Sokobanja	http://www.tosokobanja.rs

Source: *Author*

This study is mostly based on the website features adapted from the existing studies (Baggio, 2003; Stankov et al., 2009; Fernández-Cavia et al., 2014; Jovanović & Jovanović Tončev, 2015; Li et al., 2015; Novabosa et al., 2015; Prathapan et al., 2018; Vaško & Vaško, 2018; Ćamilović, 2019). The author has suggested a list of different website features that need to be analysed, and grouped them into 7 main categories: search engine optimization, website functionality, interactivity, visual appearance, tourist organizations' website specifics, visitor information, and social media links. This is illustrated in Table 2.

Table 2: *Analysis of the local tourist organizations' websites*

Category	Website feature
1. Search engine optimization	a) SEO overall score
2. Website functionality	a) main navigation menu availability b) mobile friendly website c) search box/button d) multiple language versions
3. Interactivity	a) contact information b) contact us form c) FAQ d) newsletter sign-up
4. Visual appearance	a) readability b) tourist organization logo c) photographs d) videos e) virtual tour
5. TO's website specifics	e) accommodation f) attractions, historical & cultural sites g) sightseeing tours& excursions h) restaurants, cafés & bars i) shopping j) sport k) major events
6. Visitor information	a) how to get to the destination b) tourist info centres c) local weather d) time zone & currency
7. Social media links	a) Facebook b) Twitter c) YouTube d) Instagram

Source: *Author*

There are two ways in which travel planners seek the online information about a destination (Luna-Nevarez & Hyman, 2012): (1) they use the destination's name or other destination-related keywords within a search engine, or (2) they access the destination's website directly by typing its address (i.e. URL – uniform resource locator). The first scenario is more likely to happen. This means that not only is it important for a tourist organization to have a website, but it is also very important that they make it friendly to search engines. Search engine optimization improves a website's overall searchability and visibility, and it also ensures better user experience and builds trust and credibility (Hollingsworth, 2018). Given

the importance of SEO, the author has analysed the selected websites by using a free online tool called SEO Web Page Analyzer. This tool evaluates the quality of a website from an accessibility, usability, and search engine point of view, and calculates its overall score (Ćamilović, 2019). Table 3 presents the scores of the selected tourist organizations' websites.

Table 3: *The overall SEO scores*

TO's website URL	Overall score
http://www.tob.rs/sr	53
http://www.vrnjackabanja.co.rs/srpski/	49
http://www.zlatibor.org.rs/sr/	45
https://raskaturizam.rs	57
http://www.tosokobanja.rs/sr	70

Source: *Author*

The results show that the analysed websites have a wide range of scores between 45 and 70. The TO of Sokobanja performed a very good SEO and its score is 70. The websites of the TO of Belgrade and TO of Raška have overall scores between 50 and 60, which is satisfying. They are followed by the TO of Vrnjačka Banja and TO of Zlatibor, whose scores are below 50 and there is room for their improvement. Fortunately, for each URL provided, the SEO Web Page Analyzer offers suggestions on helping the website reach its full potential, which would result in a better score (Ćamilović, 2019).

Website functionality is relevant for achieving a positive user experience. The author investigated several important functionality features of the websites listed in Table 3, and the results are shown in Table 4. One of the most important parts of a website is a main header navigation, and this was the first functionality feature examined. All the analysed websites have the main navigation menu for all pages of the website, which sits along the top of the page. The author also tested if the websites were mobile-friendly, by using Mobile-Friendly Test Tool and found out that they were. Besides the main menu, a website should include the search box/button, which helps visitors search the entire website for what they are looking for. The TO of Belgrade, TO of Zlatibor, and TO of Raška do not have this feature available on their websites. The search option on the TO of Sokobanja's website does not work well: the website does not show any search results and the error message is displayed instead. To make the website useful for foreign tourists, it should have multiple language versions. Unfortunately, the TO of Sokobanja does not have this option. All the other analysed

websites have an English version, in addition to Serbian one. However, the English version is not easily accessible on the TO of Belgrade's website: there is no English version button visibly displayed. Instead, there is an option in a submenu to switch to English version, but for a non-Serbian speaker it is difficult to instantly find it. The TO of Zlatibor made an extra effort to attract foreign audience by also having the versions in Russian and German, besides English and Serbian.

Table 4: *Websites' functionality analysis*

Tourist organization (TO)	Website functionality			
	Main menu	Mobile friendly	Search box/ button	Multiple language versions
TO of Belgrade	√	√	×	√
TO of Vrnjačka Banja	√	√	√	√
TO of Zlatibor	√	√	×	√
TO of Raška	√	√	×	√
TO of Sokobanja	√	√	√*	×

Source: *Author*

Interactivity is very important for a tourism website. It defines how the visitor engages with the organization. The simplest way to do this is to provide contact information, but this can be considered a low-level interactivity. The other option is to have a *contact us* form on the website. Interactivity can also include having a dedicated page for FAQ (frequently asked questions) or a newsletter sign-up option, which can be an effective way to stay in contact with potential tourists while providing additional useful information (Campaign Monitor, 2019). Furthermore, a newsletter sign-up form may require filling in some additional data (for example gender, date of birth, hometown, or some preferences), which can be put in use by deploying different data analysis applications, as described by Čamilović (2018a).

* Search option available on the website, but it does not return search results and reports an error.

Applying some of the more advanced interaction features, such as chat box, could be a challenge due to the large number of website visitors. However, tourists should be given an opportunity to communicate through different Web 2.0 tools (the link to social media will be analysed later in this section). Facebook, for example, offers the option to implement Messenger chatbot that can provide the answers to frequently asked questions. Chatbot is an artificial intelligence application that allows people to interact with a bot in a natural language and it is not strictly limited to Facebook (Ćamilović, 2018b). Moreover, Messenger chatbot can be added to a website homepage, combining a live website chat with the features of Messenger chatbot (Chatfuel, 2019). Table 5 presents the results of the selected websites' interactivity analysis.

Table 5: *Websites' interactivity analysis*

Tourist organization (TO)	Interactivity			
	Contact information	Contact us form	FAQ	Newsletter sign-up
TO of Belgrade	√	×	×	√*
TO of Vrnjačka Banja	√	×	×	×
TO of Zlatibor	√	×	×	×
TO of Raška	√	√	×	×
TO of Sokobanja	√	√	×	×

Source: *Author*

The findings show that all the analysed websites provide contact information. The websites of the TO of Raška and TO of Sokobanja have a *contact us* form, as well. None of the websites have a FAQ page. Only the TO of Belgrade's website contains a newsletter sign-up option, but it does not seem to work. The author filled in the subscription form on January 9th, 2020, and did not get a confirmation email, nor a newsletter of any kind. It is unfortunate that the tourist organizations do not recognize the necessity of having a functional newsletter sign-up form, because a large number of tourists browse many potential destinations before deciding to take a trip. Newsletter can be a powerful way to inspire and persuade them to make the preferable choice.

* Option available, but it does not work properly.

The visual appearance of a website is probably its most important characteristic, and it greatly influences the impression that a potential tourist forms about the destination. When choosing the colour combinations for a website, they should be tested for contrast. This ensures a good website readability. Selecting the appropriate fonts also influences it. The presence of an organization's logo can help distinguish the website from the others; it provides trust and credibility, and also creates a good first impression. Most importantly, potential tourists want to visualize their visit to the place in order to be motivated to make a booking. Virtual tours can be of great help for this, as well as beautiful pictures and videos of the place. It is worth investing in professional photography and video imaging, because they can inspire people to choose the presented destination instead of competing ones. Table 6 illustrates the results of the websites' visual appearance analysis.

Table 6: *Websites' visual appearance analysis*

Tourist organization (TO)	Visual appearance				
	Readability	TO Logo	Photographs	Videos	Virtual tour
TO of Belgrade	×	×	√	√	×
TO of Vrnjačka Banja	×	√	√	√	√
TO of Zlatibor	√	√	√	×	√
TO of Raška	×	√	√	√	×
TO of Sokobanja	√	√	√	×	×

Source: *Author*

The study has revealed that, unfortunately, the text on the analysed webpages is often not very readable. The author checked fonts and background colours (of the desktop versions of the websites) for sufficient colour contrast by using Colorzilla add-on for Firefox and Contrast Checker. The TO of Belgrade's website uses a light grey background image, and it is not in good contrast to the dark grey text colour. The TO of Vrnjačka Banja and TO of Raška use a light grey font colour on white and alabaster background colours, respectively, which makes the text on these two websites difficult to read. This could be a problem, and the use of darker fonts colour could help both of these websites improve their text readability. On the TO of Sokobanja's website, only a small portion of the text (dates of the posts) is light grey and the rest of the text has a good

colour contrast, distinguishing it from the background colour quite nicely. That is also the case with the TO of Zlatibor's website.

Most of the websites have a tourist organization logo on their homepage. The TO of Belgrade decided to create a different visual identity by displaying #GoBELGRADE logo instead. All the websites have photographs, while three of them have videos as well. The TO of Vrnjačka Banja and TO of Zlatibor offer 360-degree virtual tours, which is an ideal way to let a potential tourist explore the chosen site. Unlike photographs or videos, virtual tours are interactive and give the most realistic presentation of the location.

The information that a potential tourist expects to find on a website is what the place has to offer. It starts with the information about attractions worth visiting, including the natural beauty spots, historical, and cultural sites. Most tourists want to plan their trip: to choose where to stay, what sightseeing tours to take, which events are worth visiting, where to eat or go shopping. Some are interested in sport activities. Table 7 shows whether a tourist can find such information on the analysed websites or not.

Table 7: *TO's website specifics*

Tourist organization (TO)	TO's website specifics						
	Accommodation	Attractions, historical & cultural	Sightseeing tours & excursions	Restaurants, cafés & bars	Shopping	Sport	Major events
TO of Belgrade	√	√	√	×	√	√	√
TO of Vrnjačka Banja	√	√	×	√	×	√	√
TO of Zlatibor	√	√	√	√	×	√	√
TO of Raška	√	√	×	√	×	√	√
TO of Sokobanja	√	√	×	×	×	√	√

Source: *Author*

All the analysed websites offer the information about accommodation and attractions, historical, and cultural sites. However, only two give the information about sightseeing tours and excursions. The TO of Zlatibor offers a variety of restaurant choices, and there are a number of restaurants listed on the TO of Vrnjačka Banja's and TO of Raška's websites, as well.

This is not the case with the TO of Belgrade and TO of Sokobanja, which offer no restaurant recommendations. This is quite a shame, especially for Belgrade, considering its excellent gastronomic offer. However, on the TO of Belgrade's website, there is a culinary guide that promotes several most famous national dishes. The website also explains the city's best shopping areas. All the websites provide the information about sport activities, and major events. However, a visitor cannot find the dates of such events on the website of the TO of Vrnjačka Banja (only short descriptions about some cultural events are available).

Table 8 shows visitor information availability. Most of the websites provide the information about how to get to the destination. Information about tourist info centres is available on all the websites. Only the TO of Belgrade has a weather widget, as well as time zone and currency information.

Table 8: *Visitor information*

Tourist organization (TO)	Visitor information			
	How to get to the destination	Tourist info centres	Local weather	Time zone & currency
TO of Belgrade	√	√	√	√
TO of Vrnjačka Banja	√*	√	×	×
TO of Zlatibor	×	√	×	×
TO of Raška	√	√	×	×
TO of Sokobanja	√	√	×	×

Source: *Author*

Potential tourists extensively use social networks when planning a trip. Any post on a social network, whether it is a photograph, video or just a text post, can inspire a potential tourist to visit the destination or at least to browse for more information about it (Ćamilović, 2018b). That is why it is very important for a local tourist organization to properly manage its social media profiles and to also link them to its website.

*Option available on a website, but it does not work well and reports an error.

There are several reasons why adding social media links on homepage is beneficial to a tourist organization. Since a website conversion rate is low, having social media links is a great way to keep in touch with potential tourists and convert them into future visitors (Kang, 2019). Kang (2019) emphasizes that in today's business environment, building trust and demonstrating authenticity is crucial. A good way to demonstrate authenticity is through social media posts, and improving of the SEO comes as a bonus (op. cit.). Table 9 indicates social media links availability on the homepage.

Table 9: *Social media links availability on the homepage*

Tourist organization (TO)	Social media links			
	Facebook	Twitter	YouTube	Instagram
TO of Belgrade	√	√	√	√
TO of Vrnjačka Banja	√	×	×	×
TO of Zlatibor	√	×	×	√
TO of Raška	√	×	√	√
TO of Sokobanja	×	×	×	×

Source: *Author*

The best practice is to add social media links to the bottom of a homepage, and more than half of the analysed websites have indeed applied this practice. The author has discovered that all the analysed tourist organizations have their Facebook pages. However, the TO of Sokobanja neglected to post the link to it on their homepage (there is no link, nor a social media button). There is another problem: the TO of Sokobanja linked the wrong URL to their Facebook profile (instead of the link to <http://www.tosokobanja.rs>, their Facebook profile was linked to a non-existing URL: <http://www.otks.org.rs>).

Conclusion

The number of the Internet users is consistently growing. The statistic shows that 4.479 billion people were active Internet users as of October 2019 (Statista, 2019). This means that 58% of the global population use the Internet (op. cit.). It is almost unimaginable to collect the information about potential destinations without it. Given that local tourist organizations play

an important role in promoting their destinations, their websites' quality is of great importance.

This paper provides a framework for analysis of local tourist organizations' websites, based on many different criteria. The framework has been used to compare five selected websites, and the results of this comparative analysis are very interesting. It turns out that there are some issues worth addressing. The study shows that:

- SEO optimization of some analysed websites could be improved;
- It is advisable for the websites to have a functional search box/button (unfortunately, the analysis showed that three out of five websites did not have one, and that one website had the search option available, but it did not return the search results and reported an error);
- Additional efforts should be devoted to making the websites available in several world languages;
- The websites' interactivity could be greatly enhanced (for a start, a newsletter sign-up form could be provided);
- On some of the websites, the text is difficult to read, and changing of the font colour should be considered;
- Not all local tourist organizations use social media enough. This is unfortunate, because the marketing potential of social networks is significant, and many tourists use social networks to find additional information about destinations, as well as to interact with tourist organizations.

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CONSUMER ATTITUDES TOWARDS THE POSSIBILITIES OF DEVELOPING SHARING ECONOMY IN TOURISM IN SERBIA

Maja Ćirić¹; Dragan Ilić²

Abstract

In developed countries, the importance and development of sharing economy in tourism, as a new economic model in tourism, has been increasingly discussed in recent decades. In our country, sharing economy in tourism has not yet been sufficiently explored in official reports and academic literature. On the other hand, in practice, there are several collaborative platforms used to search, book and pay for accommodation that consumers in Serbia use. Therefore, the purpose of this paper is to assess the situation and identify opportunities for developing a sharing economy in tourism in Serbia, from a consumer point of view, based on experience in developed countries. In the paper an empirical survey was conducted, using a survey method, on a sample of 500 respondents. The results obtained gave an insight into the extent to which consumers in Serbia participate in the sharing economy in tourism, which factors influence their satisfaction with using collaborative platforms and what the opportunities and challenges of participating in sharing economy in tourism are.

Key Words: *consumer, attitudes research, sharing economy, collaborative economy, tourism, ICT*

JEL classification: *M31, Z32, O31*

Introduction

"Tourism services have traditionally been provided by businesses such as hotels, taxis or tour operators. Recently, a growing number of individuals are proposing to share temporarily with tourists what they own (for

¹ Maja Ćirić, PhD, Full Professor, Faculty of Economics and Engineering Management in Novi Sad, Cvećarska 2, Novi Sad 21000, +38121400484, e-mail: majaciric79@yahoo.com

² Dragan Ilić, PhD, Associate Professor, Faculty of Economics and Engineering Management in Novi Sad, Cvećarska 2, Novi Sad 21000, +38121400484, e-mail: prof.dragan.ilic@gmail.com

example their house or car) or what they do (for example meals or excursions). This type of sharing is referred to as the "sharing economy". It is not limited to tourism and can be found in many areas of social and economic activity, although tourism has been one of the sectors most impacted" (Juul, 2017, p. 1). Sharing economy (also referred to as collaborative economy, peer to peer economy or collective consumption) is a term that is defined in different ways in literature and practice. According to the definition of European Commission (2016, p. 3.) "sharing economy refers to business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals.

The sharing economy involves three categories of actors: (1) service providers who share assets, resources, time and/or skills – these can be private individuals offering services on an occasional basis ('peers') or service providers acting in their professional capacity ("professional services providers"); (2) users of these; and (3) intermediaries that connect – via an online platform – providers with users and that facilitate transactions between them ('collaborative platforms'). Sharing economy transactions generally do not involve a change of ownership and can be carried out for profit or not-for-profit."

Considering the impact that the development of sharing economy has on tourism in developed countries, as well as the estimates that the participation of sharing economy will be increasing in relation to the traditional economic model, in this paper we have provided an overview of current research conducted in developed countries. We focused on the opportunities and challenges that developed countries have already faced in sharing economy within tourism, as well as on consumer behavior research that they have been undertaking. Then, based on their experience, we created a questionnaire and through a pilot project we carried out a survey of consumer attitudes towards the possibilities of developing sharing economy in tourism in Serbia.

The purpose of this paper is to assess the situation and identify opportunities for developing a sharing economy in tourism in Serbia, from a consumer point of view, based on experience in developed countries. The aim is to get an insight into the extent to which consumers in Serbia participate in the sharing economy in tourism, which factors influence their satisfaction with using collaborative platforms and what the opportunities and challenges of participating in sharing economy in tourism are. Finally,

the aim is to conclude is there a potential for the development of the sharing economy in tourism in Serbia.

Literature review

"Within the EU the five main sectors of the sharing economy generated nearly EUR 4 billion in revenues and facilitated USD 28 billion in transactions in 2015, exceeding earlier expectations of growth" (OECD, 2019, p.17). In the tourism sector peer-to-peer services offer an alternative to professional tourism services on an unprecedented scale (Table 1). "As a result, some travel and tourism services, such as traditional hotel and car rental, may see new models disrupt, transform, or even replace, entire sectors of the industry" (OECD, 2016, p.91).

Table 1: *Examples of tourism-related sharing economy platforms in numbers*

Platform	Number of users	Value	Scope
Accommodation			
Airbnb (short-term accommodation rental and travel experiences platform, founded in 2008)	More than 2.5 million listings, 100 million guests since its founding as of January 2017	US\$30 billion (in August 2016)	In more than 191 countries (in January 2017)
Homeaway (vacation rental platform, founded in 2005)	Over 1.2 million listings (in January 2017)	US\$3.9 billion (in November 2015)	In 190 countries (in January 2017)
Transport			
Uber (short-distance ridesharing platform, founded in 2009)	40 million monthly active riders (in October 2016)	US\$68 billion (in August 2016)	In more than 70 countries (in September 2016)
BlaBlaCar (long distance ride-sharing platform, founded in 2006)	35 million users, 12 million travellers per quarter (in January 2017)	US\$1.6 billion (in September 2015)	In 22 countries (in January 2017)
Dining			
VizEat (platform for cooking classes, food tours and dinners, founded in 2013)	More than 120 000 members (in January 2017)	€3.8 million (in September 2016)	In 110 countries (in January 2017)
EatWith (shared dining platform, founded in 2012)	650 hosts, 80 000 seats filled since its founding as of January 2017	Valuation figure unavailable (received US\$8 million in recent funding rounds)	In 50 countries (in January 2017)

<i>Travel experiences</i>			
Vayable (personal tours and travel experiences platform, founded in 2011)	Does not disclose total number of users	Valuation figure unavailable (received US\$2.1 million in recent funding rounds)	International (does not disclose total number of countries where it is active)
ToursByLocals (private tours platform, founded in 2008)	1 905 guides (in January 2017)	Valuation figure unavailable	In 155 countries (in January 2017)

Source: *Juul, 2017.*

"Sharing economy is growing and it brings many benefits and challenges regarding the national and international tourism. Such as, a change in the consumption pattern and customer perception, competition growth by lower prices and alternative accommodation, increased social welfare, new jobs, fulfilling a variety of customer needs, encouraging small entrepreneurs, better communication and collaboration between consumers and providers, increased quality, knowledge of other cultures, traditions, habits, innovative technologies and so on" (Onete et al., 2018, p. 1010). "Critics, on the other hand, claim that the sharing economy provides unfair competition, reduces job security, avoids taxes and poses a threat to safety, health and disability compliance standards" (Juul, 2017, p. 1). World bank group (2018, p. 24) point out the main opportunities of peer to peer accommodation: "Helps attract new markets and demographics to new and existing destinations; Influences the type and nature of visitor purchases and services; Builds consumer trust to visit a destination in new ways and try new products; Lowers the barriers to entry for entrepreneurship; Supports homeowners and helps prevent displacement; Enables the dispersion of tourists in a wider geographical area; Increases access to market, which is particularly helpful for community-based homestays; Provides flexible inventory to meet the rise and fall of demand and assists in times of crisis; Has a relatively small environmental footprint and Collects real-time data about visitors. The main challenges according to its rearsrch are: "May be unregistered and unregulated; May not be following tax laws; Can cause disturbances in a residential community; May cause housing prices and rents to increase; May put visitors at higher risk; May impact the job-intensive hotel sector; May benefit only a small minority; Providers lack organization and representation; Contributes to the impact of "overtourism" and Internationally located P2P platforms divert income that would otherwise be earned locally".

Vary and Ilić (2017, p. 391) emphasize the importance of the branding of the country for the tourism promotion. They point out that countries can be positioned or distinguished from various aspects, including: "characteristic architecture; unique sights; natural environment; weather; history; legend; culture; event; cuisine; wine; people; celebrity, night life, sport, scientific achievement etc". All these aspects become even more important if taking into consideration the opportunities and challenges which sharing economy brings with. Ćirić et al. (2014, p. 26) emphasized that the "Republic of Serbia nowadays has only comparative advantages in tourism, but the process of the transformation from comparative advantages to actual competitive advantages in the tourism of the Republic of Serbia is the part of overall reform processes". Hotels in Serbia are facing the additional pressure of growing competition in the world tourist market, so they have to make significant efforts to improve their business, retain existing customers and attract new ones.

Barbu et al. (2018, p. 374) investigated to what extent the sharing economy leads to a change in consumers' mentalities and behavior so as to bring about a fundamental change of paradigm, namely the transition from an economy based on ownership of goods to an economy based on the shared-use of goods and services. They concluded that can be expected that some consumers will move towards a consumption model based on access and not on ownership. According to them, "the factors that sustain the consumers' mindset and behavior shift are primarily satisfaction and intention, supported by the ease of use, trust, savings and utility". Hamari et al. (2015, p. 2056) found out that "the positive attitude toward sharing services can be predicted by the sustainability and enjoyment of these services, while the behavioral intention to access sharing services can be predicted by the enjoyment and economic benefits of these services". Brozović et al. (2019. p. 51) state that "the main motives for participating in a sharing economy be it users or providers are: saving money, an easy way to earn more, preserve the environment and build a stronger community". On the other hand, Wallenstein and Shelat (2017) find out that the principal reason customers find sharing services useful is that they provide great economic value. The two other main advantages are that the customer knows what he or she is getting and can trust the service because of ratings and reviews. Besides, variety, access to better products and services, and the ability to have a unique experience were very important reasons that attract customer to sharing economy. Reducing their carbon footprint and connecting with interesting people ranked lower. Consumers who do not use sharing services cited three main reasons: they enjoy the

convenience of ownership; they do not trust the reliability of sharing platforms that they have never used before; and they are uncomfortable sharing payment information.

According to a survey conducted in 2015 (Brozović et al., 2019, p. 51), "32% of respondents in Europe were aware of the concept of a sharing economy and only 5% of them participated in sharing economy". However, what should be pointed out is that approximate a third of Europeans believed that they would participate more in the sharing economy in the next year, while the largest increase in consumption in the sharing economy was expected by those younger than 35 years. Just one year later a Flash Eurobarometer 438 (2016) survey showed strong consumer interest in the sharing economy: 52% of respondents were aware of the services of sharing economy platforms and 17% had used such services at least once. Respondents aged between 25 and 39 years (27%) and those who finished education aged 20 years or over (27%) were most likely to use these platforms. They find out that young people (millennials) are most likely to engage in certain forms of collaborative consumption. The similar results got Treapăt, et al. (2018) in their research. According to the report of World Bank group (2018, p. 22) "millennial guests dominate certain types of P2P accommodation. Sixty percent of all guests who book on Airbnb are between the ages of 18 and 35".

"The new approach which has overshadowed in the world of production and trade is based on consumer and his requirements" (Ilić & Tešić, 2016, p. 1158). "The essence of successful marketing is precisely the knowledge of consumer behavior in order to create appropriate marketing strategy and marketing mix, and to adequately meet the needs and desires of consumers" (Ćirić et. al., 2015, p. 629). For such reason, in the exploration of possibilities and challenges to develop sharing economy in tourism of the Republic of Serbia, we started from the consumer's point of view.

Research metod

Quantitative research has been applied to the research of consumer attitudes, in order to carry out statistical analysis and to generalize the obtained results on broader population. The applied method was the survey, and the instrument through which the survey is conducted was questionnaire that was not standardized, but it had been purposely created for this survey. The questionnaire consists of 26 questions. The questions were divided into four sections. In the first section, 5 questions were put to

give an answer if the consumers in Serbia are aware of concept of sharing economy in tourism and if they participated in it. In the second section the group of 7 questions gives an insight into the consumer satisfaction with the use of collaborative platforms, and the factors that influence consumer satisfaction. In the third section 12 questions were created to get an insight into the opportunities and challenges of participating in sharing economy in tourism, from the consumer point of view. In the fourth section 2 questions were put to get the main demographic information about respondents. The research was conducted on the territory of Vojvodina. The time interval in which the survey was carried out was the January and February 2020. In the research that Flash Eurobarometer 438 (2016. p.2) carried out in "28 Member States of the European Union, 14,050 respondents from different social and demographic groups" participated. Having in mind that our research was carried out only in one country, we decided to do a pilot project and question 500 respondents. So, the research sample represents 500 randomly selected respondents. Random selection method was used to select a representative sample. After rejecting the incomplete questionnaires, we received a final sample of 482 respondents. The data was analyzed by using the statistical software STATISTICA. The methods used were the descriptive statistics, Chi-square test and Pearson coefficient of correlation.

Research results and discussion

Research results are expressed in counts and percentages and displayed in tabular form.

Table 2: *Consumer awareness of the concept of sharing economy*

Question	Answer	Count	Percent
Are you familiar with the concept of sharing economy, Collaborative economy, Peer to peer economy, Collaborative consumption?	Yes	201	41.70
	No	281	58.30

Source: *Created by the authors based on survey*

Of the total number of respondents, 41.70% are familiar with the term of sharing economy. The result is not high, but not far behind the Flash Eurobarometer 438 (2016, p. 5), according to which 52% of respondents in Europe are familiar with the concept of sharing economy.

Table 3: *Consumer use of collaborative platforms for participation in sharing economy in tourism*

Question	Answer	Count	Percent
Have you ever used any of the platforms for participation in the sharing economy in tourism such as www.airbnb.com, www.uber.com, etc.?	Yes	411	85.26
	No	71	14.73

Source: *Created by the authors based on survey*

The result that 85.26% of respondents used one of the collaborative platforms to participate in the sharing economy in tourism is unexpected given that it is very high. It can be observed that twice as many respondents use platforms to participate in the sharing economy than is familiar with the term itself. That is opposite from the obtained results in the literature (Brozović et al., 2019), (Flash Eurobarometer 438, 2016), where the consumer awareness of sharing economy was higher than their participation in sharing economy. This can be explained by the fact that the concept of sharing economy is still extremely modestly represented in official legal acts and reports, as well as in the academic literature in Serbia, while the use of smartphones and the use of various applications is rising rapidly year by year.

Table 4: *Consumer use of collaborative platforms in sharing economy in tourism in four main sectors*

Type of service	Question	Answer	Count	Percent
Accommodation	Have you ever rented accommodation through collaborative platforms such as www.booking.com, www.Airbnb.com, www.Expedia.com?	Yes	355	73.65
		No	127	26.35
Transport	Have you ever rented a car, bicycle, trotinet, taxi using collaborative platforms such as www.uber.com, CarGo?	Yes	135	28.01
		No	347	71.99
Dining	Have you ever used coolaborative platforms through which you can order food or schedule "food tours" in restaurants such as www.eatwith.com, www.donesi.com?	Yes	265	54.98
		No	217	45.02
Travel experiences	Have you ever used collaborative platforms through which you can organize personalized tourist tours in different cities in the world such as www.contexttravel.com, www.toursbylocals.com?	Yes	45	9.34
		No	437	90.66

Source: *Created by the authors based on survey*

By analyzing the types of services that are mostly used with the help of collaborative platforms in the sharing economy in tourism, we can conclude that accommodation rental services are convincingly dominant. That is in accordance with the results that Juul (2017) presented. Namely, 73.65% of respondents used one of the collaborative platforms to rent accommodation. A significant percentage of respondents, 54.98% of them, used platforms for ordering food and scheduling food tours, which stems from the fact that such applications are more common in Serbia, so consumers tend to use them more often.

Table 5: *Differences in consumer use of collaborative platforms in sharing economy in tourism in four main sectors, influenced by gender*

Type of service	Question	Gender	Answer	Count	Percent	Chi-square test
Accommodation	Have you ever rented accommodation through collaborative platforms such as www.booking.com, www.Airbnb.com, www.Expedia.com?	Male	Yes	164	94.25	χ^2 =16.6617 Df=1 p=0.05
			No	10	5.75	
		Female	Yes	190	80.17	
			No	47	19.83	
Transport	Have you ever rented a car, bicycle, trotinet, taxi using collaborative platforms such as www.uber.com, CarGo?	Male	Yes	55	31.61	χ^2 =0.2095 Df=1 p=0.05
			No	119	68.39	
		Female	Yes	80	33.76	
			No	157	66.24	
Dining	Have you ever used collaborative platforms through which you can order food or schedule "food tours" in restaurants such as www.eatwith.com, www.donesi.com?	Male	Yes	114	65.52	χ^2 =0.0839 Df=1 p=0.05
			No	60	34.48	
		Female	Yes	152	64.13	
			No	85	35.87	
Travel experiences	Have you ever used collaborative platforms through which you can organize personalized tourist tours in different cities in the world such as www.contexttravel.com, www.toursbylocals.com?	Male	Yes	25	14.37	χ^2 =3.6174 Df=1 p=0.05
			No	149	85.63	
		Female	Yes	20	8.43	
			No	217	91.56	

Source: *Created by the authors based on survey*

When it comes to renting transport vehicles, we can state that this percentage is less than a third of the total number of respondents. Namely,

28.01% of them used such platforms. According to Juul (2017) consumers in Europe use collaborative platforms in transportation sector more than in the dining sector. Our results are different. This is again in line with the fact that platforms in transportation sector are not adequately regulated in Serbia, they are less present on the market and therefore, their use is less in relation with accommodation and dinning services. Only 9.34% of the respondents used the platforms intended for organizing personal tourist tours. Although relatively low, this data is higher than our expectations given that such platforms are poorly known in Serbia and only few are present on the market.

Table 6: *Differences in consumer use of collaborative platforms in sharing economy in tourism in four main sectors, influenced by age*

Type of service	Question	Age	Answer	Count	Percent	Chi-square test
Accommodation	Have you ever rented accommodation through collaborative platforms such as www.booking.com, www.Airbnb.com, www.Expedia.com?		Yes	285	89.06	χ^2 =9.5721 Df=2 p=0.05
		18-40	No	35	10.94	
		41-60	Yes	55	78.57	
			No	15	21.43	
		Over 60	Yes	15	71.43	
			No	6	28.57	
Transport	Have you ever rented a car, bicycle, trotinet, taxi using collaborative platforms such as www.uber.com, CarGo?	18-40	Yes	110	34.38	χ^2 =6.5538 Df=2 p=0.05
			No	210	65.62	
		41-60	Yes	15	21.43	
			No	55	78.57	
		Over 60	Yes	10	47.62	
			No	11	52.38	
Dinning	Have you ever used collaborative platforms through which you can order food or schedule "food tours" in restaurants such as www.eatwith.com, www.donesi.com?		Yes	230	71.88	χ^2 =35.5359 Df=2 p=0.05
		18-40	No	90	28.12	
		41-60	Yes	25	35.71	
			No	45	64.26	
		Over 60	Yes	10	47.62	
			No	11	52.38	
Travel experiences	Have you ever used collaborative platforms through which you can organize personalized tourist tours in different cities in the world such as www.contexttravel.com, www.toursbylocals.com?	18-40	Yes	40	12.5	χ^2 =4.4115 Df=2 p=0.05
			No	280	87.5	
		41-60	Yes	5	7.14	
			No	65	92.85	
		Over 60	Yes	0	0	
			No	21	100	

Source: *Created by the authors based on survey*

Of the total sample of 482 respondents, 411 answered that they had used collaborative platforms to participate in the sharing economy. So we analyzed the difference in demographic characteristics only for those respondents who used some of the collaborative platforms. According to the results of Chi-square test, there is a statistical significant difference between men and women in using collaborative platforms for renting accommodation. Although both men and women use collaborative rental platforms in a high percentage, the percentage of men is higher 94.25% while the percentage of women who use them is 80.17%. This gender difference in consumer behavior is very important when creating an internet marketing strategy to attract new customers. When analyzing the degree of the use of transport, dining services, and services for organizing travel experience across collaborative platforms, there are no significant differences between men and women, according to the results of Chi-square test.

According to the results of Chi-square test, there is a statistical significant difference in the use of collaborative platforms for rental accommodation depending on age. The results are expected, given that 89.06% of the respondents who use most of these platforms are the youngest category dominated by millennials. With the rise of respondent age, the use of these platforms is declining. According to the results of Chi-square test, there is a statistical significant difference in the use of collaborative platforms for renting transportation vehicles and taxis depending on age, as well. Collaborative platforms for renting transportation vehicles and taxis are mostly used by people over 60, which may be explained by their greatest need for this type of service. Then, there is the youngest group of respondents, which includes millennials, because there are those among them who do not own their own vehicles.

The lowest percentage of use of this type of service is observed in middle-aged people, who are both financially best-fit and mostly own a vehicle. Chi-square test showed that there is a statistical significant difference in the use of collaborative platforms for dining services depending on age, too. The youngest age category of respondents are those who make the most of dining services through collaborative platforms. It was as expected, given the fast pace of their life and lifestyle. There is no statistical significant difference in the use of collaborative platforms for travel experience organization services depending on age, according to the results of Chi-square test.

It can therefore be concluded that the youngest group of respondents is the one which uses the most of collaborative platforms for different types of tourism services, and this is a very important result, which coincides with similar research in the world: (Flash Eurobarometar 438, 2016), (Treapăt, et al., 2018), (World bank group, 2018). This data points to the potential for more intensive use of these platforms in the future, as younger generations have a greater propensity to use them.

Table 7: *Consumer satisfaction and its antecedents in the sharing economy*

Question	Count/Percent	1	2	3	4	5
Evaluate the degree to which you find such collaborative platforms useful	Count	0	0	50	130	231
	Percent	0	0	12.16	31.63	56.21
Evaluate the degree to which you find such collaborative platforms easy to use	Count	0	5	95	180	131
	Percent	0	1.22	23.11	43.80	31.87
Evaluate the degree to which you consider such collaborative platforms to be trendy	Count	0	0	35	85	291
	Percent	0	0	8.52	20.68	70.56
Evaluate the extent to which you believe that such collaborative platforms contribute to money saving	Count	0	20	145	130	116
	Percent	0	4.87	35.28	31.63	28.22
Evaluate the extent to which you consider such collaborative platforms to contribute to environmental preservation	Count	40	30	185	80	75
	Percent	9.73	7.30	45.01	19.46	18.25
Evaluate the extent to which you have confidence in such collaborative platforms	Count	5	15	117	182	92
	Percent	1.22	3.65	28.47	44.28	22.38
Evaluate to what extent you were satisfied with the services you received using some of these collaborative platforms	Count	0	5	60	170	176
	Percent	0	1.22	14.60	41.36	42.82

Source: *Created by the authors based on survey*

Of the total sample of 482 respondents, 411 answered that they had used collaborative platforms to participate in the sharing economy. So we analyzed the consumer satisfaction and its antecedents only for those respondents who used some of the collaborative platforms.

The highest percentage of respondents (84.18%) rated their satisfaction with the use of collaborative platforms in the sharing economy with high grades 4 and 5. This result is very important as it indicates that the use of these platforms will grow in the future. Consumer satisfaction leads to loyalty of consumers, as well as positive word of mouth communication contributes to attracting new consumers of services and products.

Table 8: *Correlations between consumer satisfaction and its antecedents*

Marked correlations are significant at $p < .05000$ N=411	
	Evaluate to what extent you were satisfied with the services you received through the use of some collaborative platforms
Evaluate the degree to which you find such collaborative platforms useful	0.44
Evaluate the degree to which you find such collaborative platforms easy to use	0.57
Evaluate the degree to which you consider such collaborative platforms to be trendy	0.38
Evaluate the extent to which you believe that such collaborative platforms contribute to money saving	0.47
Evaluate the extent to which you consider such collaborative platforms to contribute to environmental preservation	0.36
Evaluate the extent to which you have confidence in such collaborative platforms	0.58

Source: *Created by the authors based on survey*

Correlation analysis showed that there were positive correlations between satisfaction and all factors examined, with intensity of intercorrelations which differs. Consumer satisfaction with the use of collaborative platforms in the sharing economy is most influenced by their confidence in such platforms (the Pearson coefficient of correlation is 0.58). This is followed by consumers' opinions on how easy these platforms are to use, followed by consumers' views on how much these platforms have an impact on saving money, followed by the degree to which consumers find such applications useful, how trendy they are, and finally how much they contribute to environmental protection. These results provide guidance to service providers and platform owners in the sharing economy what factors to focus on in order to achieve consumer satisfaction. The analysis of the obtained results shows that more than 50% of the respondents agree with all the stated assertions (grades 5 and 4) about the opportunities that participation in the sharing economy in tourism offers. The highest percentage of respondents agrees the most with the statement that collaborative platforms contribute to attracting tourists of different demographic characteristics and from different markets. The mean is 4.16. This answer indicates a great chance that such platforms give tourism development. "For example, homes with a kitchen and multiple bedrooms can attract families or other groups who might not be able to afford multiple hotel rooms, or might not use hotel services" (World bank group, 2018, p.24).

Table 9: Consumers attitudes toward the opportunities for participating in sharing economy in tourism

Question	Count/ Percent	1	2	3	4	5	Mean	Std. Dev.
Evaluate the extent to which you agree with the statement that collaborative platforms contribute to attracting tourists of different demographic characteristics and from different markets	Count	0	5	112	165	200	4.16	0.81
	Percent	0	1.04	23.24	34.23	41.49		
Evaluate the extent to which you agree with the statement that collaborative platforms contribute to boosting consumer confidence to visit a destination in a new way and try new products	Count	0	15	157	145	165	3.95	0.89
	Percent	0	3.11	32.57	30.09	34.23		
Evaluate the extent to which you agree with the statement that collaborative platforms contribute to reducing the barriers to entrepreneurship in this area	Count	0	30	121	221	110	3.85	0.84
	Percent	0	6.22	25.10	45.86	22.82		
Evaluate the extent to which you agree with the claim that collaborative platforms are useful innovation to manage the rise and fall of demand and help in times of crisis	Count	6	10	191	180	95	3.72	0.84
	Percent	1.25	2.07	39.63	37.34	19.71		
Evaluate the extent to which you agree with the claim that collaborative platforms have relatively small negative environmental footprint	Count	15	61	145	125	136	3.63	1.11
	Percent	3.11	12.66	30.08	25.93	28.22		
Evaluate to what extent you agree with the statement that collaborative platforms allow real-time visitor data to be collected	Count	0	30	147	160	145	3.87	0.91
	Percent	0	6.22	30.50	33.20	30.08		

Source: Created by the authors based on survey

The smallest percentage of respondents agrees with the statement that collaborative platforms have relatively small negative footprint on the environment. But the mean is 3.63, which is above the average grade. According to Brozović et al. (2019), 52% of Europeans emphasize environmental protection as a significant motive for participation in the sharing economy. Besides, P2P accommodation rentals provide an opportunity to use existing buildings instead of building new structures so they limit the built footprint and preserve historic buildings (World bank group, 2018).

Table 10: *Consumers attitudes toward the challenges for participating in sharing economy in tourism*

Question	Count/ Percent	1	2	3	4	5	Mean	Std. Dev.
Evaluate the extent to which you agree with the statement that collaborative platforms can be unregistered and unregulated	Count	20	91	141	105	125	3.46	1.18
	Percent	4.15	18.87	29.25	21.78	25.93		
Evaluate the extent to which you agree with the claim that collaborative platforms may not comply with tax laws	Count	20	35	121	171	135	3.76	1.07
	Percent	4.15	7.26	25.10	35.48	28.01		
Evaluate the extent to which you agree with the claim that collaborative platforms can cause a problem in the residential community	Count	56	70	121	90	145	3.41	1.35
	Percent	11.62	14.52	5.10	18.68	30.08		
Evaluate the extent to which you agree with the statement that collaborative platforms can contribute to raising apartment rental prices	Count	36	60	115	136	135	3.57	1.23
	Percent	7.47	12.45	23.86	28.22	28.00		
Evaluate the extent to which you agree with the statement that collaborative platforms can negatively affect hotel accommodation, which plays a significant role in the employment of the population	Count	16	55	150	206	55	3.47	0.95
	Percent	3.32	11.41	31.12	42.74	11.41		
Evaluate the extent to which you agree with the statement that collaborative platforms can only contribute to the profits of a smaller group of people	Count	31	50	196	115	90	3.37	1.10
	Percent	6.43	10.37	40.66	23.86	18.68		

Source: *Created by the authors based on survey*

Analyzing the results of the opinions of respondents regarding the challenges that the collaborative platforms in the sharing economy in tourism bring, the following can be noted as the biggest threats: collaborative platforms may not comply with the tax legislation, collaborative platforms can contribute to raising apartment rental prices and collaborative platforms may negatively affect hotel accommodation which has a significant role in the employment of the population. The results that we have got are in accordance with the findings in the existing literature. The rapid growth of the sharing economy raises a number of important questions for tourism policy makers. Some of them are about how they should approach the sharing economy in areas such as regulation and taxation (OECD, 2016). Many companies in the field of tourism, especially in the field of accommodation and transportation, see their businesses in danger due to the accelerated development of collaborative tourism (Stiubea, 2018). A key complaint in large cities that are

already experiencing a shortage of affordable housing is that short-term rentals are pushing up housing costs and restricting the availability of apartments to rent or lease. This drives lower-income residents farther from the city and worsens already tight housing markets (World bank group, 2018). These are some of the problems we need to think about at the macro level and look for solutions to overcome them.

Conclusion

Based on the literature review and the survey carried out in relation to the consumer attitudes in Serbia, we can conclude that sharing the economy in tourism is a business model that will surely dominate in the future. The high rate of consumer participation in the use of collaborative platforms in the area of accommodation and dining shows the importance that the sharing economy has nowadays in Serbia. However, more intensive use of such platforms can be expected in the future, as research both around the world and in Serbia has shown that these platforms are used the most by millennials but the generation Z can be expected to use them even more. In addition, it is noticeable that although males in Serbia use collaborative platforms for renting accommodation more compared to women, the differences are not so pronounced. Thus, both males and females can be characterized as significant users of these services. It is only important that service providers and company owners of collaborative platforms adapt their internet marketing strategy depending on whether they want to focus their services more on men or women. Also, the results suggest that the participation of the sharing economy will grow since consumers are showing a high degree of satisfaction with the use of collaborative platforms. Consumer satisfaction with collaborative platforms in the sharing economy is most influenced by their confidence in such platforms, then the degree to which these platforms are easy to use, how much they contribute to saving money, followed by the degree to which consumers find such applications useful, then how much they are trendy, and ultimately how much they contribute to environmental protection. These are factors that both service providers and collaborative platform owners need to focus on to ensure the satisfaction of their service users and to be able to attract new users. The evident increase in the importance of the sharing economy within tourism poses numerous opportunities to many key stakeholders in the Serbian tourism industry, as well as challenges. On the one hand, it opens up the possibility for attracting tourists of different demographic characteristics and from different markets more easily and more quickly. It opens the possibility for more intensive development of entrepreneurship in the field of tourism, enhances consumer confidence to visit different destinations in a new

way and try new products. On the other hand, the biggest problem lies in solving legal regulations, which should enable equal participation of both participants in the sharing economy and participants in the traditional economic model. In addition, hotel managers face the great challenge of coping with the increasing competition induced by the emergence of collaborative platforms and the increasing participation of individuals in rental accommodation in the future. The issue of environmental protection and conservation of natural resources in Serbia is also a segment that needs to be analyzed in the future. The recommendation for further research is to study in more detail the correlation between the development of the sharing economy in tourism and environmental footprint.

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PERCEPTIONS OF ENVIRONMENTAL IMPACTS OF TOURISM: A CASE STUDY OF VRNJAČKA BANJA

Nataša Đorđević¹; Snežana Milićević²

Abstract

Tourism can contribute to destination development, but its impacts are not always positive. Primary attractions of tourism destinations, i.e. natural and cultural attractions can be directly threatened by the development of non-sustainable tourism. For achieving competitiveness of a tourism destination there is a need for managing the economic, socio-cultural and environmental impacts of tourism. This paper analyzes the local residents' and tourists' perceptions of the environmental impacts of tourism in Vrnjačka Banja. The survey method was applied to a sample of 120 respondents. Data were processed by Statistical Package for the Social Sciences (SPSS). Results indicate that respondents' perceptions of the environmental impacts of tourism in Vrnjačka Banja is negative.

Key Words: *tourism impacts, environment, sustainability, Vrnjačka Banja*
JEL classification: *L83, Z30, Z32*

Introduction

Tourism is one of the main sources of foreign income and employment generator for many countries (Milićević & Petrović, 2019). Statistical reports on tourism development show that tourism is one of the world's largest *industries*, which is growing year by year. In 2018 tourism generated exports of \$1.7 trillion, and it accounted for 10% of global GDP, while international tourist arrivals grew 5% to reach the 1.4 billion mark (UNWTO, 2019). Speaking about the increase in the number of tourists, it is important to point out that a larger number of tourists also means that the impacts of tourism are becoming greater.

¹ Nataša Đorđević, MSc, Teaching Assistant, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvodanska 5A, 36210 Vrnjačka Banja, 063/1236141, e-mail: natasa.djordjevic@kg.ac.rs

² Snežana Milićević, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvodanska 5A, 36210 Vrnjačka Banja, 036/5150024, e-mail: snezana.milicevic@kg.ac.rs

In the literature, the impacts of tourism development are observed from an economic, socio-cultural and environmental perspective (Li et al., 2019a; Pratama & Mandaasari, 2020). A large number of studies have examined tourism impacts, and the economic received the most attention because of the positive impacts they can have on destinations and communities, while socio-cultural and environmental are seen more as negative (Gill, 2015).

Balancing the economic, socio-cultural and environmental impacts is the basic principle of sustainable development in tourism, which has become a necessity and a trend in the tourism market (Đorđević & Kostić, 2019).

Tourism in Serbia has positive growing tendencies. The most visited destinations are Belgrade (1,205,183 tourists in 2019) and Vrnjačka Banja (283,491 tourists in 2019) (Statistical Office of the Republic of Serbia, 2020). Belgrade as the capital city is an economic, socio-cultural, political center of Serbia, while Vrnjačka Banja has developed tourism primarily because of its natural resources like mineral springs.

The rapid development of tourism has led to a significant degradation of natural and anthropogenic attractiveness (Kostić et al., 2019). Considering that the number of tourists in Vrnjačka Banja is growing in the last few years (Statistical Office of the Republic of Serbia, 2020), the question that arises is what the impacts of tourism development in this destination are.

Large numbers of tourists increase the vulnerability of the environment. There is a need for wider roads and parking spaces, most often at the expense of green spaces. A large amount of waste also occurs. There is a greater production of wastewater from accommodation facilities and other facilities included in tourism (Hrabovski-Tomić & Milićević, 2012).

The aim of this paper is to analyze the local residents' and tourists' perceptions of the environmental impacts of tourism in Vrnjačka Banja. Determining the perceptions of residents and tourists towards tourism is an important tool in the evaluation of tourism development and its sustainability. It is important to understand these aspects so that policies can be developed to improve the sustainability of tourism destinations (Alaeddinoglu et al., 2016). Also, the locals who will enjoy the benefits or suffer the consequences of tourism should be given voice in its policy, planning and decision-making (Bosselman et al., 1999).

Literature review

After the introduction of the concept of sustainable development by the Brundtland Commission in 1987, environmental protection became a major issue in the 1990s (Du Plessis, 2010) and it continues to be ever since. Sustainable development means "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations General Assembly, 1987), where the key principle is "integration of environmental, social, and economic concerns into all aspects of decision making" (Emas, 2015).

Tourism is usually described as an important industry, because of its economic benefits, like improvements in community infrastructure and public facilities (Yoon et al., 2001), high tourist receipts, the multiplier impacts within the industry and creation of employment opportunities for the local community (Chong & Balasingam, 2019). Besides this, it generally provides conditions for a better quality of life (Durkalić & Đorđević, 2019). On the other hand, there are direct and indirect impacts of tourism on the emission of CO₂ (Li et al., 2019b), pollution (Azam et al., 2018), and degradation of social and cultural values (Haddad et al., 2019). Considering that tourism has both positive and negative impacts (K. C, 2018), to maximize benefits from it there must be a balance (Dahal et al., 2020), i.e. sustainable tourism must be the only way for future development.

The economic impacts of tourism are important for state, regional and community planning and economic development. At the same time, there are economic benefits for both host countries and tourists' home countries. Tourism also involves some economic costs, including government costs for infrastructure to better serve tourists and the direct costs incurred by tourism businesses. Also, there are many hidden costs to tourism, which can have unfavorable economic impacts on the host community, such as high inflation, import leakages, exported profits of foreign earners, external costs and overdependence (Icoz & Icoz, 2019).

Zhuang et al. (2019) point out that tourism development may contribute to local residents' knowledge about "foreign countries, and people, transnational tourism, thereby instilling a sense of pride in natives associated with their heritage and culture as well as contributing to the rehabilitation of existing buildings and historic sites, and the transformation of old buildings to new uses". Also, there are negative

socio-cultural impacts of tourism such as: "social order being disturbed, cultural decline, negative changes in residents' dietary culture, drinking rituals, dress codes, and religious values, increased racial discrimination, crime and prostitution, etc." (Zhuang et al., 2019).

Tourism can result in preserving and protecting the resources, and on the other hand, it can result in the destruction or damaging environment. Environmental impacts of tourism can be in the form of pollution increase (air, water, noise, etc.). However, in favor of tourism advantages, negative environmental impacts might be ignored by the local community (Yoon et al., 2001; Nematpour & Faraji, 2019).

The main difficulties for measuring tourism impacts are the following (Briassoulis, 1991):

- Tourism involves a large number of interconnected activities which hinders the process of measuring the impacts of individual activities.
- Some tourism activities are taken not only by tourists but also by local residents, which makes it harder to separate impacts from one another.
- Ecological changes may happen for many different reasons, and it is difficult to identify the changes that occurred only because of tourism.
- Tourism often has indirect and cumulative impacts that are harder to identify.

In order to maintain the sustainability and long-term success of the tourism industry, it is important to understand and measure tourism impacts in local communities (Diedrich & García-Buades, 2009). Numerous studies have examined the economic, socio-cultural, and environmental consequences of tourism and its associated development. These studies are mostly related to local residents' perceptions of tourism impacts (Dimitrovski et al., 2015; Gursoy et al., 2019; Kuščer & Mihalič, 2019; Lin et al., 2019; Podovac et al., 2019; Tournois & Djerić, 2019; Carvalho et al., 2020), and less to tourists' perceptions of tourism impacts (Du Plessis, 2010; Gill, 2015; Joo et al., 2019).

As Botzori et al. (2018) point out, local residents and business owners have a crucial role in managing some environmental impacts. On the other hand, tourists are interested in visiting nice, clean and pollution-free areas (Asadzadeh & Mousavi, 2017), which is why it is important to observe their perceptions of environmental tourism impacts. Studies have shown that tourists' emotional bonds with the destination positively affect their perceptions of and reactions to tourism in the destination (Joo et al., 2019).

When it comes to local residents' perceptions about the nature of tourism impacts, it may vary. Some might perceive tourism development as having mainly positive impacts, while others might perceive that tourism accrues negative impacts (Tichaawa & Moyo, 2019). There is evidence from different countries that they recognize positive economic impacts of tourism, and negative social and environmental impacts such as noise and water pollution, littering, traffic jams, crowding, crime, housing costs, and disruption from tourists when they use public facilities (Choe & O'Regan, 2015; Tichaawa & Moyo, 2019). Also, in the study about tourism impacts in national parks in Serbia, local residents expressed a generally supportive attitude toward tourism, while some concerns were primarily about the environmental and social impact of tourism (Brankov et al., 2019).

Study area

Vrnjačka Banja is located in the central part of the Republic of Serbia at 43° 37' north latitude, 20° 53' east longitude, about 200 km south of Belgrade. It extends through the valley of West Morava and the northern slopes of Goč mountain (Vrnjačka Banja, 2020a). According to the 2011 Census, there were 27.527 inhabitants (Statistical Office of the Republic of Serbia, 2011). It is located at the intersection of local and regional roads which give it a good position in the road transport network.

Vrnjačka Banja is characterized by great natural resources, like climate, flora, fauna and thermo-mineral waters, which is the basis for tourism development. In this area there is a temperate continental climate with local characteristics that have a favorable effect on the human body (Milićević, 2015; Vrnjačka Banja 2020b).

There are seven mineral water springs in Vrnjačka Banja: Topla Voda, (36.5°C), Snežnik (17°C), Slatina (14°C), Jezero (27°C), Borjak, Vrnjačko Vrelo and Beli Izvor. Topla Voda is the oldest and most famous mineral spring, which, according to archaeological findings, was known in prehistoric times, and then used in the Roman period from I to IV century AD for the recovery and treatment of Roman legionnaires. (Milićević & Podovac, 2013). There is the Vrnjačka and Lipovačka rivers and the Petrasinovička and Lipovački creeks. The territory of Vrnjačka Banja municipality is one of the most forested municipalities in Serbia, where forests and forest plantations cover just over 65% of the total municipality territory.

Also, there are several natural monuments (Municipality of Vrnjačka Banja, 2013):

- Parks of Vrnjačka Banja;
- Black pine, in the park of Vrnjačka Banja;
- Five oaks (there are three trees today);
- Two pedunculate oak trees - Vrnjci;
- Pedunculate oak in village Vraneši;
- Beech on Goč mountain.

The entire territory of Vrnjačka Banja municipality, especially Goč mountain, is extremely rich in plants, forest fruits, aromatic and medicinal plants. It is estimated that there are 650 plant species on Goč mountain, of which over 200 medicinal, aromatic and other beneficial species (Hrabovski-Tomić & Milićević, 2012).

Besides these natural resources and attractions, on the territory of Vrnjačka Banja municipality there are protected cultural and historical objects, entities and localities, such as (Borović-Dimić, 2005):

- Belimarković castle, the cultural value of great significance for the Republic of Serbia;
- spatial cultural-historical unit of great importance Čajka Hill with 49 objects;
- 100 of individually protected facilities;
- archeological sites from prehistoric period, Roman period, Middle Ages to Ottomans dominions (about 30 sites).

Vrnjačka Banja has a large number of accommodation facilities and there is a tendency to be more of them. The most common form of tourism in Vrnjačka Banja is health tourism with a tradition of over 150 years. The crucial stakeholder for developing health tourism is the Special Hospital Merkur, known for its treatment of diabetes. Tourists visit this place not only for health reasons but for recreation, sport, manifestations, etc. The most visited manifestations are *Carnival of Vrnjci* and *LoveFest*, which are organized during summer.

As previously mentioned, Vrnjačka Banja is one of the most visited tourism destinations and the most visited spa destination in Serbia (Statistical Office of the Republic of Serbia, 2020). Table 1 shows a noticeable increase in the number of tourist arrivals and overnight stays in the last five years. The average annual increase in the number of tourist arrivals is

12.8%. The highest growth of the number of tourist arrivals was recorded in 2018 (16.2%). Although, the number of tourist arrivals increased in 2019, the growth rate was 14.4, which is slightly lower than in 2018. Vrnjačka Banja is mostly visited by domestic tourists. The average night stay of domestic tourists is 3.4, while the average night stay for foreign tourists is 2.7 (Statistical Office of the Republic of Serbia, 2016; 2017; 2018; 2019; 2020).

Table 1: *Tourist arrivals and overnight stays in Vrnjačka Banja, for the period from 2015 to 2019*

Year	Tourists arrivals			Overnights stays		
	Total	Domestic tourists	Foreign tourists	Total	Domestic tourists	Foreign tourists
2015	175,153	146,208	28,945	562,862	481,150	81,712
2016	202,820	163,997	38,823	677,690	573,394	104,296
2017	213,194	176,202	36,992	701,622	603,279	98,343
2018	247,709	200,343	47,366	818,045	695,171	122,874
2019	283,491	230,887	52,604	907,892	774,206	133,686

Source: *Statistical Office of the Republic of Serbia (2016; 2017; 2018; 2019; 2020).*

Methodology

The subject of the study is to investigate local residents' and tourists' perceptions of the environmental impacts of tourism in Vrnjačka Banja. For data collection, a survey method was used. Questionnaires were distributed in the form of a Google questionnaire in February and March 2020.

The questionnaire is divided into two parts. The first part consists of the questions related to the socio-demographic characteristics of respondents. To differentiate between whether the respondents are tourists or local residents of Vrnjačka Banja, the first question was set to check that. The respondents that do not live in Vrnjačka Banja and have never been there, could not proceed with filling out the questionnaire form.

The second part consists of statements related to the environmental impacts of tourism in Vrnjačka Banja. Residents provided answers using a five-point Likert scale (1 = Strongly disagree, 5 = Strongly agree). The statements were defined on the basis of Kim's (2002) research about tourism impacts on the quality of life of local residents. In this study, all

three impacts of tourism, i.e. economic, socio-cultural and environmental were examined by looking for relations between those impacts and quality of life of local residents in Virginia, USA. Only the scale for investigating the perceptions of the environmental effect of tourism defined by Kim (2002) was used for the purpose of this research with small adaptation to conditions of tourism in Vrnjačka Banja.

Results and discussion

There were 120 respondents who took part in this research (62 tourists and 58 local residents), out of which 65 were female (54.2%) and 55 were male respondents (45.8%) (Table 2).

Table 2: *Socio-demographic characteristics of respondents*

		Frequency	Percent
Have you ever been in Vrnjačka Banja?	<i>Yes</i>	62	51.7
	<i>No</i>	0	0
	<i>I live in the teritory of Vrnjačka Banja municipality</i>	58	48.3
Gender	<i>Male</i>	55	45.8
	<i>Female</i>	65	54.2
Age	<i>20-30</i>	62	51.7
	<i>31-40</i>	40	33.3
	<i>41-50</i>	12	10.0
	<i>51-60</i>	4	3.3
	<i>> 60</i>	2	1.7
Level of education	<i>High school graduate</i>	37	30.8
	<i>Vocational degree</i>	11	9.2
	<i>Bachelor's degree</i>	46	38.3
	<i>Master degree</i>	22	18.3
	<i>Doctoral degree</i>	4	3.3

Source: *Authors, based on research*

For the question of age, 5 age groups were defined. The respondents belonging to the age group from 20 to 30 years, that is 62 respondents (51.7%), make the largest part of participants, as well as the respondents aged 31-40, which is 40 respondent (33.3%), 12 respondents (10%) belong to the age group from 41-50, 4 respondents (3.3%) to the age group from 51-60 and only 2 respondents (1.7%) are more than 60 years old.

According to the education level, the highest number of respondents are those with a bachelor's degree, 46 respondents (38.3%). 37 respondents (30.8%) who took part in this research are high school graduates. There were 22 respondents (18.3%) with a master's degree, 11 respondents (9.2%) with a vocational degree and 4 respondents (3.3%) with a doctoral degree.

In the second part of the questionnaire, respondents could agree or disagree with 11 statements about the environmental impacts of tourism in Vrnjačka Banja (Table 3) by using a five-point Likert scale. The results of the descriptive statistics show that the respondents mostly agree that *Tourism produces congestion* in Vrnjačka Banja ($M = 4.2$). Also, a high level of agreement was expressed regarding the statements that *Tourism produces littering* ($M = 4.1$) and *Tourism produces noise* ($M = 4.0$). Besides this, with mean score above 3, responders also rated that *Tourists' littering destroys the beauty of the landscape* ($M = 3.7$), *Tourist activities produce serious water pollution (mineral water and rivers)* ($M = 3.6$), *Tourism businesses that serve tourists throw-away tons of garbage* ($M=3.5$) and that *Tourism produces large quantities of waste products* ($M=3.1$). Generally, respondents agree that *Tourism causes environmental pollution in Vrnjačka Banja* ($M = 3.6$).

Respondents mostly disagree that *Tourism has contributed to the preservation and protection of the natural environment* ($M=2.7$), that *Tourism has improved the ecological environment of the community in many ways* ($M=2.9$) and even greater disagreement they express towards statement *Tourism does not contribute to the negative effect of vegetation and loss of meadows and green space* ($M=2.5$).

Table 3: *Environmental impacts of tourism in Vrnjačka Banja*

	Mean	Std. Deviation	Variance
Tourism causes environmental pollution.	3.6167	1.13154	1.280
Tourism produces noise.	4.0000	1.11521	1.244
Tourism produces littering.	4.0667	.95911	.920
Tourism produces congestion.	4.1917	1.04757	1.097
Tourist activities produce serious water pollution (mineral water and rivers).	3.5917	1.17749	1.386
Tourism produces large quantities of waste products.	3.0500	1.21510	1.476
Tourism businesses that serve tourists throw away tons of garbage.	3.5333	1.12969	1.276

	Mean	Std. Deviation	Variance
Tourists' littering destroys the beauty of the landscape.	3.7083	1.16961	1.368
Tourism has contributed to the preservation and protection of the natural environment.	2.7500	1.20398	1.450
Tourism has improved the ecological environment of the community in many ways.	2.8667	1.15179	1.327
Tourism does not contribute to the negative effect of vegetation and loss of meadows and green space.	2.4833	1.42595	2.033

Source: *Authors, based on research*

It can be noticed that when it comes to statements that describe negative environmental impacts of tourism in Vrnjačka Banja respondents mostly agree about them, considering that mean scores for these statements are above 3. On the other hand, when it comes to some positive environmental impacts of tourism in Vrnjačka Banja respondents expressed slight disagreement, considering that mean scores for these statements are below 3. This gives the conclusion that respondents' perceptions of the environmental impacts of tourism in Vrnjačka Banja is negative.

Conclusion

Tourism has become a favorable industry for many countries, considering the economic, socio-cultural and environmental benefits of tourism development. However, with the increase of tourist arrivals, the great pressure on natural and cultural resources of destination may occur. Environmental anxiety about tourism impacts has increased (Milićević et al., 2020). Because of this, sustainability should become the only way for future tourism development.

Tourism in Vrnjačka Banja has growing tendencies and in order to reach sustainability, it is important to investigate how crucial stakeholders perceive positive and negative impacts of this development. There are many studies about perceptions of tourism impacts in a destination, but less with the focus on perceptions of both tourists and local residents of environmental impacts in spa destination. The findings of this study suggested that tourists and local residents have negative perceptions of the environmental impacts of tourism in Vrnjačka Banja.

The research may be used for further planning and improving the tourism offer of Vrnjačka Banja according to principles of sustainable development. The main limitation of this research is the small number of respondents who completed the questionnaire. Future research should focus on determining a statistically significant difference among tourists' and local residents' perceptions of tourism impact using larger sample size.

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TOURISM AS THE BACKBONE OF ECONOMIC GROWTH IN AFRICA

Ramadhani Issa Hemed¹; Slobodan Andžić²

Abstract

This paper will discuss to details how the tourism industry has become economically outstanding in upgrading people's living standards and advancement services provisions at the individual and national level. It is true that tourism in any county has a direct relationship with people's lives especially in the economic sphere, since it is the leading sector in terms of recruitment of people in both steady and temporary employment such as tour guides, hoteliers, drivers and tour operators. All these groups pay taxes in their country, take part in socio-economic activities and that is marked as one of the Unemployment solution, and a catalyst for positive changes in people's life in economic spheres. Not only through the provision of employment, but also through investment have doors been opened up in the tourism sector. This article will describe in detail how tourism operates in most African countries with Tanzania as the case study. The country's objectives for this sector will be seen, as well as how the people there benefit and depend on this sector. Here below are the three parts of this paper named part one, two and three. Part one will briefly explain the general concept of tourism in relation to economic developments, how people get benefits, tourism operations and direct outputs of tourism in the government.

The second part will deliberately discuss the basis of tourism sector that is important for economic development, contribution of tourism sector to national economy, implication of tourism industry in social and physical infrastructure developments, and government policies that help tourism industry to grow in Africa.

¹ Ramadhani Issa Hemed, student of MA study, University of Dar es Salaam, Tanzania, Mwalimu Julius Nyerere Mlimani Campus, P.O Box 35091, Dar es Salaam Tanzania, ramahchonde2794@gmail.com

² Slobodan Andžić, Ph.D., professor, Belgrade Business school, Belgrade, slobodan.andzic@bpa.edu.rs

The last part will give out recommendations on what should be done to improve this sector and make it a more independent sector, especially in developing countries.

Key Words: *tourism industry, backbone, economic growth, VAT, development, Africa*

JEL classification: *Z32, R58, R11*

Introduction

Tourism industry is a newer sector in African economic structure. It started back in the 1980's when some Africans (who lived outside of Africa for different reasons such as wars and colonialism) started to visit their motherland, and when some Europeans started to visit Africa to see if the stories about Africa were true. At the time, tourism was not considered to be a profitable economic branch. It was seen as a set of social activities that involves interactions between people outside of Africa and Africans. However this tendency began to change over the years, depending on the number of people who visited the southern part of the Saharan desert countries, gradually the governments started to become involved in this sector by creating some policies, laws and boards that would take measures concerning tourism sector. This became the turning point of the tourism industry, and an axis of economic development in African countries. From that point onwards many acts and amendments were made to insure that the sector would become one of the important sectors in economic stabilizations. Apparently, reports state that tourism will be employing more than 6.7 million people in Africa by 2021. A point to note here is that Africa's 48 countries currently have the capacity for tourism success through establishing a strong political support for developing the industry and attracting increased private investment to help finance and sustain it (The World Bank, 2013).

Tourism in some countries, like Tanzania for instance, has grown over the past decade by 300% and estimated to attract more than one million visitors annually where majority come for wild life safari and beach tourism. Tourism industry in Tanzania has created its benchmark as a significant source of foreign income, whereby it is useful in economic strategies especially in export and import of commodities from abroad. Tourism government initiated different boards to insure proper operations, for instance tourism boards, the national parks board, the cultural conservation board. This has helped many people to perform different duties which

enable them to sell different tourism products such as ornaments and cultural commodities. Interpreters, taxi drivers, fruits vendors and others get employment in tourist hotels. The sector employs almost a half million people and it is the only sector where women are considered in different positions. All of these tourism outputs are vital for the economic growth in Africa, because they provide employment, help investments reach the hotels in Africa that employ (chefs, security, and other operators at hotels). Africa's tourist attractions include wonderful wild animals, mountains such as Kilimanjaro, beautiful beaches with conducive climatic conditions throughout the year. This qualifies Africa as a one of the world's dream destinations. All this has influenced many people to visit the southern part of the Saharan desert for tourism activities. These tourists pay taxes and fees directly to the government. Airline companies also pay taxes to the government, as well as hotel owners, tour car owners and workers. The payment of taxes helps the government to keep the economic situation in the country stable and run its daily activities such as buying medicines for hospitals, constructing roads, paying salaries to public workers such as teachers, doctors etc.

Tourism in Africa

Tour operators and tour agencies deal with tourist logistics from abroad to destination points. Tour operators are there to make sure that tourism industry is a legal and formal entity which enables tourists and other tourism stake holders to work together. They coordinate tourists with airline companies, hotels, transporters at the destination point, as well as insure the proper arrangement of all logistics for tourists so that they do not encounter any kind of obstacles during their trip. These tour operators and tour agencies make sure that tourism attractions are branded, advertised worldwide, and that connections are created. In 2012, Africa attracted 33.8 million visitors, which is a significant rise compared to 6.7 million visitors in 1990. The income from tourism for the same year amounted to over US\$36 billion or 2.8 percent of the region's GDP (The World Bank, 2013).

Tour agencies must be registered and pay taxes including other charges with VAT from their business. It is not easy for tourists to come to Africa without a host that will take care of everything during their stay, The government makes profit through tour operators because they hire different workers such as drivers, technicians, interpreters and tour guides. Employing professionals in these fields reduces the unemployment problem. In 2017, this sector's contribution to Tanzania's GDP was 9.0%

and it was forecasted to rise up to 9.1% in 2018. This sector directly supported 446,000 jobs which is 3.3% of total employment and was expected to rise up to 7.1% in 2018. Salaries earned by workers help people run their businesses (food vendors, transporters etc.) hence government benefits through its people (International Trade Administration, 2019).

Tourist hotels and apartments are in the basis of tourism activity. Hotels play a massive role in impressing tourists to come again to a certain country. These hotels can be the reason for tourists to choose another destination in next visits or to revisit the previous destination due to services that she or he were provided with by the hotel. The report projected an increase of 6.7% in guest nights in 2018/19 that pushes occupancy to 54.2% and total room revenue beyond 2015 levels to \$240m, up to 11.1%, while the number of rooms will rise to 8100. But it forecasts a compound annual growth rate (CAGR) of available hotel rooms by 2% by 2017-2021 when there should be a total of 8500. Due to this it will raise guest's nights to 1.8m, with CAGR of 2.4%, pushing total rooms to \$313m. The total hotel, lodge and tented camp accommodation requirements in Tanzania are 12,000 rooms, of which an estimated 8,500 rooms would be of international standard. Of the 8,500 rooms required, 5,000 are operating nearly to an international standard and approximately 500 are currently under construction or refurbishment. The development of the remaining 3,000 rooms require new capital investment either for refurbishment of existing rooms or construction of new rooms. On the other hand, these hotel investments help to boost national economy through recruiting workers such as chefs, security, mostly domestic workforce, then tour guides whose duty is to take tourists to all important places like museums. These workers, whose number is estimated to be more than 467,000 people, pay taxes to the government, which helps to facilitate some development in the surrounding places. Also hotel owners are active members in paying fees and other charges like business licenses, operational fees; value added tax (VAT) and hotel license, thus increasing government income (Oxford Business Group, 2018a).

Transport agencies deal with transportation (Ignjatijević et al., 2019) of tourists from their home land to tourism destinations, here including airlines companies that take tourists from other parts of the world to tour destinations, car rental companies such as tour buses, cabs, and ships or boats. Earnings from travel accounted for 60.4% of services income and grew by 13.6% to USD 2,403.2 million in the year ending in June 2018. This was due to an increase in the number of tourist arrivals following

enhanced promotional activities by the government and private sector (Tanzania Tourism Revenues and Arrivals Up in 2018, 2019). According to the latest available International Visitors' Exit Survey Report of 2017 by the National Bureau of Statistics of Tanzania (NBS) (2017), tourism earnings were USD 2, 13 billion in 2016 with 1.2 million arrivals. And sometimes even these companies can be from outside of Africa and to work in a particular country they have the obligation to pay some fees before the installation of their companies. All these fees are paid to the government directly, helping the government to cover costs of constructing hospitals, buying medicines, books for students and other costs necessary for the functioning of the government (Tanzania Tourism Revenues and Arrivals Up in 2018, 2019).

Contribution of tourism industry on national's economy

Increase in foreign currencies: tourism activities include the arrival of foreigners in the destination country, where they come with their currency for consumptions, and once they exchange it for the domestic currency, the foreign currency remains in the destination country. These foreign currencies are vital for trading and economic strategies. In most African countries they import different commodities such as cars, products, spare parts, and using these foreign currencies facilitates the foreign exchange and improves internal business that later on helps the government in tax collections and revenues. The overall expenditure in Tanzania per person per night increased to \$193.0 compared to \$162.0 recorded in 2017 while the average expenditure per person per night for visitors who came as part of a package tour arrangement was \$331.0 while that of non-package visitors was \$331.0. Tourism activities continue to be the center of tourism attraction for Tanzania due to the existence of the numerous National Parks and Game Reserves. However the country's strategy was to utilize the geographical diversity including tourist forums by increasing tourist's infrastructure. These foreign currencies also play a massive role in national stock exchange and in bank stock for external uses (Shekighenda, 2019). The Ministry's Permanent Secretary, Prof Adolf Mkenda told journalists in Dar es Salaam that in 2018, MNRT in collaboration with the Bank of Tanzania (BoT), Natural Bureau of Statistics (NBS) Immigration Department and The Zanzibar Commission for Tourism (ZCT) conducted an International Visitors 'exit survey in order to get information for compilation of national accounts and balance of payments statistics; planning and policy formulation; and promotion of tourism (Mirondo, 2019).

Tanzania's tourism earnings increased by 12.1% to USD 2,131.6 million in 2016, from USD 1,902.0 million recorded in 2015. The surge was mainly driven by the number of arrivals, which increased to 1,284,279 being 12.9% percent higher than the number recorded in 2015 (National Bureau of Statistics, 2015). Revenues from Tanzania's tourism sector increased by 13.6% to USD 2,403.2 million in the year ending in June 2018 compared to 2016/17, showing increase in arrivals of foreign visitors, transport, and other services. The following figures show Tanzania export services. The amounts are presented in US Dollars in three different years from 2015-2018 (Tanzania Tourism Revenues and Arrivals Up in 2018, 2019).

Figure 1: *Tanzania service exports*



Source: *Tanzania Tourism Revenues and Arrivals in 2018, (2019)*, <https://www.tanzaniainvest.com/tourism/tanzania-tourism-revenues-and-arrivals-up-in-2018>, (11 February 2020).

Increases in foreign investments in Africa: tourism sector plays a great role in making foreigners pay a visit to Africa in order to search for places or sectors where they can invest. When coming to Africa, tourists have a big chance to find an opportunity to invest, such as in poor transportation services in order to improve them. Government officers can make use of the fact that tourists come to their countries to discuss different opportunities that would be beneficial for both parties. For example, in Tanzania new hotel openings show that investors and international hotel brands are still confident about Tanzania's tourism outlook (Milojević et al., 2018).

For instance, in different tourist hotels owned by foreigners the workers and other staff are the citizens of the country that is invested in, thus the beneficiaries of the collaboration are the people, their government and investors as well.

Implications of tourism in advancement of infrastructures

Facilitating construction of Roads: tourism industry is playing a great role in ensuring that roads are improved in the destination country. It is well-known that most of African countries especially Tanzania are still developing in terms of socio-economic affairs. Although its infrastructure is still poor and being developed constantly, through tourism industry most of African governments do their best to ensure that all roads that are used by tourists in their routes are being improved. For example, the tarmac road constructed from Songea to Tunduru aimed at increasing hunting tourism and animal tourism in the Selous game reserve, which is simply to say that tourism industry has a positive impact on influencing the governments in constructing better roads for community and tourism use. On the other hand, apart from the fact that tourism has facilitated roads constructions, most of the charges and fees collected by the government are used to improve roads used by both tourists and other community members.

Rehabilitation in health sector: tourism sector has managed to rehabilitate health sector in a way that most of hospitals and health centres, which are saving both tourists and other community patients have undergone different rehabilitations and improvements in all spheres such as equipment, medicines, professional doctors, specialists, and other hospital's infrastructures so that to meet the required standard for international needs (Jumia Africa Hospitality Report, 2019).

Improvement of clean water services: tourism industry has managed to improve the accessibility of clean water services to every member of the community. It is clear that all tourist hotels have a proper water system for their customers, hence it is required that members of the society around those tourist hotels should be considered for that water services provision. Most of the areas around the hotels have the water system for their community that implies that the presence of tourist hotels facilitates and improves access to clean water of every member of the entire community (Krstić et al., 2012). But again the taxes paid by tourists, charges collected from tourist hotels, and other sub-sectors from tourism are enabling the government to cover all costs for serving its people, such as construction of water channels to the targeted people, stabilization of water infrastructures that improves constant supply of water to everyone in the community.

Consolidation of constant supply of electrical services: tourism industry has managed to consolidate constant supply of electrical service to all people. The presence of tourist hotels and apartment has improved the constant supply of electrical service to the all people nearby the apartments and hotels. But also government and other private sectors dealing with electrical supply and productions tends to bring their services near tourist hotels and apartments in order to provide service for tourists. This is automatically enabling even other community members who live outside the unplanned places for electrical system installations to have access to electrical supply since they are nearby tourist hotels. This implies that accessibility of electrical services in people's surrounding sometimes depends on the number of consumers or the economic activities that take place within a particular place. Therefore whenever there are tourism activities, there is availability of electricity in advance, and whoever lives in nearby places is likely to have access to electricity services.

Government effort's on improving tourism sector through policies

The new policy can draw on both the government's overarching Five-Year Development Plan II 2016/ 17-2020/21 (FYDP II) and a report on the tourism industry published by the Ministry of Industry, Trade and Investment (MIT) in 2016 under the diagnostic trade integration study (DTIS). The former provides a framework and targets for development, and the latter offers a more granular analysis of the challenges that the sector faces and ways to address them.

Five-Year Plan

The FYDP II, unveiled in April 2016, acknowledges the importance of tourism to GDP, foreign currency earnings and job creation. It aims to increase tourism's share of GDP from 17.2% in FY 2014/15 to 18.3% by FY 2020/21, and then to 19.5% by FY 2025/26, raising the sector's real growth rate to 6.2% by the beginning of the next decade and 6.5% by FY 2025/26. Visitor arrivals should grow to 1.76m by FY 2020/21 and 2.47m by FY 2025/26. The Tanzania Tourist Board set a considerably higher target of 3m by 2022.

The FYDP lists key interventions to achieve this: aggressive promotion and marketing of Tanzania as a unique tourist destination, diversification of tourism products, infrastructure upgrades, improving training and skills development, encouraging local tourism and creating a broader enabling

environment for tourism business. These seek to emphasize Tanzania's strengths and address the industry's existing weaknesses (Oxford Business Group, 2018b).

The first National Tourism Policy was adopted in 1991 to provide the overall objectives and strategies necessary to ensure sustainable tourism development in the country. Nearly a decade later, there have been considerable changes on the political, economic (Majstorović et al., 2016) and social fronts within the country, which raised the need for regular review of the policy. The thrust of these changes have been towards stimulating efforts to expand the private sector, in tandem with the disengagement of the Government from the sole ownership and operation of tourist facilities. Knowing the potentiality of tourism sector, as a strategy for poverty alleviation, the National Tourism Policy of Tanzania was reviewed in 1999 to cope with the dynamism of the tourism industry. The overall objective of the policy is to assist in efforts to promote the economy and livelihood of the people, essentially poverty alleviation through encouraging the development of sustainable and quality tourism that is culturally and socially acceptable, ecologically friendly, environmentally sustainable and economically viable.

Alignment with private sectors and institutions in growing of tourism sector, this has been seen through collaborating with Stanbic Bank from China and ICBC, and launched the special campaign of "I GO TANZANIA", This initiative, part of ICBC's I Go Global rewards scheme for its cardholders in China, was unveiled in Tanzania on 6th August 2019. It will capitalize on the growing appetite among Chinese travelers to visit Tanzania by offering a range of discounts and special offers from merchants across the travel, hospitality and lifestyle sectors, says Standard Bank's group head of card and emerging payments across Africa in personal and business banking, Lincoln Mali. I Go Tanzania offers a number of benefits specifically for ICBC cardholders traveling to Tanzania for leisure. These include up to 12% discounts on certain transactions and up to 30% discounts on unique wildlife safari getaways among many other incentives (Tanzania Tourism Revenues and Arrivals Up in 2018, 2019).

Also China and Tanzania have launched a new straight flight route from China to Tanzania. Recently, Tanzania's Ambassador to China, Mr. Mbelwa Kairuki, disclosed that the China National Travel Service Group Corporation (CTS) is planning to invest in Tanzania's tourism sector by constructing hotels on the mainland and Zanzibar, this implies that Tourism

has now taken control with international partners to make it viable for economic advancement. Due to these measures, according to the reports from WEF in 2019, Tanzania is among the ten most visited countries in Africa for tourism as shown here below:

Table 1: *Top African Countries for Travel and Tourism (WEF Competitiveness index 2019)*

S/N	COUNTRY	SCORE	SCORE
01	Mauritius	4.0	4.0
02	South Africa	4.0	4.0
03	Seychelles	3.9	3.9
04	Morocco	3.9	3.9
05	Namibia	3.7	3.7
06	Kenya	3.6	3.6
07	Tunisia	3.6	3.6
08	Cape verde	3.6	3.6
09	Botswana	3.5	3.5
10	Tanzania	3.4	3.4

Source: *World Economic Forum, Global Competitiveness Report, (2019)*, http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf, (11 February 2020).

The current problems facing African tourism

Corrupt and incompetent leaders in African countries: most of African leaders are not competent enough in leading and ensuring the development of their people. They are corrupt and lack strong strategies to boost tourism sector in advance. This is due to the fact that some of them are holding primitive ways of operating tourism activities in their countries, others are imposing many taxes and charges such as entry fees to tourist attractions, reducing the number of tourists who then seek other places of leisure in Asia or America. Also some of African leaders lack creativity in investment and the way foreigners are invited to invest. For example, Rwanda's government invested in tourism advertisement through football clubs in 2018 and 2019 but was among the five countries in Africa with low economy status. That means its leaders lacked the best way of investing in tourism through football, for instance there was no need of putting more than \$39 million in Arsenal's sleeve sponsorship while they earned only 5% visitors from England in 2018.

Ineffectiveness of Government: this is measured by the quality of public service provision, the quality of bureaucracy, the competence of civil workers and credibility of the government's commitment to policies. Now most of countries especially in Africa have encountered this problem, where some services such as airports are not quality enough whether because of outdated technology used or personal problems, some tourists have complaints about the airport logistics and services. Also existence of bureaucracy in public services such as accessibility of Visa and other permits to enter the country somehow prolonge procedures and contain too many protocols to follow up on. This marks a static problem in most African countries.

Problem of terrorism and eruption diseases: the governments lack appropriate solutions to tackle these problems, for example Kenya is a leading country in east Africa for tourism activities followed by Tanzania but currently Kenya is witnessing frequent terrorist attacks from Al-shabaab ethnic group that have killed many people including foreign people. These attacks have lead different governments to provide frequent notifications for its people not to visit Kenya due to threats from terrorism and killing of innocent people. For example, on 06th Jan 2020 three American were killed in the attacks, on 15th Jan 2019 one British national was killed. There was an attack on Garissa university college on 02nd April 2015 in which at least 148 people were killed, and over 60 people including six British nationals were killed in the September 2013 attack on the Westgate shopping mall in Nairobi.

Poor transportation system: tourists are witnessing the problem of poor transportation systems and infrastructures in Africa. This is due to the fact that most African countries are still developing (Pantić et al., 2019), therefore they encounter different challenges to solve and to initiate new programs like modernization of infrastructures for tourism. This implies that many sectors are still poor and need the government to invest a lot of money in them. For example health sector, education sector, and employment of the people are still biggest problems in Africa hence most governments are investing money in those sectors as immediate measures to eradicate poverty and to ensure people are getting proper health services, quality education for the children, while other sectors such as infrastructure are still poor. However tourism sector is among the sectors which is currently taking lead in most of African countries in contributing national's income but still encounters this challenge of poor transportation system,

although some measures have been taken to make sure the transport systems is upgraded to the maximum level.

Recommendations and discussion

The government must invest in tourism sector. African governments should invest more money and make an extra effort in tourism sector. Most of African governments do not put energy in promoting their tourist attractions such as national parks, game reserves, mountains in different platforms that can be seen global. For instance, the Rwanda government through the Development Board has made a giant step throughout the African continent in advertising its attractions through football platform. In 2018 Arsenal football club of English premier league with many fans in the world has signed a contract valued \$39 million with Rwanda government to advertise Rwanda's tourist attractions with its campaign "Visit Rwanda" on their sleeve sponsorship. But also in 2019 Paris Saint Germain (PSG) of France League One signed a three-year contract with Rwanda government, to advertise their tourism attractions valued between \$9 million-\$11million through Women's Kit, stadium branding and male players as a part of the deal. It is well-known that these two are the biggest clubs in the world and have influential players who can convince their fans to visit Rwanda for tourism activities (Hemed, 2019). This shows that Rwanda's government has made a massive investment in tourism sector and plays a great role in making sure that tourism become the national's focus in uprising economy at the individual and national level. Therefore African governments must invest in tourism sectors so that they can see direct impact of their existence in Africa. Apart from that, African governments must keep a special focus on tourism industry in a way that they must improve services provided by the government and other agencies of government such as TANAPA. This will increase credibility of their services and market widening at a global level. Also African tour operators and tourism stakeholders must re-innovate their services by learning from other developed countries such as China, United States of America and others. This will enhance their services and upgrade their status with customers.

Creating conducive environment for tourism activities: African government should create conducive environment for tourism activities such as consolidation of security systems, preparing competent tour operators through seminars, preserving historical sites, maintenance of infrastructures used by tourists and creating good policies for tourism sector. This will enable many tourists to come and visit Africa frequently.

The report indicates that there are some improvement and expansion of tourism sector in some Africa countries, and suggests that 33 of sub-Saharan Africa's 48 countries currently have the capacity for tourism success through establishing strong political support for developing the industry and attracting increased private investments to help finance and sustain it. Different reports cite successful examples of countries including Cape Verde, Kenya, Mauritius, Namibia, Rwanda, South Africa, Tanzania and others, who have simplified their tourism policies, liberalized air transport, and diversified tourism while protecting their communities and environments (Hemed & Jovanović, 2019), which created a positive investment climate for tourism development. Some countries do not have conducive environment for tourism activities such as in the Democratic Republic of Congo where there are constant wars, outbreaks of dangerous diseases such as Ebola. This makes them places that tourists do not prefer to visit although they have a plenty of tourism attractions such as gorillas, big rivers inhabited by crocodiles and hypotenuse, bigger forests than any other country in Africa but all of these are not strong enough to convince tourists to visit Congo for tourism activities because there is no conducive environment especially in security affairs.

Deduction of unnecessary cost and bureaucracy: governments should remove all kind of prolonged procedures for visa applications, and must set standards of cost depending on appropriate services, since some tour operators and other tour agency companies tend to put unnecessary cost on tourism activities. By doing so some tourists change their mind and opt for another destination in the next visits in order to avoid the expensiveness of the services, therefore there should be a set of cost standards and limit according to the services provided. This must include fares to the destination country, hotels cost, transport services in the destination country, telecommunication charges and entry fees. By setting the standard of cost, tourists will have a sense of security and be comfortable in the foreign country. Example: through tourism policy and strategies, Tanzania's government has set zero percent (0%) of imported capital goods, VAT exception on ground transport run by tour operators, easy acquisition of other permits such as residence and work permit for tourists. Creating a special offer for the famous people to pay half or free entry when entering some tourist attractions gives them motivation to advertise and encourage other people to visit, especially their followers.

Promotion of Private Investment in the Tourism Industry: the government should be aware that an increase in investment and technology

advancement require deliberate promotional policies. Because many policies in Africa are not favouring foreign and private investors in tourism sector, therefore there should be international measures to be taken in amending investment policies so that to accommodate private investors in tourism sector. This will increase tourism development in Africa. Africa's tourism industry is now the second fastest growing in the world, as in 2018 more than 67 million tourists visited. This means a rise of 7% from a year earlier, making Africa the second-fastest growing region when it comes to tourism after Asia Pacific. This does not come by accident; it is due to the promotions and conducive policies for investment. African countries are now trying their best to introduce positive policies coupled with increased investments in the sector. For example, Ethiopia has relaxed visa restrictions while improving flight connectivity into regional transport hub, overtaking even Dubai as the world's gateway to Africa. This has made Ethiopia become Africa's fastest growing travel country, growing by 48.6% in 2018. Also Tanzania has been another good example is creating favourable policies for private investors in tourism. Its investment policies and strategies state that there is:

- Zero percent import duty on project capital goods.
- The ease of obtaining other permits such as residence permit, construction licence, trading licence and work permits.
- The right to transfer outside the country 100% of foreign exchange earned profits and capital.
- Automatic permit to employ 5 foreign nationals on the project holding certificate of incentives.

These initiatives have so far attracted a good number of investors in the country in tourism sector. For instance, in 2018 Tanzania hosted more than 1.5 million tourists and estimated to rise up to 2 million by 2020.

Invention in mode of operations of tourism sector: government and private tourism stakeholders must renovate the existing operational model that does not provide them with a worldwide platform. The current tourism operations focus much on income and leave behind some important issues to deal with, such as stopping poaching wild animals, invasive human activities such as agriculture and pastoralism in game reserves, bush firing and deforestation which reduce the nature of Africa's pride. Also African governments must advertise their attractions worldwide in advance through different modern ways of branding and advertising, such as posting about attractions in social networks, appointing famous people as tourism ambassadors, creating blogs, websites and opening offices in affiliated

countries to ease accessibility to full and clear data about tourism activities of a certain country. That means to say that tourism should be diversified and integrated for different marketers all over the entire world.

Conclusion

Africa is the most beautiful continent for tourism activities; it is rich in wild animal's tourism, historical sites and beaches tourism. Tourism has created a benchmark in provision of employment especially for young people. For instance in Tanzania, one in twenty people is a beneficiary of tourism employment whether permanently or temporarily employed. This shows that once this sector is given enough support from the government it will have a great chance to employ many people and resolve the problem of unemployment in Africa. Africa's governments must open up a door for foreigner investment and private investment in tourism sectors so as to solve some existing problems which this sector encounters. Also the tourism stakeholders must take international initiatives to educate people about proper environmental conservations and proper integrations with tourists in making sure that this sector is benefiting and the government in particular. This article has outlined different aspects of tourism in relation to their motives in the socio-economic development especially in African countries. It has also analysed the contribution of tourism in stabilization of physical and social infrastructures, which intends to show that tourism is inseparable from the social development of the people surrounding these activities.

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ECONOMIC IMPACT OF MEDICAL TOURISM AND HEALTH SERVICES TRADE

Svetlana Ignjatijević¹; Jelena Vapa Tankosić²

Abstract

Medical Tourism, as one of the main components of international trade in health services, has an increasing importance for the developing countries. The fact that trade in services is highly profitable in the world economy, the trade in health services influences the development of national economies and its integration into global flows. The subject of the paper is the analysis of the dynamics of the volume of international tourism health services and the development of medical tourism, as one of its components. The results of the research show that the increase in well-being in society has contributed to the increase in demand for health services and consequently the development of medical tourism.

Key Words: *medical tourism, trade, health, services, economic development, Serbia*

JEL classification: *F1, L8, I15, L83*

Introduction

Many factors influence the formation, behavior and increase of tourist demand, which by its presence in a certain space and time, using various tourist facilities, provokes numerous interdependent relations, either of social or economic importance (Koprivica, 2007). As an economic phenomenon, tourism is essentially a combination of economic and non-economic entities more closely interconnected through social division of labor, which seeks to create an organized supply of all products/services necessary for persons/tourists temporarily residing outside their permanent residence (Hrabovski-Tomić, 2008). However, tourism still does not have a single, universal definition and although there are many definitions of

¹ Svetlana Ignjatijević, Ph.D., Associate Professor, Faculty of Economics and Engineering, Management, Cvečarska 2, 21000 Novi Sad, Serbia, ceca@fimek.edu.rs

² Jelena Vapa-Tankosić, Ph.D., Full Professor, Faculty of Economics and Engineering, Management, Cvečarska 2, 21000 Novi Sad, Serbia, jvapa@fimek.edu.rs

tourism, none is comprehensive, because according to the specificity of this phenomenon, there are scientific-tourist, scientific-economic, economic-organizational, geographical and other definitions of tourism (Milenković, 1999).

It is well known that certain medical services, such as dental or plastic surgery, are much cheaper in third world countries. Today, many travel agencies make arrangements that combine surgery and a pleasant vacation. Medical tourism as a major component of international trade in health care attracts the attention of many actors of the medical profession, the agency for the promotion of tourism, health analysts and policy makers. As the services are offered in developing countries, the slogan "first-class treatment at Third World prices" may be emphasized (Čavlin & Ignjatijević, 2014).

The national government agencies and policy initiatives have sought to stimulate and promote medical tourism in their countries. In the Strategy of Tourism Development of the Republic of Serbia for period 2016 – 2025, medical tourism has been outlined as one of the promising strategic tourism products (Strategy of Tourism Development of the Republic of Serbia for period 2016 – 2025, p. 28). In recent EU accession, the Polish and Hungarian governments have tried to capture the potentials of medical tourism positioning as the medical tourism destinations which are cheaper than European medical facilities (Lunt et al., 2011). The role of government in encouraging, developing, structuring and promoting medical tourism in the country of destination varies across nations. Such policies may include (HOPE - European Hospital and Healthcare Federation, p.17): "facilitated visa procedures or new medical visa categories; tax incentives; investment in healthcare infrastructure; special organizations solely for boosting the growth of medical tourism industry (either state-funded or private); and subsidies". On the other hand, Krajnović et al. (2013) have pointed out the importance of establishing a system monitoring and control monitoring quality at national level in all countries that have developed medical tourism, as well as a system of destination management level for tourist destinations on the principles of IQM (Integrated Quality Management).

Therefore, subject of the paper is the analysis of the health tourism services and the development of medical tourism, as one of its components. The authors shall analyze the medical tourism development and dynamics of the volume of international tourism health services as per the data on export and import on health tourism of International Trade Centre and UNWTO.

Literature review

The rapid industrialization and faster pace of life spur different needs, desires and create new trends. In order to meet the new demands of life, especially as a balance to urban life, tourist centers are developing a new approach to health. Health tourism originally meant: balneology, herbal therapy, relaxation, a healthy diet and lifestyle. Today, all this is complemented by the provision and execution of most complex medical interventions. Traveling abroad to perform a particular medical treatment today can be called a "rewarding experience." The term implies two seemingly incompatible notions: intervention-treatment-pain-care, and on the other hand, the experience of new luxury accommodation, recovery in exotic places with an aim of solving a health problem (Cvijanović et al., 2016).

As we can see from the previous research, the majority of respondents, in addition to consuming medical services, came to Serbia to visit a friend or relatives and decided to opt for medical services in Serbia at the recommendation of friends and relatives, while the rest of them decided on using such services on the basis of the Internet updates (Ignjatijević et al., 2017).

From a demand point of view, medical tourism encompassing patient/consumer characteristics and profiles or decision models based on types of information such as hard data (performance and quality) and soft ones (recommendation, information provided by web sites, the Internet) has not been extensively scholarly researched (Lunt & Carrera, 2010; Gan & Frederick, 2013). The study that relates consumers' attitudes toward medical tourism including consumer characteristics (age, education, income, and insurance status) of 289 consumers from the USA resulted in three attitude-related factors: economic, treatment-related, and travel-related. As the major findings reveal, the uninsured and low-income consumers are more sensitive to economic factors than the insured and the middle-income consumers; 51- to 64-year-olds are less motivated by economic factors than young adults; the better one's health, the more one is motivated by treatment-related factors (Gan & Frederick, 2013).

In a subsequent study principal components analysis has outlined three factors – risk, social-related, and vacation as the authors found that the middle-income earners and recipients of the federal health insurance program for the elderly, are more motivated by risk-related factors to travel

for care, but the middle-aged and older, and the married are more motivated by social-related factors to travel for care (Gan & Frederick, 2015). The exploratory study of Guy et al. (2015) has tried to identify characteristics and factors of U.S. citizens willing to participate in medical tourism, including several variables: the nature of the medical condition for which treatment is sought (life threatening, serious but not life threatening, medically optional, or life enhancing); respondents' reasons to consider or rule out medical tourism; (c) demographics (age, gender, marital status, education, income, and health insurance coverage); (d) risk aversion; and countries most and least likely to be considered for healthcare services. In the research on Mexico, Guatemala, and Barbados four common drivers of medical tourism development were identified (Johnston et al., 2016, p. 9):

1. "unused capacity in existing private hospitals,
2. international portability of health insurance, vis-a-vis international hospital accreditation,
3. internationally trained physicians as both marketable assets and industry entrepreneurs, and
4. promotion of medical tourism by public export development corporations.

Three common inhibitors for the development of the sector:

1. the high expense of market entry,
2. poor sector-wide planning, and
3. structural socio-economic issues such as insecurity or relatively high business costs and financial risks".

Using a survey method on a sample of 365 foreign users of medical tourism services in the age group of 41-50 years, equally represented by men and women, of the average income ranging from EUR 2,001-4,000, with secondary school and faculty degree, married, speaking mostly English, Norwegian, Italian and German, Ignjatijević & Vapa-Tankosić (2019) have concluded that foreign users of medical tourism services are not sufficiently informed about Serbia as a medical tourism destination, having mostly negative or insufficiently positive perceptions. On the other hand, their perceptions of the quality of human resources in tourism, such as medical staff politeness, and quality education, good living conditions can positively influence the desirability of Serbia as a medical destination.

The previous research on foreign users of medical tourism services in Serbia (Ignjatijević & Vapa-Tankosić, 2018) has pointed out that the respondents highly valued the institution itself and the quality of medical

service. Their findings show that for the selection of a country or institution for medical services, these are the most important factors: High standard of hospital accommodation (4.30); Accreditation of the institution (4.42); Confidentiality and privacy guaranteed (4.38); Treatment speed abroad (4.52); Doctor's Recommendation (4.55); After-treatment assistance provided (4.59); High quality care (4.6) and Cost savings (4.6). The answers provided indicate that culture, infrastructure, good rest, or non-medical content were not so important to patients. On the other hand, the results of the research show that the respondents have given the lowest rating to the following factors: Non-traditional treatment, Treatment of persons with special needs (disabled), Stable political situation and healthy legal system, Good infrastructure (proximity to major cities, highways, airports, etc.) and Similarity of culture.

One of the key determinants of the modern development of medical tourism globally is to develop an independent Internet platform that provides users with up to date information and easy access to numerous medical information, as well as advertising from different providers. The findings of authors Vapa-Tankosić & Ignjatijević (2017) on the existing international sites on medical tourism show that the majority of them possess the description of treatments (photos or videos), details of the institution establishment, staff qualifications and professional experience, technology (virtual tours of facilities), accreditation, and very often also patient testimonials and recommendation for patients.

The findings of Wagle (2013) point out to the countries of the USA, the UK, India, Canada and Poland as these countries have a largest number of facilitators. The quality of information provided on the portals is self-regulated by the medical tourism facilitators as they play an important role in the patients' choice of provider and information on the health provider is a decisive factor while choosing a hospital. Since the medical treatments abroad are quite expensive the people search for financing options. Crowd funding websites have merged as the common form of solving expenses related to medical care. For example, since the launch of the website from 2008, Give Forward campaigns have raised over US\$ 8.8 million, and about 7600 campaigns for medical and living expenses, caregiver support, funeral costs, pet emergencies, and disaster relief. Go Fund Me has the largest percentage of health-related campaigns and at You Caring in the area of medical expenses, according to their founders (Sisler, 2012).

Results and discussion

In the Table 1 we can see that Europe was the leading continent in terms of international tourist arrivals, especially if we compare the years 2000 and 2016, when the international tourist arrivals have almost doubled.

Table 1: *International tourist arrivals by region (in millions of international tourists)*

Continent	2000	2005	2010	2016	2016%
Europe	392.2	441.0	471.5	619.7	50.2
North America	91.5	89.9	99.2	132.2	10.7
Central America	4.3	6.3	8.3	10.9	0.9
South America	15.3	18.3	23.5	32.7	2.7
Africa	27.0	36.4	48.7	58.2	8.4
Asia and the Pacific	110.1	153.6	203.8	302.9	24.5
Middle East	24.9	37.9	60.0	53.6	4.3
Total	682	802	935	1,235	100

Source: *World Tourism Barometer*, http://cf.cdn.unwto.org/sites/all/files/pdf/unwto_barom17_01_january_excerpt_.pdf

Table 2 shows the percentage change in international tourist arrivals according to the region for the period 2009-2015. Almost all continents were negatively affected by the 2009 world economic crisis, but from the year 2010 onwards a steady growth in international tourist arrivals was recorded.

Table 2: *Percentage change in international tourist arrivals by region*

Continent	2009	2010	2011	2012	2013	2014	2005-2014%
Europe	-5.10	3.10	6.40	3.90	4.80	2.40	2.80
North America	-4.70	6.20	3.60	4.50	3.10	8.40	3.50
Central America	2.50	9.40	-0.60	4.70	4.70	1.8	5.20
South America	-1.60	13.10	6.30	7	6.90	5.70	6.20
Africa	-5.40	13.10	-9.60	1.7	-2.90	6.20	4.90
Asia and the Pacific	-4	6.50	4.70	4.60	4.60	4.20	3.80
Middle East	-5.10	3.10	6.40	3.90	4.80	2.40	2.80
Total	-4.70	6.20	3.60	4.50	3.10	8.40	3.50

Source: UNWTO, *World Tourism Barometer*, 2015, Volume 13, <https://www.e-unwto.org/toc/wtobarometereng/13/4>

From the Table 3 we can see that in 2016 USA achieved the highest direct contribution to GDP from tourism and travel, which is also estimated for 2027. The growth in USA is not as drastic as in China, whose contribution to GDP will increase from \$275 billion in 2016 and contribute to an impressive \$609 billion to its GDP in 2027.

Table 3: *Tourism and Travel Direct Contribution to GDP Growth in Leading Countries in 2016 and Estimate for 2027 (in \$ billion)*

Countries with the highest direct contribution (in absolute terms) to GDP from tourism and travel			2016	Estimate which countries will achieve the highest direct contribution (in absolute terms) to GDP from tourism and travel			2027
1	USA		503.7	1	USA		715.8
2	China		275.2	2	China		608.8
3	Germany		138.1	3	Germany		170.5
4	Japan		110.5	4	India		148.2
5	France		90.0	5	Japan		132.5
6	England		89.8	6	England		114.6
7	Italy		86.2	7	France		112.2
8	Mexico		76.7	8	Mexico		105.9
9	India		71.7	9	Italy		104.7
10	Spain		63.7	10	Spain		80.5

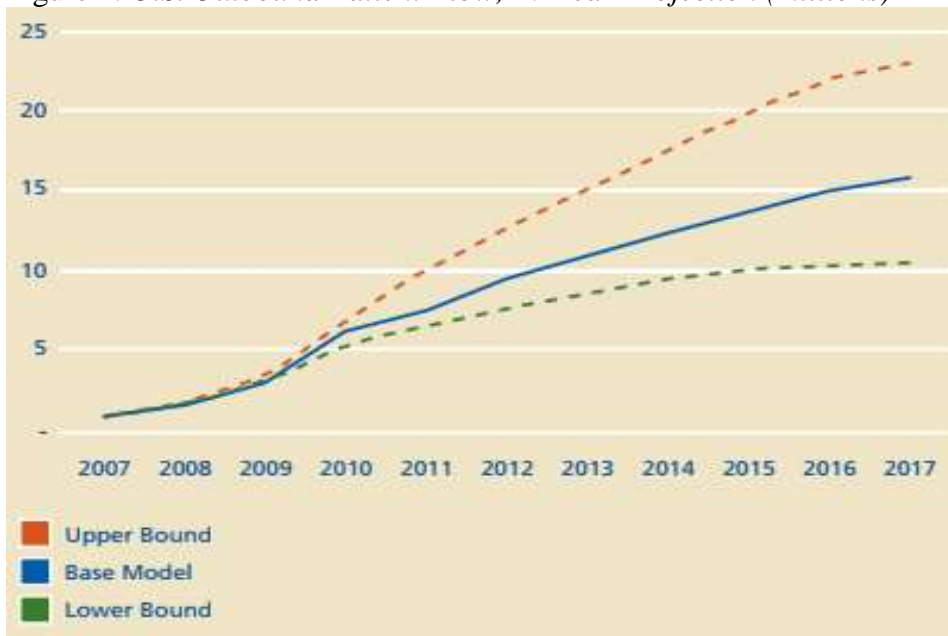
Source: <https://www.wttc.org/-/media/files/reports/economic-impact-research/2017-documents/newleaguetablessummary108.pdf>

According to a US Health Consumer Survey on Medical Tourism, as many as 40% of respondents indicated an interest in overseas treatment if their doctor recommended it, or if treatment costs were lower (to 50%). The high percentage of interest as well as projected growth in medical tourism patient demand is accompanied by high opportunity costs. Opportunity cost represents the missed benefit, income or earnings of the national health care system due to patients leaving overseas. As seen in the Figure 1, the 10 year projections increase overseas visits due to medical treatments to \$15.75 million in 2017 will bring an increase in lost profits. The \$2.1 billion spent in 2008 is estimated to have an opportunity cost of \$15.9 billion (Deloitte, 2009).

As mentioned earlier in the paper, medical tourism has undergone a major development in recent history. People around the world have come to appreciate the benefits of this travel segment and often opt for it. Plastic surgery is becoming more and more popular where the citizens of

developed countries, where the prices of these services are very high, go to less developed countries and receive the desired treatment at a much lower price but not of lower quality. Imported and exported values of health services at the world level are the highest in the USA.

Figure 1: *U.S. Outbound Patient Flow, 10-Year Projection (millions)*



Source: *Deloitte, 2009*

The most important medical tourism centers in Europe are Germany - in the field of surgery, Switzerland, France - in the field of cosmetic surgery, the United Kingdom, Belgium, Hungary, and Serbia - dental and plastic cosmetic surgery services. Treatment at a foreign hospital may often be better than at home hospitals. Contrary to expectation, a high level of nursing care and attention is offered. Most physicians at medical tourism institutions are educated at prestigious universities and hospitals are equipped following the American model. For example, as many as 240 medical colleges have been opened in India, a leading medical tourism country today, which again casts doubt on staff qualifications (Devon, 2007).

Table 4 shows the exported value of health services, the values are expressed in thousands of dollars for the period from 2008 to 2016. The first place is occupied by the USA, second by Turkey and third by Thailand.

Leading countries (after the developed USA) are mostly less developed countries (Ignjatijević & Čavlin, 2016).

Table 4: *Exported value of health services - Travel, Personal, Health-related*

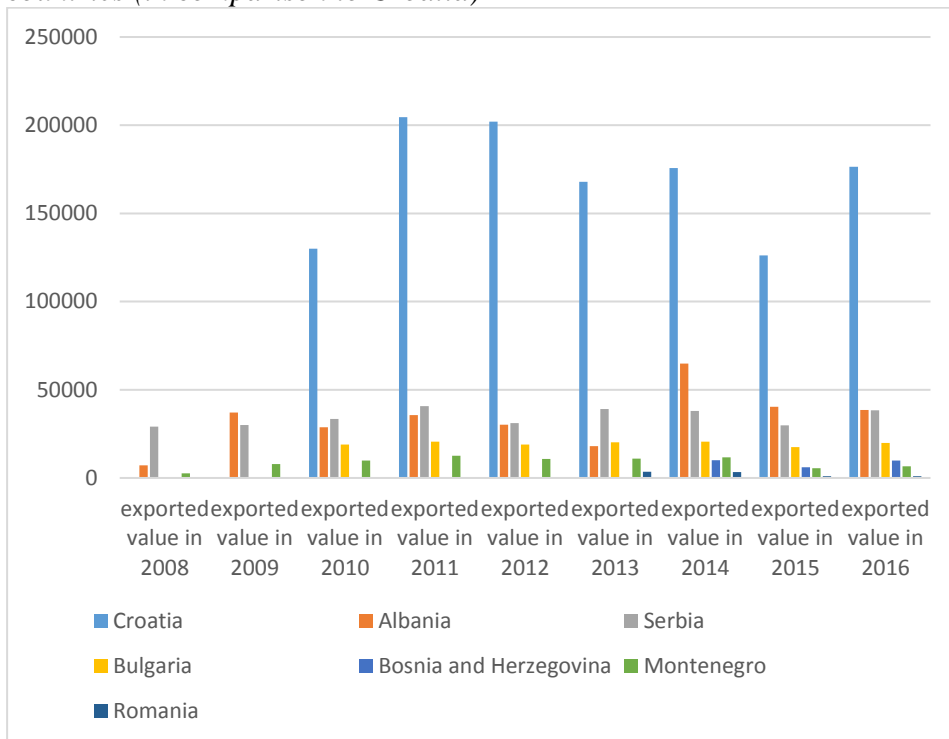
Exporters	exported value in 2008	exported value in 2009	exported value in 2010	exported value in 2011	exported value in 2012	exported value in 2013	exported value in 2014	exported value in 2015	exported value in 2016
USA	2,531,000	2,691,000	2,876,000	3,032,000	3,176,000	3,312,000	3,468,000	3,597,000	3,751,000
Turkey	340,000	327,000	289,000	340,000	513,000	746,000	1,104,000	904,000	637,000
Thailand		230,042	233,222	289,282	389,252	389,446	397,447	467,208	533,140
Costa Rica	148,829	117,825	130,486	140,772	156,086	328,433	327,275	358,070	415,722
Korea	69,800	82,700	89,500	130,700	201,700	372,900	348,600		
Mexico	298,943	261,874	289,513	270,682	271,713	266,613	278,661	279,733	268,540
India					216,724	280,130	225,624	275,691	271,291
Canada	121,800	118,100	136,900	146,500	148,100	145,700	142,800	126,700	123,000
Italy			182,241	175,157	151,100	191,859	160,269	199,188	98,337
Croatia			129,926	204,494	201,983	167,915	175,714	126,112	176,434
Albania	7,225	37,075	28,762	35,702	30,142	18,072	64,838	40,395	38,633
Serbia	29,126	29,974	33,478	40,780	31,191	39,025	38,030	29,908	38,309
Bulgaria			18,931	20,581	19,018	20,174	20,564	17,514	19,912
Moldova	13,600	10,050	10,470	12,880	13,700	15,640	17,320	15,310	16,570
Bosnia and Herzegovina	3	27	1	105	12	368	9,999	6,024	9,867
Montenegro	2,585	7,869	9,897	12,603	10,863	10,929	11,776	5,558	6,596
Romania						3,585	3,317	999	996

Source: *The International Trade Centre (ITC)*, <http://www.intracen.org/>

Exported value of health services had been increasing for years, with some values stagnating in 2015, being slightly lower in 2016. Looking at Serbia and the countries of the region, we can see that Croatia achieved enviable results in relation to Serbia and other countries of the region. Following Croatia, there is Albania. Then there comes Bulgaria, followed by Moldova, Bosnia and Herzegovina, Montenegro, and lastly Romania with significantly lower exported values of health services (Ignjatijević et al., 2017).

Graph 1 shows how dominant Croatia is in relation to other countries in the region. The movement of exported values through the years is very dynamic and does not have a steady upward trend.

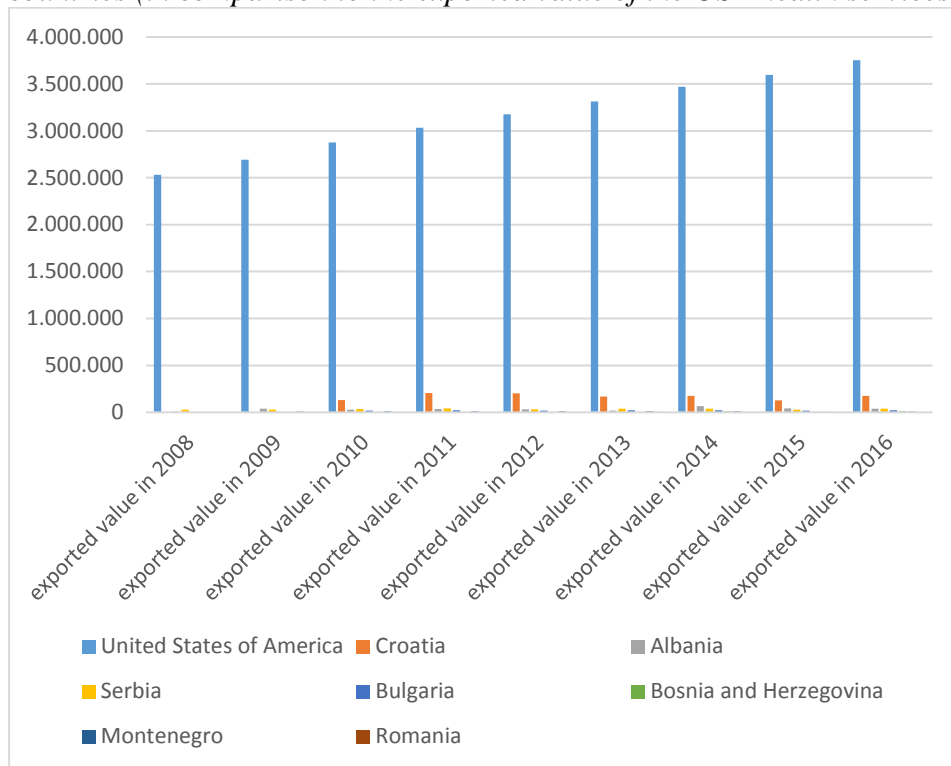
Graph 1: *Exported value of health services of Serbia and surrounding countries (in comparison to Croatia)*



Source: *The International Trade Centre (ITC)*, <http://www.intracen.org/>

In Graph 2 we can see how the USA realized impressive exported value of health services. Serbia and the surrounding countries do not even make up one-tenth of America's exported values of health services. This is a further proof that not only everyone looks for cheaper services, there are also those who need high-level medical care, accompanied by the latest equipment that can only be found in highly developed countries. This fact relates mostly to serious health conditions and illnesses. It has already been discussed earlier in the paper about that people from developed countries such as the USA go to less developed countries to seek medical help at much lower prices. However, we also find that people from those less developed countries travel to developed countries (hence there is the USA again in the first place in the imported values of health services) to seek more professional medical assistance and more up-to-date medical equipment and technology that they cannot obtain in their home country.

Graph 2: *Exported value of health services of Serbia and surrounding countries (in comparison to the exported value of the USA health services)*



Source: *The International Trade Centre (ITC)*, <http://www.intracen.org/>

Table 5: *Imported value of health services - Travel, Personal, Health-related*

	Importer's	imported value in 2008	imported value in 2009	imported value in 2010	imported value in 2011	imported value in 2012	imported value in 2013	imported value in 2014	imported value in 2015	imported value in 2016	imported value in 2017
1	USA	757,000	879,000	1,019,000	1,139,000	1,282,000	1,443,000	1,624,000	1,828,000	2,057,000	
2	Nigeria	1,793,113	882,344	996,953	1,101,720	1,033,970	989,638	828,513	762,046	16,944	782,478
3	Panama	2,200	2,000	2,300	109,100	94,900	159,800	138,200	153,500	131,000	132,800
4	Maldives	67,297	71,629	80,284	69,205	51,452	71,056	87,151	114,575	110,289	120,668
5	Armenia	19,165	22,507	32,002	40,398	51,351	63,977	76,054	81,765	94,568	119,884
6	Albania	180,086	120,937	88,872	112,096	89,312	93,024	112,407	46,469	65,327	85,370
16	Montenegro	14,901	12,260	12,782	12,008	10,280	11,676	13,043	11,901	10,269	12,414
23	Bosnia and Herzegovina	9,604	10,524	9,781	15,591	18,794	14,583	13,715	6,204	7,704	7,950
36	Serbia	6,804	5,913	7,958	11,097	6,664	9,036	8,599	9,275	8,807	
37	Romania						5,046	5,971	4,439	2,434	

Source: *The International Trade Centre (ITC)*, <http://www.intracen.org/>

Table 5 shows the value of imported health services for the period 2008-2016. The values are expressed in thousands of dollars. Just as having the highest exported values, the USA now has the highest imported values of health services. Behind the USA in terms of imported values, though much lower, are Nigeria, Panama and the Maldives. These are the countries that are not economically developed, the so-called Third world countries, which do not have adequately equipped hospitals and sufficiently qualified medical staff for certain areas of expertise, and residents of those countries go to other countries to seek adequate medical assistance.

Table 6: *The exported-imported health services values of Serbia and the surrounding countries*

Exporters	exported value in 2008	exported value in 2009	exported value in 2010	exported value in 2011	exported value in 2012	exported value in 2013	exported value in 2014	exported value in 2015	exported value in 2016
Albania	7,225	37,075	28,762	35,702	30,142	18,072	64,838	40,395	38,633
Serbia	29,126	29,974	33,478	40,780	31,191	39,025	38,030	29,908	38,309
Bosnia and Herzegovina	3	27	1	105	12	368	9,999	6,024	9,867
Romania						3,585	3,317	999	996
Importers	imported value in 2008	imported value in 2009	imported value in 2010	imported value in 2011	imported value in 2012	imported value in 2013	imported value in 2014	imported value in 2015	imported value in 2016
Albania	180,086	120,937	88,872	112,096	89,312	93,024	112,407	46,469	65,327
Bosnia and Herzegovina	9,604	10,524	9,781	15,591	18,794	14,583	13,715	6,204	7,704
Serbia	6,804	5,913	7,958	11,097	6,664	9,036	8,599	9,275	8,807
Romania						5,046	5,971	4,439	2,434

Source: *The International Trade Centre (ITC)*, <http://www.intracen.org/>

Table 6 shows the relationship between the imported and exported values of health services of Serbia and the surrounding countries for the given period. Albania, in the first place, achieved more than double value of exported health services compared to the imported ones, which is an indication that for some areas of medicine it lacks the expertise and modern medical equipment. Serbia drastically increased exported values throughout the years from 2008 to 2016, which means that it also has a surplus in foreign trade in the area of health services.

Conclusion

In the last two centuries, services have significantly stimulated economic growth. In the economies of developed countries, the importance of

services is of great importance, and for this reason the terms such as "service economy" or "service society" are emerging. The rise in well-being in society leads to a higher demand for services compared to the demand for goods. It is a consequence of the relationship between income and the structure of consumption of goods and services. Consumers are increasingly spending their income on travel, recreation, education, health and similar services compared to cars and clothing.

Medical tourism, as one of the main components of international trade in health, has an increasing importance for the developing countries. Medical tourism attracts the attention of many actors of the medical profession, medical tourism facilitators, medical tourism agencies, health analysts and policy makers. Key criteria in selecting specific destinations for medical tourism are primarily the quality and the price of medical services, the accreditation of the facilities, its equipment as well as the attractiveness of the location in terms of tourism. There is no doubt that medical tourism attracts particular attention in the countries of Eastern Europe as one aspect of additional income in GDP. It is still developing as a separate branch in tourism with a surprising trend of growth and development in the world due to demographic changes and the emergence of an increasingly elderly population in developed countries, which creates the demand for health tourism services. Although health tourism relates exclusively to the elderly, more and more young people are using these services, especially in the area of medical tourism.

Health care and medical services in many national contexts have become a serious problem in recent years. Most importantly, the waiting times for the treatment are long, the prices are high, which has led the patient to act as a savvy market-oriented consumer. Developing countries were the first to realize the importance of medical tourism, and are now their leading centers. Medical tourism has been developing rapidly in recent years, and therefore has a major impact on the development of national health systems. Medical tourism can be viewed from many aspects. One represents patients from highly developed countries that go to third world countries for medical interventions because they wait a long time for intervention in their country and the prices are much higher than in underdeveloped countries. The second category is the case opposite to the first one, where people from underdeveloped countries go to highly developed countries to perform some medical intervention. Their reasons are that in underdeveloped countries there is not enough professional staff that can handle a complicated and rare health case, or yet health care

institutions do not have adequate equipment in addition to professional staff (Ignjatijević & Vapa-Tankosić, 2018). This rapid development brings with it the negative aspects. One of these is that the public health sector suffers great losses due to the departure of many professionals into the private sector, which entails accompanying staff such as caregivers and nurses, who again receive higher salaries in private sector, which can create problems in public sector.

The exported values of health services have been globally increasing from the year 2008. If we analyze Serbia and the countries of the region, we can see that Croatia has achieved enviable results (compared to Serbia and other countries of the region). When it comes to imported values of health services, the USA is on the first place. Behind the USA in terms of value, though much lower, are Nigeria, Panama and the Maldives. These are countries that are not economically developed, the so-called Third world countries that do not have adequately equipped hospitals and insufficiently qualified medical staff in certain areas, and the inhabitants of those countries go elsewhere to seek adequate medical assistance. The improved image of Serbia, the arrival of low-cost airlines and the increasing capacity of high-quality hotels and services attract both visitors and investors. To conclude, we can say that the imported/exported values in Serbia and the surrounding countries are lower, in comparison to the values of developed countries such as the USA, but have shown a gradual growth over the analyzed period. Serbia has good potential for tourism development. In the last couple of years the country has started working on placing tourist offers abroad and the results are seen in the increase in the number of foreign tourists year after year.

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CONTEMPORARY ICT CONCEPTS IN TOURISM ORGANIZATIONS

Zlatko Langović¹, Brankica Pažun²

Abstract

The application of new ICT technologies in the tourism sector enables preferable management of the tourism sector. As consequence of modern business processes, terms such as smart business, smart cities, smart tourism, etc. appear. Given systems generate or collect large amounts of data, store and transfer data, which are managed using a set of harmonized artificial intelligence systems, Big Data systems, IoT and Cloud platforms. Big Data system, as well as the artificial intelligence system, interact with IoT technology and Cloud systems. Big Data concept enables the analysis of the business environment in order to offer a higher quality tourist product. AI and Big Data systems, IoT and Cloud are becoming an integral part of the business. Given movements result enables the customer to use better services of a travel company. By applying given technologies, both the company and the tourist services customer benefit, and the productivity and efficiency of business of tourist systems increases.

Key Words: *Artificial Intelligence, Big Data, Cloud Systems, ICT, IoT, smart tourism*

JEL classification: *D83, M15, Z32*

Introduction

International tourist arrivals (overnight stays) increased by 3.8% in 2019 compared to the previous year, according to data reported by destination. 2019 was the tenth consecutive year of sustainable growth since 2009. UNWTO estimates that around 1.5 billion arrivals in 2019 were circulating through destinations worldwide, approximately 54 million more than the

¹ Zlatko Langović, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism, Vojvodjanska bb, 36210 Vrnjacka Banja, Serbia, e-mail: zlangovic@kg.ac.rs

² Brankica Pažun, Ph.D., Associate Professor, University Union Nikola Tesla, Faculty of Engineering Management, Bul. vojvode Mišića, Street no. 43, 11000 Belgrade, Serbia, e-mail: bpazun@gmail.com

previous year. This represents a consolidation of growth of 6% recorded in 2018, but at a slower pace and below the annual average of 5% in the last ten years (2009-2019). The growth of international tourist arrivals continued, which surpassed the world economy (+ 3.8% vs + 3.0%). In recent years, tourism has become a key economic sector that has a positive impact on economic development (UNWTO, 2020).

The importance of the computerization of the tourism sector, as well as following the latest developments in the field of information technologies, can be seen in the fact of increasing the share of this industry in the global GDP (Pažun & Langović, 2019).

The terms "smart tourism" and "sustainable tourism" interact strongly. Each country has formulated a specific strategy for the development of smart tourism that affects the development of sustainable tourism. Smart tourism is in the function of using ICT technology, i.e. it uses Big Data systems, artificial intelligence, as well as IoT and Cloud technology due to managing data, that is, generating knowledge used for business purposes.

Contemporary IT concepts

Modern IT concepts that enable successful business are artificial intelligence, Big Data, iot, Cloud systems. These systems form a platform for processing a large amount of data that generates knowledge on the basis of which companies belonging to the tourism sector can strategically position themselves in the market.

Artificial intelligence

The feature of artificial intelligence is task performing that traditionally requires human cognitive function. The given concept defines its use in the tourism industry, due to costs reduction and increasing system security. Artificial intelligence can be used to improve the personalization of a tourist product.

One example in this area is the Cerebras system with the mission to create the new classes of computer systems that are able nowadays to bring highest quality artificial intelligence systems upgrades of several orders of magnitude. For hotels and other companies in the tourism industry, one of the promising applications of artificial intelligence is to provide assistance to customers online. An example of application is in the form of bots on

social media platforms, as well as in the form of instant messaging applications. In this case AI is able to answer questions and provide useful information to customers. Applications of AI in the tourism industry are not limited to this form of customer service. Another important application is about collection and processing or data analysis in order to define conclusions about the business processes of tourism companies, and thus define business practices. An important feature of artificial intelligence in this domain is the ability to quickly and accurately process huge amounts of data or information. Hotel Dorchester Collection has used AI to process user information to create a real-time image of user requirements. Robotics is the next application of AI through interaction between users and artificially intelligent robots. Connie, a welcome robot at Hilton hotels, uses AI and speech recognition to provide clients with tourist information. The quality of communication between the user and the robot develops gradually because the robot has the ability to learn through interaction with users (USAToday, 2016).

Big Data technology

The systems present in the Big Data infrastructure are following: traditional relational database management systems (RDBMS), NoSQL systems, Hadoop, MapReduce.

Traditional RDBMS systems have long been the standard in terms of database management. Databases are organized on the principle of large structure following a relational data model. Nowadays, however, RDBMS is generally not considered a sufficiently scalable solution for Big Data. NoSQL databases are efficient because they are unstructured, therefore reduce data consistency requirements, as well as increase speed and agility.

Hadoop is an Apache project and represents a flexible architecture for computing and data processing in cluster networks. Given system provides a development framework for distributed storage and processing using the MapReduce software model.

HDFS (Hadoop Distributed File System) is a distributed, scalable and portable file system used to store and process large amounts of data stored on large server clusters. A distributed file system can store large amounts of data and provide access to a large number of distributed users.

MapReduce is a software model that provides processing and generation of large amounts of data by dividing jobs into independent processes and parallel execution of given processes on the cluster. At a higher level, each MapReduce program transforms the list of input data elements into a list of output data elements. In order to take advantage of the parallel processing provided by Hadoop, it is necessary to form a query in the form of a MapReduce procedure. Big Data analytics is a complex process of analyzing large and diverse data sets in order to reveal hidden patterns, unknown correlations or market trends, in order to define appropriate business decisions by companies (Langović & Pažun, 2016).

Cloud concept

Cloud Computing was created as a result of the economy's need for new information system capabilities on existing platforms without large investments. Cloud Computing has enabled companies to take advantage of new features using a Web browser. The essence of the concept of Cloud Computing technology is based on how to access applications hosted in the Cloud. Given IT concept is a model by which certain business services are made available to users, through an existing ICT environment. Large companies have discovered the advantages of a given Cloud technology.

According to Gartner, Cloud Computing is a type of computing in which resilient IT resources are distributed as a service, to external users using Internet technologies (Gartner, 2019).

The term Cloud is a metaphor for the Internet, and with sufficient accuracy it can be said that this is a process of developing services that are available via the Internet. Virtualization is the basis for the development of a given technology. Virtualization technology enables the functioning of multiple virtual machines on a single physical machine, thus achieving better utilization of physical resources. Scientific applications, then Big Data systems, IoT technologies, financial engineering, video game industries, social networking systems, artificial intelligence systems can be found on Cloud Computing. It brings something that is an advantage in the exploitation process in the form of adding new opportunities in a short time, without additional investments in infrastructure and new staff. The only requirements of the users of the given service are a Web browser, internet connection.

Cloud computing can be divided into certain categories with sufficient accuracy depending on the economic and technological aspects. There are four types of Cloud Computing development models, which are represented in following Table 1. The Private Cloud - Internal Cloud represents a term for computer architecture within a company, owned by the company and some departments, teams, etc. In the case of the public Cloud, the required resources are dynamically allocated in the form of Web services via the Internet. The Public or external Cloud represents Cloud Computing in the true sense. It is owned by the provider - the service provider (Amazon, Google, Microsoft, Windows Azure, etc.) and the user pays for the service. Hybrid Cloud is a combination of public and private Cloud. It represents the hybrid model where part of the services is in the Cloud (resources are outside the company, ie. with the provider of the service provided) and part is with the owner/user. The shared Cloud corresponds to the Cloud infrastructure which is shared between the organization and service providers with common interests.

Table 1: *Cloud types vs. infrastructure feature*

	manages infrastructure	owned infrastructure	located infrastructure	available infrastructure (it can be used)
private	organization	organization or service provider	in or outside the facilities of the organization	authorized users
public	service provider	service provider	outside of facilities of the organization	non-authorized users
hybrid	organization and service provider	organization and service provider	in and outside the facilities of the organization	authorized and non-authorized users
shared	service provider	organization or service provider	in or outside the facilities of the organization	authorized users

Source: *Authors' research*

Based on the second category, where the technological aspect dominates, the following division is distinguished: IaaS (Infrastructure as a Service) - infrastructure as a service, PaaS (Platform as a Services) - platform as a service and SaaS (Software as a Services) - software as a service. The following development trends are currently available: Green Cloud Computing, Edge Computing, Cloud Cryptographs, Load Balancing, Cloud Analytics, Mobile Cloud Computing Big Data, Cloud Deployment Model.

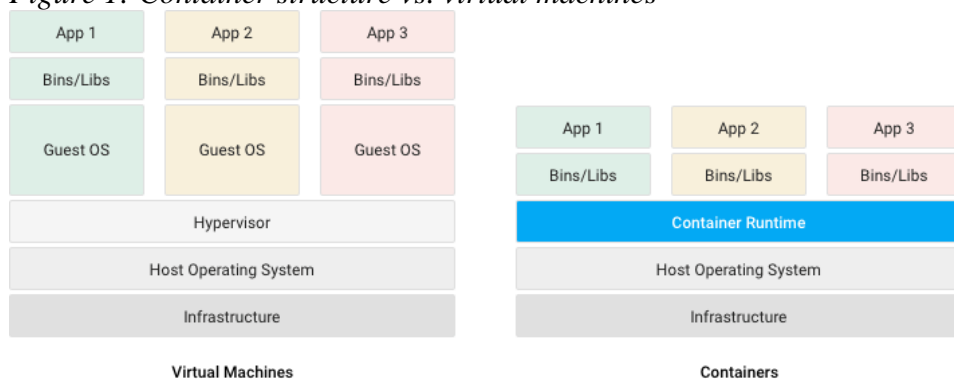
For example, Green Cloud Computing saves energy, while in Edge Computing, data is processed at the edge of the network instead of in the data warehouse. Edge Computing is a new field that also optimizes resource utilization and improves system security. Cryptography can convey content with sufficient security. Cloud analytics is a combination of data analytics and Cloud computing technologies. Cloud analytics is useful for both small and large organizations. Analysis has a broad scope, because there are many areas that require research. Cloud analytics consists of business intelligence tools, analytics management, risk management.

Many organizations define the combination of public and private Cloud as the best business solution. In a survey of nearly 800 companies in 2019, 94% used some form of Cloud. Many businesses are still in the early stages of implementing Cloud, deploying around 20% of their applications on a given platform. Gartner predicts that more than half of Cloud-based companies today will move all their resources to the Cloud by 2021. The worldwide public Cloud service market will reach 228 billion in 2019, growing 15.8% over 2018 in US dollars. Software as a service will remain the largest segment, reaching over 170 billion dollars in 2023. Further, due to revenue, IBM and Oracle are corporations that have a significant role in the Cloud computing world, compared to, for example, Google and Alibaba (Pažun, 2018). Comparing to 2017 when the estimated revenue of the world's largest Cloud-based companies, according to Gartner, Microsoft Commercial Cloud (Azure, Office365, Microsoft365), when was 21,2, in 2019 was 44.5 (in billions of dollars), as well as Google Cloud Platform, G Suite from 4,0 in 2017 has increased in 2019 with 8.9. Estimated revenue of Amazon AWS has been increased as well, from 20.4 in 2017, to 35 billion of dollars in 2019 (Gartner, 2019).

VMware. The technologies for the realization of Cloud computing are system VMs (several operating systems can exist on the same computer and they are all isolated from each other; a virtual machine can provide a set of instructions that is different from the host computer). During the 1980s and 1990s, virtualization was generally abandoned and replaced by cheap x86 servers and desktops. Instead of sharing the resources of a single mainframe computer, organizations turned to cheap distributed systems. The advent of Linux and the adoption of Windows during the 1990s set x86 servers as the industry standard. This approach has brought a number of problems due to poor resource utilization. Research shows that the utilization ranges from 10-15%. The solution for decreasing both infrastructure and labor costs was offered by VMware.

Containers. The goal of the container is complete standardization, meaning containers connected to the host use specially defined interfaces for any task. The container application should not depend on the resources or architecture of the host system, which simplifies the development of the working environment. Service-oriented design in combination with container applications provides easy scalability. The containers are isolated at the process level and share the host kernel, allowing simple starting. In this way, a large number of given workstation systems can be started. The key fact to recognize about Cloud containers is that they are designed to virtualize a single application. Containers create an isolation limit at the application level, not at the server level.

Figure 1: Container structure vs. virtual machines



Source: *TechTarget*, <https://searchCloudsecurity.techtarget.com/feature/Cloud-containers-what-they-are-and-how-they-work/>, (10 April 2020).

Internet of Things concept

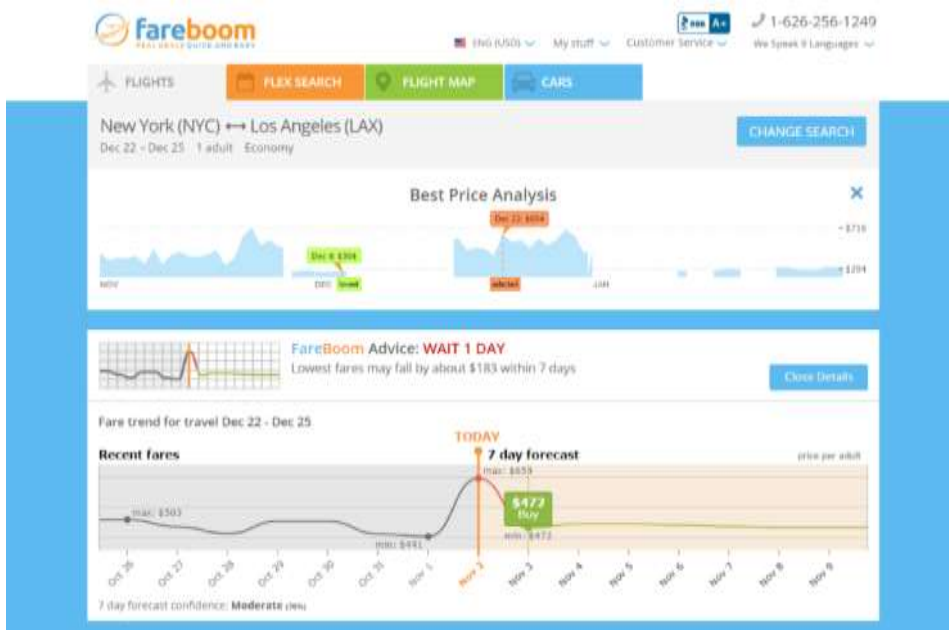
Internet of intelligent devices and sensor networks are the basis for the development of smart environments. One of the solutions for the development of IoT systems is Cloud computing Xively. The given platform manages a large amount of data sent from different platforms.

Carriots represents development and hosting platform, specially developed for smart device internet projects and M2M communication, which enables data management and creation of applications based on Groovy code. The ThingWorx platform provides IoT application development. It is mainly intended for industry, but can also be used in other environments.

IT concepts and the tourism sector

Many Big Data issues generally relate to the tourism sector. One of them is the difficulty in sharing information between sources. Organizations generally do not have a standard way of collecting data. However, UNWTO is already working to create a standard statistical framework. Many cities do not have a Big Data strategy. The report of the company Skift from 2017 calls the Big Data in tourism "unfinished work". Iot systems are also an important part of hotel or tourism systems that are used in energy conservation, security, providing location information, as well as enabling the system maintenance process. It is necessary to mention the cloud, which is a platform on which the components of the overall information system are located. A complete information system with applied data science, as well as artificial intelligence systems enables the automation of tourist systems. The user of tourist services can plan a trip using a smartphone and a computer, in other words, the computer allows the reservation of plane tickets, hotel room reservations, destination overview, etc.

Figure 4: *Application of short term forecast*



Source: Fareboom, <https://www.fareboom.com/>, (25 April 2020).

Furthermore, one of the applications is presented in the flight forecast for airline tickets and hotel prices. The scientific research team AltekSoft has built an innovative tool for predicting the price of travel for global online travel agency, Fareboom.com (Fareboom, 2014; AltekSoft). By working on its core product, the travel booking website, one can access and collect historical data on millions of searches over the past few years. Possessing given information, a self-learning algorithm was created that is able to predict future price movements based on a number of factors, such as seasonal trends, demand growth, airline special offers and supply. With an average confidence rate of 75 percent, the tool can make short-term (several days) as well as long-term (several months) forecasts.

Hopper is a company that uses data science, ie. using applied predictive analytics through certain tools that help users in booking airline tickets at the optimal price (Travelport, 2019).

The next example is the Intelligent Travel Assistant. Smart reception services, powered by artificial intelligence, are gaining in importance in various industries. Travel reservations are just one of the areas that are highly automated by algorithms. Intelligent programs trained to perform a specific task at the request of the user are usually called "bots" or "chats" (Bulanov, 2018; Altexsoft, 2018).

For example, Hyatt, a world leader in hospitality, has been using social platforms to connect with its customers since 2009 (Conversocial, 2016).

Using the system Facebook, Slack, Skype and other, virtual travel assistants are trained to search for optimal offers or book flights and hotels, to plan the trip in its entirety. They can be useful for enhancing the overall travel experience through useful information, for example, useful suggestions for popular tourist destinations, as well as for places to eat or local attractions. Using Slack, the latest flight options can be received, including prices. These are the most common ways to use AI bots.

Optimized interrupt management assisting users with problems that may occur during the trip, can be automated. It is mainly applied to business trips. Interrupt management is always a time-sensitive task, the risk of travel disruption is quite high. For example, there are thousands of delays and several hundred canceled flights per day. In a business trip, this can result in significant losses and have serious consequences for the company.

With advances in technology, it has become possible to anticipate such disruptions and effectively mitigate losses for both the passenger and the carrier. The 4site tool was developed by Cornerstone Information Systems, which allows increasing the efficiency of travel for legal entities through a set of functions for managing travel interruptions in real time (Cornestone IS, 2017).

Amadeus, one of the leading global distribution systems (GDS), has implemented a scheduling recovery system, with the aim of helping airlines mitigate the risks of travel disruptions. Qantas, Australia's largest airline, was the first to implement a business improvement system applying the interrupt control system.

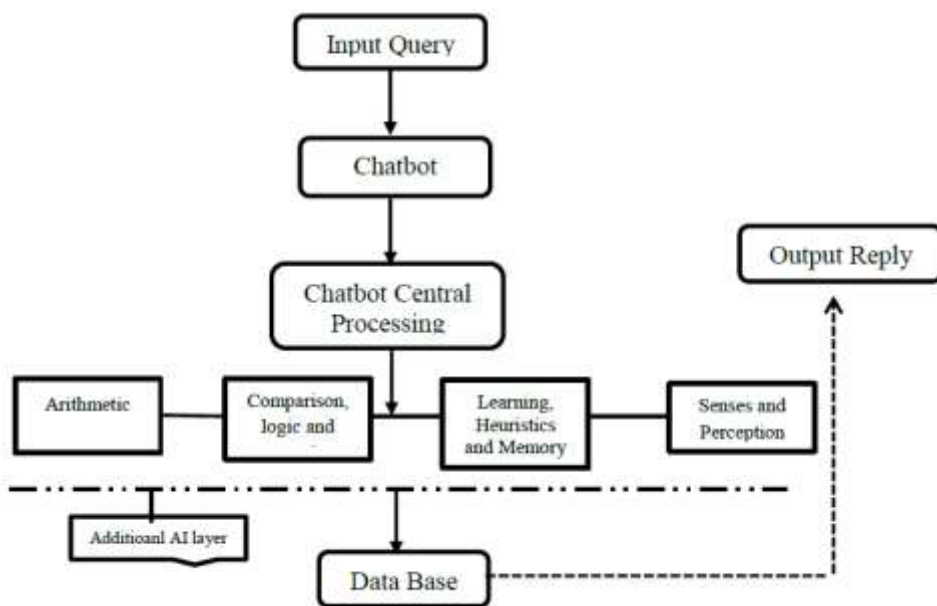
Unlike personal travel assistants and intelligent interference management, airlines can use the power of artificial intelligence to automate the customer support process. It is important especially now, when almost half of all consumers agree that the speed of response to a query is the most important component of a successful service. Based on an experiment conducted by Qantas to test the efficiency of a travel jamming system, what an experienced professional takes about 15-20 minutes, can be done by the algorithm in less than a minute. Combining virtual assistants and human assistants can also help optimize business performance (Fox, 2015)

As far as personalization in airlines is concerned, certain solutions are oriented towards personalization. For example, United Airlines has been analyzing the use of its website since 2014. The company monitors user behavior, through 150 variables, i.e. through individual and general historical data. This large set of data is used to analyze users and customize pages in real time depending on the category to which a particular user belongs. According to the defined user group, the airline's website processes the data very quickly and thus adapts the segments of the website by increasing the quality of communication with users. This form of personalization increases revenues from year to year by about 15 percent (Noyes, 2014)

When it comes to a stay experience, AI solutions can automate hotel processes, as well. With virtual assistants that enable voice in the rooms, guests can set the room temperature, adjust the lighting, turn the TV on and off. In addition to face recognition, hotels can automate check-in. Such hotel product features exist in many hotels around the world. More and more hotels use chatbots or even have robot assistants. Virtual voice

assistants appear more often in hotels. According to a report by Oracle Hotel 2025, 78 percent of hotels will upgrade suites with voice-controlled devices, and 68 percent will use robots to log in and out by 2025 (Oracle Hospitality, 2017). Wynn Las Vegas has equipped all of its rooms with an Amazon Echo speaker, Safeco Field Suites are used in the rooms, as an aid, and can provide assistance during the stay of the guest in the city. The Radisson Blu Edwardian Hotel in London uses a chatbot called Edward, as well as the Las Vegas Hotel uses Rose, a virtual porter who answers all questions and helps guests 24 hours a day. Clarion Hotel Amaranten in Stockholm also uses a chatbot based on Alex (Businesswire, 2016; Cision, 2016; Mariners, 2017; May, 2018; Tkaczyk, 2017).

Figure 5: *Conceptual framework of tourism bot*



Source: Ukpabi, D. C., Aslam, B., & Karjaluoto, H. (2019). *Chatbot adoption in tourism services: A conceptual exploration*. *Robots, Artificial Intelligence, and Service Automation in Travel, Tourism and Hospitality*, Emerald Publishing Limited, 105-121.

With face recognition technology, the hotel experience becomes much safer. For example, the Lemon Tree Hotel in Deli has installed a facial recognition system (Goel, 2015). This system captures facial images from a CCTV camera and compares them with existing images in the database.

The Japanese Henn at the Hotelis completely controlled by robots (Guardian, 2015).

At Henn at the Hotel, the receptionists are robots, the porter is a robot as well, and instead of issuing electronic keys, guests need to register face pictures upon check-in.

Smart tourism can be confused with e-tourism, because information and communication technologies, i.e. information systems, and social media concepts are common elements.

E-tourism has improved due to the widespread use of social media and the propensity for mobile tourism. Smart tourism is based on a greater degree of integration with the environment and better processing of information in terms of quality and quality.

Other segments in which smart tourism differs from e-tourism are: sphere, basic technology, travel phase, life force, paradigm, structure and exchange (Gretzel et al., 2015). These differences between e-tourism and smart tourism are shown in Table 2.

Table 2: *Differences between e-tourism and smart tourism*

	smart tourism	e-tourism
structure	ecosystem	value chain intermediaries
sphere	bridging digital and physical	digital
core technology	sensors and smartphones	websites
life force	Big Data	information
paradigm	tech mediated cocreation	interactivity
exchange	public-private-consumer collaboration	B2B, B2C, C2C
travel phase	during trip	pre- and post-travel

Source: Gretzel, U., Sigala, M., Xiang, Z., Koo, C. (2015). *Smart tourism: foundations and developments*, *Electron Markets*, Vol. 25, 179–188.

Conclusion

The constant use of innovations in ICT is becoming the most important part of the tourism industry. The importance of IT in tourism is clearly seen and defined. Hotels use technology to make customers book online. Airlines

use IT for almost all aspects of their operations, from flight planning to analyzing the application of the Big Data, Cloud, AI, etc. in defining business solutions. Due to the travel company positioning on the market, considering both the company itself and the business environment remains necessary. The analysis of the market by applying modern technologies gives the possibility of creating a hotel or tourist product that contains enough regular characteristics.

In order to use given technologies with sufficient quality, it is necessary for the tourism sector experts to be sufficiently educated at faculty institutions, regarding the application of ICT technology and general professional and expert knowledge of applied mathematics. The organizational skills of given managers have to be constantly developed both through schooling and through experience and training in the company itself.

There are terms smart tourism, smart destination, terms that occur as a consequence of the process, allowing us to make substantial changes in the organization itself, by applying the given technologies.

It is necessary to create a framework of constant modifications through staff education, as well as to form organizations capable of continuous learning, i.e. innovation and awareness, in order to make the changes necessary for the application of modern technologies. The development of ICT technologies enables the realization of business ideas in the tourism sector that enable business automation, data analysis and business forecasting, as well as advanced generation of a tourist product that meets the needs of a user.

This paper has tried to provide insight into the concept of application of modern technologies in tourism which is developing rapidly due to the application and investment in technologies. The benefits of introducing technology and the Internet into traditional business models are numerous. With the help of concept Big Data, Internet of Things, AI, a platform can be set up that can improve the functioning. If appropriate measures are taken, the idea of smart tourism can bring large benefits to both participants on the supply side and tourists themselves.

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CONTEMPORARY SPA TOURISM DEVELOPMENT TRENDS WITH REFERENCE TO THE REPUBLIC OF SERBIA

Tijana Ljubisavljević¹; Miljan Leković²

Abstract

Spa tourism refers to all travels that are organized for the purpose of treatments based on natural healing resources (thermo-mineral springs, mud, radioactive sand, climate) carried out under medical supervision. Globalization and the development of modern society have led to changes in spa tourism, shifting from traditional tourist activities to modern and complex health and recreational activities. The aim of this paper is twofold. Firstly, to analyze contemporary trends in spa tourists' motives and, secondly, to perform a comparative analysis of the projected and realized development of spa tourism in the Republic of Serbia by examining the data on the number of tourist overnight stays and occupancy of accommodation facilities in spas and climatic health resorts. By applying descriptive and comparative scientific methods, it was concluded that contemporary trends in spa visitors' motives have caused a wider tourist offer of the spas and that there is a significant lag of realized development in relation to the projected development of spa tourism in the Republic of Serbia.

Key Words: *spa tourism, demand in spa tourism, supply in spa tourism, spa tourists' motives, growth models*

JEL classification: *Z30, Z32*

Introduction

Health is the oldest and the strongest motivating factor for visiting tourist destinations. The importance of tourism in preserving and promoting health can be demonstrated through (Hitrec, 1996):

- Prevention of disease (prevention),

¹ Tijana Ljubisavljević, PhD student, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvođanska bb, 36210 Vrnjačka Banja, Serbia, Phone: +381 63 101 75 24, e-mail: t.ljubisavljevic@gmail.com

² Miljan Leković, PhD, Assistant Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvođanska bb, 36210 Vrnjačka Banja, Serbia, Phone: +381 64 358 23 04, e-mail: m.lekovic@kg.ac.rs

- Recovery from illness (rehabilitation, convalescence),
- Healing (curative).

The term health tourism was defined for the first time in the early 1970s when the World Tourism Organization published the study "Health Tourism". The study highlights the link between health and tourism, as well as the importance of tourist travels in order to preserve all aspects of health. Also, the importance of using mineral water and climate for the prevention of many illnesses was emphasized (Živanović, 2015).

Carrera and Bridges (2006) define health tourism as "organized travel outside one's local environment for the maintenance, enhancement or restoration of an individual's wellbeing in mind and body" (p. 447). According to Kušen (2011), health tourism is "tourism product made of a combination of services in one or more health-tourism facilities, located in the health resort within the health tourism destination" (p. 96).

Within the framework of previously defined health tourism, spa tourism has developed representing a growing and promising branch of the world economy. "No tourist segment is at present marked by such a massive expansion of offers like the ones of spa tourism" (Fontanari & Kern, 2003, p. 20). Spa tourism is "widely recognized as a basic element of health and wellness movement, covering a wide spectrum of holistic curative and preventive activities" (Stănciulescu et al., 2015, p. 159). "Spa tourism relates to the provision of specific health facilities and destinations which traditionally include the provision of mineral and thermal waters but which may also be used to refer to tourist resorts which integrate health facilities with accommodation" (Hall, 2011, p. 6).

Due to the diversity of natural healing resources, the Republic of Serbia boasts a long and rich tradition of spa tourism development. However, the diversity of resources and the long and rich tradition are not a guarantee of the enviable level of spa tourism development in modern times. Many spas in the Republic of Serbia are neglected and require revitalization, which is predicted in the strategic documents of tourism development, but not realized in practice. Tourism Development Strategy of the Republic of Serbia for the period 2016 – 2025 ("Official Gazette of the RS" No. 98/2016), among other things, contains a vision and numerous goals of tourism development with a projected ten-year growth and development of this activity. However, it is often the case that real values do not reach the projected size. Because of that, in addition to the always current question

of examining contemporary trends in tourist motives, the additional goal of the research is to answer the question of whether the plans set by adopting the mentioned strategy are being realized.

In line with the stated twofold research goal, the starting hypotheses of this paper are:

H1: Modern trends in spa visitor motives cause the multiplication of spa tourism products and the enrichment of spa tourism offer.

H2: Realized number of overnight stays and occupancy of accommodation facilities in spas and climatic health resort of the Republic of Serbia deviate negatively from the projected values given in the strategic documents of tourism development.

The descriptive and comparative scientific method will be applied in order to fulfil a defined research goal, test the initial hypotheses and formulate valid conclusions about a research problem.

Demand and supply in spa tourism

Spas are natural health resorts opulent in healing water, pleasant climate and other natural healing resources that relieve problems and help in the healing process through various therapeutic services provided by qualified staff (Milićević, 2015). According to Erdelia et al. (2011) "the main function of spa tourism resorts is to provide health care services by utilizing natural factors for medical care in specialized structures and in a pleasant environment" (p. 41).

International Spa Associations (ISPA) divides spas into (ISPA, 2019):

- *Club spa* - spas where the primary offer is fitness but also have a wide range of professional spa services on a daily basis;
- *Day spa* - spas offering a variety of professional spa services, also based on daily use;
- *Destination spa* - spas where visitors develop healthy habits; this lifestyle transformation can be achieved by providing a comprehensive program that includes spa services, physical fitness enhancement activities, wellness education, healthy eating and special interest programs;
- *Medical spa* - spas whose primary role is to provide comprehensive medical, wellness and spa services that employ full-time physicians;

- *Mineral springs spa* - spas where natural mineral, thermal or seawater sources are used in hydrotherapy treatments;
- *Resort / hotel spa* - spa, fitness and wellness programs that are part of the resort / hotel.

Spas can also be divided based on natural factors that affect human health, so there are spas with natural mineral springs, spas with healing mud, as well as air spas. The Spa Association of Serbia (2020) gives another division of spas by the fields of medicine, that is, by the therapeutic properties of natural factors used for the treatment of certain diseases, rheumatism, neurological diseases, locomotor apparatus, cardiovascular system, gastrointestinal tract, gynecological diseases, metabolic diseases, non-contagious skin diseases, respiratory diseases and diseases of the urinary tract. A common feature of all these types of spas is the use of natural healing factors for improving health, whether it is prevention, therapy or rehabilitation.

With regards to the above mentioned, it is difficult to separate where the medical function begins, and where the recreational function ends, as well as when natural-healing agents end and when the tourist is in the center of spa tourism, so it can be concluded that there is an inter-functional link between tourism, recreation and health (Segić, 2011; Ljubisavljević & Živanović, 2019).

Two basic components of the development of spa tourism and tourism, in general, are tourism demand and tourism supply. These components cannot be observed and analyzed separately due to their complementarity.

One of the definitions of tourist demand was given by Stefanović and Gligorijević (2010) according to which tourist demand is a set of potential tourists - consumers who determine quantities, quality and prices of individual goods and services in the tourist market by their attitudes, habits, desires and opportunities.

Since spa tourism is not dependent on weather conditions, the demand for spa tourism is not seasonal, as in the case of other types of tourism, and does not decline during the year. This specificity of the demand for spa services indicates its continuity and represents a competitive advantage of spa tourism in relation to other types of tourism.

Constituent elements of spa tourism demand and tourist demand in general are (Milićević, 2015):

- Human need for tourist travels in the country and abroad;
- Solvency of the carriers of tourist needs and their willingness to buy;
- Vacancy time.

Important motives for going to one of the spa destinations, and important drivers of the demand for spa products, are a reduction of pain and stress, reduction of the effects of aging, reduction of weight and need to improve health. Increased demand is influenced by various factors, among which the most prominent are: the increase in the number of elderly people, increase of stress in daily life, change of the way of spending free time, eagerness to learn about healthy lifestyle, finding alternative therapies, practising fitness.

Many guests are referred for rehab to spa destinations after a medical procedure. In most countries, and not only in the countries of the former socialist system, the demand for spa services has been formed mainly by "doted guests", ie. persons whose costs of treatment and stay were fully or partially covered by social security funds. These guests, in fact the patients, and consumers of the mentioned funds, used the services of traditional thermalism, while they stayed in hospitals and similar institutions, with strict medical supervision, after surgical procedures undertaken as a result of diseases, accidents etc. (Hitrec, 1996). Today, when the number of insured persons is significantly reduced, spa customers, or entities of seeking spa services, have to use other sources of financing, such as additional insurance or financing from private sources, in order to finance their stay. Types of financing travel to spas also influence demand movement in spa tourism.

The demand for spa tourism services can be divided into the following categories (Kanittinsuttitong, 2018): "body care, mental care and spiritual care". This indicates that demand entities have a variety of needs that they wish to satisfy by staying in the spa, therefore the offer in spa facilities must meet the multiplied requirements of visitors in order to continue the development of spa tourism.

On the other hand, tourist offer means the total quantity of goods and services offered to tourists under certain conditions. In the case of spa tourism, the offer aims to meet the needs of tourists traveling for medical

and other complementary purposes to spa destinations (Płaziak & Szymańska, 2014).

According to Milićević et al. (2012), the quality of tourist experience in modern spa destination depends, among other things, on the quality of medicinal factors, the modernity of infrastructure, the quality of health and other services, as well as on the qualifications and hospitality of the staff employed. Modern spas are expected to offer a variety of cultural-entertainment, sports-recreational and conference programs to their visitors. Facilities, where spa tourism is conducted, must be on accessible locations, while the premises must be functional and meet all aesthetic criteria.

The offer in spa tourism is highly dependent on the existence of natural-healing resources in the form of thermal mineral waters. This resource, that is crucial in the development of spa areas, needs to be explored on scientific and empirical basis in order to get the fullest possible frame of the tourist offer. These studies require investment and time. After conducted researches, and in order for a destination to become a tourist destination, it is necessary to invest additional funds in the facilities, infrastructure and hiring of professional staff. From the above mentioned, it proceeds that supply in spa tourism is inelastic, since it takes a long time for supply structure to adjust to demand structure and changes in tourism market.

Other characteristics of spa tourism often refer to its "complementarity", meaning that this type of tourism compensates off-season occupancy of the accommodation capacities offered through other forms of tourism. In addition, it is the form of tourism that requires special (medical) infrastructure and medical staff, which is not the case with other types of tourism activities. These are very expensive facilities: real estate, technical devices, equipment, qualified personnel (Hitrec, 1996). Spa tourism services are expensive, so filling capacity is achieved through high investment in marketing and promotion of spa vacations. In addition, offer in spa tourism has to include quality and complete medical service in the field of rehabilitation and prevention.

Previously stated points to the complexity of spa tourism offer, whereby the quality of total output, which directly reflects on the economic results in this form of tourism, depends on the quality of inputs and the quality of the process of providing individual services.

Modern trends in spa visitors' motives

Increasing globalization of the world and the aging of population of economically strong countries, rapid and stressful way of life, and development of emissive tourism, influence the need to approach health tourism and all its manifestations from a whole new perspective and with the attention that such increasing form of tourism deserves today (Madžar et al., 2016).

In contemporary conditions, with the help of modern media, the average tourist can easily access all the important information about tourist destinations. In the case of spa tourism, it is particularly important to inform tourists about the expertise of staff who work in specialized spa tourism facilities. At the same time, a greater flow of information, exchange of knowledge and experience, and, in general, improved communication between specialized staff working in spas, contribute to better meeting the needs of visitors and, ultimately, to the rapid development of spa tourism.

In addition to the high availability of information, low-cost airlines contribute to the increased mobility of modern tourists, which make the travel destination more affordable with affordable ticket prices. It is also possible to notice trend of change here, because some time ago, the movement in tourism was related to the departure to the most developed countries with the best technology, while today the direction of patient movement is reversed (Madžar et al., 2016).

Changes in the tourism industry are constant and intense. Tourism consumption has increased, the number of shorter vacations instead of one long vacation has increased, and the number of older tourists who have a higher ability to pay has increased (Radnic et al., 2009). Tourists are spending more and more money for holiday on accommodation and travel as well as on off-boarding offers. Special package arrangements are offered to target groups of tourists by caterers, including "weekend" arrangements which demand has increased.

A new millennium has brought new desires, needs, preferences, and consequently tourists' demands. Trends in tourists' motives are changing, the population's need for recreation is increasing, the population is older, but the sources of financing that tourists use for their holidays are increasing. Also, there is an increased awareness of the importance of prevention, people are increasingly using natural remedies and natural

treatments. According to Koskinen and Wilska (2019), "an increased number of people in affluent societies are trending toward more health-conscious lifestyles" (p. 259).

New trends in tourist behavior are also reflected in changes in spa tourism. Spas are moving from traditional tourism to modern tourism and complex health and recreational tourism and offer new facilities such as water parks, fitness and wellness services, beauty centers, various sports and cultural events. According to Radnic et al. (2009), spas "represent attractive tourist destinations, which are visited by young and old people, individuals, families with children, and have become suitable locations for conferences and congresses" (p. 76).

It is evident that spa destinations, in order to respond to modern trends and trends in visitors motives, include a wide range of complementary components in addition to the medical component. The intention is to enrich the spa tourism offer with positive effect on spa customers who want vacation, detox, recreation, weight loss programs, smoking cessation programs. These new spa tourism components are attracting not only tourists who need treatment, but also healthy tourists who finance themselves vacation in spa destinations due to awareness of importance of promoting overall physical, mental and social well-being.

Based on the above mentioned, it is concluded that contemporary trends in spa visitor motives have resulted in creation of variety of spa tourism products and enhancement of spa tourism offer, thereby confirming the first research hypothesis.

Projected and realised development of spa tourism in the Republic of Serbia

Article 4 of the Law on Tourism ("Official Gazette of the RS" No. 17/2019) stipulates that "tourism planning and development include: integrated planning of tourism development and related activities; proclamation and sustainable use of tourist space; jobs of particular importance for tourism development; categorization of tourist destination and implementation of incentive measures for tourism development".

Article 5 of the same Law stipulates that all planning documents: Strategic Master Plan, Strategic Marketing Plan, Tourism Product Development Program, Tourism Development Program and Program of Promotional

Activities must be in accordance with the Tourism Development Strategy of the Republic of Serbia.

The Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025 ("Official Gazette of the RS" No. 98/2016) aims "to approach tourism systematically, not only through economic indicators, but also through the multiplier effects that tourism has on overall social development, local and regional development, development of culture and education, improvement of the environment and development of complementary activities (trade, agriculture, construction)". In this regard, the strategy emphasizes that "it is necessary for tourism to have significant place in the Government's strategic decision agenda in order to finally determine the ranking of the Republic of Serbia's ambitions towards this economic sector for medium and long term".

The strategy identifies two development periods (2016–2020 and 2021–2025) that describe the two growth models. Both models relate to the total accommodation capacities, namely to the accommodation capacities in hotels, camps, private accommodation, overnights, spas and climate health resorts, resorts and other accommodations. For the purposes of this paper, a comparative analysis of projected and actual achieved number of overnight stays in spas and climatic health resorts was conducted, that is, a comparative analysis of the designed and realized occupancy of accommodation capacities.

The growth model from 2016 to 2020, presented in Table 1, implied an increase of tourism through the alignment of supply with contemporary trends, renovation of existing accommodation, catering and congress facilities and services, raising the level of professionalism and staff training, raising the quality of accommodation for persons with disability, introduction of new attractions and products in already started capital projects, raising the quality of accommodation, promotion and reservations in rural and hunting tourism.

The total number of planned overnight stays of tourists in spas and health resorts for 2015 was obtained from the processed data for 2014 and amounts of 881,610, while it is expected that the number of overnight stays will increase to 1,354,735 by the end of 2020, that is, occupancy of accommodation capacity will be increased from 39.05% to 60.00%.

Table 1: *Growth model for 2016 – 2020*

GROWTH MODEL 2016 – 2020						
	2015			2020		
Structure	Accommodation (beds)	Overnight stays	Occupancy (in%)	Accommodation (beds)	Overnight stays	Occupancy (in%)
Spas and climatic health resorts	6,203	881,610	39.05	6,203	1,354,735	60.00

Source: *The Strategy of Tourism Development in the Republic of Serbia for the period from 2016 to 2025*

However, the current dynamics of spa tourism development in the Republic of Serbia, in the context of the increase in the number of nights and occupancy of accommodation capacities, indicates that the above projections were too optimistic (Table 2).

Table 2: *Number of overnight stays, number of beds and occupancy rate in 2015, 2016, 2017 and 2018*

TOTAL NUMBER OF TOURIST OVERNIGHT STAYS				
Structure	2015	2016	2017	2018
Spas and climatic health resorts	783,661	848,661	811,037	812,298
	ACCOMMODATION (BEDS)			
	6,207	6,196	5,947	6,023
	OCCUPANCY (IN%)			
	34.59	37.53	37.36	36.95

Source: *Statistical yearbook of the Republic of Serbia, 2016, 2017, 2018 and 2019*

In the period from 2015 to 2018 the number of overnight stays increased for modest 30 thousand, accommodation capacities decreased for about 200 beds, and the occupancy of accommodation capacities increased for approximately 2.5 percentage. Shown trends in spa tourism development, which are in average positive, are far from the projected values. At the annual level, the number of tourist overnights spent in spas and health resorts by the end of 2018 failed to reach even the level projected for 2015, where projected numbers for each subsequent year are even higher, and failure in their realization is more evident. Despite the decrease in accommodation capacities, which led to increasing the percentage of their occupancy, realized occupancy of accommodation capacities by the end of

2018 did not reach the level projected for the first year of the observed period. Less realized than the projected values of the number of overnight stays and occupancy of the accommodation in spas and climatic health resorts of the Republic of Serbia confirm the validity of the second research hypothesis.

Starting from the dynamics of spa tourism development, which was realized in the period from 2015 to 2018, it can not be expected for plans in 2020, regarding the projected number of overnight stays and occupancy of accommodation capacities, to be fulfilled, which indicates the failure of the first growth model.

The second growth model, from 2021 to 2025, presented in Table 3, assumes that the Republic of Serbia has implemented the first phase of development, that is, the tourist offer has met modern market trends, that the country has become a member of the European Union and that system for managing and strengthening tourism development is established.

Table 3: *Growth model for 2021 – 2025*

GROWTH MODEL 2021 – 2025						
	2021			2025		
Structure	Accommodation (beds)	Overnight stays	Occupancy in%	Accommodation (beds)	Overnight stays	Occupancy in%
Spas and climatic health resorts	6,203	1,354,735	60.00	6,203	1,580,524	70.00

Source: *The Strategy of tourism development of the Republic of Serbia for the period 2016 – 2025*

At the time of writing the Tourism development strategy of Republic of Serbia for the period 2016 – 2025, it was expected that the number of overnight stays would amount to 1,354,735 in 2021, and to 1,580,524 by 2025, assuming that the number of nights spent by foreign tourists would increase more, related to increase rate of overnight stays of domestic tourists. Also, it was expected that the occupancy of accommodation capacities would increase from 60 to 70 percentagewith unchanged number of beds. Given the unsuccessful implementation of the first growth model from 2016 to 2020, the projections outlined for the period 2021–2025 seem

even more unrealistic as the negative deviations of the real values from the projected values with the passage of time will become higher.

Presented data and a comparative analysis show that significant investments in spa tourism are necessary through infrastructure development, research of springs, adaptation of existing and construction of new accommodation capacities, education of specialized personnel, management training. The sustainable development of spa tourism requires an integrated approach according to its planning and management (Pavlović et al., 2009).

The transition process in the Republic of Serbia is still not over. The process of ownership transformation of spas, along with finding investors, would exploit the potential of spas in Republic of Serbia and thus increase the number of tourist overnight stays, both foreign and domestic (Ljubisavljević & Radosavljević, 2018). Besides, the attraction of investors, as a long-term strategic goal, would also result in increase in accommodation capacities in spas of the Republic of Serbia (Ljubisavljević & Gnjatović, 2020). In addition to attraction of individual investors, attention should also be paid to attracting institutional investors such as health care real estate investment trusts (REITs) and hotel REITs (Leković & Stanišić, 2017). The establishment of these funds in the Republic of Serbia (Leković et al., 2018) would have special effect, since the national economy, which has been in the process of transition for an unexpectedly long time of almost two decades, needs new sources of capital and new financial resources. At the same time with attraction of individual and institutional investors and establishment of REITs, it is important to establish "an adequate control mechanism that will ensure a sustainable development and balance between the three pillars of sustainable development - environmental protection, economic development and social development" (Ristić et al. 2016, p. 67).

Conclusion

By analyzing the issue of a modern concept of spa tourism development, it can be concluded that spa tourism is an increasing and promising form of tourism. Visitor demands of spa destinations have changed, so the offer needs to be upgraded and adjusted to the changed demand, in order to achieve the greater utilization of accommodation capacities in spa facilities.

The Republic of Serbia has enviable potential in this area. For the development of spa tourism, the role of the state, which would be able to solve the existing problems by adequate legal regulation and by attracting investors, is crucial. At the same time, the preservation of natural resources is of equal importance by default. By adopting the Strategy of Tourism Development, the Republic of Serbia has shown that development of this economic activity is one of the priority tasks in the development of the national economy.

The basic limitation of the research conducted in this paper is the time of its realization. Presented growth models are related to the period up to 2025 and the survey covers the period up to 2018, therefore the conducted analysis can be considered as an overview. In this regard, future research may be aimed at reviewing and once again comparing the achieved and projected results in the field of spa tourism.

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HUMAN RESOURCES AND THE DEVELOPMENT OF SMEs IN TOURISM

Marija Magdincheva-Shopova¹; Aneta Stojanovska-Stefanova²

Abstract

The Small and Medium Enterprises (SMEs) are an area that fosters economic development with great influence on other forms of tourism development in the Republic of North Macedonia (RN Macedonia) and the creation of productive and sustainable jobs. The new concept for the development of SMEs is associated with human resources. SMEs in the field of tourism in the RN Macedonia are facing the consequences of the global economic crisis and the pronounced migrant movements. In the practical part of the paper, a research will be conducted on the planning of human resources in SMEs. The obtained results confirm the basic hypothesis that management very little implements the process of human planning sufficiently which is why there is a strong need for support in this segment. On the basis of the obtained results, the conclusions of the paper will propose guidelines for the development of SMEs through the planning of human resources in tourism.

Key Words: *SMEs, human resources, planning, economic development tourism development*

JEL classification: Z30

Introduction

Modern and dynamic working conditions are a challenge for Small and Medium Enterprises (SMEs). The new concept of SME development is linked to human resources as the driving force behind economic growth. This issue is of interest to scientific workers in order to bring it closer to

¹ Marija Magdincheva-Shopova, Ph.D., Associate Professor, University Goce Delcev, Faculty of Tourism and Business Logistics in Gevgelija, 7st Novembar, 1480 Gevgelija, +38978324377, e-mail: marija.magdinceva@ugd.edu.mk, marijamagdincevasopova@gmail.com

² Aneta Stojanovska-Stefanova Ph.D., Assistant Professor, University Goce Delcev, Faculty of Tourism and Business Logistics in Gevgelija, 7st Novembar, 1480 Gevgelija, +38977888008, e-mail: aneta.stojanovska@ugd.edu.mk, aneta.stojanovska@gmail.com

the enterprises because human resources are becoming increasingly important in economic development (Goić, 1998). But the current situation in the global environment associated with the pronounced migrant movements of the working population towards the countries with developed economies creates major problems for the small and medium enterprises in the field of tourism in the Republic of North Macedonia (Republic of N. Macedonia). Human resources are the most important resource in enterprises regardless of the type and size of the enterprise.

According to (Stojanovska-Stefanova, Aneta and Magdinceva Sopova, Marija and Atanasoski, Drasko 2019:5), modern tendencies regarding the development of tourism in the world show that it is an occurrence that constantly gets new values. It is seen as a rising number of tourists who engage in this activity and generate income in it, and as the appearance of new service providers and the development of economic and non-economic active participants in the tourist offer. It is more pronounced the attention in the broad population structures for new tourist contents. This means that tourism in recent times include applicants for tourist services with different affinities.

Human resources represent one of the five components of the development of the tourism industry according to the World Tourism Organization. According to the World Tourism Organization, there are five key components to developing the tourism industry: information, employee training, quality, sustainable development and new technologies (WTO, 1998). Tourists are consumers of the tourist offer.

All consumers create the tourism offer in some way, which means that human resources that offer an appropriate service also fall under the tourism human resources (Stefanovic, 2007, p. 45). Human resource management is not only the most important business function but also a specific management philosophy. Man is the most important potential and key to achieving strategic and competitive advantage. This philosophy focuses on some elements of organizational success where human resources are central (Bahtijarević-Šiber, 1998, p. 121). The subject of the research in this paper, therefore, focuses on the understanding of the human resources impact on the development of small and medium-sized enterprises in the context of contemporary business trends. The practical part of this paper attempts to confirm the following hypotheses:

Hypothesis No. 1 – *The Small and Medium-Sized Enterprises in the field of tourism in the Republic of N.Macedonia need human resources planning;*

Hypothesis No. 2 – *The Small and Medium-Sized Tourism Enterprises in the Republic of N. Macedonia do not plan for human resources needs, do not develop a human resource plan, human resource planning.*

Tourism- modern tendencies regarding the development

Tourism is one of the world's fastest growing industries and an important source of foreign exchange and employment for many developing countries, (according to Stojanovska-Stefanova Aneta, Atanasoski Drasko, 2018:152-161).

In the literature, various authors may meet different definitions of the term "tourist", "Tourism" and "travel arrangements". Because of their frequent use in everyday life, it comes to general conclusion that large numbers of people who experientially understand that denote those terms. This broad stance often absorbs the experiences and perceptions of citizens, and that knot creates the public understanding of the occurrences.

But unlike the first, the second is called scientific standpoint that is focused on explaining the essence of the occurrence and aims to focus on understanding the legality and phenomenology of the appearance (Stojanovska-Stefanova, Aneta and Magdinceva Sopova, Marija and Atanasoski, Drasko 2019:5).

According to the World Tourism Organization (WTO (1995): Concepts, Deinitions and Clasifications for Tourism Statistics _ A Tehnical Manual, Item 3, WTO, Madrid, pg. 21), tourism is defined as "word of activities of the people during their travel and stay in a place beyond their normal environment, but not more than one calendar year, for a holiday or for business or other reasons not related to the acquisition of salary in the places they're visiting."

The persons mentioned in the definition of tourism are called visitors. The visitor is "any person traveling to a place that is not his usual environment, where he is staying less than 12 months and whose main reason for travel is different from activities that would receive a salary in the place he's visiting".

WTO definition distinguishes between two categories of visitors:

1. Tourist - temporary visitor who stays at least 24 hours in the country he visits and
2. Traveler - temporary visitor who stays less than 24 hours in the country they visit (including cruise passengers).

About the term "tourist" and "tourism" reigns many semantic confusions and in the literature may be encountered numerous definitions. General aspects indicate the need of the overall defining of tourism as a global phenomenon.

Planning human resources in tourism

Tourism is a specific area that contributes to the enterprises that work in this area with certain specificities that affect all segments of the business. The basis for successful business performance is the acquisition of competitive advantage (Magdicheva-Shopova, 2019, p. 19). Companies to gain a competitive advantages in the tourism sector, need to use appropriate tools to manage with human resources.

Effective human resource management is critical to the successful operation of tourism enterprises and is usually associated with human resource planning. Human resource planning involves performing two basic sets of activities: aligning work processes with human resources needs and exploring alternative policies, actions and their effects on human resource development (Casson, 1978).

The role and importance of human resources depend on the size and type of enterprise, the degree of technical development, equipment and the degree of organization of work. Human resources planning in tourism is carried out in order to provide the necessary human resources, in quantity and quality, when needed, ie to provide the necessary staff by number and appropriate qualifications. The identification of skills and qualifications of human resources indicates how certain trends affect the tourism sector, (Abicht et al., 2002).

In terms of qualifications, learning capability and performance independence are of greater importance at work.

According to the results of the Canadian research, serious shortcomings have been identified in the field of tourism information technology,

communication-presentation skills, customer service and rapid problem solving (Joppe, 2005). Human resources (HR) in tourism are characterized by specifics that make the HR planning process different from other companies. The specific nature of human resources in tourism stems from the characteristics of human resources in tourism.

Four key characteristics are related to human resources in tourism: high share of unskilled human resources, high age limit, high employment rate of female population and seasonal need for employment (Pirjevac, 2002, p. 132). This implies that human resources need be planned. At the beginning, though, human resource planning decisions are difficult to make because they include a responsibility that later increases the importance, creativity and satisfaction of each employee individually, which impacts profit and satisfaction at the enterprise level (Marušić, 2006, p. 142).

Planning the needed number of human resources in tourism

Effective enterprise management means formulating a proper business strategy (Magdinceva Sopova et al., 2017).

Human resource planning is a necessary management activity in any enterprise. Human resource planning is the process of continuously researching the requirements of the human resources needs in the enterprise over a set period of time. Human resource planning helps to managers and improves the process of organization and team working with people.

Therefore, the role of human resources in tourism enterprises cannot only be reduced to their role in the work process and service delivery, (Mateljak, 2012, p. 76). The role and importance of human resources in tourism depends on the size of the enterprise, the type of services offered and the way the organization of work is done.

The rapid changes in the environment impose the need to apply innovative tools in all segments of the business. Innovative enterprises are characterized by

- the ability to make the most of new job opportunities,
- innovations,
- scientific breakthroughs,
- the use of modern technology in work and
- new approaches to employees (Magdinceva Sopova et al., 2018).

Planning the required number of human resources in tourism is a means, not a goal, of achieving enterprise priorities. The planning of the required number of employees depends on:

- the business model for the business of the enterprise,
- the forecasting of future movements at the national economy level,
- demographic trends,
- migration trends and
- the age structure of current employees.

The process of planning the required number of employees is carried out through the following activities:

- predicting and quantifying current human resource needs expressed in numbers;
- predicting future human resource needs expressed in numbers; and
- continuous evaluation of the situation and updating of changes in terms of current and future needs.

The process of planning the required number of employees is shown in the Figure 1.

Figure 1: *Process of planning the required number of employees*



Source: *Own Research*

Predicting the number of human resources helps determine opportunities to meet future human resource needs from existing human resources and results from the biological process of aging people and taking care of the functioning of the enterprise through proper planning process, correct replacement from the aspect of human resources. the number and quality of employees who will perform the business in the enterprise.

Developing a plan for the required number of human resources increases the chances of achieving the desired results. The planning of the required number of employees contributes to the improvement of the work process

and the achievement of priorities. Therefore, predicting future human resources needs to take into account the parameters related to:

- future service demand,
- future economic performance,
- technological innovation,
- available financial opportunities and
- changes in organization and business philosophy of work. (Jaganjac, 2001, p. 23).

The preparation of the plan for the required number of human resources depends on certain external and internal factors.

External factors include:

- changes in the environment,
- labor market,
- pronounced migration trends,
- legislation and various organizational structures and
- trade unions.

The set of internal factors include:

- business strategy,
- timing of planning,
- work plans,
- HR plan and characteristics and
- the application of HR planning methods.

Research methodology

During the preparation of this paper, the following scientific methods were used: method of analysis, method of synthesis as well as specific scientific methods, which are divided into specific, quantitative and interrelated scientific methods - modern methods and classical methods of analysis. In order to understand the management's awareness as well as the need for planning, methods of planning and application of human resource planning in the field of tourism in the Republic of N. Macedonia, a practical research was conducted.

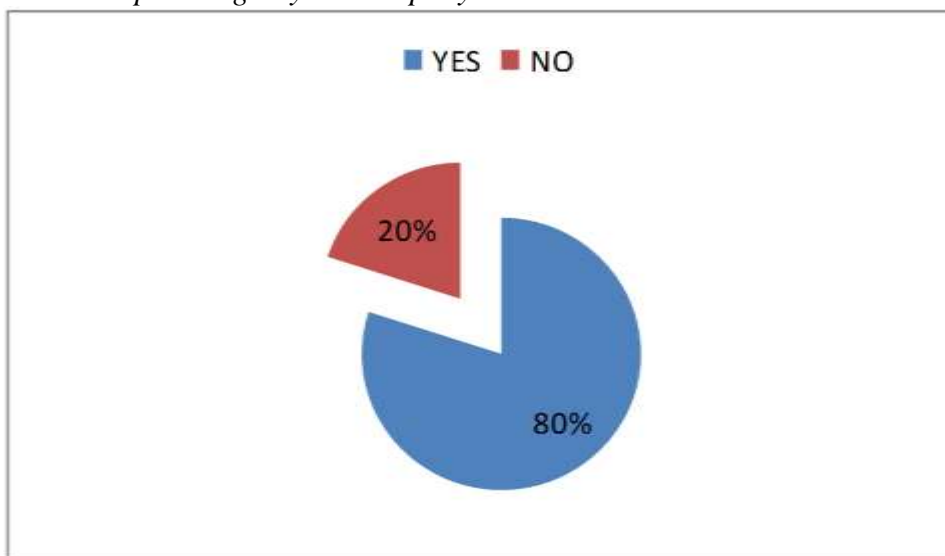
The practical research was conducted in the period from 1st of October, 2019 to 31st of December, 2019 using the questionnaire survey method which consisted of 10 questions from the aspect of the survey. The survey questionnaire was submitted to 100 SMEs in the field of tourism. Of the

100 businesses surveyed, only 65 managers or business owners showed interest and answered the survey questionnaire questions.

Research results

As a result of the responses obtained from the survey and based on the total number of observations received for each question, it was concluded that the survey questionnaire that was the subject of the survey was answered by 65 managers of small and medium enterprises in the field of tourism in the Republic of N. Macedonia, who actively participated in practical research. According to the answers to each question, it is concluded that to the first question: - Do you need human resources planning in your company?, most of the managers answered positively. 52 managers stated that they need planning. and 13 managers stated that they do not need human resources planning in the company they manage. The results are shown graphically in Figure 2.

Figure 2: *Graph showing the results of the query - Do you need human resources planning in your company?*

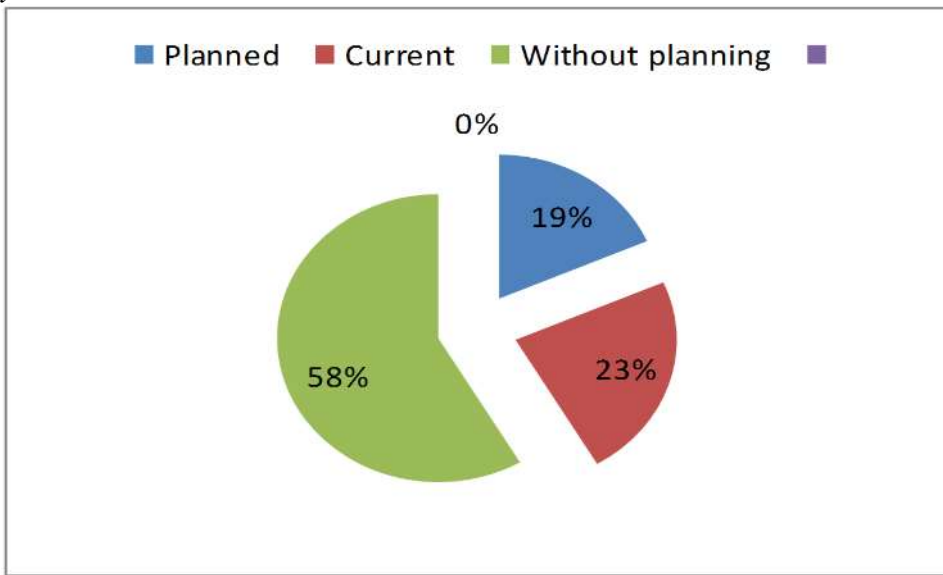


Source: *Own Research*

To the second question - How do you plan for human resources needs?, the following answers were received: 12 managers responded that they were developing an employment plan or HR plan, 15 managers were recruiting

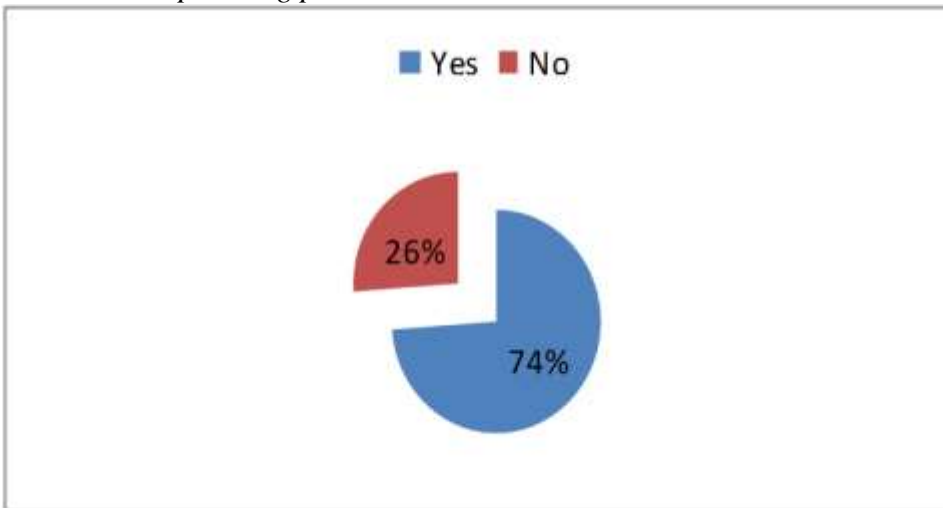
HR based on current work needs and 38 managers do not plan for human resources needs. The results are shown in Figure 3.

Figure 3: *Graph showing the results of the question - How do you plan for your HR needs?*



Source: *Own Research*

Figure 4: *Graph showing the results of the question - Are you informed about the HR planning process?*

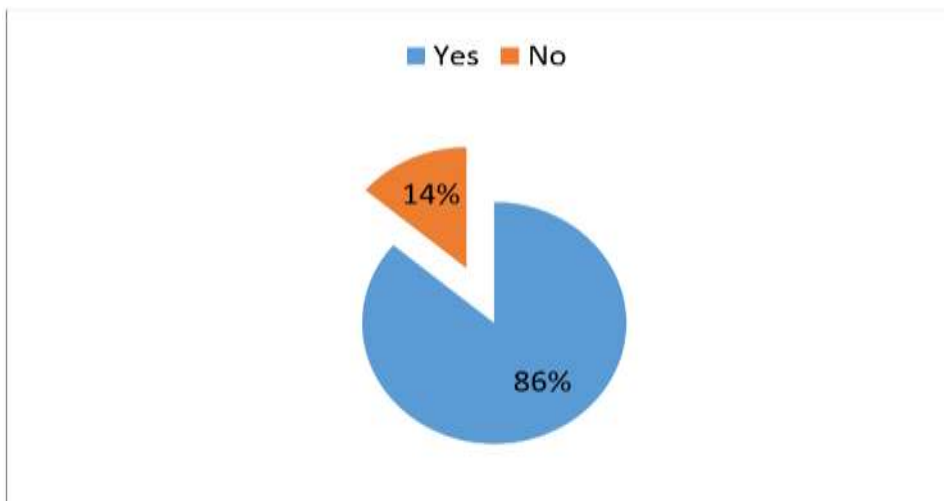


Source: *Own Research*

To the next question - Are you informed about the HR planning process?, Most of the managers surveyed or 48 or 74% of the enterprises stated that they are not informed about the HR planning process and only 17 managers or 26% surveyed managers have information on the HR planning process. The results are shown graphically in Figure 4.

In the fourth question regarding HRM methods, most of the surveyed or 56 managers 86% stated that they were not informed about HRM methods and 9 managers or only 14% stated that they are informed about human resource planning methods. The results are shown graphically in Figure 5.

Figure 5: *Graph showing the results of the question - Are you informed about HRM methods?*



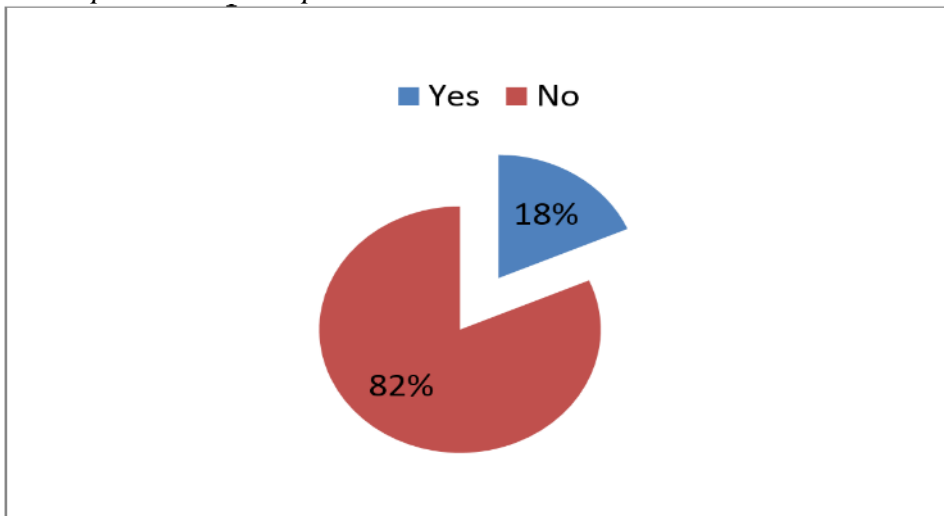
Source: *Own Research*

To the next question - Are you developing a company-level HR plan?, most of the managers surveyed or 53 managers (82% of the respondents) stated that they do not develop a company-level HR plan and 12 managers or 18% are have affirmatively stated that they are developing a human resources plan. The results of the answers to this question are shown graphically in Figure 6.

To the question - If you make a plan, how often do you make a HR plan? (a) for a six-month period, (b) for one year, or (c) for a period longer than one year, which applies only to managers preparing a HR plan, the following answers have been obtained: the majority of managers or 10 managers (17% of respondents make annual HR plans, and only 2

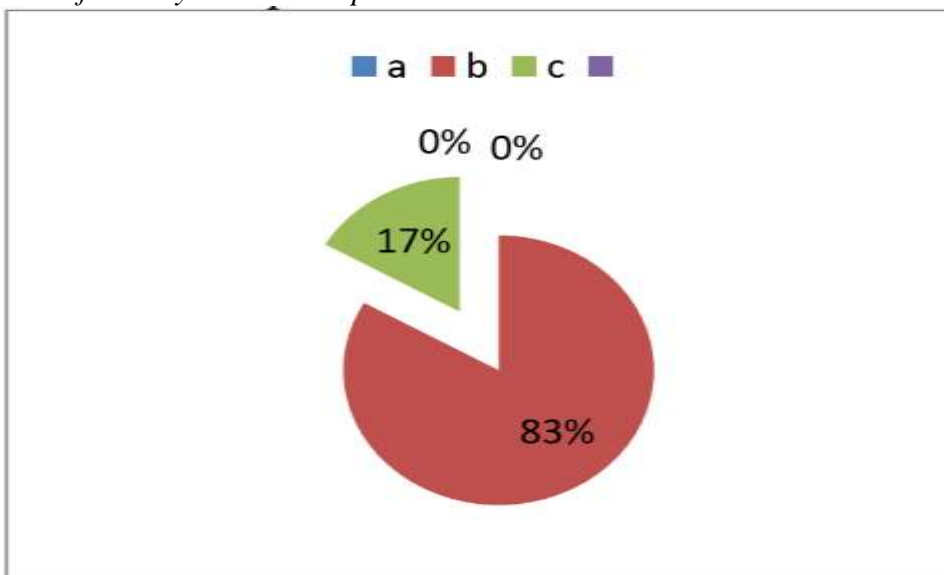
respondents answered that they make HR plans for a period longer than 1 year and 83% of the surveyed ie 53 managers do not make a plan for a period shorter than one year. Figure 7 shows the answers to this question.

Figure 6: *Graph showing the results of the question - Are you developing an HR plan at the enterprise level?*



Source: *Own Research*

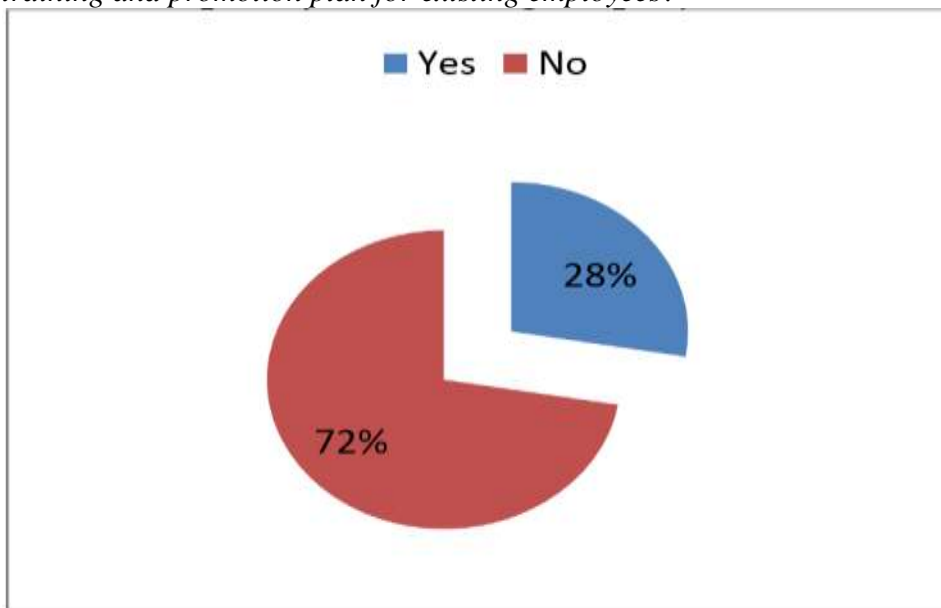
Figure 7: *Graph View Query Results - If you are developing a HR plan, how often do you make the plan?*



Source: *Own Research*

To the next question - Are you developing a plan for training and promotion of existing employees?, most of the managers who participated in the survey (72% of the surveyed) or 47 respondents stated that they do not develop a plan for training and promotion of existing employees and 18 managers (28% of the surveyed) think that the training and promotion plan of the existing employees is a necessity and therefore they develop it regularly. The answers are shown graphically in Figure 8.

Figure 8: *Graph showing the results of the question - Are you developing a training and promotion plan for existing employees?*

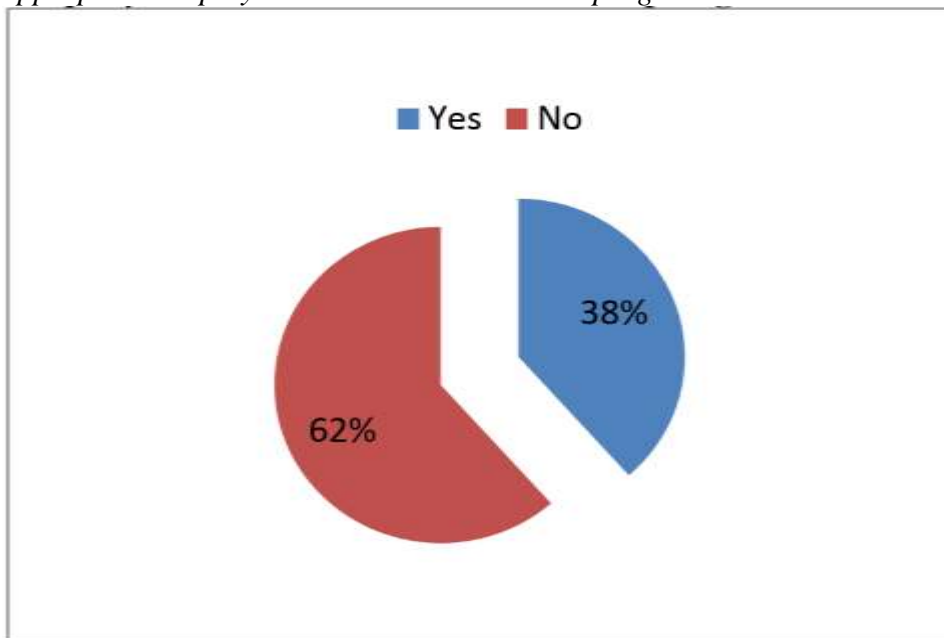


Source: *Own Research*

As for the next question - Do you implement appropriate employee motivation and reward programs?, 40 entrepreneurs stated that they do not apply appropriate employee motivation and reward programs and 25 entrepreneurs (38% of respondents) have organized access to employee motivation and reward. The answers are shown in Figure 9.

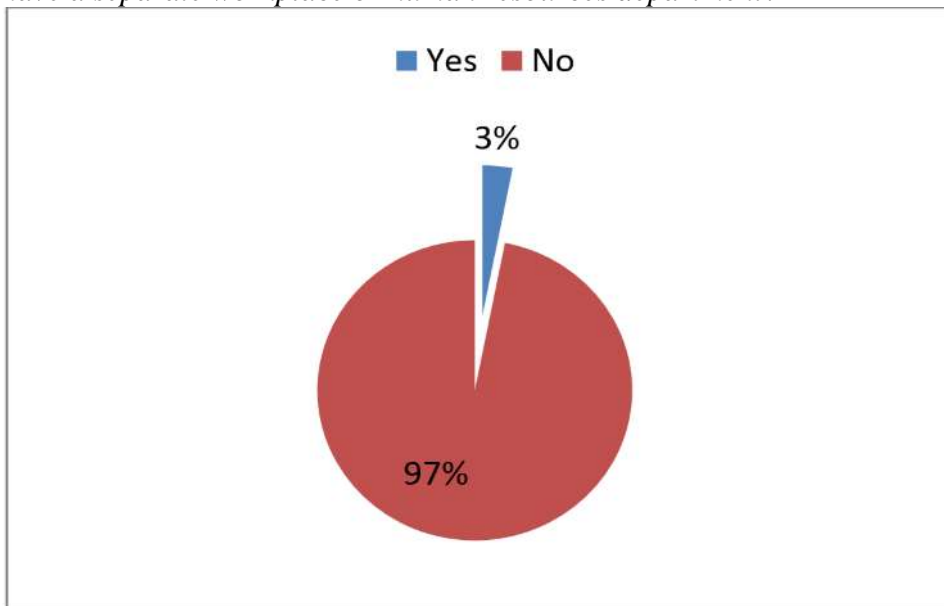
To the ninth question - Is there a separate job or HR department in your company?, Most of the respondents or 63 managers or 97% of the respondents answered negatively ie they do not have a special job or HR department in only two companies or expressed in%, only in 3% of the respondents there is a specialized HR manager. The observations obtained from this question are shown in Figure 10.

Figure 9: *Graph showing the results of the question - Do you implement appropriate employee motivation and reward programs?*



Source: *Own Research*

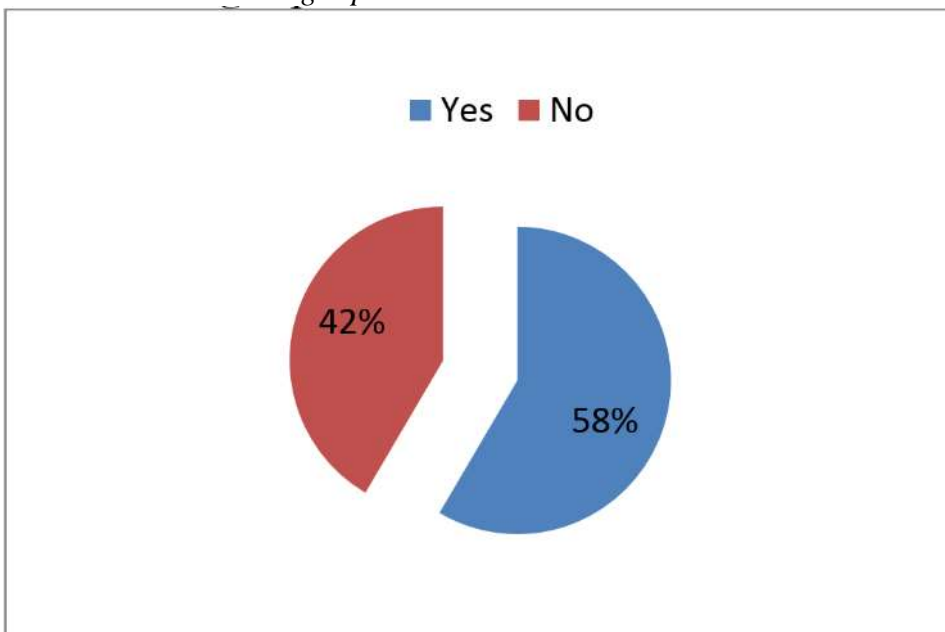
Figure 10: *Graph showing the results of the question - Does your company have a separate workplace or human resources department?*



Source: *Own Research*

To the tenth, the last question - Do you need a human resources manager position ?, most of the surveyed 38 entrepreneurs (58% said they needed a human resources manager position and 27 entrepreneurs (42%) consider that they do not need a position as a human resources manager Figure 11 graphically shows the answers received.

Figure 11: *Graph showing the results of the question - Do you need a human resources manager position?*



Source: *Own Research*

Conclusion

The small and medium-sized enterprises are the drivers of inclusive economic growth in the Republic of N. Macedonia and the creation of productive and sustainable jobs. Contemporary and dynamic operating conditions are challenging for small and medium-sized enterprises and force management to introduce transformational changes in order to adapt quickly to the changing world markets and global competition. Effective and efficient enterprise management involves implementing an employee management strategy (Bardarova et al., 2018, p. 525).

The new conception of SME development is linked to human resources as the driving force behind economic growth. Adaptive leadership as the

leadership of the future can respond to the challenges of modern business by creating quality tourism service in the future (Bass & Avolio, 1994, p. 71).

Only a well-motivated human resource can create a quality tourist offer. Human resources are an essential competitive factor in the relentless worldwide market for products and services (OECD, 1990). Effective, rational, modern and flexible human resource management in tourism depends on an effective HR policy, a rational HR planning system, and flexibility in monitoring human resource development.

The main goal of human resource planning in tourism is to achieve greater productivity. This means creating new jobs by respecting the needs of employees.

Human resource planning is linked to the business strategy of work, and is implemented on the basis of job needs, demographic trends and the age of existing employees. In order to understand the management's awareness as well as the need for planning, the methods of planning and implementation of human resource planning in the field of tourism in the Republic of N.Macedonia, a practical research was conducted.

The results of the research confirm the hypotheses set:

Hypothesis No. 1 – The Small and medium-sized enterprises in the field of tourism in the Republic of N.Macedonia need human resources planning;
Hypothesis No. 2 – The Small and Medium-Sized Tourism Enterprises in the Republic of N.Macedonia do not plan for human resources needs, ie do not develop a human resource plan, human resource planning.

The obtained results imply that the application of the human resources planning process in tourism depends on the availability of educated human resources who will be informed and educated about the process and methods of human resources planning in tourism.

The balance between the market, tourism development and education is a challenge for economic policy makers on which strategic development at national level depends.

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CONTEMPORARY TRENDS IN HUMAN RESOURCE MANAGEMENT IN TRAVEL AGENCIES

Ivana Marinović Matović¹; Jelena Vemić Đurković²

Abstract

Travel agencies have an extraordinary influence on the development of tourism, as a global socioeconomic phenomenon, and on the promotion of tourist movements of all types and forms. Contemporary travel agency business is facing profound changes due to technological environment challenges, and transformation of human resources in the service sector. Observed changes can be attributed, among other things, to the influence of current trends in travel and tourism sector, the use of Internet and the development of information and communication technologies. Research paper deals with emerging trends in travel and tourism sector, and their implications for human resources' competencies in travel agencies. This paper analyzes the role and importance of human resources in contemporary tourism, the process of travel agency human resource management, education and training, selection and employment. The aim of this research is to identify main problems of Serbian travel agency human resources management, with reference to qualifications and training required for each working position.

Key Words: *tourism, travel agencies, human resources, education, selection, competencies*

JEL classification: *L83, M12, M53, M54, Z32*

Introduction

The contemporary agency business in tourism sector is ever-changing. This trend could be, among other things, a result of contemporary tendencies in the market, increased internet usage, and the development of IC technologies. Changes in tourism market, which have emerged as a result

¹ Ivana Marinović Matović, Branch manager, Addiko Bank AD Belgrade, Bulevar Mihajla Pupina 6, 11070 Belgrade, +381 60 863 4004, ivana.m.matovic@gmail.com

² Jelena Vemić Đurković, Associate Professor, Educons University, Vojvide Putnika bb, Sremska Kamenica,, +381 64 160 8205, djurkovic.jelena@yahoo.com

of information and technology revolution, are a phenomenon studied by numerous researchers after 2002. Detailed analysis of available scientific literature has shown that changes in agency business are most often analyzed from three aspects. These aspects include the activities of travel agencies that have *undergone* profound *changes*. They include the emergence of new forms of tourism brokerage, new forms of employment and work engagement, innovation of management and work processes organization (Decelle, 2004). The main challenges that tourist companies are faced with daily are: how to attract and keep good-quality employees; how to continuously improve their skills and update their knowledge, which quickly becomes out of date; how to have motivated and satisfied employees, which is what clients' satisfaction depends on. The challenges become even more complex when it is the question of competent managerial staff capable of creating and implementing efficient strategies for managing human resources, and who also must be attracted to and kept in the company (Vemić Djurkovic et al., 2018).

In the Republic of Serbia there is a lack of research on the travel agency topic. Despite their extraordinary influence on the development of tourism, as well as the promotion of tourist movements of all types and forms, the *attention paid* to specific *phenomena* of travel agencies is very marginal (Vukonić et al., 2015). Services provided by tourist intermediaries, especially those operating in the domestic market, are emerging as an issue that needs more professional and scientific attention. This paper deals with the possible implications of contemporary trends in tourism on human resources in travel agencies. The research objective is the description of changes in the structure and competencies of human resources in travel agencies, with a focus on knowledge and skill requirements for each job position.

Global environment impact on travel agency business

The entire tourism sector, and especially travel agencies, operate in a very complex, dynamic and uncertain environment, due to the impact of technological innovations, demand changes, unfair competition, distribution system changes, and a general trend of reducing (or even completely eliminating) commission funding (Quintana et al., 2016). The rise of globalization and international tourism, led to the rise of technology and virtual reality, which have become an integral part of travel. With the advancement of technology, the needs of tourists have increased, as well as the technological offer in the tourist destination (Marinović Matović &

Simić, 2018). In today's global environment, the path from service provider to service user in tourism sector is shortening. However, when it comes to more complex travel arrangements, the path can be very long and complex, containing a whole network of service providers and intermediaries. As every link in the distribution chain is interdependent, it is essential that they work closely together and have smooth communication (Čavlek et al., 2011).

The base of agency business is offering a set of services (tourist arrangements) at a sale price that is lower than a sum of individual services price (if purchased individually). The organizing role of travel agencies, where they act as conceptual creators and initiators of travel, emphasizes their entrepreneurial spirit (Čavlek et al., 2011). The original model of travel agency fee-based business, which has been the primary source of revenue for decades, was discontinued in the early 2000s, when airlines announced the abolition of agency fees (Zerrow commission model) to reduce costs (Zhang et al., 2009). Agencies then had to come up with new financing models in the short term. This was the challenge, according to which, in the US market alone, in the five years (2000-2005), the number of travel agencies dropped from just over 30,000 to just over 21,000 (Amadeus, 2007). The challenge became how to charge extra for the service, i.e. to find a buyer who is willing to pay for something that he or she can pay less through the internet, or to provide additional value to the service so that it is worth the money paid. At the same time the internet penetrated into homes around the world, so the number of customers who needed the help of a travel agency was decreasing every day. Agencies had to discover the values, knowledge and skills that would provide them with further work.

An increasing number of tourists, whether or not they have experience in shopping online, started turning to professional assistance for organizing more complicated tours, business and incentive trips. A large number of travel agencies have shown in practice that customers who find the internet offer want to consult, check details and make payments at the agency. It is also not uncommon for experienced travel agents to find a more convenient or comfortable travel option than the client has found alone (Bogdanovych et al., 2006). Another reason why travel agencies will certainly not lose their market role is the fact that clients seek security and protection. Previous research has shown that the share of organized trips in the total number of trips is proportional to the distance of destination (Čavlek et al., 2011), which means that a large percentage of tourists who choose to travel

to distant destinations use the services of travel agencies. Contemporary tourism is no longer a simple combination of transportation and accommodation, tourists' needs are becoming more complex, customers are becoming more experienced, and so the tasks of travel agencies are moving towards a much wider range of services, with the necessary specialization and focus on narrower target groups.

Use of technology in modern travel agency

The Fourth Industrial Revolution has an impact on all aspects of life, from the automation of daily housework to climate change (World Economic Forum, 2016). The beginnings of automation in tourism sector are related to the emergence of Central reservation systems (CRS) in the 1970s and Global distribution systems (GDS) in the 1980s (Ivanov et al., 2017). A completely new world has begun to open up to travel agencies, offering unlimited opportunities to access, use and sell information, in real time. Central reservation systems have become an indispensable sales channel for all providers in the tourism industry operating in the global market. GDS, through a communications network, connects providers and sellers, travel agencies and airlines. These systems have allowed access to the database of any organization (airline, hotel, railway, tour operator or other carrier) from a single source (GDS terminal), and at the same time allowed making reservations of the selected product. Commission has been charged for transactions, on behalf of the provider. Some authors argue that Global distribution system has all the characteristics of a stockbroker (Djelić, 2004).

Some travel agencies take a proactive approach to technology, while in some, the adjustment process flows in stages. According to Lin & Li (2005), the initial step in this process is the implementation of the website. The shift to the next level involves some investment in infrastructure and employee education. The third level of implementation involves networking with suppliers, while the highest, fourth level involves automating entire workflows and moving to contemporary business models (Lin & Lee, 2005). The constant evolution of technology and increasing customer expectations have led to the emergence of new trends in tourism demand (Dwyer, 2013). Two of the most recent trends that have shaped the last five years of travel agency business are instant search and personalization (PhocusWire, 2015). Travelers have less and less time to wait for a response, and are increasingly turning to sites that have a shorter response time. On the other hand, travelers expect a personalized offer that

is in line with their needs, habits and tastes. In technical terms, these two trends are not easy to reconcile. The increasing amount of data in electronic databases, also known as Big Data, is not in favor of increasing the speed of query (PhocusWire, 2015).

Information technology, the Internet and social networks are changing the tourism industry in the Republic of Serbia today. Thanks to new technologies, tourism is seeing incredible growth today, and this area of tourism is eager for expert staff (Crnjanski, 2016). With new channels and communication, and faster business operations, the required hours of work to perform certain operations are reducing, which also has the impact on reducing certain operating costs. Organizing, selling and calculating a tourist trip, with traditional manual operations, used to require 316 hours of work, while the same process takes 88.3 hours with information technology (Spasić & Pavlović, 2012).

The technological innovation currently underway is the Data Management Platform (DMP). This tool is used to collect, store, classify and manage personal information about travel agency's existing and potential clients (Galetto, 2016). Their advantage is reflected in the ability to combine transaction data (previous bookings, purchases and services used) with other digitized personal information (Tourism review, 2016a). Keeping travelers' information in an electronic database could compromise client's privacy, but on the other hand, it enables agencies to create personalized offers (Cosa, 2016). Continuous development of technologies contributes to the development of travel agency business. Contemporary technologies support the implementation of sustainable tourism. They influence the reduction of costs, but also time savings for all stakeholders in tourism sector. The communication is essential in order to better apply technologies related to sustainable development. The Republic of Serbia has to focus in the future on the use of sustainable technologies because, over time, tourism will become one of the main branches of the economy, which greatly affects the economy of a given country (Marinović Matović, 2019).

Training and education of human resources in travel agencies

Human resources, as an intangible asset, represent the most important among three business resources of travel agencies (financial, technological and intellectual) (German & Jankovic, 2018). In travel agency business, human skills, such as creativity, communication and sales skills, dominate. The specificities of the human resources in tourism sector are reflected in

the fact that their role is crucial in every segment of the business, which means that no link in the value chain can be fully automated and function without human influence. Global trends indicate that more and more jobs, especially those related to organizing, promoting, selling and evaluating, are done electronically, and that travel agents must have the knowledge different from that from just a few years ago, related to the use of communication technologies and specialized software.

The Law on Tourism of the Republic of Serbia (Law on Tourism, 2019) stipulates that a travel agency, in each of its business premises, must have full-time employed manager. This person must speak Serbian, at least one foreign language, and have at least a university degree or higher education. In order to work with an intermediary, the manager must have at least a secondary education in tourism, economic or other social direction. Working with a tour operator requires a three year work experience in tourism and a minimum of one year working with an intermediary. Employees who are in direct contact with clients must have at least four years of secondary education and speak at least one foreign language (Law on Tourism, 2019).

Employment in travel agencies: Contemporary trends

Working in tourism is becoming more mobile and resilient, with new employment modalities prioritizing flexible workforce from an external environment, with a specific task and for a fixed period of time. According to research done in the United States, since the mid-1980s one in five jobs in that country has belonged to some new work form, where workers lead a so-called "Freelance - portfolio life" (Tomka et al., 2015). In these new forms of employment, work experience, recommendations and results achieved are most appreciated, and less a college or other degree. A key aspect in the modern concept of employment is the issue of personal competences (Garavan & McGuire, 2001).

In the emerging business climate, organizations face numerous dilemmas, including those related to outsourcing, that is, delegating certain tasks to external associates who are not part of the collective and corporate culture (Medić & Koldžin, 2015). Standard forms of permanent employment and full-time work are being replaced by flexible arrangements, such as working from home, part-time project engagement, and the like. Talent management businesses builds whole circles of outsourced associates, with a specific task and with an adequate fee, while releasing unnecessary labor

and expense (Tomka et al., 2015). Although the qualitative aspects of travel agency business are changing, the employment rate is constantly increasing (Baum, 2015). Globally, this growth reaches 2.2% per year, with estimates that it will continue to grow by an average of 2,5% when it comes to direct employment in tourism and 11,7% per year when it comes to related activities (WTTC, 2019).

The priority profiles for employment in travel agencies are tourism specialists, economists and developers (Ćuruvija, 2008). However, travel agencies dominated by e-commerce are looking for creative individuals with information skills, creative writing skills, who are witty, creative and resourceful, whether they have studied tourism or not. In addition to knowledge of foreign languages and basic IT skills, those who are familiar with digital reservation systems, airline tickets (Amadeus and Galileo) and working in WordPress or other web creation programs, have the advantage of employment. Blogging, travelogue and social media marketing are increasingly being sought. When asked about desirable personality traits, employers emphasized communicativeness and a willingness to work in a team, kindness, responsibility, honesty, resourcefulness and self-initiative (Steyn & Grobler, 2014).

Travel agencies that have positioned themselves as expert consultants and who keep pace with the advancement of IT sector, point out that the decisive success factor and their greatest competitive advantage is the state-of-the-art technology (Suarez et al., 2007) that simplifies and accelerates workflows and communication with customers and suppliers. In such an environment, agents can focus on quality and increase their competitiveness more easily (Roger-Monzo et al., 2015) by applying a personalized approach to each customer. The business of travel agencies is becoming more comfortable regarding the working hours and office space. Electronic communication with clients enables agency managers to organize their work so that their employees do not have to be physically present on premises during certain business hours. Many agencies have reduced fixed and variable costs by switching to one shift, and reducing the number of employees.

These trends have many advantages over the traditional approach, as well as several disadvantages. The first disadvantage is the workforce fluctuation, which does not only represent a cost for organization, but also causes numerous operational problems. Workforce fluctuation can make it difficult to maintain a desirable level of service quality, causes high training

costs, and the negative impact on employee morale (Ćuruvija, 2008). Given that a large number of employers in the Republic of Serbia avoid paying expensive trainings, new recruits training is most often the task of more experienced colleagues. How much time and effort they will be able to devote to their young colleagues depends primarily on their goodwill and the time available. These circumstances very often have a demotivating effect on young people planning to start their careers in tourism (Gill-McLure & Firth, 2018).

Skills and competencies of human resources in travel agencies

Given the rising unemployment rate in the world, tourism can be considered as one of the few economy sectors where jobs are still being created (Tourism Review, 2016b). Human resources are a key business asset, much more complex than any other. One of the main attributes of human resources is their property – knowledge, intangibility, latency which makes it difficult to determine their economic value (Vemić Djurković et al., 2013). It is evident that human resources education needs to be given a lot of attention in order to be timely aligned with the needs of the local labor market and global changes. The constant changes in the market, and the advancement of technology, require workforce open to change, flexible, proactive and adaptable. Human resources in travel agencies must have basic knowledge of economics, geography, hospitality, traffic, consumer psychology, and speak at least one foreign language. In addition to this knowledge, they are expected to have specific skills. In the first place, these are business communication and sales skills, patience for each client, and emotion control skills (nervousness, anger, etc.). Since the quality of service in tourism depends primarily on the interaction between service provider and service user, employees are expected to be caring, kind, always smiling, intuitive, empathetic and helpful (Gill-McLure & Firth, 2018).

Training and development processes take place through three different forms of education, that is, through institutional (formal education), corporate (formal and informal education of employees according to organizational needs) and individual education (personal training, lifelong learning, extension of personal competences) (European Commission, 2018). It is not uncommon for organizations to grant scholarships to employees, for continuing their studies, when they see their own interest in doing so (the need for certain qualifications prescribed by law), or when they use scholarships as a way of motivation for better results and loyalty.

For example, attending a Computer reservations and operations system course is often financed by the travel agency.

A gap in formal education and labor market needs is widening, especially in countries considered to be the world's largest tourism powers. A survey conducted in 2016 by the French National Institute for Statistics and Economic Studies (INSEE) found that the key factor in selecting candidates is their practical know-how in the field of application (Tourism Review, 2016b). Young people should enroll in faculties, but after that they should first gain practical experience, and upgrade their knowledge through non-formal education (courses, seminars, licensing, training, etc.). The continuation of studies at higher levels (specialization, master and doctoral studies), should be after several years of work within the industry.

The informal aspect of education for tourism workforce involves acquiring and innovating the knowledge and skills necessary to perform certain activities that are not covered by formal education. The system of informal education for workforce in travel agencies consists of various courses organized by educational and professional institutions, trainings organized by employers and learning that takes place daily during work. Such training includes, for example, courses for tour guides, animators and escorts, training in the use of various computer programs, improvement of communication skills, sales skills, crisis management, security procedures, first aid, and the like. It is not uncommon for institutions and non-governmental organizations to organize thematic seminars, workshops and trainings for acquiring professional skills, sharing experiences and presenting new technological solutions (United Nations Economic Commission for Europe, 2013). Such trainings are being conducted online, in the form of webinars.

When it comes to special tourism education, inclusive tourism or special requirements processing, training is most often done at destinations that meet the infrastructure requirements. For example, in line with the trend of involving more and more people with disabilities in tourist offers, some destinations have begun to specialize in receiving, accommodating and conducting activities for these types of tourist groups, and are becoming recognized as a place of education for travel agents and professionals from all over the world (Tecau et al., 2019). The most common examples of informal education and training in travel agency business in the Republic of Serbia are related to the education of future airline ticket vendors. Amadeus School Center, a licensed educational center, runs regular

training cycles of one or more days, for agents actively using the system in daily work (Amadeus, 2020). Travelport Belgrade organizes trainings for the use of the Galileo reservation system and IATA courses. Authorized training center conducts courses in classrooms or through distance learning. The courses are intended for beginners and agents who already use other reservation systems (Travelport, 2020).

In addition to the aforementioned trainings and licenses for the sale of airline tickets, the preparation cycle for travel agency should include training for the use of reservation systems for hotels, tickets and rental cars, insurance policies and the like, which can be learned in courses. Such courses are organized by Travel Magazine school of tourism (Travel magazine, 2020). YUTA Development and Education Center "YUTA REC", through its specialized training programs, trains agency executives and agents who want to innovate and broaden their knowledge, train the unemployed, students, and high school students. Candidates who complete the course and receive the Certificate, can be involved in a project called YUTA Job Exchange (YUTA, 2020). In addition to the aforementioned general educational programs, YUTA also organizes specialist courses for travel guides and escorts, destination representatives, animators, bookkeeping and finance activities. Tourism is considered to be a kind of "school of life", in which everyone, both those who organize and realize trips, and those who enjoy these trips, gain life experiences. In order to obtain the best possible preparation and realization of tourism programs, adequately educated workforce is needed, educated in the field of hospitality, transport, culture, sports and recreation, and that all is informal education. Travel agencies can play a key role in preserving the natural and cultural values of destinations, acting as educators to those who live in it and to those who visit it. They very often inform, educate and control tourists, but also the local population who must be aware of the expectations, needs and requirements of guests who come from culturally diverse backgrounds.

Conclusion

Recognizing and implementing good business practices in human resources is very important, if not crucial, for travel agency business. Human resources play a decisive role in providing quality service and achieving customer satisfaction, which gives the agency itself a long-term advantage over its competitors. In travel agency business, customers and employees are directed to cooperate with each other when performing the

service. The success of their interaction largely depends on the ability of travel agency employees to provide adequate service. Good business results come from satisfied and loyal customers, which is a consequence of the quality of service. At the same time, good service is the result of a service process that depends first and foremost on the satisfaction and productivity of frontline employees, but also on the motivation, knowledge and skills of both them and their managers.

As it becomes more and more difficult to find efficient, talented and professional staff, and travel agency business faces increasing competition, the strategic role of HRM process is gaining importance. According to the World Tourism and Travel Council, Travel & Tourism is predicted to support 420,659,000 jobs, 11.7% of total employment by 2029 (WTTC, 2019). This data indicate that travel agency business will continue to play a crucial role, which is why the demand for skilled staff will grow in this sector. Contemporary travel agency business requires a well-trained, adaptable workforce, so that daily education of employees and managers is essential for business development.

The strategy for human resources development in tourism is not focused only on short-term programs and strategies regarding the concept of lifelong education. Additional trainings can be conducted in the form of courses, seminars and lectures. However, for the long-term development of tourism, medium- and long-term programs for increasing the quality of education are of much greater importance. The medium- and long-term development implies structural changes in the field of formal and informal education that must be aligned with market needs. The education system must be linked to the labor market, on the basis of which modifications and adjustments must be made continuously. Without a developed education system, it is not possible to improve the workforce quality in tourism. In order to harmonize the knowledge and capabilities of the existing and future workforce in tourism of the Republic of Serbia, with the market needs, it is necessary to promote lifelong education. In the Republic of Serbia, a small number of adults understand the importance of continuing education, and there is a low level of employee motivation to improve qualifications, while on the other hand, travel agencies are not sufficiently motivated to invest long-term in human resources development.

Managers in travel agency business should take responsibility for training their employees according to a predefined educational plans. In order for educational plans to be adequate, managers must determine what skills and

knowledge the employees lack that affect the quality of services provided. Particular attention should be paid to managerial and sales skills, communication and complaint handling skills, as well as language skills. In order to motivate employees to participate in training, management should also rethink the existing organizational culture. Management must motivate employees, by personal example, to improve their own knowledge and skills, not only for financial gain, but also for personal and professional development.

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LEGAL STATUS OF TRAVEL AGENCIES AND THEIR PLACE AND ROLE IN THE TOURISM MARKET

Goran Maričić¹; Sanja Škorić²

Abstract

Tourism, as a branch of the economy, has become one of the main generators of the development of the region and of the entire country. The beginning and the course of the new millennium brought with it different needs of all participants in this industry, and the necessity of a more precise determination of the legal status of all parties participating in one of the various contracts in tourism. In this regard, the importance of travel agencies as the main participants in the realization of tourism activities and leading operators of certain tourism activities has been raised to the level that should meet the needs of, first of all, tourists. At the same time, the importance that tourism has for a particular region or country justifies analysis of the legal status of travel agencies and their place and role in the tourism market.

Key Words: *legal status, travel agencies, tourism services, tourism market*
JEL classification: *K22, L21, M38, Z32*

Introduction

The importance of tourism, as an increasingly important branch of the economy of each country, can only be clearly perceived and determined by legal scholars through legal regulations governing this area. Hence, legal analysis of legal and strategic documents, and also available statistics at the national and international level, are sources according to which, conditionally speaking, one can measure the legal importance of a particular area, in this case, tourism as a unique branch of industry. Furthermore, the analysis of the legal status of the entities that are the main actors in this activity is a significant indicator and a determinator of how

¹ Goran Maričić, Assistant Professor, Faculty of Law for Commerce and Judiciary, Novi Sad, Geri Karolja br. 1, +38765638684, e-mail: goran.maricic@poreskaupravars.org

² Sanja Škorić, Assistant Professor, Faculty of Law for Commerce and Judiciary, Novi Sad, Geri Karolja br. 1, +381638219788, e-mail: sanja@pravni-fakultet.info

much a country, region or local community is genuinely interested in advancing a certain branch of the industry and the ability of the national tourism market to catch up with international trends.

Thus, one of the main assumptions - hypothesis, and at the same time the driving factor for the authors of this paper to explore this topic, is that the motivation of the state to precisely and in detail regulate the legal status of a particular subject, and if necessary, impose additional conditions that a given entity must fulfill in order to begin its commercial activity, is in direct proportion to the importance of such an economic entity on the market. If the activity that the entity performs is specific, in this case, the tourism activity, then according to the above assumption, one can draw a conclusion about the importance of tourism activity to the state, as well as about the importance of tourism in general.

For the sake of clarity, the underlining hypotheses of this paper can be systematized as follows:

1. Precise and detailed legal regulation of the legal status of travel agencies are directly related to the importance of these economic entities in a particular market;
2. Imposing additional conditions that travel agencies have to fulfill in order to begin their commercial activity (legal, technical, personnel, etc.) are also related to the importance of travel agencies for the legal and economic system of a particular country;
3. State intervention into a particular industry, in this case, tourism (state aid in the form of government subsidies, tax cuts, and other incentives, setting clear goals in strategy documents, etc.) reflects the value and importance of that industry in the national commercial system.

If we think about state aid, for example, it's perhaps the most interesting issue in competition policy, because the state, using its coercive monopoly, finds itself in a situation of collecting taxes from some and then redistributing those funds to others, thus affecting competition (Škorić, 2010). Sometimes, in this way, the state "pumps blood" to legal entities that would cease to exist without state aid. However, the essence of state aid should be to encourage the development of activities that, in the long term and strategically speaking, will bring back profit on investment (e.g. stimulating agricultural development, stimulating exports, encouraging the production of a particular product or providing specific services, etc.) (Škorić&Jovanović, 2017). Therefore, encouraging the development of a particular activity through state aid can also be applied to tourism or certain

aspects of it, for example, rural tourism, which may entail the development of certain rural areas, followed by organic food production with an authentic note of the area of the production, branding of indigenous types of products, etc. (Bulatović et al, 2016). It can even be said that it is the state's obligation to enable the recovery and sustainable development of the Serbian village, and thus the overall development of rural areas (Maričić et al, 2018). That is precisely where the potential of rural tourism of Republic of Serbia is hiding, to be more precise in the rich natural resources and favorable climatic conditions for agricultural and organic production, which is developing very slowly due to the slow process of structural reforming of the rest of the economy and delays in that processes (Maričić et al, 2018).

Finally, another hypothesis concerning this paper is that travel agencies hold a significant place and role in the tourism market. This last assumption has somewhat imposed itself because the previous three lead to this conclusion and together with it form a homogenous unity between the state and its legislative activity, tourism as an industry branch and travel agencies. Of course, there are other entities in the tourism market that are also very important for the proper functioning of this industry (tourism promotion through tourist organizations, service industry, and accommodation facilities, spa tourism providers, etc., as well as tourists themselves and their affinities and expectations). However, due to the limited scope of this paper, the analysis will be limited to the outline of the described unity, made up of the state, tourism market and travel agencies.

In accordance with the abovementioned, the methodology of this paper will be based on the normative-dogmatic, historical, comparative and sociological scientific method. To the extent available to the authors of this paper, a method of analyzing statistics relevant to the subject of this paper will be used.

Origins and development of travel agencies

It is widely considered that the founder of the first travel agency was the Englishman Thomas Cook, who organized an anti-alcohol congress in 1841 and, on this occasion, in order to obtain a discount from the railroad to transport the congress participants, he concluded a contract with the railway administration for collective transport, while also taking care of the accommodation of participants. In later years Thomas Cook organized other similar trips that formed the basis of the first travel agency founded

in 1845 under the name "Thomas Cook and Son" (Ćirić, 1984), which declared bankruptcy in 2019. (www.ekapija.com). As can be seen, the first travel agency was only involved in organizing travel, hence the English term has still retained that attribute "Travel" to this day, while in Serbian the term Tourist Agency is used.

Since its inception in the mid-nineteenth century, tourist agencies primarily worked as proxies in tourist traffic. The activities of independently organizing tourist trips began in the mid-twentieth century when this activity slowly became the primary role of travel agencies instead of just being third parties in the industry (Spasić, 2011:4).

The first travel agency in Serbia was founded in Belgrade in 1919. It worked as a branch of the international Wagon Lits Cook Travel Agency and was engaged in the sale of railway tickets. The first domestic travel agency "Putnik" was founded in 1923 in Belgrade in the form of a joint-stock company with the main shareholders being the Ministry of Trade and Industry and the Ministry of Transport (www.putniktravel.rs).

Travel Agencies business model is shifting from "Sold To" (Trip Centric) to "Selling With" (Traveler Centric). The traditional system of company-centric value creation is becoming obsolete. Nowadays consumers want to interact with companies and thereby co-create value. In this travel agency's new frontier, the role of the consumer has changed from isolated to connected, from unaware to informed, from passive to active (Prahalad&Ramaswamy, 2004). The rapid adoption of the Internet as a distribution channel and Social Web as a privileged communication tool between people has pressed organizations to experiment with innovative methods of interaction with consumers in computer-mediated environments. Companies must use interactive tools, create rich profiles and share workspaces, stimulating customers to produce content. It is vital to listen, reach out and engage them in a two-way conversation (Salvado et al, 2011). As a direct consequence of globalization and the rise of the Internet, the boundaries of tourism were unstoppably pushed and, as such, they represent the means of individualization, not a weapon against tourism. These processes have led to the formation of more flexible and innovative models of business in tourism, and consequently the management of travel agencies (Gospić, 2017). After the period of mass tourism, which was primarily oriented to leisure (sun, sea, beach), there is the increasing emergence of various selective forms of tourism that have their own specificities in their origin, motivation, and intensity. Thus, for

example, Cultural tourism is one of the forms that is gaining more importance on the world tourism market, and it occurs in various forms, such as, for example, heritage tourism, art tourism, historical, creative, gastronomic, etc. (Rudan, 2012).

The expectations of clients-consumers are ever-changing, and thus the category of consumer experience changes during different stages of the realization of the journey. The customer's perception depends on the quality of the service experienced during the planning phase, the travel phase and, finally, the destination stay phase. The formation of such a tourism product that will meet all needs that affect the experience and satisfaction of the customer is the basic task of travel agencies under the effects of globalization (Vitasović, 2014).

Definition of the term "Travel Agency"

In theory, there are several definitions of the term travel agency. However, the theoretical definitions ultimately result in a legal definition contained in regulations governing their legal status. Before presenting the definition contained in legislation, we will mention only some of the theoretical definitions of the term travel agency.

"Travel agency is a business entity that deals with various preparations of travel plans, develops travel programs for individuals and groups, sells tickets for various means of transport, caters to individuals and groups during travel, provides travelers with accommodation and meals in hotels and other lodging facilities, issues referrals - (vouchers), and in addition performs a whole range of other services and activities" (Đivoje&Rešetar, 1970:3) or

"The term travel agency is the most widespread form of intermediation between tourism demand and supply" (Unković, 2016:7)

In the definitions of the classics of theoretical thought in tourism, the concept of travel agency is defined by its connection with its initial activity, which is related to travel. In this sense, it is pointed out that "the travel agency is a specialized institution for the supply of travel services" (Ćirić, 1984:130).

One of the generally accepted definitions at the international level is that set by Swiss authors Heinz Klatt and Jurgen Fisher, which is: "A travel

agency is a business enterprise which provides third party services, required for travel and stay, to tourists, or provides such services in special combinations as new services on its own" (Spasić&Pavlović, 2018:5). Although this definition was set back in the 1960s, it points out two basic activities of travel agencies, which, as such, are still relevant today - brokering and organizing travel. These activities, when implemented in practice, can be very complex, involving multiple entities, between which a number of rights and obligations can be established (Škorić&Jovanović, 2019). Also, this definition defines the travel agency as a business enterprise, indicating a legal position that will be discussed later in the paper.

As it can be seen from the abovementioned definitions, every definition essentially match when it comes to the term travel agency, some are almost identical between several authors, with the difference being whether the definition includes both enumerations and descriptions of the activities travel agencies take part in or are based solely on the status elements, in other words, in what legal form travel agencies can operate.

At the level of the European Union (EU), the definition of travel agencies is left to the Member States, but the Directives indirectly set up the legal framework through defining the term "trader", therefore the term "travel agency" is not used, and the types of services provided in the service industry for a fee are not specified (Directive 2006/123 / EU). Further clarification is given through the exact definition of tourism services in the Directive on package travel and linked travel arrangements (Directive 2015/2302 / EU). As defined in the Directive from 2015 the term 'trader' means any natural person or any legal person, irrespective of whether privately or publicly owned, who is acting, including through any other person acting in his name or on his behalf, for purposes relating to his trade, business, craft or profession in relation to contracts covered by this Directive, whether acting in the capacity of organizer, retailer, trader facilitating a linked travel arrangement or as a travel service provider (Article 3 (1) (7) of the 2015 Directive). The definition in the Directive seems a little cumbersome, but this is certainly expected when, not only, all aspects of a particular activity, but also the legal position and possible connection with other persons are attempted to be defined in one sentence. As tourist services are very complex and diverse, a comprehensive definition must necessarily cover, if not all, at least the most important aspects of these services.

Theoretical definitions and debates in the literature have resulted in the definition of a travel agency in domestic applicable law, which is defined as follows: "A travel agency is a company, an entrepreneur, another legal entity that carries out the activity of travel agencies under the conditions prescribed by this law" (Article 3, paragraph 1, item 27 of the Law on Tourism "Official Gazette of the RS" No. 17/19). This law was adopted in early 2019 and entered into force on March 22nd, 2019, when the previous Law on Tourism ceased to be in force. This law regulates, among other things: conditions and means of planning and development of tourism; tourism organizations that promote tourism; travel agencies; tourism services; Tourism Register and other issues of importance for tourism development and promotion. As can be seen, the domestic legislator has opted for a separate definition of the legal position of the travel agencies from the definition of the activities they are engaged in (which are further developed in the Law, Articles 52-88). However, the notion of a travel agency and its legal status is inseparable from the notion of its activity, and it can be safely said that the definition of a travel agency appears in almost all the provisions of the current Law on Tourism, except those concerning tourism promotion as an industry, which determine the concept, activity, and importance of tourism organizations whose main activity is promotion of tourism, etc.

With the adoption of the Law on Tourism from 2019, the previous Law on Tourism ("Official Gazette of RS" Nos. 36/2009, 88/2010, 99/2011 - another law, 93/2012, 84/2015 and 83-2018 – another law) ceased to be applicable. The old Law on Tourism provided a slightly different definition of a travel agency because the definition also included branches of foreign legal entities, which is completely omitted by the new law in the definition of the travel agency. After a comparative presentation of definitions of travel agencies, both historically and theoretically as well as the definitions in legislature, it can be concluded that any attempt at a comprehensive definition inevitably leads to very broad and complicated definitions of the term travel agency, so including only the basic elements in the definition, which would be explained in more detail in further text, seems like a better approach.

The legal status of travel agencies and conditions needed for their operation

In the domestic legislation, the legal status of travel agencies is determined in the Law on Tourism, which defines them and defines the activity they

perform, as well as special conditions for their operation and responsibilities, but also, in the Companies Act ("Official Gazette of RS" No. 36/2011, 99/2011, 99/2011, 83/2014 - other law, 5/2014, 44/2018, 95/2018 and 91/2019). When it comes to travel agencies, these two laws are intertwined. So, for example, if we go back to the definition of a travel agency as defined by the Law on Tourism as "a company, entrepreneur and other legal entity...", it is clear that this part of the term travel agency refers to the provisions of the Companies Act, more precisely, provision that define what a company is, legal forms, ways of acquiring the status of a legal entity and general conditions for commencing commercial activity, internal organization, etc. However, since a travel agency can also be in the form of an entrepreneur (sole trader), that is, a natural person who is responsible for his obligations with all his assets, and not only with assets belonging to the company, than the provisions regarding the legal status of entrepreneurs from the Companies Act apply as well if the legal form of a travel agency is entrepreneurship. For the sake of better systematization, the interconnection of these two laws that determine the legal status of travel agencies, as well as the conditions for their operation, will be enumerated and presented in points as follows:

1. "A company is a legal person conducting an activity with the aim of gaining profit." (Article 2 of the Companies Act). From further articles, we can conclude that a travel agency, as a company, can be organized in one of the envisaged forms of a company - General Partnership, Limited Partnership, Limited Liability Company and Joint Stock Company (Article 8 of the Companies Act). Thus, a travel agency can be organized in any of the above-mentioned forms of company. It has already been mentioned that the first travel agency in Serbia was organized in the form of a joint-stock company in 1923, almost 50 years after establishing the first joint-stock company (The First Serbian Bank) in 1869. (Maričić, 2020). However, as the internal organization of companies in this legal form is very complex, and therefore other aspects of this form are complex as well (Maričić, 2018), travel agencies will more often be organized in some of the simpler legal forms.
2. "A sole trader is a legally capable natural person who conducts an activity in order to gain profit and who has been registered as such pursuant to the Registration act" (Article 83, paragraph 1 of the Companies Act). This is the part where the systematization of the Companies Act can be questioned, which by its very name should regulate companies, and has a part that concerns sole traders who are natural persons and not companies. This was not the case in the previous Companies Act from 2004 ("Official Gazette of the RS" No. 125/2004), because there was a separate law regulating the legal position of sole traders as natural persons. Starting from 2012, the Law on Sole Traders

ceased to be valid, and the provisions governing their status have been incorporated into the new Companies Act. Considering that the sole trader is not a company, judging by the current legislature, and the case law takes the same position, the question remains why the legislator decided to include regulations considering their legal position in the Companies Act? (Škorić, 2016: 88).

3. The moment of acquiring the status of a legal entity is a very important issue when it comes to companies and gaining profit because it is from that moment that a company can start performing its activity. In Serbia, a company becomes a legal entity at the moment of registration in the registry administered by the Serbian Business Register Agency. The same rule applies for sole traders, keeping in mind that they do not become legal entities when registering, they remain a natural person but are required to register in order to conduct profit gaining activities. This is where the Companies Act and Law on Tourism intertwine because in order to conduct business as a travel agency it is not enough to register with the Serbian Business Register Agency, a travel agency must also register in the Tourism Register, which is defined as "single, electronic, central, public database on registered and/or entered in records economic operators that are performing jobs in the field of tourism, which are registered or entered in records in compliance with the regulations, as well as on other particulars that are to be registered or entered in records in compliance with this Law" (Article 3, Paragraph 1, Item 21 of the Law on Tourism). In the previous Law on Tourism, in further elaboration of what is a travel agency and conditions for carrying out its activities, the Tourism Register is mentioned as an obligation of the agency to register any change in the legal status (establishment of a branch, conducting business outside the headquarters, etc.) in the relevant register (therefore, with the Agency for Business Registers) and the change is to be **entered into records** in the Tourism Register (Article 42, paragraphs 5 and 6). It was unclear whether the registration in the Tourism Register was a prerequisite for a travel agency to acquire the status of a legal entity or not? In other words, was the status of a legal entity acquired after registration with the Serbian Business Register Agency and only then have the obligation to register and note the change in the Tourism Register? If the answer to the previous question was positive, then the travel agency could start its business as soon as it acquired the status of a legal entity by registering with the Serbian Business Register Agency, irrespective of the registration with the Tourism Registry, where it could be subsequently registered, for example, after registering in with the

Serbian Business Register Agency, it could start with promotion of its business, organization, offer, sale and realization of tourism trips without registering with the Tourism register. If it were to be assumed that a travel agency acquires the status of a legal entity by registering with the Serbian Business Register Agency but also by registering with the Tourism Register, then these registrations should happen either at the same time or in the period between one and the other registration, the travel agency could not carry out any commercial activity until both registrations are completed. The new Law on Tourism has somewhat resolved this dilemma, and no longer mentions the Tourism Registry directly, rather it uses the term "**relevant register in accordance with the law**", however, it still uses the term **entered into records** when registering with the Tourism Register. As the Law on Tourism uses the words **entered into records** when referring to the Tourism Register, it can be concluded from the analysis of the regulations in force that the status of legal entity is acquired by a travel agency after being registered with the Serbian Business Register Agency, while it obtains full legal capacity after being registered with the Tourism Register, which is authorized to issue a license to travel agencies (which will be further discussed in more detail), and until then it has a so-called, limited legal capacity in accordance with the system of license and approval in acquiring the capacity of a legal entity (Škorić, 2016).

4. The conditions for performing commercial tourism activities that travel agencies must fulfill are imposed by the Law on Tourism and concern the technical and personnel capacity. The law prescribes the conditions that each travel agency must fulfill in order to be able to carry out its activity³, and this is completely independent of the legal form in which it is organized. So, the same rules apply to the companies and sole traders. Apart from technical and personnel conditions that have to be fulfilled, there is another one without which a travel agency cannot operate, and that is a license issued by the Tourism Register for a period of three years (Articles 54-63 of the Law on Tourism). What is very important for the legal position of a travel agency, including its status of a legal entity and its legal capacity, is the provision of the law that talks about the termination and revocation of the license (Articles 62 and 63 of the Law on Tourism). In both cases of termination and revocation of the license, the travel agency is deleted from the relevant registry. What impact would that have on the agencies' legal capacity?

³ However, detailed conditions regarding spatial capacities are set out by the Minister (Article 50, paragraph 4 of the Law on Tourism)

As the license is necessary for conducting tourism activities, losing a license would mean that the travel agency no longer exists. However, is it like that in practice? As previously pointed out, the status of a legal entity is primarily acquired by registering with the Serbian Business Register Agency, then deletion from only the Tourism Register does not automatically mean the termination of the legal capacity of the agency. Even the Law on Tourism states that even with a revoked license an agency can continue organizing trips, specifically, realizing organized trips that have already been sold, provided that these trips have an issued travel guarantee, as well as proof that the services will be provided by a person who has a signed contract for providing direct services, and if the passenger gives a written agreement (Article 63, paragraph 5 of the Law on Tourism). Thus, even after the loss of the license, the travel agency retains limited legal capacity.

5. There is also a correlation between the Companies Act and the Law on Tourism with regards to labor supervision and penal provisions. In other words, this means that the provisions of both laws may apply to travel agencies depending on their legal form they conduct their commercial activity.

Comparatively speaking, in the EU, legal subjectivity and legal status fall under the scope of the national legislation of the Member States, and there is a comparative application of several legal regulations and solutions, both those in the field of regulating the legal position of companies, and those regulating tourism as an industry.

However, the aforementioned EU directives somewhat, in a general way, provide a unified legal framework for travel agencies, or at least the definition of what is considered to be a travel agency. The national legislature of member states follows this legal framework when dealing with the legal status of travel agencies.

Place and role of travel agencies in the tourism market

In the modern world, tourism is one of the key factors of development, not only of individual tourist destinations and countries but also of the global economy. The activities that make up the tourism industry are ranked among the leading branches of the world economy. To paint a clearer picture, for example, in 2017, 1.333 million people took part in international tourism movements, with revenues from international tourism amounting to the US \$ 1.332 billion (Spasić & Pavlović, 2018:3). In the

World Tourism Organization report for October of 2018, the region that includes Serbia has seen a growth of 12% of arrivals of foreign tourists. The biggest increase was seen in Turkey and Greece, which belong to the same region (<https://www.e-unwto.org/doi/pdf/10.18111/9789284420186>). What would this mean for Serbia specifically? An opportunity, but also a challenge that needs to be tackled in the right way. The picture below shows all the benefits of tourism as an industry branch, and our country should certainly strive for further development of this industry branch.



Source: UNWTO

Of course, the state's efforts to improve tourism development have been noticeable in recent years, but also the willingness to regulate the relations existing in the tourism market. The Tourism Development Strategy takes the quality of tourism services as a starting point for tourism development in Serbia (the Tourism Development Strategy of the Republic of Serbia for the period 2016-2025 ("Official Gazette of the RS" No. 98/2016)). It cannot be denied that travel agencies represent a very important segment of the tourist market, and the state is very interested in regulating their status in an adequate manner. However, 21st-century tourism is a very dynamic and constantly moving category. This is evident not only by the constant increase in the number of tourists and foreign currency inflows but also by the continuous construction of new accommodation and catering facilities. Another indicator that supports this claim is the adoption of a new Law on Tourism in 2019 as an attempt by the legislature to follow the dynamic and everchanging trends in tourism as an industry branch. When we take into account that the adoption of a new law is not a simple procedure and requires the involvement of many components, such as working groups and

bodies, then the efforts of the state to improve tourism, as well as quality in tourism, are even more evident.

Tourism, like any other market, is a set of supply and demand relationships aimed at exchanging material goods and services through currency. The four basic elements of the tourism market are tourism supply, tourism demand, tourist services, and prices. Despite the similarities with other markets, the tourist market has its own specificities. Some of these specifics are:

1. the systemic seasonal concentration of tourist traffic,
2. tourist demand that is directed towards the tourist offer,
3. complex and heterogeneous demand from the perspective of needs,
4. interchangeability,
5. increasingly heterogeneous supply,
6. abstract tourism products,
7. rigid and inelastic supply versus highly elastic demand,
8. inability to store tourism product,
9. simultaneous consumption and provision of services,
10. high overhead costs on the supply side

Based on the specifics of the tourist market, it can be concluded that the relations between tourist demand and tourist supply are far more complex than in other markets. Tourist demand and supply as two halves of the tourist market are of great importance because through their relations all characteristics of tourist demand and tourist supply are manifested, which are in many ways different from the classical supply-demand chains. (Vujović et al, 2012:19). What kind of role can they play and where is the place for travel agencies in this kind of a tourist market? Firstly, in the mediation of tourism services they connect consumers and providers of tourism services, enabling tourists to more easily acquire all the services they need while traveling and staying at a specific destination (Spasić&Pavlović, 2018:24). Next, as travel organizers, travel agencies assist tour operators, operating on a large-scale economy principle, while they themselves have a significant role as retailers, and are important for tour operators as well as other participants in the tourism offer. Finally, another important role of travel agency in the tourism market is stemming from the fact that agencies have direct contact with consumers, precisely tourists, and are often an important source of information streaming from tourist demand to tourist supply. Likewise, they provide information that goes in the opposite direction, from supply to demand (Spasić&Pavlović, 2018).

Conclusion

After theoretical and legal analysis of legal regulations concerning the definition of the concept of travel agencies, their legal status, and analysis of available data concerning the potential of tourism as an industry and the tourism market, starting from the hypotheses originally set out at the beginning of this paper, the authors concluded the following:

1. On the basis of numerous theoretical definitions of the concept of travel agencies, applicable legal definitions of travel agencies have been determined, which have been modified over time and adapted to new trends in tourism development. The legislation clearly shows a strong interest of the state to regulate not only the concept but also the legal status, with a detailed description of the additional conditions that travel agencies need to fulfill in order to have, in practice, the best results in terms of quality of services they provide. Thus, one can confirm the hypothesis that the state's involvement in the precise and detailed regulation of the legal position of travel agencies, and if necessary, introduction of additional conditions that an entity must fulfill in order to start performing its commercial activity, is directly proportional to the importance that such an economic entity - travel agency has on the market.
2. The second hypothesis is certainly to determine the level of importance of tourism as an industry branch through the analysis of legal regulations pertaining to this field. This level is extremely high, not only when considering the analysis of legal and strategic documents, but when looking at the available statistics with all the other benefits that further advancement and tourism development have for a particular region or country. In addition, it is clearly shown that in the tourism market, with all its specifics, travel agencies play a very important role in several segments, and the most important is certainly the connection they make between tourist supply and demand, in other words, in connecting consumers and providers, as well as their informative function that makes the given connections more solid and conditioned.

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FRAUD AND FORENSIC ACCOUNTING IN THE DIGITAL ENVIRONMENT OF ACCOUNTING INFORMATION SYSTEMS: FOCUS ON THE HOTEL INDUSTRY

Aleksandra Mitrović¹; Snežana Knežević²

Abstract

Accounting information systems in the digital environment show opportunities for fraudulent activities. Therefore, knowledge and investigation of fraudulent actions and forensic accounting are of great importance in order to avoid the potential loss of users or minimize them. This paper examines fraudulent actions and forensic accounting in the digital environment of accounting information systems. A descriptive method and a content analysis method were used in this paper to express the subject of the research through a more detailed elaboration of fraudulent activities and the importance of forensic accounting in the digital environment of accounting information systems. A particular focus and practical application of the implications of the paper is on the hotel industry. The research results offer more open-ended questions and opportunities to develop and upgrade this specific area, as always when it comes to frauds and forensic accounting.

Key Words: *fraud, forensic accounting, accounting information systems, digital environment, hotel industry*

JEL classification: *M41, L83*

Introduction

Information technologies are evolving at a high speed, and with their development, the risk increases. One such risk is the huge amount of data generated every second. Technological complexity sets new requirements both for companies and the existing business models. The digital

¹ Aleksandra Mitrović, Ph.D., Assistant Professor, University of Kragujevac, Faculty of Hotel Management and Tourism, Vojvodanska 5a, Vrnjačka Banja, Serbia, Phone: +381 36 515 0024, e-mail:aleksandra.stankovic@kg.ac.rs

² Snežana Knežević, Ph.D., Associate Professor, University of Belgrade, Faculty of Organizational Sciences, Jove Ilića 154, 11000 Belgrade, Serbia, Phone: +381 11 395 0875, e-mail:snezana.knezevic@fon.bg.ac.rs

environment provides many opportunities for companies, but can also pose a potential threat through various fraudulent opportunities. Accounting information systems in an era of increasing development and the use of digital environment may also be compromised.

A competitive environment that is undergoing constant changes requires the application, development and improvement of information technology in the hotel industry. Hotels must apply new technologies that lead to an understanding of consumer needs and contribute to meeting current service delivery needs. Therefore, technology information should be an indispensable resource in hotel operations to maximize work performance (Oltean, Gabor & Conțiu, 2014).

Fraud has always existed, but the rapid development of technology creates new opportunities for fraud. It is necessary to know the possibilities and effects of fraud, starting from the human factor, through accounting information systems, because no matter how much information technologies develop, the impact of human resources is still present. Employees or executives who are prone to fraud are usually ambitious, over-calculating and good planners, living above their earning potential, having social and psychological as well as financial problems, perfectly manipulating others to cover up the trail of fraud, and having high corporate confidence (Mitrović, in progress, 2020).

The actuality of the research topic, in the world of increasing risk of fraud and fraud itself, is the reason for the research of fraud and forensic accounting in the digital environment of accounting information systems. At the beginning of the paper, the digital environment of accounting information systems as well as about fraud and forensic accounting were provided through the literature review. The implications of the research subject are presented through a special focus on the hotel industry, that is, viewed by fraud and forensic accounting in the digital environment of accounting information systems, with the focus on the hotel industry.

Literature review - About digital environment of accounting information systems

The possibility of shaping the future of accounting, in the emerging and developing technologies of recent years, is very dynamic (Mitrović & Milašinović, 2019). With the advent of information technologies (IT), the use of IT solutions to support the collection and communication of

accounting information must be a priority as part of initiatives to increase business competitiveness and productivity (Mitrović & Knežević, 2018).

Accounting challenges and their most important information technology answers, include (Belfo & Trigo, 2013: 539):

- Web Services & Internet of Services,
- Mobile devices,
- Cloud Computing,
- Environmental scanning,
- Business Intelligence,
- Enterprise Architecture & Enterprise Application Integration,
- Business Process Management,
- Computer Assisted Auditing Tools and Techniques and
- Big Data.

Figure 1: *Accounting challenges and their most important information technology answers*



Source: Adapted by: Belfo & Trigo, 2013

Figure 1 presents the most important current tendencies and challenges around accountancy and finance, respectively linked with some technological approaches that should provide adequate answers to those challenges.

The advancement of information technology greatly influences the development of enterprise accounting systems, leading to the simplification of many processes, thereby creating efficient operations. The accessibility of computer technology for small businesses opens up many opportunities to improve their business. The advancement of information technology has made the flow of information efficient that improves management decision-making, thereby increasing the ability of businesses to achieve goals. However, it should be borne in mind that information technology applied in accounting is not "perfect". With regard to the enterprise accounting information system, these systems greatly assist in the accounting processes. However, we need to consider the possibility that the system may sometimes become inefficient, as is the case with some accounting softwares. Today, information technologies have improved accounting processes, but computers still cannot replace the human role in accounting systems (Lim, 2013).

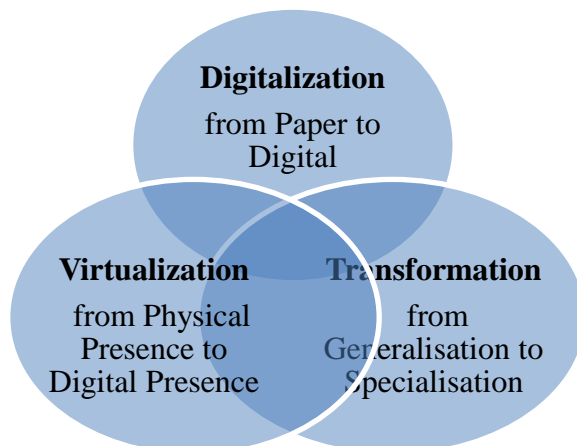
Geoffrey Moore (AICPA, 2012) points out that the trends presented in Figure 2 are of great importance for the future of development and they will affect the future of accounting services in the second half of the 21st century. These include digitalization, virtualization and transformation.

Vaassen (2002: 3), in defining accounting information systems, emphasized four related elements of accounting information systems, namely:

- Information systems,
- Provision of management information,
- Accounting and administrative organisation and
- Internal control.

The task of accounting information systems is to support decision-making, in technical form through the collection, retrieval, processing, storage and provision of relevant information to managers when making decisions. In a digitized environment, accounting information systems can collect and upgrade to huge databases to serve this task.

Figure 2: *The Future of Client Accounting Services*



Source: *American Institute of Certified Public Accountants (AICPA). 2012. Accounting Services: Harness the Power of the Cloud. White paper. New York, NY: AICPA, p. 3.*

The widespread use of information technology enhances accounting functions to be more efficient and effective in supplementing accounting information. Accounting information systems enable more accurate reporting, processing of a large number of transactions and making of significant reports for analysis purposes (Mitrović & Knežević, 2018). Consequently, accounting information systems bring numerous savings, the most significant of which are savings in time and cost, that is, resources.

Literature review - About fraud and forensic accounting

There are several professional organizations and associations in the world involved in fraud research and education regarding the fraud prevention. The most famous is the Association of Certified Fraud Examiners - ACFE. ACFE is the world's largest anti-fraud organization providing education and certification in fraud prevention and detection. With more than 85,000 members worldwide, the association reduces fraud in the business environment around the world, addresses their prevention and detection, and ensures public confidence in the integrity, objectivity and professionalism within the profession. The organization's headquarters is in Austin, Texas and it was founded in 1988. According to ACFE, fraudulent activities can be divided into: financial statements fraud, corruption, and fraudulent property related activities (see the Association of Certified Fraud Examiners (ACFE) (2018), Report to the nations, a

global study on occupational fraud and abuse), and Fraud Magazine (also an ACFE publication)). Fraud Magazine is a journal devoted to timely, insightful articles on white-collar crime and fraud examination techniques. ACFE Professional Organization in the Republic of Serbia - Association of Certified Fraud Examiners of Serbia (ACFE Serbia) is a voluntary, non-governmental and non-profit association, founded in April 2019. The primary goal of the organization is to serve the community by promoting the fight against fraud and corruption, above all through more effective detection of fraud and corruption and the prevention. In addition, it deals with spreading the knowledge and awareness in the field prevention of fraud and corruption, both among professionals, persons performing public functions and the general public.

Any fraud investigation is partly art and partly science. The scientific element comes from academic training in accounting theory, especially auditing, but also the knowledge of business practice and acquired legal processes through experience. As for the artistic element, many may argue that accounting is an art, not a science, but that is not the discussion of this paper.

Jack Ciesielski, publisher of The Analyst's Accounting Observer, added "When the profession does things right, it's not noticeable. When things go awry, that's news." (Quoted from Silverstone & Sheetz, 2007: 61).

The word forensic comes from the Latin word *forensis*, which means "forum" or "the one in the square" (Bošković, 1999). Therefore, the meaning of the word is associated with ancient Rome, in which a forum or square represented the place of conducting various commercial and state affairs, but it also was the place of trial. Forensics is becoming an interdisciplinary field by leveraging a variety of scientific advances and insights. Forensic accounting, as a new discipline, has been developed to successfully counter fraud and restore confidence in financial statements, all through examining and interpreting evidence and facts and expert judgment on the basis of that. The question is what makes a well-trained and experienced accounting professional a good financial investigator? First and foremost, this is the knowledge of human behaviour, his/her "sixth sense" for red flags and a good intuitive sense of the significance of evidence. The forensic accountant must have an interdisciplinary approach to shedding light on various issues, and therefore use accounting, auditing and investigative knowledge. Back in 1996, forensic accounting was among the 20 most sought-after professions of the future, and Mitrić,

Stanković and Lakićević (2012) confirmed these claims by stating that it is estimated that in the coming years, in developed market economies, a forensic accountant is to be one of the 20 most sought-after professions.

Accounting professionals play two important roles in any forensic investigation: as leading financial investigators and, potentially, as expert witnesses in civil or criminal trials. In the first case, they represent key figures in any fraud investigation, as they know the accounting systems and internal controls and know how to track the flow of assets in, through and outside the enterprise. They are also in a position to provide independent, objective criticism of the enterprise. This criticism should not only cover problems in the accounting system that allowed fraud to occur in the first place, but also address the integrity of the people at the centre of the process. As experts in assisting with case and testimony strategy, accounting professionals know the rules of evidence, what documents to look for, who to talk to, and more (Silverstone & Sheetz, 2007: 64). A forensic accountant gathers evidence for the purpose of forming an opinion, which is generally expressed as an opinion or presented as expert evidence in court. In conducting business, it is advised to conduct an investigation that will be required to report formally on findings and procedures conducted. Writing a report can therefore be considered a key responsibility of a forensic accountant. ACFE has laid down the general standards contained in the Fraud Examiners Manual, as follows: professional competence, due professional care, planning and supervision and sufficient relevant information. In addition to the general ones listed above, also applied are the reporting standards documenting the basis for reporting the results of financial crime investigations, in a practical way, such as: preparation, accuracy, clarity, impartiality, relevance and timeliness (see Mikerević et al., 2013: 534-535.)

Fraud and forensic accounting in the digital environment of accounting information systems: Focus on the hotel industry

The hotel business accounting sector assists other departments with the appropriate procedures to be followed by each department to provide planned sales of products and services to customers, following established hotel policies and procedures (Mitrović & Knežević, 2018).

Modern technology, which evolves from day to day and takes on new forms, affects all segments of the enterprise. In the hotel industry, no less than in other, it is affecting changes in the overall hotel operations. The

application of new technologies in hotel business, according to Barjaktarović and Pindžo (2016: 10) influences:

- Establishment of an electronic way of managing the current business (including the integration of all business functions in the hotel - finance, accounting, research, sales and marketing, human resources, control, inventory management, etc.), and
- Construction of their own and inclusion in one of the reservation systems, which enables fast, cheap and efficient informing, booking, possibility of electronic payment, etc.

Hotel companies have recognized the importance of new technologies, and in recent years, there has been an increasing investment in them. The ultimate goal of the investment is to meet the expectations of guests, while meeting the legal, technical and other requirements that are constantly being imposed on hotel business owners.

Mobile solutions are also being developed, such as smart devices in the reception area, digital signage and control devices in guest rooms.

A good financial investigator must be well versed in practice scams, in general and for a particular industry. Great experience, based on the frauds that have already occurred, allows the investigator to quickly decide which documents will be most useful and who should be interviewed or questioned. Some industries, such as insurance, construction and banking, are particularly prone to fraud, so investigators may specialize in these areas. There are certainly more advantages to the specialization of investigators for a particular industry, as each is inherently specific and carries a number of different critical points regarding the possibility of fraud occurring (Silverstone & Sheetz, 2007).

Entering data into the computer, or the phase of entry when talking about the processes covered by the accounting information system, carries a high risk of manipulation, and most often means altering the data before or during entering it into the computer. This kind of manipulation can be done in many ways, most often by:

- adding data,
- omitting data,
- modifying the existing data,
- replacing the existing data, and
- deleting the existing data.

The above activities usually lead to changes in payroll, generation of fictitious employees, external associates or suppliers, changes and most often increase of overtime hours, counterfeiting of loan amounts or instalments of loans, payments of suppliers repeatedly, fictitious promotion of employees, increase of collection of receivables, creation of fictitious transactions, termination of employment, but not payment of earnings and removal from the payroll, transfer of money to false accounts, false stock balance, etc. (Petrović, 2004: 228-229).

In today's time of development of information and communication technology, when information is mainly created and stored electronically, a good knowledge of computers and information technology is an essential part of the investigator's tools. Computer forensics techniques are also common in financial investigations. These techniques can help recover "deleted" information, such as emails and proprietary information transferred to unauthorized computers. Then, once the evidence has been collected and the suspects identified, the good communication skills required to write a report that ties the whole story together and makes well-supported argumentation clear come to the fore. The ability to translate and communicate complex accounting issues and information in clear and understandable language is an important part of testimony. When a forensic scientist determines the existence of appropriate irregularities, he shall refer to regulations that clearly indicate the irregularities found. It is the experience of American practice that forensic scientists must extract evidence that is clear and unambiguous, so as not to cause distrust of the indictment. Evidence usually comes from two basic sources. The first is accounting records and any basic documentation that may exist. In many cases, the evidence found in these records may suggest additional research in the external form of databases, such as public records and court documents. The investigator's experience should indicate which issues are well supported by evidence, which need additional evidence, and which are merely circumstantial. A second source of evidence is collected during the interview process. The interview can be conducted with key internal staff, external sources and, eventually, suspects and any outside parties, such as sellers or contractors. The financial investigator must also be a good psychologist and be able to assess the likelihood of any suspect being a fraudster. Paper and electronic evidence may show that accounting irregularities exist, but unless the evidence relates to individuals, fraud cannot be identified (Silverstone & Sheetz, 2007).

Numerous techniques can help with fraud investigations. Forensic accounting is related to the investigation process, and is therefore a great support in litigation and the issue of forensics in accounting is inseparable from computer support. Specifically, it is crucial to develop skills in programs such as Word, Excel, Access, and PowerPoint, because to detect fraudulent activity, it is necessary to use these programs to perform analysis and report writing. Bearing in mind that the "targets" use these programs (individuals and companies under investigation), it is essential for the forensic accountant to know how to navigate through complex files and detect fraud. In addition, it is important to have a good knowledge of accounting software commonly used in the investigation area, and some of the more familiar are: QuickBooks, Peachtree, SAP, Oracle, because most of the targets being explored use these softwares. Forensic accountants need to identify what tools they necessitate to gain knowledge in identifying fraudulent actions, and preventive action, as well as the potential use of information systems (Business Intelligence Systems – BISystems), which provide computerized support for irregularities detection and fraud detection and prevention. It is also interesting to mention the so-called Benford's Law as a powerful tool for detecting fraudulent financial transactions, Relative Size Factor (RSF) for determining the largest number in the data and linking to the next largest item; then Data mining techniques and methodology for detecting internal fraud (in a corporate database), and finally, performing analysis to detect fraud in financial statements (Knežević, 2019: 116; Knežević et al., 2019). An example is the research on the application of Altman's Z score model for bankruptcy prediction of enterprises, based on a sample of 7 hotel companies listed on the Belgrade Stock Exchange within the sector I - Services of Accommodation and nutrition (Milašinović et al., 2019). In addition, the forensic specialist usually looks for anomalies, major deviations, unusual items and unexpected items.

It is also useful to consider the role of audit in fraud detection and forensic accounting. There is no doubt that both internal and external audit is of great importance. An audit report, as the ultimate legal product of an audit, can be misleading and result in millions of losses if it is forged or used for fraudulent purposes (Knežević & Mitrović, 2017). We have witnessed throughout the history of many different cases where auditing as a profession failed and was involved in a number of fraudulent activities. Likewise, the accounting profession, if applied in business in accordance with general and ethical principles, can be used to prevent and detect fraudulent activity (see Knežević et. al, 2019).

John E. Nichols, Vice President of Internal Audit at Starwood Hotels & Resorts Worldwide Inc. from Phoenix, points out that hotels have a problem with credit cards, and the frauds in connection with them. Credit card fraud is a major problem for businesses of all kinds, but hotels, as well as other types of businesses, can be protected if they follow credit card procedures (cited from Barrier, 2001).

Speaking of fraudulent financial reporting, according to Vasilev, Cvetković & Grgur (2019), one of the most common cases when committing fraudulent acts in hotels is fictitious revenue recognition, through the absence of real customers. Through this type of manipulation, revenues are increased, leading to an increase in profits that have no cash flow coverage. In addition, a common situation with a hotel is to cover up its obligations to business owners, or to non-business lenders, with the hotel hiding these loan agreements so as not to come into a situation that is marked as overdue. In addition, non-disclosure of transactions with legal entities is linked to situations where hotels may ignore invoices. The aim of the hotel when reporting fraudulent invoices is to reduce the amount of company expenses and overestimate profits. Hotels manipulate profits in this way for the sake of showing better performance and thus gaining a better relationship with creditors and hotel owners. Improper valuation of property refers to the overestimation or underestimation of the value of the property of the hotel that is intended to be sold, for the benefit of users at the expense of users of the information contained in financial statements.

The methods used by a forensic accountant to detect financial fraud are numerous. There are various models that aim to detect manipulation of financial information using ratio numbers, indexes and advanced statistical tools. These methods have proven useful in detecting manipulation of financial information, and day by day new methods are discussed. Each method has unique advantages and disadvantages. The forensic accountant should choose the appropriate method after analysing the dimension of financial information manipulation. Most often we talk about the following methods: Benford Law, Beneish Model, Analytical Procedures, Datamining Techniques and Red Flags (Özcan, 2019).

It is indispensable to speak of the importance of internal control, which must play an active role in governance. Therefore, hotel companies that have not established an effective internal control system are at greater risk of fraud. Responsible for large-scale financial fraud and company failure are the initiatives and introduction of internal controls in companies.

Internal control is a process that is implemented and conducted in order to ensure an acceptable belief of the management of the company on the issues of effectiveness and efficiency of business activities; the reliability of the financial statements; reliability and timely preparation of accounting data; and compliance of business activities with business policies and laws. In hotel companies, internal control is gaining in importance (see Çetin & Yetiş, 2017). There is no such system of internal control that would provide effective protection of the assets of the company every time, which means that the system of internal control cannot detect and prevent all frauds or fraudulent activities in the enterprise. Efforts should be made to develop an internal control system and all mechanisms that may result in the reduction of detectable or corrective controls. It is widely accepted that internal control contributes to the prevention of corporate manipulation and fraud. Given that there is always a risk of adverse events, companies that do not have a system of controls carry a higher risk of irregularities, errors and abuses. For the implementation and continuous improvement of internal control, information technology is needed, which would influence the improvement of business control, through delegation of duties, possibility of checking, etc. Consequently, modern day controls are more than based on modern information technology. This technology, thanks to its capabilities, reduces the possibility of fraud, but also increases the possibility of detection in the event of an occurrence (Mitrović, in progress, 2020).

Conclusion

The question is why is interest in forensic accounting growing year after year? The answer to this question is very complex, but the basis lies in an increasingly complex environment. Therefore, the complexity of financial fraud and embezzlement is greater. Forensic accountants are expected to be impartial, independent and objective about the businesses and issues they are researching. They represent such professionals, who, in addition to the set of knowledge and practical skills they possess, are most often aware that frauds occur in unexpected situations and by persons of whom it is least expected.

When we talk about fraudulent activities and the profession of a forensic accountant, even when it is determined that there are no irregularities, this does not mean complete certainty that there are no irregularities or fraudulent activities. Not all frauds will be detected or investigated until they are fully resolved. This does not mean that the next (more detailed)

check will not identify irregularities or fraud. Accounting, as a rule, with a large number of data, usually means the inability to check every piece of information in detail. Therefore, there is always a risk of non-detection. There are also potential starting points for fraudsters, as well as a growing education and development of techniques and methods to help detect fraud. Information and communication technology brings about the development of methods and techniques, but also the increasing emergence of new ways to commit fraud.

Cost-benefit analysis, based on the subject of the research, can in this case answer the very simple question: Is it cost effective to hire a forensic accountant? The answer to this question may be to compare the costs with the magnitude of the direct loss of the enterprise and the damage caused to the reputation of the company resulting from the fraud, and is even greater if the fraud lasts for a long period of time involving more people.

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MEDICAL TOURISM IN SERBIAN SPAS – ARE WE COMPETITIVE?

Tatjana Mišić¹; Aleksandra Bradić-Martinović²

Abstract

Medical tourism is gaining increasing importance in the world and can represent a significant lever for regional development. Serbia is rich in thermal springs that have spa facilities. However, many spas have been devastated in the last twenty years. In this paper, we have analyzed modern tourist medical services in specialized hospitals in Serbian spas to determine whether the offer is in line with world trends. The results of the analysis showed that the services are still conventional, related to rehabilitation and diagnostics. Only a few leading spas introduce modern, non-invasive medical treatments that are becoming a source of competitive advantage.

Key Words: *medical tourism, spa, modern medical spa services, Serbia*

JEL classification: *L83, Z32, I31*

Introduction

Tourism is one of the fastest-growing economic and social activities. Data from the United Nations World Tourism Organization - UNWTO showed that from the 50s in the 20th century, the number of international tourist trips increased from 25 million to 1.4 billion (Roser, 2020). Accordingly, in the 68 years (1950-2018), international tourist traffic has increased 56 times. The UNWTO (2019) states that the tourism growth rate over the ten years (2008-2018) was 4%.

The importance of the tourism industry is also reflected in economic parameters. As reported by the WTTC (World Travel & Tourism Council,

¹ Tatjana Mišić, magistar medicinskih nauka, Specialist in general medicine, Vazduhoplovno medicinski institut Zemun, Sonje Marinković 16, tanja.misic@yahoo.com

² Aleksandra Bradić-Martinović, PhD, Senior research associate, Institut ekonomskih nauka, Zmaj Jovina 12, Beograd, abmartinovic@ien.bg.ac.rs.

2019), in the period 2014-2018 tourism accounted for 10.4% of global GDP and 10% of the world's employees were employed in this industry, while one-fifth of all jobs was created in tourism. Tourism is also a significant industry for the Serbian economy, since the direct contribution to the GDP is 2.3%, and its total contribution to GDP is 6.7%. The projected growth rate is 2.7% over the next few years, and the share of GDP is expected to be 8%. Almost 5% of jobs in Serbia are in tourism and activities that support the tourist offer, which makes 96,500 employees (WTTC, 2019).

According to the data from the Statistical Office of the Republic of Serbia (2019), in the period 2010-2019, Serbia recorded positive growth rates of tourist arrivals and overnight stays. Tourism demand was unstable, primarily as a result of the decline in domestic guests, which is characteristic for the period 2010-2014. Since 2015, there has been a period of strong growth. In 2019, Serbia recorded 3.7 million arrivals and 10 million overnight stays, with growth rates in the last ten years is 6.3% and 4.2%, respectively. Compared to 2018, 7% more arrivals and 7.3% overnight stays were registered at the end of last year. Another desirable feature of tourism demand is the increase in the share of foreign tourists. That share was 21% in 2009 and almost 50% in 2019. However, despite the exceptionally favourable trend, Serbia ranks 83rd (out of 140 countries) measured by the Global Travel & Tourism Competitiveness Index 2019 Overall Rankings with a score of 3.6 and - which is 5.7% difference from the global average. The value of the index indicates that Serbia still has space to improve its competitive position in global tourism (Bradić-Martinović & Miletić, 2018).

Spas represent a significant dimension of tourism in Serbia. In 2019, one-third of the total tourism overnights were recorded in spas. In the last five years, the rate of increase in the number of arrivals in spas has been 11.6%, while the number of overnights has increased by 8.5%. Despite the substantial share of spa tourism and the encouraging growth, the Tourism Development Strategy of the Republic of Serbia (2016-2025) states that *"no progress nor significant investments have been made in improving the quality of tourism products, especially in health and wellness tourism in spas"* despite the fact that our country has *"50 spas and climatic places and over 1,000 springs, of which about 500 with cold and warm mineral water, as well as the abundance of natural mineral gases and medicinal mud, has enormous potential in the health/wellness segment"*. The same document concluded that spa/wellness and health tourism in spas are strategic tourism markets for the tourist economy of the Republic of Serbia. Additionally,

the results of their analysis showed that the causes for the current state include outdated and inadequate tourism management model, marketing and way of promoting destinations (changing focus from product to guest experience), as well as the lack of public and private sector collaboration in product development, establishing a complete value chain and marketing activities. A particular limitation is also the insufficient quality of the workforce in tourism and the hotel industry (Chroneos Krasavac et al., 2018).

The importance of spas and spa tourism can also be seen through the prism of regional development. Despite the lack of a new regional development strategy for Serbia, we will rely on the previous version, which covered the period 2005-2012. It states that the local (regional) development goals are an increase in regional competitiveness, reduction of regional inequalities and poverty and halting the negative demographic trends. The same document points out that *"the development priority of tourism should be aimed at increasing the volume of tourist traffic through a greater supply of quantitative (greater use of existing and construction of new, modern and diverse accommodation capacities) and qualitative tourism factors (further development of different types of tourism through more selective affirmation of natural, anthropogenic and cultural content), which will contribute to greater competitiveness of the region on the domestic, but also wider, European market"* and thus *"the development of tourism in cities, spas and mountains, as well as rural tourism will influence the most rational increase of the competitiveness of the Republic of Serbia as a country, but also regionally"* (2007).

Based on the presented figures and strategic documents, we have assumed that the development of spa tourism can significantly contribute to the further development of tourism in Serbia (Bradić-Martinović & Miletić, 2017). We believe that investing in the modernization of medical services in Serbian spas can provide an additional impetus to the development of domestic and spa tourism, within the framework of balanced regional development. Therefore, the paper aims to determine the current state in Serbian spas regarding modern tourism medical services, as a tourism product.

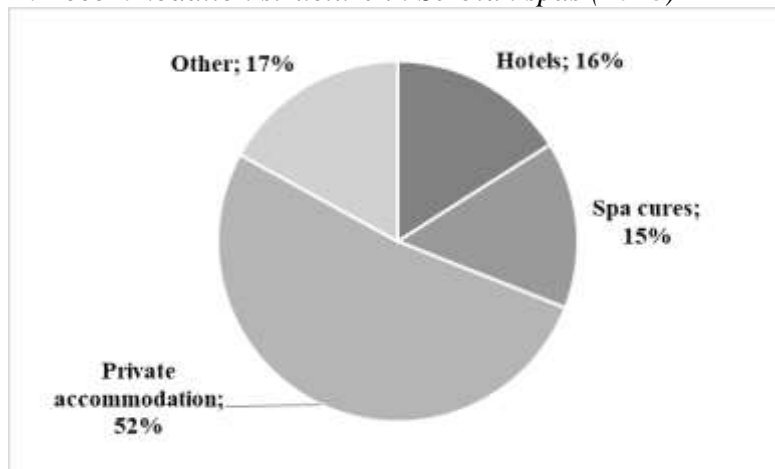
Development of spas and spa tourism in Serbia

Spa tourism in Serbia has a long tradition and tourist offers started to grow in the late 19th and early 20th century, but their status has been diverse, and

still is (Ljubisavljević & Radosavljević, 2018). During that period, guests began to visit spas such as Banja Koviljača, Sokobanja, and Vrnjačka Banja, as well as Vranjska Banja, Ribarska Banja, and Bukovička Banja, Arandelovac. These spas combine the availability of thermal and mineral resources - an appropriate source for the development of medical tourism.

In the second half of the twentieth century, the State recognized the potential of thermal spas. Consequently, in 20 Serbian thermal spas, specialized rehabilitation hospitals (RH-centers) have been established, almost all of which are still operating. These hospitals have the dominant support of the Serbian health system through the transfer system of the Republic Fund for Health Insurance (RFZO). The costs of accommodation/medical treatment of domestic guests are covered by the RFZO as directed by a doctor, or after treatment at one of the regular hospitals in the conventional health care system.

Figure 1: *Accommodation structure in Serbian spas (2018)*



Source: *Statistical Office of Republic of Serbia (2019)*

Serbian Spas Market indicators - Statistical Office collects and publishes data for 20 spas, and these spas are officially classified as tourist resorts, as presented in Table 1. Based on these data, RH-centers offer (measured by the number of beds) 16% of all spa's accommodation, additional to Private (52%) and Hotel accommodation – Hotels and Garni hotels (18%) (Statistical Office of RS, 2019). Other capacities, with the minimum contribution in the total offer, are Overnights, Apartments, Climatic cures and Resort hostels. Except for several spa facilities based on destination spa principles, almost all of Serbia's spa objects are outdated, below

international quality standards, waiting for further steps in the context of privatization. Even in the current circumstances, there is a space for significant progress if appropriate changes in management occur, and the principles of responsible and professional management are introduced.

In the past five years, total spa accommodation increased by 2.0% (CAGR), but from 2017 to 2018 the total number of beds decreased by almost 1,000 (Table 1). The situation is much less favourable if we observe spas individually. In Ribarska Banja and Banja Kanjiža we have exceptionally high growth as a result of their modest starting position. Still, we have negative trends in Mataruška Banja, Gamzigradska Banja, and Vranjska Banja.

Table 1: *Distribution of beds in Serbian spas (2014-2018)*

Spas	2014	2015	2016	2017	2018	2014/18
Bukovička Banja	1,081	937	1,219	1,135	1,158	1.74%
Banja Vrujci	905	731	731	2794	942	1.01%
Vranjska Banja	205	236	184	908	141	-8.93%
Vrnjačka Banja	4,144	4,232	4,342	4,396	4,615	2.73%
Gamzigradska Banja	358	212	389	237	237	-9.80%
Gornja Trepča	2,591	2,600	2,614	2,528	2,528	-0.61%
Banja Kanjiža	460	456	516	456	798	14.77%
Banja Koviljača	994	1,197	1,142	1,123	1,081	2.12%
Mataruška Banja	548	917	454	230	200	-22.27%
Selters Banja	437	437	437	437	437	0.00%
Niška Banja	796	796	796	796	796	0.00%
Ribarska Banja	247	247	247	567	587	24.16%
Sijarinska Banja	908	937	935	949	1,109	5.13%
Sokobanja	6,194	5,972	6,238	5,958	6,923	2.82%
Total	19,868	19,907	20,244	22,514	21,552	2.05%

Source: *Statistical Yearbook of the Republic of Serbia, 2015-2019*

On the demand side, in the period 2014-2019 total number of arrivals in Serbian spas increased by 11.6%, and the total number of overnights by 8.5%. Based on the data presented in Table 2, we can conclude that the trends are different and in some cases, spas recorded extremely high growth rates, for instance, Sokobanja (24.0%) and Banja Vrdnik (14.6%). There are also reverse examples - Mataruška Banja (-32.4%), Banja Rusanda (-10.5%) and Vranjska Banja (-7.1%) with high negative growth rates.

Table 2: *Arrivals in Serbian spas (2014-2019)*

Spas	2014	2015	2016	2017	2018	2019	2014/18
Vrnjačka Banja	146,756	175,153	202,820	213,194	247,709	283,491	14.0%
Sokobanja	42,438	41,676	45,918	53,915	101,167	124,877	24.0%
Bukovička Banja	28,102	29,145	34,564	37,152	33,591	32,885	3.1%
Mataruška Banja	2,792	1,173	464	514	426	394	-32.4%
Banja Koviljača	15,147	15,094	23,026	24,028	24,156	24,322	9.9%
Prolova Banja	11,731	14,363	14,078	15,862	17,718	18,227	9.2%
Gornja Trepča	9,913	9,718	11,180	12,120	11,621	12,269	4.3%
Vranjska Banja	4,413	2,523	2,143	2,336	2,284	3,050	-7.1%
Banja Kanjiža	11,662	13,579	11,560	12,073	12,312	12,892	2.0%
Banja Junaković	6,744	7,530	7,007	8,502	10,336	10,630	9.5%
Banja Vrdnik	14,481	18,094	23,577	28,798	27,814	28,700	14.6%
Banja Rusanda	2,299	2,093	1,900	1,294	1,266	1,315	-10.5%
Banja Palić	22,030	26,656	28,725	31,879	30,218	33,668	8.8%
Selters Banja	6,973	5,910	4,924	5,315	5,589	5,612	-4.2%
Lukovska Banja	11,152	12,616	13,344	13,808	13,753	12,877	2.9%
Gamzigradska Banja	3,105	2,255	1,750	1,654	1,881	2,072	-7.7%
Ribarska Banja	7,419	7,538	7,749	10,680	10,239	9,810	5.7%
Sijarinska Banja	5,721	5,802	6,060	7,681	7,998	8,742	8.8%
Banja Vrujci	7,688	9,656	10,162	10,972	10,889	10,542	6.5%
Niška Banja	4,916	4,747	5,059	5,282	4,454	3,728	-5.3%
Total	386,345	427,456	477,102	519,151	596,884	670,044	11.6%

Source: *Statistical Yearbook of the Republic of Serbia, 2014-2019*

It is also essential to have an insight into the ratio of overnight stays for domestic and foreign tourists. For all spas, this ratio has been slightly improved. In 2014, 11% of guests were foreigners, and in 2019 Serbian spas hosted 13% from abroad. In 30% spas, the share of foreign guests decreased. Five spas recorded growth above average, which is driven by Banja Palić, Banja Koviljača, and Vrnjačka Banja. In all Serbian spas, the average length of stay dropped slightly in the period 2014-2019, from 4.8 to 4.2 days.

We can conclude that the trends of tourist supply and demand in Serbian spas in the period 2014-2019 are improving on average, but with significant positive and negative deviations.

Table 3: *Structure of overnights in Serbian spas in% (2014-2019)¹*

Spas	2014		2015		2016		2017		2018		2019		Dif I ²
	D	I	D	I	D	I	D	I	D	I	D	I	
Vrnjačka Banja	87	13	85	15	85	15	86	14	85	15	85	15	1
Sokobanja	95	5	94	6	97	3	97	3	93	7	92	8	3
Bukovička Banja	81	19	82	18	83	17	82	18	82	18	84	16	-2
Mataruška Banja	97	3	99	1	93	7	94	6	95	5	96	4	1
Banja Koviljača	86	14	81	19	78	22	78	22	78	22	77	23	10
Prolo Banja	88	12	88	12	90	10	89	11	88	12	87	13	1
Gornja Trepča	82	18	83	17	86	14	85	15	85	15	85	15	-2
Vranjska Banja	95	5	96	4	96	4	95	5	96	4	95	5	0
Banja Kanjiža	73	27	80	20	83	17	76	24	78	22	80	20	-7
Banja Junaković	91	9	88	12	90	10	89	11	89	11	89	11	1
Banja Vrdnik	89	11	89	11	92	8	88	12	89	11	88	12	1
Banja Rusanda	97	3	96	4	96	4	96	4	95	5	92	8	5
Banja Palić	70	30	56	44	64	36	64	36	64	36	67	33	2
Selters Banja	99	1	99	1	99	1	98	2	99	1	98	2	1
Lukovska Banja	95	5	93	7	94	6	93	7	92	8	93	7	2
Gamzigradska Banja	99	1	99	1	98	2	98	2	98	2	75	25	24
Ribarska Banja	93	7	94	6	95	5	95	5	97	3	97	3	-4
Sijarinska Banja	96	4	98	2	98	2	98	2	97	3	98	2	-2
Banja Vrujci	91	9	93	7	95	5	94	6	95	5	95	5	-4
Niška Banja	88	12	87	13	86	14	87	13	87	13	80	20	8
Total	89	11	88	12	88	12	88	12	88	12	87	13	2

¹ Agenda: D – domestic; I – international

² Note: The column represents the difference between the share of foreign guests in 2019 and 2014

Source: *Statistical Yearbook of the Republic of Serbia, 2014-2019*

Health, medical, wellness and spa tourism

It is challenging to determine the exact definition of medical tourism due to significant overlaps in the literature in terms of health, medical, and wellness tourism. Health tourism is an umbrella term containing a health and tourism component (Hofer et al., 2012). One of the first definitions was given by the World Tourism Organization (WTO) – "*Health tourism is associated with travel to health spas or resort destinations where the primary purpose is to improve the traveler's physical well-being through a regimen of physical exercise and therapy, dietary control, and medical services relevant to health maintenance*" (Gee & Fayos-Sola, 1997). Erfurt-Cooper & Cooper (2009) consider that any trip that makes us healthier can

be referred to as health tourism. Goeldner (1989) makes the term clearer, starting with the three components of health tourism - staying (at least one night) outside the home, having health as a travel motive, and incorporate some form of leisure.

Many authors view health and medical tourism as synonyms, while Connell (2011) proposes that these terms can also be considered from the standpoint of passive/active experience. In essence, medical tourism involves treating illness, while health tourism also includes wellness techniques such as relaxation, massages, yoga, stay in thermal pools, saunas, Turkish baths, salt rooms, etc. Spasojević et al. (2004) distinguish three types of health/medical tourism - health resorts (involves intervention and recovery), curative (implies rehabilitation), and wellness (put the focus on well-being, i.e., healthy body and healthy mind). Similarly, multiple and conflicting definitions of medical tourism exist, due to the difficulty in separating medical tourists from other patients, and lack of a global standards-setting body. Consequently, scientific researchers, states, and even hospitals within states, have adopted different definitions. For that reason, a comparative analysis is associated with huge constraints.

Medical tourism (basically) has non-leisure motives. Tourists want to get medical treatment in appropriate medical facilities (hospitals, clinics, health professionals, equipment) (Kušen, 2011). Also, often it can be seen as an additional medical service to conventional tourism (UN ESCAP, 2009). The narrowest definition of medical tourists includes those travellers whose primary motive is medical services, but it can also be leisure tourists who opt for getting treatment during the visit. Some authors (Crozier & Baylis, 2010; Balaban & Marano, 2010; Connell, 2011) find the necessity for a tourist to cross an international border in order to be classified as a medical tourist, while others (Jagyasi, 2010; Gligorijević & Novović, 2014) also include domestic trips with medical motives. In case of international medical tourism motives are varied, dissatisfaction with medical services in the host country, high costs, lack of adequate insurance, improvement of quality of medical services in developing countries, unequal legal and ethical attitudes regarding complex health conditions (abortions, organ transplants, stem cell therapy, euthanasia, etc.), greater mobility, increased demand for aesthetic surgery (Connell, 2011). Connell (2006) also emphasizes that medical tourism implies that medical services have to be consumed in a relatively exotic location and during holiday. Goodrich & Goodrich (1987) argues that some tourist facilities (hotels) or destinations (spas) use health services with the aim of attracting guests and

offer them additional service. These health services may include examinations by qualified doctors and nurses at a resort or hotel, special diets, acupuncture, transvital injections, intake of vitamin complexes, unique medical treatments for various diseases such as arthritis and the like, but exclude surgery. Also, tourist medical services could be highly invasive, such as heavy surgery (heart, organ transplants, hips, etc.), and include rehabilitation in an appropriate environment. Based on these differences, we have two types of medical tourists. The first group is consisting of persons who travel for medical services. In the second, persons travel mainly for tourism reasons but consume medical treatment(s) during the stay at the destination. Spa tourism, as a component of health tourism, offers services mainly based on mineral and thermal water. Medical spa centers follow the concept of "*indulge and contribute to health*". They promise extensive medical care in a comfortable setting. During a medical stay at a modern spa, the doctor assumes responsibility for health and recovery. The treatment is maximally tailored to the guest's health, although this medical aspect cannot be compared to the formal medical procedure. Medical wellness is not based on the treatment of patients but mainly on prevention. Finally, medical wellness provides a good reason for long-term lifestyle changes (Ministry of Trade, Tourism and Telecommunication RS, 2009). The medical spa can be perceived as integrated spa services, therapies and treatments aimed to provide wellness and medical care (Pollmann, 2005) to avoid overlap with the terms health and medical tourism.

Modern services in medical tourism

Medical tourism has a very long history, and there is evidence that ancient civilizations used spas with thermal and mineral springs for healing and recovery. This is typical for the ancient Romans (Hall, 2013). The practice was maintained until a few decades ago when there was rapid progress in this area. During the globalization and the technical and technological revolution, medical tourism services, in addition to natural resources, have begun to rely on modern techniques to promote health. As a result of that, the range of advanced medical tourism services is widespread and covers the treatment of severe medical conditions (cancer, organ transplantation, orthopedic surgery - hips, knees, back, spine, Bariatric surgery - lap-band, gastric bypass, gastric sleeve, sex change, etc.), invasive cosmetic services (breast implants, facelift, body couture, etc.), but also services without invasive procedures. Given the fact that there is no clear boundary between the terms health and medical tourism, it is challenging to precisely

determine the list of treatments that would qualify as tourism medical services. The focus of this paper is on spa medical tourism. Therefore we will focus our analysis on light, non-invasive medical services, broadly divided into general, cosmetic and dental services. The main reason is the fact that spa hospitals and hotels do not have appropriate medical resources for heavy surgery and treatment of heavy conditions. The modern tourism medical services include:

- Check-ups and health screening: ECG, ultrasound, heart hormone evaluation, lab work, assessment of fitness, training, circulation, and advice on heart problems and cardiac dysrhythmia, Thermographic evaluation, General cardiovascular evaluation, computerized digital dermoscopy, Digital Panoramic Dental X-Ray – orthopantomography, initial eye screening, etc.
- Dental services: dental implants, dental jewelry, corrective jaw surgery, gum treatment, crowns and caps, etc.
- Aesthetic medical spa services: dermabrasion, microdermabrasion, dermal fillers, laser hair removal, microblading, micro-needling, permanent makeup, sclerotherapy, skin rejuvenation and resurfacing, ultherapy, vaginal rejuvenation (laser or radio frequencies), vampire facelift (Platelet-rich Plasma), etc.
- Metabolic balance - treatment for overweight and obesity and
- Alternative and complementary medicine: Acupuncture, Ayurveda, Homeopathy, Naturopathy, Chinese or Oriental medicine, Chiropractic and osteopathic medicine, Electromagnetic therapy, Quantum (bio-resonance) diagnostics and treatments, Bowen therapy, etc.

Many spas in the world provide these services through the offer of specialized hospitals, clinics, high-class hotels and similar facilities. Leading European countries in the field of health tourism are Austria, Germany, Switzerland, Czech Republic, Slovakia, Lithuania, Italy, Portugal and Spain. According to the Best European Health Spas website, the following hotels are highlighted in the field of medical tourism Grandhotel Lienz, Austrija (5-star); Longevity Health & Wellness Hotel, Alvor, Portugal (5-star); Spa Hotel Royal Palace, Turcianske Teplice, Slovakia (5-star); Hotel Imperial – SPA & Health Club, Karlovy Vary, Czech Republic (5-star); Vilalara Longevity Thalassa & Medical Spa, Porches – Lagoa, Portugal (5-star); Luxury Spa Hotel Olympic Palace, Karlovy Vary, Czech Republic (5-star); Savoy Westend Hotel, Karlovy Vary, Czech Republic (5-star); Tree of Life SPA Resort, Lazne Belohrad, Czech Republic (4-star); Regena Health Resort & SPA, Bad Brueckenau,

Germany and Boutique & Feelness Hotel Muerz, Bad Fuessing, Germany (4-star) (Best European Spas website).

Box 1: *Example of a modern medical spa hotel package "Royal Cardio medical" package in the Spa Hotel Royal Palace, Turcianske Teplice, Slovakia (11 days)*

- 10 nights in chosen room category;
 - 1x complex initial medical examination of all organ systems and examination focused on cardiovascular system;
 - 1x ECG examination and 1x Exercise ECG examination;
 - 1x Echocardiographic examination;
 - 1x Holter ECG monitoring and 1x Holter monitoring of blood pressure;
 - 1x complex biochemical blood examination to assess cardiovascular, endocrinological and oncological risk factors;
 - 1x preparation of your individual treatment plan;
 - 21x spa treatment procedures based on physician's recommendations; treatments may include hydro therapy, massages, individual rehabilitation, dry CO2 wrap, oxygen therapy, gas injections, ergometer, group rehabilitation, electro therapy, Nordic walking & more;
 - Unlimited access to the Aqua Park and herbal sauna, incl. early morning swimming 1 hour before the park opens;
 - Daily 30 min. admission to the thermal spring bath "Royal Bath"
-

Source: *Best European Health Spas*

The services, in most cases, are in the form of packages that cover medical, spa and wellness facilities, with complementary tourist services. Prices vary depending on the type of medical services, accommodation and number of days. Box 1 presents an example of a medical spa hotel package as a benchmark for similar offers.

Medical tourism services in Serbian spas

After the Second World War, in the period of socialist Yugoslavia, spa destinations were targeted by social plans for the treatment, rehabilitation, and recreation, which accelerated their development. Considering that the opening of the specialized hospitals as spa resorts was the result of political decisions, they are evenly distributed throughout the territory of Serbia. In the context of the uncontrolled development of tourism, spas have grown into urban settlements, with weekend settlements and rental houses, attached. In most cases, spas lost their status of health and medicine resorts as a result of developmental delays and neglect. With more substantial tourism development and revitalization of the market economy, spas are slowly but well recovering - old hotels are being rebuilt and new ones are

being established. It is also important to emphasize that research shows "there is room for improvement in the level of services which would lead to the greater guests' satisfaction" (Vujić, et. al, 2019). Today, the medical market supply of Serbian spas can be divided into two basic categories, the specialized hospitals – RH-centers offer and private services. As reported by RFZO, Table 3 presents spas with RH centers (specialized hospitals) in Serbia.

Table 3: *Distribution of RH centers (special hospitals) in Serbian spa**

Spa	Name of RH-center of the specialized hospital
Gornja Trepča Spa	Specialized Rehabilitation Hospital "Atomska banja", Gornja Trepča
Junaković Spa	Specialized Rehabilitation Hospital "Junaković", Apatin
Kanjiža Spa	Specialized Rehabilitation Hospital "Banja Kanjiža", Kanjiža
Kovijača Spa	Specialized Rehabilitation Hospital, Banja Koviljača
Rusanda Spa	Specialized Hospital "Rusanda", Melenci
Vrdnik Spa	Specialized Rehabilitation Hospital "Termal", Vrdnik
Bujanovačka Spa	Specialized Rehabilitation Hospital "Bujanovac", Bujanovačka Banja
Gamzigradska Spa	Specialized Rehabilitation Hospital "Gamzigrad", Gamzigradska Banja
Mataruška Spa	Specialized Rehabilitation Hospital "Agens", Mataruška Banja
Niška Spa	Institute for Treatment and Rehabilitation of Rheumatic and Cardiovascular Diseases, Niška Banja
Prolom Spa	Specialized Rehabilitation Hospital "Prolom banja", Prolom Banja
Ribarska Spa	Specialized Rehabilitation Hospital, Ribarska Banja
Selters Spa	Institute for Rehabilitation "Selters" Mladenovac
Sijarinska Spa	Specialized Rehabilitation Hospital "Gejzer", Sijarinska Banja
Sokobanja	Specialized Rehabilitation Hospital "Banjica", Sokobanja; Specialized Hospital for Lung Diseases and Tuberculosis "Ozren", Sokobanja; Specialized Hospital "Sokobanja", Sokobanja
Vranjska Spa	Special Hospital for the Rehabilitation of Degenerative Rheumatism and Post-traumatic Conditions, Vranjska Banja
Vrnjačka Spa	Special Hospital for the Treatment and Rehabilitation of Digestive and Diabetes Organ Diseases, Vrnjačka Banja

* we included spas classified as touristic places

Source: *PIO fund, 2020.*

These hospitals are central spots and providers of medical tourism services in Serbian spas, and 95% offer basic medical check-ups, rheumatological

rehabilitation, neurological rehabilitation, orthopedic rehabilitation and lung therapies ((Ristić-Andelkov et al., 2015), according to their primary purpose. In this paper we do not intend to conduct a detailed analysis of spa medical services, but to determine if Serbian spas offer modern medical tourism services. We used publicly available information on the Internet and promotional materials from *42nd Belgrade Tourism Fair*.

Most hospitals offer diagnostics (labs, ultrasound and ECG) (Ristić-Andelkov et al., 2016a, Ristić-Andelkov et al., 2016b), while the list of services includes Electrostimulation, Peloid therapy, Interphrent therapy, Electrophoresis, Steadily galvanization, Diadinamic, High-frequency currents, Electromagnetic therapy, Vasculator, Pharadization, Hydrokinezi therapy, Hidrogalvanic bath, Kryo therapy, Extension of the spine, Magnet therapy. Only a few hospitals have differentiated offer, which includes Orhtokin treatment for rehabilitation, Peloid therapy, Quantum therapy (and diagnostics), Osteodensitometry, etc. Only few hospitals and hotels offer services similar to European spa centers and hotels. Institute Niška Banja has special diagnostic programs and treatment (Program for examination and treatment of rheumatic diseases; Program for testing and treatment of cardiovascular patients; and Manager "check-up"). Box 2. contains a set of services, as an example of a modern tourist medical offer.

Box 2: Manager "check-up", 3-5 days

- Full board accommodation
 - Examination by the specialist in internal medicine-cardiologist
 - Risk factors for coronary atherosclerosis-dyagnostic and correction
 - Standard electrocardiogram-analysis
 - Rö graphy of the heart and lungs
 - Laboratory analysis of parameters in blood and urine
 - Echocardiographic heart examination
 - Colordopler of the neck blood vessels
 - Exercise test
 - Prescription of medicamentous therapy and diet regime
 - Examination by the specialists in physical medicine and rehabilitation
 - Examination by the specialist in internal medicine-rheumatologist
 - Prescription of balneo-physical therapy
-

Source: *Pricing of Special Diagnostic Programs and Treatments - Institute Niška Banja*

Hotel Merkur in Vrnjačka Banja also has a form of modern spa medical services. This medical spa complex has basic and additional services, with initial effort for introduction of green hotels (Kostić, et. al, 2019). For example, they have Tecar apparatus, Extensometer, Osteodensitometry,

Gastroenterologist's checkup, EMNG, Thyroid gland hormones and Gynecologist's checkup. The hotel offers several packages: Fast diagnostics, The Merkur Medical Package, Classical Half-Board and SPA Haf-Board (does not include medical services). The Merkur Medical Package is presented in Box 3.

Box 3: *The Merkur Medical Package*

-
- Accommodation in ½ room
 - Full board meal plan
 - 1 x medical check-up + ECG
 - 24/7 medical team on duty
 - Balneal therapies with thermal mineral water
 - Medical visits three times a week
 - Dietetics and anthropometry
 - Laboratory services
 - Consultative specialist and subspecialist checkups, as recommended by the doctor
 - 3 x physical procedures a day as recommended by the doctor
 - Admission into the Aqua Centre and Fitness Centre every day
 - Additional laboratory analyses and physical therapies, depending on the patient's conditions and needs
-

Source: *The Merkur Medical Package*

Vrnjačka Banja, the most developed spa in Serbia, has the Center of Medical Aesthetics "Marijana" with modern equipment and services (Hyaluron, Botox, PRP treatments, Ultrasound cavitation, Zeron laser, Face lifting with radio waves, Chemical Piling, etc.). Prolom Banja has a capacity for radio-wave surgery and diamond microdermabrasion. At the same time, specialized hospital *Sokobanja* offers two programs, *Antisress program* and "*Soko life*" for the regulation of body weight. Still, neither the printed leaflet nor the website provides any information about these packages. Five-star hotel *Premier Aqua* in Vrdnik is the only hotel in Serbia that offers high-class services in medical tourism similar to modern world spas, through its own medical centre *Aqua Medica*. Medical services are in the form of packages, i.e., *Medical Day* (minimum 4 nights), *Beat Diabetes*, *Detox package*, and *Detox with Oxygen*. Guests can also have Aesthetics treatments (Exilis radiofrequency and Mesotherapy - no needle mesotherapy).

Conclusion

Even though spa tourism in Serbia has a long tradition, the services currently offered in specialized hospitals (Rh-centers) are not in line with the trend of modern tourist medical services. The private market in domestic spas almost does not exist, except for the high-class hotel in Banja

Vrdnik. We take into account the possibility of omission, but it was only possible as a result of poor promotion because we relied on detailed analysis of promotional materials (printed and virtual).

In order to become competitive, Serbian spas need to update and upgrade medical services and to offer modern tourist products to the market. Having in mind that this type of medical services are mainly correlated with wealthy guests, it is not likely to expect that specialized hospitals can upgrade their facilities in a short time. Public-private partnership is a model that could connect medical resources and higher quality accommodation. Serbia is an emerging country and for that reason, it is essential to use and to mix all available resources to become competitive, at least in the regional market. We believe that medical services in spas is one of the chances to improve the tourist offer.

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THE ROLE OF VISIBLE INTANGIBLE ASSETS IN IMPROVING BUSINESS PERFORMANCE OF HOTEL COMPANIES

Jasmina Ognjanović¹

Abstract

The dominance of the knowledge-based economy has led to the intangible assets being seen as a key factor in the development of hotel companies whose efficient use results in competitive advantage and superior performance. The paper considers visible intangible assets which are one part of intangible assets shown in the hotel's balance sheet. The aim of the paper is to examine the impact of visible intangible assets on the business performance of hotel companies in the Republic of Serbia. This paper analyzes ROA, ROE and RevPAR business performance indicators. The research hypotheses are tested using regression analysis and non-parametric test-to-test differences between groups. Research results do not support the impact of visible intangible assets of hotel companies on business performance indicators observed. Furthermore, the results point to a difference in the value of visible intangible assets between 3-, 4- and 5-star hotels.

Key Words: *intangible assets, business performance, profitability, Serbia, hotel companies*

JEL classification: *L25, O34*

Introduction

The service sector is becoming dominant in contemporary economies, which raises the question of whether service companies use the "force" of intangible assets in order to create a better competitive position and high performance (Ognjanović, 2016). A part of the service sector is the hotel industry, which must develop certain resources to survive in a competitive environment. Intangible assets have all the necessary characteristics necessary to gain the company a competitive advantage, as defined by

¹ Jasmina Ognjanović, MSc, Teaching Assistant, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvodjanska 5A 36210 Vrnjačka Banja, +381 (0)63 60 89 43, jasmina.lukic@kg.ac.rs

Barney (1991). Namely, they are valuable, rare, unsuitable for imitation and non-substitutable. The role and importance of intangible assets of hotel companies in a competitive environment can best be assessed by analyzing their impact on the hotel's business performance.

The aim of the paper is to examine the impact of visible intangible assets on the business performance of hotel companies in the Republic of Serbia. The value of visible intangible assets is taken from the financial statements of the hotel companies operating in the Republic of Serbia in 2018. Business performance is monitored through the rate of return on assets, rate of return on equity and revenue per available room. Besides the introduction and conclusion, the paper includes three more parts. The first part of the paper provides an overview of previous studies on intangible assets and business performance, with particular reference to the role of intangible assets in hotel companies. The second part of the paper describes the observed variables and defines the research hypotheses and the statistical methods used. The third part of the paper provides the presentation and discussion of the obtained research results.

Literature review: Intangible assets

The rise of the knowledge economy or post-capitalist society in the last decade of the twentieth century has placed focus on knowledge and intangible assets as key factors responsible for the economic and financial prosperity of companies (Castro et al., 2019) driving a sustainable competitive advantage and the value-creation process (Bollen et al., 2005; Sriram, 2008). Among companies that base their activities on the use of knowledge, the difference in the value of intangible assets becomes the main factor that determines the process efficiency and the ability of organizational units to create value (Frutos-Belizón et al., 2019).

Intangible assets are defined as a set of non-financial assets, with no physical presence, used for the production and/or supply of goods or services or for rental to others (Chareonsuk & Chansa-ngavej, 2010) which, at the same time, have the capacity to produce future economic benefits and reduce company costs (Lev, 2001; Green, 2007). For some authors, intangible assets and intellectual capital are synonymous, while for others, intellectual capital forms a part of intangible assets. Lev (2001) and Bhatia & Aggarwal (2018) refer to intangible assets as intellectual capital and knowledge assets. Boekestein (2009) also considers that intangible assets (including goodwill) overlap substantially with intellectual capital. Bollen

et al. (2005) point out that intellectual capital plays a significant role within intangible assets. Bontis et al. (1999) summarize the definitions of intellectual capital and conclude that most authors view intellectual capital as a set of intangible resources and their flows that contribute to the value creation process of a company and are controlled by companies (Bollen et al., 2005). Intangible assets and intellectual capital are regarded as synonymous in this paper, as intellectual capital is used to describe the entire intangible assets of companies, including processes, innovation capacity, patents, employee knowledge and their capabilities, talents, skills, and social recognition (Frutos-Belizón et al., 2019).

Although intangible assets contribute to an efficient value-creation process and have a positive impact on the company's market value and financial performance, the value of the intangible assets is not fully reflected in the corporate balance sheet (Boeckestein, 2009). One part of intangible assets, the so-called invisible intangible assets, is not disclosed in financial statements. For these reasons, the way accountants treat intangible assets is a frequently contested and unresolved issue (Haji & Ghazali, 2018) which contradicts the knowledge economy idea that knowledge, i.e. intangible assets, is most relevant to the activities of knowledge-based companies (Boeckestein, 2009). Unclear accounting treatment and inability to value intangible assets results in a distortion of profitability indicators (ROA; ROE) and market indicators (MB, P/E) in relation to actual values (Ferdaous & Rahman, 2019). Furthermore, inaccurate accounting treatment of intangible assets causes their being recognized in the balance sheet when the company is purchased on the market (as the difference between the market and the book value of the company) but not after its internal development (Schiemann et al., 2015). Inappropriate accounting treatment of intangible assets is a consequence of differences in accounting rules and policies applied in different parts of the world (Boeckestein, 2009) as well as unclear property rights to control intangible assets (Schiemann et al., 2015). This situation causes future earnings from intangible assets to become uncertain while the valuation of intangible assets often relies on unknown environmental factors (Schiemann et al., 2015). Moreover, the problem of valuing these assets becomes more pronounced when merging two or more companies (Boeckestein, 2009).

Intangible assets and business performance

Proponents of resource-based theory suggest that company's business performance results from the effective and efficient use of its tangible and

intangible assets (Firer & Stainbank, 2003). Some authors (Han & Li, 2015) interpret intangible assets as contributing to the acquisition of superior business performance. According to KBV (knowledge-based view), heterogeneous employee knowledge and capabilities, i.e. components of intangible assets, become the main determinants of differences in the value of business performance between companies (Ferdaous & Rahman, 2019).

All services and activities, which play a key role in the hotel business, should be analyzed and their performance measured. For measuring the performance of hotel companies, traditional measures such as financial statements have been recognized as an important control tool (Zigan & Zeglat, 2010). To analyze the impact of intangible assets on the business performance, the so-far conducted studies have used the following types of performance indicators: assets turnover, ROA and ROE, and M/B ratio (Market to book ratio) (Chowdhury et al., 2019); profitability, productivity and market valuations (Firer & Stainbank, 2003); accounting-based performance (ROA) and market-based performance (Tobin's Q) (Hamdan, 2018); portfolio at risk ratio (PAR), net profit ratio, loan loss recovery ratio, repayment rate, portfolio yield, and return on assets (ROA) (Kamukama et al., 2010).

Ferdaous & Rahman (2019) cite differences (gaps) in understanding the relationship between intangible assets and business performance. First of all, problems arise because there is no specific model for measuring intangible assets. Besides, a large number of methodologies have been connected utilizing data samples in a variety of international settings including the USA, Canada, the UK, Australia, Germany, and Turkey to raise the issue of generalization on empirical results. The same authors state the problem that the direct link between intangible assets and business performance is not fully understood, which is why the issue of identification, classification, and the measurement of intangible assets becomes a priority but still unresolved in the area of finance, economics and management.

Studies that have analyzed the relationship between intangible assets and business performance come to the following results. Han & Li (2015) conclude that intellectual capital has a positive impact on innovation performance. Ferdaous & Rahman (2019) state that the results reveal mixed behavioral effects of intangible assets on firm performance. The results of the panel regression analysis, conducted by Bhatia & Aggarwal (2018), show that intangible assets have a positive impact on the business

performance of the company. Chareonsuk & Chansa-ngavej (2010) conclude that the elements of learning and growth have an impact on internal business processes, the internal process element has an impact on external structure, while the external structure element affects business performance. Haji & Ghazali (2018) conclude that intangible liabilities have a significant negative impact on company operations, while intangible assets have a constant impact on business performance. Alipour (2012) proves that value added intellectual coefficient (VAIC) and its components have a significant positive relationship with the profitability of the observed companies. Chowdhury et al. (2019) conclude that VAIC components significantly explain ROA and that ROA is mostly influenced by variations in human capital. Cohen & Kaimenakis (2007) conclude that there is a positive impact of individual components of intellectual capital on the performance of SMEs. The findings of Firer & Stainbank (2003) suggest that the company's intellectual capital performance may explain profitability, and productivity, but not market valuation. Hamdan (2018) conducts a study that proves the link between intellectual capital and accounting performance but negates any relationship between intellectual capital and market performance. Ahmed et al. (2019) conclude that realized absorptive capacity plays a positive mediating role in the relationship between intellectual capital dimensions and those of business performance. Peng et al. (2007) reveal the relative importance and ranking of human, organizational and relational capital (components of intellectual capital) and performance indicators. Wang & Chang (2005) demonstrate that intellectual capital components, other than human capital, affect the business performance of observed IT firms in Taiwan.

Intangible assets in hotels

The success of hotel companies is less and less dependent on investment in fixed assets, since the business model today is particularly reliant on other business factors such as the management of intangible assets and the components that make it (brand, employee knowledge, company's ability to innovate) (Krambia-Kapardis & Thomas, 2006). In order to respond to the dynamic and competitive environment in which they operate, hotel companies are becoming dependent on employee knowledge and information (Allameh, 2018) or intangible assets. Such changes are accompanied by a shift to a knowledge economy based on investment in human resources, information technology, research and development and advertising (Laing et al., 2010). The current situation in the hospitality industry is characterized by increased competition, which requires

operational decision-making processes based on knowledge and information about achieved business performance (Zigan & Zeglal, 2010).

Even though hotels are not primarily considered knowledge-intensive, they are engaged in service delivery (Engstrom et al., 2003). The strategy of hotel companies is based on the idea that the value components of the hotel's offer should reflect the high level of quality services provided (Vujić et al., 2019). Among other things, the quality of the hotel service depends on the knowledge of its employees. The individual knowledge of the employees and the organizational knowledge of the hotel, expressed in routines, systems, customer databases, or elements of intangible assets, are considered to be important factors for the efficient hotel management in a competitive environment (Engstrom et al., 2003) and the creation of quality services. Based on the aforementioned, it can be concluded that in the field of tourism and hospitality, researchers recognize intangible assets as a key resource for value creation (Krambia-Kapardis & Thomas, 2006; Davey et al., 2017). For Roubi (2004), intangible assets of a hotel imply location design, business start-up costs, management contracts, skills, and a brand.

The accounting treatment of intangible assets also tackles hotel companies (Laing et al., 2010). Engstrom et al. (2003) conclude that it is important to determine the total value of intangible assets in hotels because of its potential relationship with business performance. The same authors state that the valuation of intangible assets provides useful information on key business areas, resource allocation, business strengths and weaknesses, benchmarking, and future management. Davey et al. (2017) emphasize that, despite the importance of intangible assets that create value in hotel businesses, non-objective reporting of intangible assets still impedes the ability (skills) of stakeholders to assess an organization's distinctive capabilities and competitive advantage. Roubi (2004) refers to hedonic pricing models as a robust and objective tool for measuring hotel intangibles and decomposing the value of total assets. The results confirm the effectiveness of this model.

Previously conducted research on intangible assets in hotel companies yields the following results. Kengatharan (2019) demonstrates the strong correlation between intellectual capital and employee productivity in the observed hotels. A mediated relationship between individual facets of intellectual capital and firms' performance through productivity is also affirmed. Sardo et al. (2018) conclude that there is an impact of intellectual capital (human, structural and relational capital) components on the

financial performance of small and medium-sized hotels in Portugal. The components of intellectual capital, human and relational capital are becoming key elements of hotel success and the basis of creating high-quality hotel services. Ognjanović (2017) looks at intellectual capital through human, structural and relational capital and proves the presence of a positive and statistically significant relationship between relational and structural capital in hotel companies in Serbia. Zeglat & Zigan (2013) demonstrate a positive and statistically significant influence of all intellectual capital dimensions on the business performance of the observed hotels. The results of Bontis et al. (2015) study show that the financial performance of Serbian hotels is still influenced by tangible assets and that the productivity of employees and partly profitability are influenced by the components of intellectual capital, human and structural capital.

Research instrument and methods

Sample description

The sample consists of 88 hotel companies operating in the Republic of Serbia in 2018 under activity code 5510 – Hotels and similar accommodation.

Table 1: *Description of the sample in terms of category, legal form, size and number of employees given in percentages*

Category	Share in a sample	Legal form	Share in a sample
***	41%	Limited liability company	82%
****	52%	Stock company	16%
*****	7%	Entrepreneur	2%
Company size	Share in a sample	Number of employees	Share in a sample
Micro	26%	to 9	14%
Small	49%	from 10 to 49	45%
Medium	25%	50 and over	41%

Source: *Author*

The list of such hotels is taken from the website of the Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia. The necessary data for conducting research on the value of visible intangible assets and business performance is taken from the website of the Business Registers

Agency of the Republic of Serbia, specifically from the financial statements of hotel companies.

Being viewed in terms of category, legal form, size and the number of employees, the sample is dominated by four-star hotels (52%), limited liability companies (82%), small companies (49%), and those with the employee number ranging between 10 and 49 (45%), respectively (Table 1).

Variables in the research model

The realization of the set research objective involves defining the variables used in the research model. The paper analyzes *visible intangible assets* as an independent variable. The value of visible intangible assets for conducting the research is taken from the financial statements of the observed hotel companies. The balance sheet item "Intangible assets" includes the sum of investment in development, concessions, patents, licenses, trademarks and service marks, software and other rights, goodwill, other intangible assets, preparing intangible assets, and prepaid expenses for intangible assets.

The dependent business variables are the following business performance indicators:

Return on Assets (ROA) - calculated as a net profit to total assets ratio (Bontis et al., 2015). The company's performance is evaluated using this ratio which reflects the degree of efficiency in employing assets to obtain profit (Alipour, 2012).

Return on Equity (ROE) - the most significant performance indicator in financial analysis for both current and potential shareholders, as it demonstrates the extent to which shareholder wealth maximization has been achieved (Bhatia & Aggarwal, 2018). ROE is calculated as a ratio of net profit to book value of equity (Bontis et al., 2015).

Revenue per available room (RevPAR) – It combines prices and productivity as a ratio of total business revenue and the number of rooms available. It measures the earning power of a hotel when renting rooms (Beech & Chadwick, 2006).

Research hypotheses

H₁: There is a statistically significant impact of visible intangible assets on the business performance of hotel companies.

H_{1a}: There is a statistically significant effect of visible intangible assets on the rate of return on assets (ROA) of hotel companies.

H_{1b}: There is a statistically significant effect of visible intangible assets on the return on equity (ROE) of hotel companies.

H_{1c}: There is a statistically significant effect of visible intangible assets on the revenue per available room (RevPAR) of hotel companies.

H₂: There is a statistically significant difference in the value of visible intangible assets owned between hotels of different categories.

Statistical tools used

The collected data are processed with the support of the Statistical Package for Social Sciences IBM SPSS Statistics, Version 23. A confidence interval of $\alpha = 0.05$ is used to determine statistical significance. The set research hypotheses are tested by applying simple regression analysis and non-parametric tests to test differences between groups.

Results and discussion

Descriptive statistics describes the sample based on the values of arithmetic mean, standard deviation, and skewness and kurtosis of the sample. The mean for the observed visible intangible assets in the observed sample is RSD 1,299,727. The maximum value of visible intangible assets, presented in the financial statements for the observed sample, is RSD 18,060,000. Looking at the business performance indicator values in the sample, the ROA mean is -72.5; ROE mean is 45567.3 while RevPAR mean is 3520635. The highest standard deviation is observed with RevPAR (Std. Dev. = 5,204,679.8). Given that most of the skewness results obtained are positive, except for ROA, it can be concluded that most of the obtained results are to the left of the arithmetic mean, i.e. closer to the lower values. All kurtosis values are positive, which means that distribution has a pointy peak.

The next step is to test the normality of the distribution. The sample consists of 88 hotel companies and is larger than 50 units, which means that Kolmogorov-Smirnov test is used to test the normality of distribution. Looking at the obtained values of the specified test, it can be concluded that the normality of the sample distribution is not proven since the value of statistical significance for all observed variables is $p = 0.000$.

The strength and direction of the relationship between the observed variables are analysed by applying correlation analysis. In this case, since the normality of the distribution has not been proven, Spearman's rho coefficient is applied. Looking at the results of the correlation analysis (Table 2), it can be concluded that visible intangible assets have the strongest and statistically significant relationship with the variable revenue per available room ($\rho = 0.353$; $p = 0.001$), while the relationship with the remaining two variables ROA and ROE is not proven. By observing the relationship between business performance indicators, the strongest relation is present between ROE and ROA ($\rho = 0.718$; $p = 0.000$), while the low-strength, but statistically significant relationship was observed between ROA and RevPAR ($\rho = 0.222$; $p = 0.038$).

Table 2: *Correlation matrix*

Variables	Visible intangible assets	ROA	ROE	RevPAR
Visible intangible assets	1	0.133	0.041	0.353**
ROA	0.133	1	0.718**	0.222*
ROE	0.041	0.718**	1	0.171
RevPAR	0.353**	0.222*	0.171	1
* Correlation is statistically significant at the level of 0.050.				
** Correlation is statistically significant at the level of 0.000				

Source: *Author calculation*

The impact of visible intangible assets on the business performance of the observed hotel companies is tested by simple regression analysis. Conducting this analysis involves the pre-testing of fulfillment of necessary conditions relating to multicollinearity and autocorrelation. Multicollinearity, i.e. a high degree of correlation between variables, is measured on the basis of the VIF coefficient, which should not exceed 5. Autocorrelation is measured on the basis of Durbin-Watson statistics, which should not exceed 4. For all three observed models the assumptions to conduct regression analysis are fulfilled.

Table 3: *Model 1 – Visible intangible assets and ROA*

Variables		Standard multiple regression		
Dependent	Independent	Beta	t value	Sig.
ROA	Visible intangible assets	0.066	0.610	0.544

Dependent variable: ROA

*Significance: ** $p \leq 0.01$; * $p \leq 0.05$*

$R^2 = 0.004$

$F = 0.372$

$p = 0.544$

Source: *Author*

Based on the results of the regression analysis for Model 1 (impact of intangible assets on ROA), hypothesis **H_{1a} is not accepted** ($p = 0.544$), i.e. there is no statistically significant effect of visible intangible assets on ROA. The coefficient of determination R^2 is 0.004, which means that 0.4% of the variability of ROA is explained by the regression model while the rest is influenced by other factors. The values of β , t , and Sig. are given in Table 3.

Table 4: *Model 2 – Visible intangible assets and ROE*

Variables		Standard multiple regression		
Dependent	Independent	Beta	t value	Sig.
ROE	Visible intangible assets	-0.049	-0.456	0.649

Dependent variable: ROE

*Significance: ** $p \leq 0.01$; * $p \leq 0.05$*

$R^2 = 0.002$

$F = 0.208$

$p = 0.649$

Source: *Author*

Model 2 analyzes the impact of visible intangible assets on ROE. Regression analysis does not confirm the impact of visible intangible assets on ROE of the observed hotel companies, i.e. the hypothesis **H_{1b} is not accepted** ($p = 0.649$). The coefficient of determination is $R^2 = 0.002$, which means that the regression model explains 0.2% of the variability of ROE while the rest is influenced by other factors. The results of the regression analysis for Model 2 are shown in Table 4.

In Model 3, the relationship between visible intangible assets and the RevPAR of the observed hotel companies is analyzed. Considering the results of the regression analysis given in Table 5, it can be concluded that

the hypothesis **H_{1c} is not accepted**, i.e. there is no statistically significant effect of visible intangible assets on RevPAR. The coefficient of determination of R^2 is 0.004, which means that 0.4% of the variability of RevPAR is explained by the regression model while the rest is influenced by other factors.

Table 5: *Model 3 – Visible intangible assets and RevPAR*

Variables		Standard multiple regression		
Dependent	Independent	Beta	t value	Sig.
RevPAR	Visible intangible assets	0.062	0.574	0.567

Dependent variable: RevPAR

*Significance: ** $p \leq 0.01$; * $p \leq 0.05$*

$R^2 = 0.004$

$F = 0.329$

$p = 0.567$

Source: *Author*

Table 6: *Results of Kruskal-Wallis H test*

	Visible intangible assets
Chi-Square	11.391
df	2
Sig.	0.003

Grouping Variable: Hotel categorization

Source: *Author*

In order to test the H_2 hypothesis, the Kruskal-Wallis H test is used, which is a non-parametric technique for comparing the results of a continuous variable for three or more groups (Pallant, 2009). The results of the above given test are shown in Table 6.

Considering the results presented in Table 6, hypothesis **H₂ is accepted**, i.e. there is a statistically significant difference in the level of visible intangible assets held by 3-, 4- and 5-star hotels. Based on additional testing of the differences between the two groups of hotels (3 and 4 stars, 3 and 5 stars, 4 and 5 stars), with the help of Mann-Whitney U tests, one can conclude that there is no difference between visible intangible assets owned by hotel companies. The 3- and 5-star hotels differ in the level of visible intangible assets value ($p = 0.000$) and this difference is also observed between the 4- and 5-star hotels ($p = 0.020$).

Conclusion

Visible intangible assets include the sum of investment in development, concessions, patents, licenses, trademarks and service marks, software and other rights, goodwill, other intangible assets, preparation of intangible assets, and prepaid expenditure for intangible assets. The results of the correlation analysis indicate that visible intangible assets have the strongest and statistically significant relationship with RevPAR ($\rho = 0.353$; $p = 0.001$), while the relationship of visible intangible assets and the remaining two business performance indicators (ROA and ROE) has not been demonstrated. Using the Kruskal-Wallis H test, the presence of a difference in the level of visible intangible assets held by the 3-, 4- and 5-star hotels is proven, thus proving the H_2 hypothesis. Regression analysis does not prove statistically significant influence of visible intangible assets on observed business performance indicators, ROA, ROE and RevPAR, i.e. hypotheses H_{1a} , H_{1b} , H_{1c} are not proven. In interpreting the results obtained in this way, one should rely on the fact that the financial statements of the hotel companies do not show the total value of intangible assets, but only one, visible part of it. Expressing the total value of the intangible assets of hotel companies would affect different research results, since Ferdaous & Rahman (2019) also state that due to unclear accounting treatment and the inability to evaluate the total intangible assets, there is a deviation of the values of business indicators from the real ones.

The research conducted has several *limitations*. The first limitation concerns the number of hotels included in the sample. According to the list of hotels on the website of the Ministry of Trade, Tourism and Telecommunications, a certain number of hotels are not registered under activity code 5510 – Hotels and similar accommodation. Thus, the sample does not include such hotels. The second limitation goes beyond the first one and relates to the fact that consolidated balance sheets have been provided for domestic hotel chains, which has called into question the precise calculation of the number of rooms available and, thus, the calculation of RevPAR values. The third limitation relates to the accounting treatment of intangible assets in the sense that the total value of intangible assets is not shown in the balance sheet but only one, visible part of it. In most hotels, the largest share in the value of intangible assets is taken by concessions, patents, licenses, trademarks and service marks, software and other rights, while other components (investment in development, other intangible assets, etc.) are not reported.

Practical implications. Considering that the relation between visible intangible assets and the observed business performance indicators has not been proven, hotel managers are advised to reconsider the way they measure and present intangible assets in their financial statements. Bearing in mind the requirements of the knowledge economy, the future of the hotel industry in Serbia will also depend on the efficient use of intangible assets, so hotel managers are advised to invest and develop intangible assets, in case they have not already done so. Future research may be based on applying different methods to calculate the value of intangible assets and to analyze the impact of these assets on a greater number of business performance indicators. Moreover, future research could address a comparative analysis of the impact of tangible and intangible assets on the business performance of hotel companies.

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THE EVALUATION MODEL OF TOURISM DEVELOPMENT BASED ON UNCERTAIN LINGUISTIC INFORMATION

Marija Paunović¹; Nevena Vasović²

Abstract

In decision-making problems, including tourism, there are many situations in which information cannot be estimated directly in numerical values but may be in linguistic variables, as words or sentences in a natural or artificial language. In case of a high complexity of problems, decisions are usually made in terms of uncertainty or the information may be unquantifiable due to its nature in regards to a particular problem. On the other hand, collecting information and processing it can lead to high costs, so the use of approximate values in the evolution process is tolerated. In this research, decision-making problems for evaluating tourism management are investigated and numerical examples with uncertain linguistic information are presented.

Key Words: *MCDM techniques, making a decision in tourism, aggregation operators, OWA operator, UWLA operator, linguistic information*

JEL classification: *C02, C3, C65, Z3*

Introduction

Tourism is the world's fastest growing industry and the largest service sector industry. It is also considered to be one of the biggest industries in Serbia's economy (Milutinović & Vasović, 2017). As a very complex system which is practically connected to many aspects of modern life, tourism must be observed through interdisciplinary studies.

In this paper, we consider techniques for decision-making in tourism. A wide spectrum of statistical and non-statistical decision-making techniques have been proposed in the literature to model complex business or

¹ Marija Paunović, PhD, Associate Professor, Faculty of Hotel Management and Tourism, University of Kragujevac, e-mail: majap@rcub.bg.ac.rs

² Nevena Vasović, PhD Student, Teaching Assistant, Faculty of Hotel Management and Tourism, University of Kragujevac, +381365150025, e-mail: nevena.vasovic@kg.ac.rs

engineering processes (Radović-Stojanović & Vasović, 2016). Statistical methods are useful in modeling processes with incomplete or inaccurate data because of the lack of precise data in real-world problems. However, non-statistical methods are useful for modeling complex systems with imprecise, ambiguous, or vague data. Multiple-criteria decision-making (MCDM) methods are among the techniques that have recently been reaching extraordinary popularity and wide applications (Mardani et al., 2015a).

Fuzzy MCDM techniques and their applications are constantly developing (Mardani et al., 2015b; Kahraman et al., 2015). Recent studies have shown that imprecise information that is inherent in real life problems cannot be effectively addressed by classical MCDM techniques (Paunović et al., 2019). In decision-making processes, including tourism, decisions are usually made in terms of uncertainty or absence of information or knowledge of a particular problem, so it is necessary to make different assessments and to make proper solutions to the problem.

In this work, for decision-making process we have used the method where the best solution is selected among the alternatives by taking into account individual opinions of multiple experts. This type of method has been extensively studied and already proven to be valuable in various areas such as society, economy, management, engineering etc. The main target in this method is to find a solution accepted by all the experts in a group, i.e., to reach a broad consensus among experts (Bryson, 1996; Chiclana et al., 2013). However, a consensus is usually impacted by many factors in practice. For example, experts could come from different areas and have a limitation of knowledge, expression abilities, evaluation levels and preferences as well as practical experience, so that they may have different opinions for the same problem and different perceptions for the importance of various factors therein. Consequently, if the decision maker integrates various experts' opinions straightforwardly, it is hard to get a final result as expected (Pang et al., 2017).

Here we want also to emphasize that the mathematical basis of criteria analysis can be described as a selection of one from the final series m alternative A_i ($i = 1, \dots, m$) based on n criteria X_j ($j = 1, \dots, n$). Each of the alternatives is the vector A_i ($x_{i1} \dots x_{ij} \dots x_{in}$) where x_{ij} is a value of j attribute for i alternative. In order to formulate mathematically the model of multi-criteria decision making, we need the information on all the alternative

embodiments of the process for which the decision is made (Gajović et al, 2018).

This paper is organized as follows. In the Introduction, we give some reasons why we have focused on this type for decision making and give some mathematical explanation about the model of multi-criteria decision making. Further, we give a definition of aggregation operators. In this work, we have focused on two operators OWA and UWLA, and we give two models where we have used these operators for decision-making in the tourism area. In the last part of our paper, we offer some discussion and conclusions about these MCDM techniques, the two proposed models and operators.

Aggregation operators

Aggregation of information takes a significant place in many knowledge-based systems, where aggregation of data or values is needed. In general, it can be said that by aggregation simultaneously, different parts of information from different sources are used, in order to make a conclusion or a decision. Aggregation operators are used in theoretical and applied mathematics, informatics, engineering, finance and other applied sciences. Aggregators are mathematical models with the function of reduction the set of numbers to the unique meaningful number. In most cases, aggregation operators are purely axiomatic defined and could be interpreted as logical conjunction (as t-norms and t-conorms) or as median operators.

Definition 1. Aggregation function is a function $A: \bigcup_{n \in \mathbb{N}} [0,1]^n \rightarrow [0,1]$

where:

- i) $A(0, \dots, 0) = 0$ i $A(1, \dots, 1) = 1$ (boundary condition).
- ii) $A(u_1, \dots, u_n) \leq A(v_1, \dots, v_n)$ when $u_i \leq v_i$ for all $i \in \{1, \dots, n\}$ (A is a monotonous non-decreasing function for each of its arguments).
- iii) $A(u) = u$ for all $u \in [0,1]$ (A is an idempotent function for $n=1$).

Condition $A(0, \dots, 0) = 0$ means that that if we consider only completely bad, false or unsatisfactory criteria, the aggregation must also be completely bad, false, or unsatisfactory. The interpretation of condition $A(1, \dots, 1) = 1$ means that if we consider only completely correct or

completely satisfactory criteria, then the total aggregation must also be completely correct or completely satisfactory.

When a problem is solved using linguistic information, it implies the need for computing with words (Zadeh & Kacprzyk, 1999a; 1999b). How to fuse the input linguistic information is an interesting and important research topic. Linguistic aggregation operators are a powerful tool to deal with linguistic information. Many scholars have focused their investigation on linguistic aggregation techniques and various linguistic aggregation operators have been proposed (Xu, 2007).

Let (a_1, a_2, \dots, a_n) be a collection of linguistic arguments, and $a_j \in S_1, (j = 1, 2, \dots, n)$ Yager (1996; 1992) introduced a linguistic max operator:

$$LM1(a_1, a_2, \dots, a_n) = \max_j \{a_j\}.$$

and a linguistic min (LM2) operator:

$$LM2(a_1, a_2, \dots, a_n) = \min_j \{a_j\}.$$

Yager (1996) developed a linguistic median (LM3) operator:

$$LM3(a_1, a_2, \dots, a_n) = \begin{cases} b_{\frac{n+1}{2}}, & n \text{ is odd,} \\ b_{\frac{n}{2}}, & n \text{ is even,} \end{cases}$$

where b_j is the j th biggest of a_i .

These three operators are the simplest linguistic aggregation operators, which are usually used to develop some other operators for aggregating linguistic information.

Sometimes the input linguistic arguments may not match any of the original linguistic labels, and they may be located between two of them. To solve this issue, Xu (2004a) introduced the concept of an uncertain linguistic variable and defined some operational laws of uncertain linguistic variables.

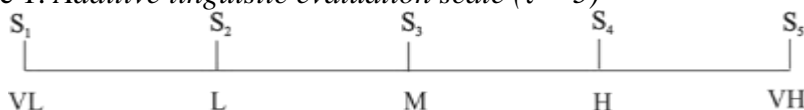
Scale

A linguistic evaluation scale should be predefined and carefully chosen when a decision maker needs to provide his/her preferences over an object with linguistic labels. Linguistic evaluation scales are classified into two

types: additive linguistic evaluation scales and multiplicative linguistic evaluation scales (Xu, 2012).

Totally ordered finite discrete additive linguistic evaluation scale is $S_1 = \{s_\alpha \mid \alpha = 0, 1, \dots, \tau\}$, where s_α represents a possible value for a linguistic label. The cardinality value of the scale is odd, and it is usually 5, 7 or 9. Scale must be small enough so as not to impose useless precision on the decision makers, and it must also be rich enough in order to allow a discrimination of the performances of each object in a limited number of grades (Bordogna et al., 1997). In this research, 5 elements linguistic scale, defined as in Figure 1, will be used. Linguistic labels are: very low (VL), low (L), medium (M), high (H) and very high (VH).

Figure 1: Additive linguistic evaluation scale ($\tau = 5$)



Source: Original

Another type of scale, that we will use in this research, is subscript-symmetric linguistic evaluation scale $S_1 = \{s_\alpha \mid \alpha = 0, 1, \dots, \tau\}$, where linguistic labels are s_{-4} = extremely poor, s_{-3} = very poor, s_{-2} = poor, s_{-1} = slightly poor, s_0 = fair, s_1 = slightly good, s_2 = good, s_3 = very good, s_4 = extremely good.

It is very important to define the negation of the linguistic terms within the scale S_1 , for example for terms as *not high* or *not low*, etc. The usual way of defining a negation operator for the scale S is

$$\text{neg}(S_i) = S_{m-i+1}. \quad (1)$$

Ordered weighted averaging (OWA) operator

An extremely important class of aggregation operations, which is extensively used in various branches of applied science, has been defined by Ronald R. Yager (1988). Yager introduced an ordered weighted averaging (OWA) operator to provide a method for aggregating several numerical inputs that lie between the max and min operators. The main aspect of the OWA operator is the re-ordering step.

Let $w = (w_1, w_2, \dots, w_n) \in [0, 1]^n$, $\sum_{i=1}^n w_i = 1$ be a weight vector and $u_{p_1} \geq u_{p_2} \geq \dots \geq u_{p_n}$, for each permutation (p_1, \dots, p_n) . Then OWA operation is defined with

$$A(u_1, \dots, u_n) = w_1 u_{p_1}, \dots, w_n u_{p_n}.$$

This class of operations was introduced in order to provide aggregation of results associated with the realizing the multiple criteria. It has been proven that this operator is very useful because it defines a diverse parameterized family of aggregation operators. OWA aggregation operations are continuous, symmetric and idempotent.

Using an ordinal form of the OWA operator, Yager (1992) defined the OOWA operator.

Definition 1. A mapping $A: S_1^n \rightarrow S_1$ is called an ordinal OWA (OOWA) operator of dimension n , if it has an associated weighting vector $w = (w_1, w_2, \dots, w_n)^T$, such that

- i) $w_j \in S_1$
- ii) if $j > i$, then $w_j \geq w_i$
- iii) $\max_j \{w_j\} = s_\tau$.

Furthermore,

$$A(u_1, \dots, u_n) = \max_j \left\{ \min \{w_j, b_j\} \right\},$$

where b_j is the j th largest of the linguistic arguments u_i ($i = 1, 2, \dots, n$).

Uncertain linguistic operators

Very useful uncertain linguistic operators are uncertain linguistic averaging (ULA) operator and uncertain linguistic weighted averaging (ULWA) operator to aggregate the uncertain linguistic information defined by (Xu, 2004b).

Uncertain linguistic averaging operator is defined as

$$ULA(\tilde{s}_1, \tilde{s}_2, \dots, \tilde{s}_n) = \frac{1}{n}(\tilde{s}_1 \oplus \tilde{s}_2 \oplus \dots \oplus \tilde{s}_n).$$

Uncertain linguistic weighted averaging operator is defined as

$$ULWA(\tilde{s}_1, \tilde{s}_2, \dots, \tilde{s}_n) = w_1 \tilde{s}_1 \oplus w_2 \tilde{s}_2 \oplus \dots \oplus w_n \tilde{s}_n,$$

where $w = (w_1, w_2, \dots, w_n) \in [0, 1]^n$, $\sum_{i=1}^n w_i = 1$ is the weighted vector of $s_i (i = 1, \dots, n)$.

Model 1

In this section, we present an empirical case study of evaluating the relative importance of each pair of business processes with sub elements in order to plan the implementation of improvements, using defined linguistic information. There is a panel with five possible processes $p_i (i = 1, 2, 3, 4, 5)$ that the management of the hotel select. The team of experts must take a decision according to the criteria $c_i (i = 1, 2, 3)$. Modeling of linguistic statements is based on the theory of fuzzy sets. Aggregated values of the considered information are obtained by applying the OWA operator.

Each expert evaluates each of the criteria using the S scale, i.e. expresses his/her subjective opinion on the importance of particular attributes. Alternatives are presented in the rows of the table, and in the columns the criteria. Each element of the table contains the value of a specific criterion for a given alternative.

The total result R is calculated for each alternative and for each expert as follows:

$$R = \min_j \left(\text{neg} \left(I_j \right) \vee s_j \right), \quad (2)$$

where:

- I_j is the importance of the j th criterion;
- s_j is the estimated value of the j th criterion given by a particular expert.

For each alternative, there are e total results R.

For combining the experts' assessments and integrating different linguistic rating scales, a technique of the ordered weighted averaging (OWA) operators is developed. Let W_i is the level of importance of the i th attribute (criterion), then

$$W_i = \max_j (Q_j \wedge B_j) \quad (3)$$

where:

- Q_j is an aggregation function (the level of importance from the support of at least j experts,
- B_j is the j th highest scale among experts rating scales for the attribute.

Aggregation function is defined as

$$Q(j) = S_{b(j)} \quad (4)$$

$$b(j) = \text{int} \left[1 + \left(j \cdot \frac{\tau - 1}{e} \right) \right] \quad (5)$$

where:

- e is a number of experts participating;
- τ - is a number of the rating scales;
- $\text{int}[a]$ define numeric variables holding whole numbers closest to the number a .

Example 1. The top management of a hotels chain wants to improve certain business processes. Here we have listed the processes and via their detailed elaboration, the management determines the priority directions of development investment. The three experts are engaged and we have used the scale with five elements (Figure 1).

The unprecedented development of hotel-branded mobile applications (apps) has been

Processes to be improved:

- Improving the quality control process (p1): The advantages of introducing TQM in all sectors, like a new concept of organizational culture, for the tourism and hotel industry are big, both economically and socially (Holjevac Avelini, 1996.)
- Customer Relationship Improvements (p2): The conceptually explore and improve customer-to-customer interaction (CCI) in across-cultural context; and to identify research opportunities in the field of cross-cultural CCI (Nicholls, 2011). The unprecedented development of

hotel-branded mobile applications (apps) has been instrumental in facilitating the rich guest–hotel interactions, thus contributing to a high personalization of services (Lei et al., 2019).

- Improvement of ITC system (p3): The unprecedented development of hotel-branded mobile applications (apps) has been instrumental in facilitating the rich guest–hotel interactions, thus contributing to a high personalization of services (Morosan & DeFranco, 2016). The most often noticed advantage from ICT usage is improving service quality, employee work efficiency (for example: self-check in, self-check out, booking process etc).
- Improving the process of developing and adapting services (p4): The proliferation of complex service systems raises new challenges for service design and requires new methods. MSD (Multilevel Service Design) synthesizes contributions from new service development, interaction design, and the emerging field of service design (Patrício et al., 2011).
- Improving the process of human resources management (p5): The top management should establish green human resource management policies. Nearly every industry has embraced environmental protection practices. Most manufacturing companies have aimed to eliminate the waste created during the production and disposal of their products and, therefore, have improved corporate performance (Kim et al. 2019). Luxury hotels should choose talent management practices that fit the organizational culture with a focus on retention strategies that are tailor-made to the individual or groups of individuals (Marinakou & Giousmpasoglou, 2019).

Each process is described via three criteria attributes:

- Needed time to implement the improvements (c1);
- Cost of implementing improvements (c2);
- The importance of the process (c3).

Experts give the evaluation of the importance of criteria (Table 1), as evaluations of each individual process according to given criteria (Table 2-4).

Table 1: *Assessment of criteria importance*

	c1	c2	c3
e1	M	M	VH
e2	M	H	H
e3	H	M	VH

Source: *Author's own research*

Table 2: *Evaluation of the process by the first expert*

	c1	c2	c3
p1	H	H	H
p2	M	H	H
p3	VH	H	VH
p4	L	L	M
p5	H	M	H

Source: *Author's own research*

Table 3: *Evaluation of the process by the second expert*

	c1	c2	c3
p1	H	M	VH
p2	M	M	VH
p3	H	VH	H
p4	M	H	H
p5	M	L	VH

Source: *Author's own research*

Table 4: *Evaluation of the process by the third expert*

	c1	c2	c3
p1	M	M	H
p2	M	L	L
p3	H	H	VH
p4	M	M	M
p5	M	L	L

Source: *Author's own research*

Step1. In the first step, using formulas (1) and (2) for each expert the total score is calculated for each process.

For example, the evaluation for expert e1, for process p1 (e1p1) was calculated as follows:

$$\begin{aligned} & \min \{ \max (neg (M), H), \max (neg (M), H), \max (neg (VH), H) \} \\ & \min \{ \max (M, H), \max (M, H), \max (VL, H) \} \\ & \min \{ H, H, H \} = H. \end{aligned}$$

The expert evaluation e1 for the process p2 (e1p2) was calculated as follows:

$$\begin{aligned} & \min \{ \max (neg (M), M), \max (neg (M), H), \max (neg (VH), H) \} \\ & \min \{ \max (M, M), \max (M, H), \max (VL, H) \} \\ & \min \{ M, H, H \} = M. \end{aligned}$$

The expert evaluation e3 for the process p5 (e3p5) was calculated as follows:

$$\begin{aligned} & \min \{ \max (neg (H), M), \max (neg (M), L), \max (neg (VH), L) \} \\ & \min \{ \max (L, M), \max (M, L), \max (VL, L) \} \\ & \min \{ M, M, L \} = L. \end{aligned}$$

In Table 5, the results of the experts' evaluations of each individual process are shown.

Table 5: *Results of step1 (R values)*

	e1	e2	e3
p1	H	M	M
p2	M	M	L
p3	H	H	H
p4	M	M	M
p5	M	L	L

Source: *Author's own research*

Step 2. The formation of an aggregation functions $Q(j) = S_{b(j)}$

Using the formula (5), it is

$$Q(0)=S1=VL, Q(1)=S2=L, Q(2)=S3=H, Q(3)=S5=VH.$$

Step 3. $R = \max (Q_j \wedge B_j)$

$$\begin{aligned} p1: & \max \{ \min (L, H), \min (H, M), \min (VH, M) \} = M, \\ p2: & \max \{ \min (L, M), \min (H, M), \min (VH, L) \} = M, \end{aligned}$$

$$p3: \max \{ \min(L, H), \min(H, H), \min(VH, H) \} = H,$$

$$p4: \max \{ \min(L, M), \min(H, M), \min(VH, M) \} = M,$$

$$p5: \max \{ \min(L, M), \min(H, L), \min(VH, L) \} = L.$$

The analysis of the obtained results has shown the following situation. Evaluating of each individual process in the company, based on their knowledge and experience, experts gave priority to the implementation of the third process- Improvement of the ITC system (p3). We can also see that processes Improvement of the quality control process (p1), Improvement of customer relations (p2) and Improvement of process of development and adaptation of services (p4) have equal priority to implementation. The analysis of the results showed that the Improvement of HR Management Process (p5) was set as the last one for the implementation.

Model 2

Having in mind specific features of hospitality services, which comprise of a set of tangible and intangible factors, as well as technical solutions and skills, the assessment of service quality is based on objective and subjective standpoints (Kerkez & Milutinović, 2018). The experts evaluate problem to their best knowledge, intuition and experience. With some problems experts are able to provide only uncertain linguistic information, because of time pressure, lack of knowledge or data, and their limited expertise related to the problem domain (Xu, 2012). In this model, it is shown the group decision-making problem involves the evaluation of five hotels and with one criteria "service quality". There are three experts e_k ($k=1, 2, 3$) involved, with weight vector $\omega = (0,5; 0,2; 0,3)^T$. The decision maker uses subscript-symmetric linguistic evaluation scale S2 and construct, respectively, the uncertain additive linguistic preference relations \tilde{A}_i ($i=1, 2, 3$), using the approach given by (Xu & Da, 2002) called complementary matrices.

$$\tilde{A}_1 = \begin{pmatrix} [s_0, s_0] & [s_{-3}, s_0] & [s_1, s_2] & [s_{-1}, s_0] & [s_{-2}, s_{-1}] \\ & [s_0, s_0] & [s_1, s_2] & [s_0, s_1] & [s_{-1}, s_0] \\ & & [s_0, s_0] & [s_{-2}, s_{-1}] & [s_0, s_1] \\ & & & [s_0, s_0] & [s_{-1}, s_0] \\ & & & & [s_0, s_0] \end{pmatrix}$$

$$\tilde{A}_2 = \begin{pmatrix} [s_0, s_0] & [s_{-2}, s_0] & [s_{-1}, s_1] & [s_{-1}, s_0] & [s_1, s_2] \\ & [s_0, s_0] & [s_{-2}, s_{-1}] & [s_0, s_1] & [s_1, s_2] \\ & & [s_0, s_0] & [s_0, s_1] & [s_{-2}, s_{-1}] \\ & & & [s_0, s_0] & [s_{-1}, s_1] \\ & & & & [s_0, s_0] \end{pmatrix}$$

$$\tilde{A}_3 = \begin{pmatrix} [s_0, s_0] & [s_{-1}, s_0] & [s_{-2}, s_{-1}] & [s_{-1}, s_1] & [s_0, s_1] \\ & [s_0, s_0] & [s_0, s_2] & [s_{-1}, s_0] & [s_{-1}, s_1] \\ & & [s_0, s_0] & [s_0, s_3] & [s_{-2}, s_0] \\ & & & [s_0, s_0] & [s_{-1}, s_0] \\ & & & & [s_0, s_0] \end{pmatrix}$$

Step 1. First to use the ULWA operator to aggregate all the uncertain additive linguistic preference relations $\tilde{A}_k = (\tilde{a}_{ij}^{(k)})_{5 \times 5}, (k = 1, 2, 3)$ into the collective uncertain additive linguistic preference relation $\tilde{C} = (\tilde{c}_{ij})_{5 \times 5}$.

$$\tilde{C} = \begin{pmatrix} [s_0, s_0] & [s_{-2,2}, s_{0,0}] & [s_{-0,3}, s_{0,9}] & [s_{-1}, s_{0,3}] & [s_{-0,8}, s_{0,2}] \\ & [s_0, s_0] & [s_{0,1}, s_{1,4}] & [s_{-0,3}, s_{0,7}] & [s_{-0,6}, s_{0,7}] \\ & & [s_0, s_0] & [s_{-0,7}, s_{0,6}] & [s_{-1}, s_{0,3}] \\ & & & [s_0, s_0] & [s_{-1}, s_{0,2}] \\ & & & & [s_0, s_0] \end{pmatrix}$$

Step 2. We next utilize the ULA operator to aggregate the preference information in the i th of the collective uncertain additive linguistic

preference relation C into the averaged uncertain preference \tilde{c}_i of the alternative x_i over all the alternatives.

$$\tilde{c}_1 = [s_{-0,86}, s_{0,28}], \quad \tilde{c}_2 = [s_{-0,16}, s_{1,00}], \quad \tilde{c}_3 = [s_{-0,80}, s_{0,22}], \quad \tilde{c}_4 = [s_{-0,52}, s_{0,44}], \\ \tilde{c}_5 = [s_{-0,28}, s_{0,68}].$$

Step 3. In this step, we need to compare each pair of the uncertain preferences \tilde{c}_i ($i = 1, 2, \dots, 5$) by using the possibility degree formula (6) and to construct a possibility degree matrix $P = (p_{ij})_{5 \times 5}$.

$$p(\tilde{s}_1 \geq \tilde{s}_2) = \frac{\max(0, \text{len}(\tilde{s}_1) + \text{len}(\tilde{s}_2) - \max(\beta_2 - \alpha_1, 0))}{\text{len}(\tilde{s}_1) + \text{len}(\tilde{s}_2)} \quad (6)$$

Possibility degree matrix:

$$P = \begin{pmatrix} 0,5 & 0,191 & 0,5 & 0,381 & 0,267 \\ 0,809 & 0,5 & 0,826 & 0,717 & 0,604 \\ 0,5 & 0,174 & 0,5 & 0,374 & 0,253 \\ 0,619 & 0,283 & 0,626 & 0,5 & 0,375 \\ 0,733 & 0,396 & 0,747 & 0,625 & 0,5 \end{pmatrix}$$

Step 4. To derive the priority vector $\xi = (\xi_1, \xi_2, \dots, \xi_n)^T$ of the possibility degree matrix P, we use ranking formula (7) given by Xu (2001):

$$\xi_i = \frac{1}{n(n-1)} \left(\sum_{j=1}^n p_{ij} + \frac{n}{2} - 1 \right), \quad i = 1, 2, \dots, n, \quad (7)$$

and we get priority vector

$$\xi = (0,167; 0,248; 0,165; 0,195; 0,225)^T$$

Step 5. Rank all hotels x_i ($i = 1, 2, 3, 4, 5$) in accordance with the values \tilde{c}_i ($i = 1, 2, 3, 4, 5$) and vector ξ :

$$x_2 > x_5 > x_4 > x_1 > x_3.$$

Thus, the most desirable hotel in relation to "service quality" is x_2 .

Conclusion

This study has presented two mathematics models based on the decision-making technique. Both models deal with quantifying certain elements relative to the tourism processes using uncertain linguistic information. First, we proposed a model for improving certain business processes, such as: Quality control process, Improvement of customer relations, Improvement of process of development and adaptation of services, Improvement of HR Management Process and Improvement of the ITC system. The analysis of Model 1 results and evaluation of each individual process in the company showed that priority in implementation should be to the third process - Improvement of the ITC system, for the observed company.

In Model 2, it is shown the group decision-making problem for the service quality evaluation of five hotels. The assessment of service quality is based on objective and subjective standpoints. In this model, uncertain additive linguistic preference relations, ULWA and ULA aggregation operator are used. Results show the most desirable hotel in relation to "service quality".

The quantitative approach presented in the present study helps rectify the situation caused by the domination of qualitative assessment methods in current studies of tourism related assessment. This approach helps decision-makers in extracting and keeping expert knowledge in the system with the opportunity to choose different operators, which leads to flexibility in the decision-making process.

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ENTREPRENEURSHIP IN TOURISM

Nebojša Pavlović¹; Miloš Krstić²

Abstract

Tourism, as a significant development branch of each country's economy, is particularly affected by the accelerating development of entrepreneurship. The subject of this paper is launching startups in tourism with the help of entrepreneurial initiatives and ideas. The aim is to analyze, through the good and bad practices of tourism entrepreneurs, attempts to launch sustainable startups in tourism. The case study was used to analyze the experiences of successful tourism entrepreneurs based on their good practice. Interviews with entrepreneurs were used as well as numerous analyzes of their work by experts in the field. The obtained results show that for a successful startup in tourism, without neglecting other factors, and above all financial ones, it is necessary to have a new and innovative idea that will be sustainable for a long period. Such works can help to understand the importance of entrepreneurship in tourism. They can also make it easier for people to decide to launch startups.

Key Words: *tourism, entrepreneurship, innovation, creativity*

JEL clasification: *F01, F6, Z3*

Introduction

Current trends in the global tourism market indicate that the development of entrepreneurship and innovation are among the key factors for the success of tourism enterprises (Chang, 2011).

The importance of entrepreneurship in tourism as one of the very important branches of the economy in modern business conditions has been noted by many authors (Drucker, 1993; Vujić, 2005). According to Stefanović (2001), "the essence of entrepreneurial behavior is the ability to combine

¹ Nebojša Pavlović, PhD, Associate Professor, Faculty of Hotel Management and Tourism in Vrnjačka Banja, University Kragujevac, e-mail: racapn@gmail.com

² Miloš Krstić, PhD, Research Associate, Faculty of Science and Mathematics, University of Nis, e-mail: krsticmilo3@gmail.com

all the influences (factors) on development, that is, to achieve maximum performance, whether it is production or services. The key theoretical and practical question is how to determine the amount of entrepreneurial input and measure its contribution to a product or growth" (p. 104). Entrepreneurship should be understood as a very complex human activity that encompasses people's special abilities, creativity, innovation, ability to take risks, complete commitment, managerial skills (Pahuja, 2015).

The basic instrument of entrepreneurship is innovation, which sees constant changes as healthy and desirable, oriented towards new opportunities, and views existing problems in business as challenges (Vitić-Četković & Ivanović, 2014). The goal of entrepreneurship is to realize an idea to make a profit, as part of an activity to meet the needs of citizens (Fernandes, 2016). So, it is the entrepreneur who decides how to direct capital, or what to produce, what technology, ie. in what kind of company, at what location, how to manage the business and how to finance the investment (Stefanović, 2001).

There is an opinion that the tourism sector is less innovative compared to other sectors of the economy. Studies on tourism innovation research have highlighted large enterprises, especially corporate chains, as major innovators in tourism because they can more easily provide information on new knowledge, procedures, inventions, new technologies and gain market recognition through brand development and enhancement competitiveness (Pavlović & Simić, 2019). "However, innovation is necessary and plays an increasing role in small and medium-sized enterprises (SMEs) in tourism" (Ateljević & Page, 2009, p. 56). Innovative work creates new technology, enhances the properties of products and services, creates a new organization, management and control systems, finds new market opportunities for both new and existing products. In a word, innovative work opens up new opportunities for development (Stefanović, 2001). The state is also an active participant in effective entrepreneurship, so it must pursue a macroeconomic policy that encourages entrepreneurs to make long-term investments instead of seeking profitability in the short term (Jovičić, 2011).

In contemporary business conditions, more people are finding it an advantage to realize their business idea, in their way and at a time that they can dispose of independently. There is increasing awareness that entrepreneurship and entrepreneurs are an important factor for the renewal and growth of the tourism economy. Not only in tourism but also in other

industries, the key to economic growth and development is entrepreneurial creativity (Albertini et al., 2018; Pavlović & Celić, 2018). So today, all organizations, companies, and communities are trying to understand this process and put it into action. Tourism must be able to clearly understand the process requirements, tools, and resources and be given the opportunity for development.

To increase competitiveness, tourism enterprises need to look at changes in the environment, innovate their businesses, apply new technology and the like (Kostić et al., 2019). According to Buhalis and Costa (2010), "two aspects are particularly significant: the number and quality of entrepreneurs creating new tourism businesses or developing existing ones and the existence and development of competitive forces that create competitiveness across regions" (p. 121).

Entrepreneurship in the field of tourism can be present in the hospitality industry, hotel industry, tourist intermediation (tour operators, agencies), transport and other complementary activities (Vitić-Ćetković & Ivanović, 2014).

Specificity of entrepreneurship in tourism

Tourism is a global phenomenon that plays a significant role in the economy, which has the potential to make a significant contribution to improving national economic indicators and to lead to increased population well-being. From an entrepreneurial perspective, tourism provides a specific business context, making it different from other sectors. Tourism product includes different services: accommodation, transportation, catering, entertainment, etc. Also, infrastructure, cultural institutions, events, etc. play an important role in providing tourism services (Pavlović & Krstić, 2019; Petiz et al., 2005).

"The survival of businesses in tourism often depends on the willingness and ability of businesses to innovate their products, business processes, etc." (Ateljević & Page, 2009, p. 56). The way of identifying opportunities and the process of transforming them into tourism products and services for consumers is very diverse compared to other areas of economic activity (Popescu, 2014). In this context, there is a growing interest in the performance and management methods of tourism enterprises, which are seen as a major component of the tourist destination.

Entrepreneurship is a specific and very complex process, which requires continuous work and responsibility, creating new ideas, innovative use of resources, finding new opportunities based on knowledge and accepting risks. This process requires accepting the high risk that leads to a new product or service for the community. "The strategy in every business enables managers and business owners to overcome various challenges and disadvantages and to utilize their resources in a way that enables the best possible performance for both the owner and the state in general" (Agha & Gafforova, 2019, p. 25). Strategic Entrepreneurship is a promising management mode suitable for starting tourism businesses, on which their performance depends.

Therefore, not just an idea for a new process or product is enough; the idea must have the potential to be commercialized and must evolve by the time it is tested in the market. Large tourism companies are much faster at implementing new ideas, thereby gaining a comparative advantage. Smaller businesses only follow them after making sure that investments or changes are feasible. By its very nature, the tourism sector makes it easier for businesses to observe what others are doing. Research in many countries shows that the tourism sector is dominated by micro and small businesses and that most of them are owned and run by a single person or family.

The model of entrepreneurship and the process of small enterprises management shows all aspects of small business growth that start with innovation and end with the collection of profits (Jovičić-Vuković & Papić-Blagojević, 2018). Implementing an innovative idea, along with knowing how to develop a new venture, are a prerequisite for small business growth. Many variables affect the small business management process.

Changes in the environment, competition, provision of capital, require long-term orientation and the ability to realize established business plans. "Areas relevant to small businesses are market research, new product development, cost/benefit analysis, etc. In the future, tourism businesses will have shorter life cycles" (Buhalis & Costa, 2010, p. 129).

Traits of entrepreneurs in tourism

"An entrepreneur is a creative, innovative, dynamic person, able to quickly identify phenomena, problems, and opportunities, ready for risk and maximum effort" (Vitić-Četković & Ivanović, 2014, p. 20). As stated by

Vitić-Ćetković and Ivanović (2014) "Entrepreneurs in tourism carry out the following activities: introducing a new product or service to the market, discovering new ways to use existing resources in tourism, developing new technologies, finding new markets and introducing a new way of organizing in the existing company " (p. 21).

Starting your own business involves carrying out a series of formal entrepreneurial activities, which take place through several stages to reduce risk, that is, increase the likelihood of success. It is common for the entrepreneurship process to be broken down into five basic phases so that with each successive phase the entrepreneur approaches his originally intended goal. These stages are the idea for a business venture, the recognition of opportunities, the evaluation of (imagined) business ventures, the start-up of new enterprises or business, and the management of an enterprise or business (Vitić-Ćetković & Ivanović, 2014). Entrepreneurs' skills and abilities must change from stage to stage, and a major obstacle to growth may be entrepreneurs' inability to learn how to delegate tasks and functions.

Often, an enterprise grows too fast, and the founder tries to control all processes, rather than concentrating on strategic issues. Entrepreneurs in tourism often build their businesses as a way of life and are not motivated by rational growth and profitability criteria, and very few think about business sustainability (Buhalis & Costa, 2010; Krstić & Radivojević, 2019).

Conceptual form of modern tourism

According to Genov (2010), "Tourism represents the activities of persons traveling and staying outside their usual place of residence for less than one year" (p. 6). "It is one of the most massive, dynamic and complex socio-economic phenomena of modern times" (Vitić-Ćetković & Ivanović, 2014, p. 7).

Modern tourism in all its forms is the fastest growing economic sector, one of the strongest and most profitable economic activities in the world (Ljamić-Ivanović, 2015). The hospitality and tourism sector is the third in terms of revenue and jobs, immediately after the oil and automotive industries. Jobs are not only created directly in tourism but also in related industries, such as construction.

Tourism is of utmost importance not only for tourists but also for the country that has tourist potentials. A great deal of tourism development is happening in developing countries, which brings economic opportunities to local communities (Škrbić et al., 2018). When tourists visit a tourist destination, the economy is stronger, the value of that country grows and the world has a better opinion about that country. Also, tourism enhances the economic and social value of that country. So, if a country is full of natural beauty and historic sites, the government of that country must take steps to promote tourism to serve the world and its people.

Among all the branches of the economy of one country, tourism belongs to one that requires special treatment and commitment. In most cases, those segments that already exist as a basis for the advancement of tourism are developing in the state and society. However, the changes that time brings have introduced some new standards as well as tourists' requirements. Despite economic and political crises, international tourists are increasing every year, and competition among tourism businesses is increasing (Jovičić, 2015). Tourism, as an integral part of economic and overall social development, is very different from industry and manufacturing in general. "These differences stem from the fact that manufacturing activities generate development by producing new values, and tourism primarily stimulates development by consuming those values" (Stefanović, 2010, p. 61).

The tourist market is significantly different from any type of market for goods or services and consists of three groups of elements that are part of supply and demand as its integral components, which are attractive elements - motives, services and prices (Stankovic, 2013).

According to Jovičić (2015), "simultaneity of service creation and consumption (indivisibility), the intangibility of services, heterogeneity, variability, as well as inability to store services are the basic features of tourism" (p. 58). In any type of cooperation with a particular tourism organization and any field, these qualities come to the fore and that is why they must be taken into consideration when organizing the marketing activities of a given tourism segment (Stepanović, 2019). It is very important to note that tourism must be considered in its entirety and that it is a very complex unit which, by isolating certain segments, would largely lose its basis. This is precisely why tourism is often not separated from the hotel industry as one of its basic branches (Jovičić, 2015).

The contemporary concept of the tourism market must take into account the fact that the three basic categories of tourism phenomenon - movement, space, and consumption - are integrated, and causally connected (Jovičić, 2010). Among the many interpretations of the conceptual framework of contemporary tourism, attention is drawn to an approach that fundamentally confirms the importance of movement, space, and consumption as basic categories of the tourism phenomenon.

According to Mathieson and Wall (2010), three key elements of the tourism phenomenon are:

- a dynamic element, which includes making a decision on tourist movement and choosing the desired destination, which also includes several social, economic and institutional factors that are important for making such a decision;
- an element of a tourist destination, which includes the tourist's stay in the area which is the object of his movement and interaction with several economic, social and environmental factors at a given spatial extent;
- the consequential element derives from the previous two and manifests itself in economic, socio-cultural and natural-ecological effects (consequences) that directly or indirectly tangible the quality of the experience that tourists achieve in the destination.

Competitiveness of tourism enterprises

Among the tourist destinations and hotels, there is a constant struggle for every guest. It is no longer enough to just have an attractive and quality offer, that offer must reach potential guests. For tourism companies to increase their success, it is necessary to look at the changes that have occurred in the environment. They have to innovate their business, use new technology and most importantly have to keep up with the constant desires of service users (tourists) who are highly variable (Krstić & Krstić, 2015; Simić, 2015).

We owe the image of today's tourism development, including luxury hotels, amusement parks, innovative tourism products, etc. to entrepreneurs who have promoted tourism through various innovations, accepting risks and uncertainties, but also changing the way they do business. "Thus, it can be said that the development of entrepreneurship in tourism places Europe at the top of the most visited destinations in the world (51% of the total world market)". "The business ventures of tourism entrepreneurs have

resulted in the establishment of 1.8 million businesses in the European Union" (Numela, 2011, p. 23).

Trends that dominate tourism demand in modern conditions are higher education of tourists, higher demand of tourists in terms of prices - quality, greater care for health and healthy lifestyles, preferring more short vacations during the year instead of one or two longer ones, numerous hobbies and interests tourists, aging population - third-age tourism, families with fewer members, information technology, demand for authentic destinations, low-cost airlines, etc (UNWTO, 2007).

Following the mentioned trends, tourism has become one of the activities with an increasing level of competition, both between tourist destinations and between tourism entrepreneurs. Encouraging and networking, that is, developing partnerships between entrepreneurs is one of the key factors in managing a destination. Besides, innovative tourism products are needed because of the changing conditions of business in the global tourism market - the trend of shorter vacations, improving the supply through information technologies, increasing the quality of tourism services, special forms of tourism (rural, ecotourism, cultural, adventure, etc. (Vitić- Četković & Ivanović, 2014). "To develop entrepreneurship in tourism, it is necessary to:

- support entrepreneurial endeavors in the form of advice and specific expertise;
- assist in evaluating the potential and its chances;
- provide support in the form of intellectual and other infrastructure;
- create an entrepreneurial climate;
- make regulations for stimulation" (Vojnović et al., 2012, p. 20).

Tourism is driven and maintained by the needs of the modern man. The emergence and development of tourism are related to the needs of people for rest, recreation, entertainment, etc. "Tourism requirements change over time, and their recognition and implementation of business ventures not only enables tourism as a quantitative growth but also enhances the humanist content between tourists and hosts - better mutual knowledge and understanding between cultures" (Vitić-Četković & Ivanović, 2014, p. 10).

Research methodology

In this paper, the case study was used to analyze the experiences of successful tourism entrepreneurs based on their good practice. Five case

studies are outlining how tourism organizations try to innovate by enhancing their services. Secondary sources (primarily the internet sites) were used to design the studies. The case studies relate to good practices and the introduction of innovations that have changed the way tourism organizations operate, which should contribute to the achievement of set goals.

Case 1. Electronic excursion catalog (HEPI): Managing the tourist agency "IBCI" in Split, which organizes numerous trips for its guests (Total-Croatia, 2017) decided that they needed an information system in which they would have information about all trips in one place. Therefore, he processed the content informatically and included excursions from other agencies. Thus, an electronic database was created with the most various excursions offered by Pivčević to hotels, travel agencies, tourist organizations, etc. "The information on the offer will be more accessible to the guest and the sale will be faster and more efficient. Tickets will only be sold electronically, so the tour organizer immediately receives information on the number of seats sold, which certainly improves the organization," says Pivčević. This innovation in tourism is one of the 30 best business ideas of the year in Croatia (Globus-Jutarnji, 2019).

Comment: In this period, entrepreneurship and innovation in tourism are gaining in importance in the field of SMEs in tourism. Their advantage is a faster and more flexible response to changes in the environment, less administration and faster decision-making, better utilization of opportunities and early detection of hazards. Also, the e-tourism market is constantly growing, which is an opportunity for SMEs in tourism.

Case 2. "Low View", hotel adapted for children: A 3 star "Low View" hotel is located on a lake in Scotland. It is only open from Easter until the end of October. During July and August, the occupancy rate is 100%, and after that, the occupancy rate is lower. The hotel has developed a special offer for families with children. The offer includes special services for babies and young children (babysitting, fun evenings, storytelling, etc.), freshly cooked organic baby food, baby stroller rental, and more. The hotel provides a range of additional services (diaper supply, video games for children, etc.). Furthermore, while competing hotels have prepared for their children the usual portions of chicken and fries or burgers and fries, this hotel provides healthy meals that parents prefer for their children. Likewise, there is a separation of space in the restaurant for those parents who eat with their children and those who enjoy eating alone. Hotel

services, such as children's animation, allow parents to spend some time alone. For the fullest satisfaction of their guests, Low View Hotel has taken some of the innovations on offer:

- they have developed a full range of short breaks. Some focused on children and their needs. A children's club has also been launched to provide special benefits for those who come again. Similarly, activities were carried out to attract a special segment of guests in the middle of the week. "Empty nests" - people whose children are adults or live separately;
- when a brochure was to be reprinted, an addendum was made, using drawings painted by children, offering various services for them;
- they emphasize guest recommendations and encourage them to visit the hotel again during the off-season(Vitić-Ćetković, Ivanović, 2014).

Comment: Entrepreneurial ideas are growing in importance, as new profiles of tourists seeking a specific experience in a tourist destination are emerging in the global market and wanting to be felt by all senses. It is more important for tourists today to spend a holiday they will remember than where to spend it. So, looking from a car or bus, painting landmarks with cameras, etc. give way to innovative tourism products that include more thorough learning when it comes to local culture, history, nature, events, food, etc. This is why tourists' needs are one of the main drivers of tourism innovation.

Case 3. Reviving the family tradition as an entrepreneurial venture - "OLIVMONT", Bar: "Olivmont" is a family-owned company producing natural soap from virgin olive oil obtained from family olive groves in the village of Zupci. The company was founded in 2009 by MirjanaBabić. In the past, women in the region made soap from cooking olive oil. These soaps were used for washing laundry and hair. Mirjana decided to update the old recipe for making olive oil soap, which took several years. Today, the Babić family produces soaps from the best oil, cold process, so that olive oil retains all its elements, especially vitamin E, which is very important for skincare. In addition to olive oil, soaps are added to the essential oils from the territory of Montenegro: sage, rosemary, lavender, mint. It is important to note that soaps are made entirely by hand. When they are produced, they are cut and must be aged for four weeks. After that, they are packaged by hand in natural and original packages. This production method makes every Olivmont soap unique. Olivmont soaps soon won the Montenegrin market with its quality. In 2010, Mirjana Babić within the Entrepreneurship Week presented in Brussels as an entrepreneur

with an original product from Montenegro. Olivmont soaps are a recognizable souvenir of Montenegro. Mirjana points out that these soaps "are a product of the combination of tradition, experience, and needs of modern man. They carry the peace of the olive groves, the warmth of the sun, the scent of the Mediterranean and the great heart of Montenegro."

Comment: The role of entrepreneurs in tourism often requires ambitious personal engagement (eg, 12-16 hours, seven days a week, since tourism is mostly done on weekends and public holidays). The advantage of the role of the entrepreneur is reflected in: the uncertainty of owning a tourism company, the opportunity to achieve full personal affirmation by working on their entrepreneurial idea, the chances of making high profits, as well as the opportunity to contribute to society, since entrepreneurs are usually influential members of the local community (Vitić-Četković, Ivanović, 2014).

Case 4. Wyndham Hotels adapted for businesswomen: Wyndham Hotel Management has developed an entrepreneurial idea that addresses the needs of a growing number of businesswomen. A special body called *The Women Business Travelers Advisory Board* has been created to advise the company on the development and evaluation of new products and programs. For example, special libraries have been created at Wyndham Hotels that include literature preferred by businesswomen. Furthermore, the cosmetic range in the bathrooms of the hotel rooms is enriched. Namely, the hotel has switched to the well-known cosmetic brand "Bad & BodyWorks", which includes an innovative offer of shampoos, hair care products, skin and so on. Wyndham Hotels also offers other items specifically designed for women, such as open-air, well-lit lobbies and corridors, indoor access to all guest rooms, healthy food, fitness, electric massages, etc. In addition to the existing one, a special website has been developed that contains information and advice for businesswomen. Some of the topics are related to health, fitness, safety, technology, time management, etc. Another important feature of the site is the women's forum that allows discussion and offers links to other sites dealing with similar topics (Vitić-Četković, Ivanović, 2014).

Comment: Starting your own business or entrepreneurial activity is not easy, and it is even harder to maintain it and make progress. A large number of start-ups are rapidly failing for various reasons: lack of resources, lack of experience, competitive pressure, poor location, under-promotion, etc. Good planning, preparation, and knowledge of the tourist market situation

can contribute to success. Today, tourists are generally more informed, experienced and demanding. For example. The world tourism trend is themed hotels (wellness, singles, tennis, children, naturists), while the "classic" hotels and accommodation facilities are becoming less attractive to tourists.

Case 5. Ethno Village Latkovac - Tourism Events and Corporate Social Responsibility: The pursuit of continuous advancement in business and discovering new perspectives, Sanja Knežević decided to run her own business that allowed her to combine her four great loves - archeology, village, tourism, and cultural management. In 2006, the entrepreneur and her family started a project of reconstruction and adaptation of a hamlet over 200 years old, which is now known as the Ethno village Latkovac. The reconstruction lasted nine months, and in 2007 the Ethno village Latkovac is open. Thousands of tourists from the country and abroad have passed through the village in recent years. Enterprise "Ethno" founded in 2008. "Ethno" aims to improve the business of the Latkovac Tourist and Cultural Center, and since its opening, several festivals have been organized here (Ethnovision - Children's Ethno Music Festival, Sounds of Remembrance - Serbian Folk Music Festival, DREAM - Classical Music Festival, a large number of literary evenings, shows, workshops of old crafts and art colonies, ecological camp "Ekos era Latkovac", numerous seminars and summer schools. Sanja has initiated and participated in socially responsible campaigns that promote the importance of caring for life preservation In recent times I have often heard that the challenge is to be an entrepreneur in Serbia, that it is more difficult for women than men, that the business field is created for men and women. *"I think that once we understand the rules of the game, when we define the goals and the platform for reaching them, then there are no obstacles. I believe that this period is a period of great challenges and that is how I defined my professional path - fighting constant challenges"*, says Sanja Knežević(Simić, 2015).

Comment: The tourism product represents the total experiences of tourists that more or less meet their expectations, including experiences with accommodation, natural and cultural resources, entertainment, transportation, catering, tourism employees, etc. Guests want to experience something new and authentic, and it is the entrepreneur's job to tailor the accommodation offer. The tourist product can be of varying degrees of complexity, from the basic product (accommodation and food) to the

extended product related to the special arrangement and atmosphere in the accommodation facility, etc.

Conclusion

The key to the success of tourism businesses in the future is finding new sources of growth (knowledge, information) that can influence successful business and development policies. In tourism, the barriers to entry of businesses to the market are low in terms of technology, capital, human resources, so businesses need to develop an offer with original content in a dynamic tourism market, through the development and implementation of business innovations, which can increase the competitive advantage of businesses themselves, but and tourist destinations. In the face of economic hardship, businesses most often respond by lack of initiative and entrepreneurship in anticipation of improved economic activities.

The impetus for innovative strategy, new ventures, and entrepreneurial activities can be an element of tourism growth and growth of the flexibility of enterprises capable of adapting, but also acting offensively in the tourism market.

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THE NATO AGGRESSION AGAINST THE FEDERAL REPUBLIC OF YUGOSLAVIA TWENTY YEARS LATER AND CONSEQUENCES FOR TOURISM SECURITY AND THE HOTEL INDUSTRY

Ljubo Pejanović¹; Stevan Stojanović²

Abstract

This paper addresses the problems of the NATO intervention in the Republic of Srpska in 1995 and the NATO aggression over the Federal Republic of Yugoslavia in 1999. The NATO Alliance, as the most powerful military armed force, was formed to defend and protect member states, as its founders. The Alliance, however, was backed by political and military authorities to invade the Republic of Serbia. As a military institution, it changed the idea and role of its founders and made itself one of the biggest threats to, and thus an aggressor of, non-member states and members who are not among the Alliance's founders.

Key Words: *NATO, consequences, pollution, poisoning, aggression, tourism, hotel industry, employment*

JEL classification: *Z32, Z39*

Instead of an introduction

The authors addressed this criminal phenomenon and the problem of modern civilization shortly after the NATO aggression against the Federal Republic of Yugoslavia, through a scientific paper in the journal *Civitas* 2015, *NATO agresija na SRJ 1999* (Pejanović, 2015) *Nato argesija na SRJ 1999*, Novi Sad, as well as a proposal for a paper under the banner of the NATO aggression and the consequences twenty years later, for the same journal. The authors' wish for the publication of the aforementioned paper is based on facts about the aggression, the consequences on human life, health and social values, as well as consequences, after twenty years, on

1. Professor Ljubo Pejanović, PhD, Faculty for Legal and Business Studies Dr. Lazar Vrkatić, Novi Sad. e-mail: pejanovicljubo@gmail.com, 063/438649

² Professor Stevan Stojanović, PhD, Faculty for Legal and Business Studies, Union University Nikola Tesla, e-mail: stojanovicsteva@yahoo.com, 064/9205111

the environment and ecology, which include tourism and hotel management. In addition to pointing out, proving and reminding of the aforementioned problems for contemporary civilization, we would also like to draw attention to the fact that this crime should not be forgotten, to be repeated and hidden. The aforementioned papers have analyzed the duration and existence of, primarily, the most dangerous threats to civilization and all its values among which are life, health and values, which have been destroyed, which are being destroyed and which increasingly contribute to the consequences to health, life and the environment, globally.

The concept and definitions of interventions and aggression

"*Aggression*, an unprovoked attack by one or more states on a state or states (in this case 18 states), which threatens the independence, sovereignty or territorial integrity of the country under attack (v. aggression). Most often aggression is armed, *i.e.*, the use of military force, but includes any action directed against the territorial whole and independence of another state or against global peace. In this sense, this is economic and political subversion and other types of aggression." (Ratković and Petrović, 1981).

"Aggression, assertiveness in the general sense, violence towards something that impedes the attainment of an intended or planned goal. In state law, it involves a crime against peace-state of threat from an external force or unprovoked armed attack on a sovereign state, its territorial integrity and independence." (Bošković, 2015). With this act of unprecedented violence, the victim had no right to defend itself, but was expected to bow down and surrender.

Therefore, the two offered definitions, from the military and legal-security aspect, illustrate what, and in what sense of the word, significance aggression has in our paper. Starting from the above definitions, the 1999 NATO aggression against the Federal Republic of Yugoslavia was not a humanitarian action, as presented and analyzed by NATO commanders, members and sympathizers of the NATO Alliance. It was an occupying aggression with the objective of breaking up the Army of the Federal Republic of Yugoslavia, the destruction of significant military, police, medical, and natural resources and similar objects. By presenting the actual circumstances of NATO's aggression on the Federal Republic of Yugoslavia in 1999, we cannot in any way imply, nor accept, represent and justify that this form of aggression was a humanitarian action, it can only

be a crime against those people and that state. A humanitarian action is assistance to a people, an institution or a state. If we were to accept and interpret NATO's message in this respect, it would imply that NATO provided humanitarian assistance to the Federal Republic of Yugoslavia, *i.e.*, Serbia and Montenegro, via missiles, bombs, cluster bombs, explosive devices, biological-chemical and radioactive agents, as well as nuclear waste (uranium and plutonium) instead of food, medicine or other humanitarian aid.

In this regard, the Federal Republic of Yugoslavia was expected to accept and acknowledge assistance and to thank the Alliance for its gift, not to consider the action aggression. In other words, our society survived the aggression, and we understood that the NATO Alliance had bombed our country, polluted our territory, destroyed our facilities, the economy, inflicted human casualties and contributed, with chemical, biological and radiation assets, to the increase of instances of cancer and other serious illnesses (through pollution to agriculture and ecology), for a very long period of time up to 4500 years.

The Federal Republic of Yugoslavia, and society, had not asked for or demanded NATO to provide any assistance, as they claim, but to avoid it, as we had, in no manner, deserved to have them destroy and inflict such an unprecedented catastrophe upon us. NATO leadership and command tried, utilizing all available means, to persuade us, as well as other opponents of the intervention, that the intervention was a humanitarian action and that its purpose was to protect and allegedly prevent the persecution of the Albanian population from Kosovo and Metohija, even though the Serb population was the one under threat.

Another objective was to, supposedly, prevent conflict in Kosovo instigated by the Yugoslav Army, under the regime of Slobodan Milošević. These interpretations and explanations have no factual basis as these were invented and constructed scenarios which allegedly involved the murder of numerous Albanians. One of the many scenarios is Račak in Kosovo and Metohija, which was invented, planned, and executed by now retired, US General Walker. The scenarios were planned by bringing in dead Serb and Albanian soldiers, from the battlefields, and citizens who lost their lives on the field, dressing them in civilian attire and portraying them as civilian casualties.

Conceptual determination and definition of the NATO Alliance and the endangerment of tourism and the hotel industry

The NATO bombing of the Federal Republic of Yugoslavia (codenamed Operation Allied Force) or, in the US, Operation Noble Anvil, also known in Serbia as Merciful Angel or NATO aggression, was the final phase of the Kosovo and Metohija war, which lasted from March 24th until June 10th 1999. It was NATO's second major military interference after the bombing of Republic of Srpska in Operation Deliberate Force in 1995, and the largest military conflict in Serbia-Montenegro since World War II.

NATO's intervention was carried out without the approval of the UN Security Council, after charges that Serb security forces were conducting ethnic cleansing of Kosovo Albanians. The immediate cause for action was Račak and the refusal of the Yugoslav delegation to sign the Rambouillet Agreement. NATO launched an air attack on military targets located in the Federal Republic of Yugoslavia at 8:45 PM on March 24, 1999, later expanding its targets to commercial and civilian facilities.

The attacks, which lasted for 78 continuous days, severely damaged the infrastructure, business facilities, schools, health institutions, media houses, cultural monuments, churches and monasteries, police and military facilities, transformer stations and transmission lines covered with metal networks, etc. Although police and military forces protected those territories, they failed to save them. "Security measures were taken, like the private security sector, through the structure of the system covering all areas of security and protection, practice and what belonged to that practice. " (Pejanović et al., 2016).

The estimated damage to the Federal Republic of Yugoslavia was from \$ 30 billion to \$ 100 billion. The final death toll has not been officially announced, with Serbian estimates ranging between 1,500 and 3,000 dead. "Terrorism is a phenomenon of the modern age in its threat to contemporary civilization, and it happened during the conflict in Kosovo. " (Pejanović and Stojanović, 2018).

Several hundred thousand Albanians according to the scenario, all returned later, while Serbs cannot return to their hearth, even to this day. The attacks were ceased on June 10, following the signing of a military-technical agreement on the withdrawal of the Yugoslav Army and police from Kosovo and Metohija. On the same day, the Security Council adopted

Resolution 1244, under which the Federal Republic of Yugoslavia (Serbia) retained sovereignty over Kosovo and Metohija but, on this issue, the international community made a reversal under the administration of UNMIK and KFOR.

On February 17, 2008, Kosovo Albanians unilaterally declared Kosovo's independence from Serbia, which Serbia does not recognize. In this respect, the cited quotation reminds us of the reasons for the attacks on the Federal Republic of Yugoslavia and the Republic of Serbia, what these goals were, and which were attributed, allegedly, to the Albanians.

Therefore, NATO's "intervention" in the Republic of Srpska, was carried out with an attack on its forces in Hadžić and Han Pijesak, to prevent them from protecting their positions and population in Sarajevo, and, NATO and the B&H Army carried out the "bombing scenario on Markale market in Sarajevo" in order to justify NATO's military assault on Serbian positions. On the other hand, al-Qaeda terrorists, jihadists, Wahhabists and the B&H army carried out attacks, killings and crimes throughout the Bosnian territory, for which they did not even receive a warning, while the Serbs were denied the right to defend themselves.

NATO carried out the same intentions and actions in Kosovo and Metohija, with attacks and aggression on military and police forces defending the border and territory of the Federal Republic of Yugoslavia. The NATO aviation, the Albanian army, the Kosovo Liberation Army, al-Qaeda terrorists, jointly carried out attacks from Kosovo and Metohija and Albania. In this case, terrorism can pose a major problem to tourism and the hotel industry. Terrorism as a phenomenon with established modems and the theater of modern civilization threatens the entire planet." (Pejanović and Stojanović, 2018).

In this respect, NATO was neither entitled nor required to engage in such actions because no NATO member state was attacked or threatened, and these rules are embedded in the organization of the Alliance, obliging them to defend their members. In other words, there was no need to attack, kill, demolish and destroy territories that do not belong to them, which actions were the cause of the conflict in Bosnia and Herzegovina and Kosovo and Metohija.

NATO aggression 20 years later and NATO's acknowledgement of the reason for the bombing

Only in 2019, on the 20th anniversary of NATO's aggression on the Federal Republic of Yugoslavia, *i.e.*, March 24, 1999, did NATO acknowledge why they bombed us. NATO's bombing of the Federal Republic of Yugoslavia, codenamed Operation Allied Force or US Operation Noble Anvil, in Serbia also called and known as NATO aggression, or erroneously called Merciful Angel, was the final phase of the war in Kosovo and Metohija which lasted from March 24 until June 10, 1999. On the same day, the Security Council adopted resolution 1244 under which the Federal Republic of Yugoslavia (Serbia) retained its sovereignty over Kosovo, while they became internationally recognized under the administration of UHMIK and KFOR, with an army and police, while more than 200,000 Kosovo Serbs and others non-Albanians, escaped to Central Serbia.

Serbia has become the country with the largest number of refugees and internally displaced persons in Europe. On February 17, 2008, Kosovo Albanians unanimously declared the independence of Kosovo and Metohija from Serbia. In this imposed regime, the Serbs did not have any rights or consent to this decision. Thus, among the numerous scenarios during the NATO aggression on the Federal Republic of Yugoslavia and the Republic of Srpska, US intelligence officer Walker created a false scenario by bringing dead Serb and Albanian fighters from the battlefields and filming them in Račak, regardless of the numerous denials from witnesses, the scenario was accepted and the bombing of the Republic of Serbia was carried out. When it comes to the Republic of Srpska, intelligence officers also staged the Markale Market scenario, and accused the Serbian army of attacking it in order to kill Muslims in the market and the surrounding area. The scriptwriters knew full well that they had commissioned Muslim forces from Sarajevo to attack the Savo Miskin market at Markale in Sarajevo.

"Some Western European governments, advocates and planners for the use of the NATO Alliance, military and terrorists on the Federal Republic of Yugoslavia in 1999, were not anything new at that time. These plans existed much earlier and preparations were being made for the aggression over a period of several years. First of all, the intelligence services of these countries trained, prepared, educated and persuaded the terrorist organization KLA (Walker) for many years, which they called and registered as a terrorist organization themselves, to rename and form it as

the KLA, *i.e.*, the Kosovo Liberation Army. In addition to Western intelligence officers, KLA members were trained by ISIS members. In any case, ISIS fighters trained in Syria and Iraq to carry out terrorist attacks can use migrant routes to reach Europe, at any time" (Skakavac and Skakavac, 2017). These groups (ISIS and KLA) were used for terrorist purposes back in 1997 when, together with foreign intelligence services, they carried out various incidents, *i.e.*, terrorist killings, persecutions, destruction of facilities in Kosovo, *etc.* Thus, in 1998, the KLA terrorist organization and al-Qaeda and ISIS members, with aid from the Albanian army, carried out numerous attacks on the border of the Federal Republic of Yugoslavia. In this respect, at 9:30 PM on May 09, 1995, an attack was carried out on the border of the Federal Republic of Yugoslavia, in the area of the Dejan Krstić watchtower near Đakovica. At that time and in that area, the border between the Federal Republic of Yugoslavia and Albania was constantly under threat. These attacks were attempts to invade the territory of the Federal Republic of Yugoslavia and transfer large quantities of small and large caliber weapons, as well as other military equipment. On August 29, 1995, a patrol of the Federal Republic of Yugoslavia Army was once again attacked at the Dejan Krstić watchtower, the municipality of Đakovica. Among the numerous attacks, in 1988 alone, 114 terrorist attacks were carried out on the Federal Republic of Yugoslavia border. In addition, in 1998, 176 border incidents took place in which terrorists attempted to illegally bring in over 80 tons of weapons, ammunition, equipment and other means.

Given the limitations of this paper, it was not possible to explain this type of threat in any greater detail. Thus, the Kosovo Liberation Army (KLA) started war conflicts in Kosovo and Metohija with numerous attacks on the border of the Federal Republic of Yugoslavia, including March 5, 1998 when the KLA attacked a police patrol in the village of Lauš in the Drenica area. In a counterattack by the police of the Federal Republic of Yugoslavia, the group's leader, Adam Jashari, who initiated the attack, was killed (Srpski telegraf, 2019a).

The battle for Košara and other border crossings in that area continued in the war for Kosovo and Metohija. In those clashes, 108 officers, non-commissioned officers and soldiers were killed, about 150 KLA members were also killed in conflicts with the Army of the Federal Republic of Yugoslavia, which battle ended with the signing of the Kumanovo Agreement. However, the first cruise missiles from the NATO aviation started the aggression on the Federal Republic of Yugoslavia at 8 PM on

March 24, 1999 and did not stop until the signing of the Kumanovo Agreement on June 11, 1999. In this regard, the Federal Republic of Yugoslavia Army had 14 M-29 aircraft, 11 of which were raised in defense of the territory of the Federal Republic of Yugoslavia, all of which were hit, six while airborne and five on the ground.

In these conflicts, two Federal Republic of Yugoslavia pilots were killed, one near Bijeljina, Republic of Srpska, and one near Valjevo. The first pilots of the Army of the Federal Republic of Yugoslavia, Ilić and Arizanov, took off from Niš in partially defective planes, their radars were not working and they were quickly hit, Ilić returned with the damaged plane to Niš, while Arizanov jumped out of the plane and made his way to the military airport in Priština on foot. After all of the above, and the signing of the Kumanovo Agreement, the Army and police forces were withdrawn from Kosovo, and KFOR and SFOR, which remain there to this day, took their place.

The most hazardous ammunition was released in Southern Serbia over Pljačковиć, near Vranje, Borovac near Bujanovac, Bratoselce, Bukurevac and Reljan near Preševo. This is also the location of the highest radiation measurements in Serbia. An enormous quantity was also released on the Southern Serbian province of Kosovo and Metohija (primarily the Podujevo region with its surrounding villages, the area of Kosovska Mitrovica), the area around Dečani, Đakovica, Prizren, etc.

NATO sustained consequences because of the planes downed by the Army of the Federal Republic of Yugoslavia

Seven F15 aircrafts, 3 F-117A aircrafts, 2 F117 aircrafts, 19 F-16 aircrafts, 7 F/A-18 Hornet aircrafts, 12 A-10 Thunderbolt aircrafts, 8 Harrier aircrafts, 6 F-2000 Mirage aircraft, 19 Tornado aircrafts, 3 Stora helicopters (rescue), 4 NATO helicopters, 14 NATO rescue helicopters, 4 AH-64 apache helicopters, 3 B-2As, 6 B-52Hs, 1 RAF C-130, 154 unmanned aerial vehicles, drones, and other aircraft, were hit and downed.

The area where NATO aircraft were downed

a) **Downed aircraft;** in Sombor 1, Bečej 2, In Vojvodina farther from town 2, (3 F-117 aircraft were shot down - invisible, the first in Buđanovci, the second landed in Zagreb and the third one fell in Bosnia), Novi Sad, 2, Sremska Mitrovica 3, Mitrovica-Šabac 3, Bijeljina 3, Užice 4, Loznica 1,

Belgrade 1, Smederevo 1, Požarevac 1, Valjevo 1, Sarajevo 1, Priboj 1, Aleksinac, 2. Niš 4, Prokuplje 2, Kuršumlija 1, Leskovac 1, Danilovgrad-Podgorica 3, Peć-Đakovica 3, Peć-Priština 4, Priština 2, Gračanica 1, Vranje 1, Đakovica-Prizren 1, Ulcinj 2, Albania 4 pieces,

b) ***Downed helicopters***; Šabac 1, Kosovska Mitrovica 3, Priština 2, Đakovica 1, Gnjilane 1, Albania near the SRY border 1, Tirana 1 piece,

c) ***Downed unmanned aerial vehicles***; Bečej 1, Bijeljina 1, Sremska Mitrovica 1, Rožaje 1, Prizren-Macedonia 2, Macedonia 1 piece (Srpski telegraf, 2019b).

"NATO command, *i.e.*, NATO tried hard to hide its losses, but failed in doing so... Report of NATO's ongoing losses during the aggression against the Federal Republic of Yugoslavia were transmitted by radio amateurs from Serbia and abroad and is the best testimony of damages suffered by the Alliance. Information on the same was verified through several sources and as we were told, by amateurs who provided us with the document, there is no doubt of its authenticity. More than 2,000 radio amateurs in Serbia, plus their counterparts from abroad, were involved in the daily collection of data on attacks conducted by the NATO aviation and strikes by cruise missiles, drones and helicopters. The main center for the collecting of this data was located in New Belgrade and in times of emergency, for the needs of the state, would organize into a radio network throughout Serbia" (Srpski telegraf, 2019c).

"At 8 PM on March 24, 1999, the US-led North Atlantic Alliance, with some indication but without a declaration of war and without the approval of the UN Security Council, launched an aggression by striking at military-police targets located within the territory of the Federal Republic of Yugoslavia, thereby launching the announced air operation, *i.e.*, unprovoked, and not sanctioned by the UN Security Council. NATO launched an aggression with rocket planes by striking at military-police targets located within the territory of the Federal Republic of Yugoslavia, thereby starting an announced air operation, *i.e.*, unprovoked aggression." (Pejanović, 2015). Almost 20 years later, the exact number of missiles dropped on our country has not been determined, nor have the consequences to the health of the population.

"In addition to the aforementioned cases, downed planes were also recorded in other areas: 2 B-52H above Cer Mountain, one 22-man

helicopter in combat with an infantry unit hit by 1M gunfire, there were no survivors. A-10 Thunderbolt II was shot down near Tetovo, Macedonia. An A-10 plane was shot down in the vicinity of Petrovac Airport, from where the wreck was transported to this airport. An F-16 aircraft was downed in Kovilov. Another F-16 was also shot down near Kovilov. A rescue helicopter was hit, seventeen soldiers were killed while three were taken hostage in Resnik near Belgrade. One crashed in the vicinity of Svriljig, one near Sićevo-village Malča, one near Pirot and one near Laskovac, a total of 5 aircraft in one hour. One F/A-18 Hornet which took off in Bulgaria was hit, and its pilot catapulted from the plane. Two minutes later, a British airplane Harrier was shot down, which had also flown in from Bulgaria, its pilot also catapulted from the plane. One plane crashed on Šar Mountain, *i.e.*, a British Tornado, the crew was rescued and accepted by the KLA who handed them over to NATO. One B-2 crashed into Spačva Forest in Croatia, no crew data is available" (Srpski telegraf, 2019c).

Table 1: *Number of cancer patients in Central Serbia 1990-2012*

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
9,898	9,175	8,591	6,254	5,889	7,056	17,223	17,974	1,884	19,625
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
22,123	22,359	23,828	23,944	24,755	24,369	24,593	25,662	25,235	26,663
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
26,156	26,949	26,218	?	?	?	?	?	?	?

Source: *Data, Institute of Public Health of Serbia "Dr Milan Jovanović Batut", Belgrade, 2019.*

In the aforementioned period, 103,569 individuals, or 10.3 per year, were diagnosed with cancer in Central Serbia (Table 1). These are the results from the beginning of the NATO bombing, up to the incubation period of 10 years, *i.e.*, until 1999.

Table 2: *The number of deaths in Central Serbia from 1990-2012 from the effects of cancer, data for 2013-2019 is not available .*

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
9,814	9,661	10,627	10,674	19,715	11,194	11,407	11,788	12,162	12,312
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
12,653	12,702	13,067	13,487	13,708	14,000	14,114	14,373	14,655	15,042
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
15,053	14,924	15,231	?	?	?	?	?	?	?

Source: *Data, Institute of Public Health of Serbia "Dr Milan Jovanović Batut", Belgrade, 2019.*

Table 2 is a tabular illustration of deaths after 13 years of bombing, i.e., after the incubation period 2000–2012, during which time 323,939 persons, or 24.10 per year, died as a consequence of cancer. Therefore, the number of deaths increased by 14.7 per year.

NATO projectiles with depleted uranium and biological-chemical content

"During 1999, about 15 tons of depleted uranium were dropped on the Federal Republic of Yugoslavia, most of them in the south of Serbia, including Kosovo and Metohija. Is there a direct link between that ammunition and cancer patients, radiologist Professor Slobodan Čikarić, DMSC says for Mondo (Mondo, 2019).

"Depleted uranium emits low-level alpha radiation as well as low-beta and low-gamma radiation. Regular military uniforms are sufficient protection against absorption through the skin. The real danger is however from the potential inhalation of depleted uranium dust" (Božović, 2019).

According to experts, depleted or discarded uranium from aircraft has been taking its toll on Serbia for years, this is supported by the fact that more and more people are diagnosed with cancer, while the number of newly diagnosed and deceased patients has increased. Doctor Slobodan Čikarić, a professor at the Faculty of Medicine and a retired radiologist, claims, according to years of research, that there is, without a doubt, a link between increased malignancies in Serbia and depleted uranium dumped by NATO onto our territory.

"Merciful Angel comes and sprinkles 15 tons of depleted uranium, which during the war is converted to uranium oxides, micronic in size. Air currents carry dust into higher layers of the atmosphere, after which wind spreads that dust across Serbia and the Balkans. Bulgarians and Greeks measured radiation during the war activities - March, April, May 1999, and found that radiation was increased by 20-30 percent.

Therefore, those who claim that the dust did not spread from the territory of Kosovo and Metohija were mistaken, and why they make such claims, I do not know", says Čikarić, who is also president of the Serbian Cancer Society.

Causes of disease onset and increase in certain areas during the aggression

Therefore, the NATO Alliance planned, organized and targeted, primarily, the Pčinjski district and Kosovo and Metohija, precisely due to the concentration of the Yugoslav Army and technology, *i.e.*, tanks, located in these areas. The NATO alliance dropped the largest number of missiles in this region because this was the location of the tank units of the Army of the Federal Republic of Yugoslavia. NATO had plans and wanted to attack Kosovo and Metohija from Albania, by land. They attempted to invade the territory of the Federal Republic of Yugoslavia through Albania, with the help of the KLA and with the assistance of the Albanian armed forces, which engaged in heavy fighting with the Army and police of the Federal Republic of Yugoslavia, but failed, as did their attempts through Macedonia. Čikarić explains that a large armored unit of the Army of the Federal Republic of Yugoslavia was in Kosovo and Metohija, who tried to disable it.

"The US-led NATO plan attempted a land attack on the Federal Republic of Yugoslavia via several routes, with five options: 1. NATO's invasion from Macedonia, through the Preševo Valley via Skopje, into Central Serbia; 2. Through the Kačanička Gorge, although there were no conflicts in this area, with entry into Kosovo and Metohija; 3. Through the high mountains from Albania towards Kosovo; 4. A helicopter-parachute assault executed by several thousand NATO troops, in order to divide the Yugoslav units into two parts and invade Priština; and 5. Land assault with the above mentioned combinations from Hungary, and an attack on Belgrade." (Srpski telegraf, 2019a). "However, a large number of cluster bombs, air bombs, unmanned Tomahawk bombs, remained unactivated, in buildings, fields and rivers, which is a major, difficult and unsolvable problem, both in terms of deactivation and cleaning, as well as the consequences of radiation from hazardous chemical, biological, radioactive and nuclear materials" (Mihailović, 2011). Among other spaces, pollution would also impact tourism and the hotel industry.

However, various accidents and incidents at power plants and nuclear power plants have contributed drastically to an increase in illnesses, including cancer. In 2011 in Fukushima, Japan, an accident occurred on a nuclear reactor after a severe earthquake which caused enormous threats and damage. In that case, the Americans helped Japan, providing them with various assistance. The Ronald Regan aircraft carrier passed Fukushima at

a distance of 150-200 kilometers. During the voyage, they discovered that the ship deck was contaminated with radioactive waste from Fukushima. They decontaminated, and the 79 sailors who were irradiated sued the Japanese government, and the owner of Fukushima, for heavy damages the following year. In that case, the sailors found themselves, unwillingly, in a zone of high risk of radiation.

This type of radiation can cause carcinogenesis and genome mutation, according to Professor Čikarić. However, he also claims that they asked for \$ 12.5 million per sailor, though none of them had cancer. In the end, a Japanese court ruled that they would receive damages but would be "capped at two million dollars per sailor" (Mondo, 2019). None can predict or estimate how ill, or the consequence of the aggression on, the citizens of the Republic of Serbia will become. If others are entitled to seek indemnification, why could not the residents of the Republic of Serbia seek damages.³

Environmental issue and the criminality of environmental threats

First of all, it is necessary to point out and remind both citizens and representatives of the authorities of the Republic of Serbia and the Republic of Srpska, (Bosnia and Herzegovina), that NATO has committed a crime against the Republic of Serbia and the Republic of Srpska and an environmental crime. The crime involves, primarily, polluting the territory with the most hazardous and destructive explosive and other assets, the murder of people, the affliction of a great number of people by diseases such as all forms of cancer, as pointed out by Professor Čikarić. Secondly, bombings and the release of an enormous amount of biological, chemical and radiation means has polluted the territory for centuries, causing an environmental crime and terrorism.

"The environment is a set of natural values of which it is comprised, and which form a part of its surroundings, creating the basis for life within a given space, *i.e.*, Planet Earth. Ecology, environmental crime, pollution to the environment and environmental hazards are a contemporary problem of modern civilizations." (Pejanović, 2016). *"Now look at our situation, radioactive material arrived in Serbia in 1999, it was not at the level of*

³ The 2011 Fukushima nuclear power plant accident in Japan can serve as an example of the extent to which radiation and nuclear waste are a threat to the safety of life and environmental pollution.

Fukushima but there was an increased level of radiation. If officially recognized and approved by the world organization, our report, where we provide reasoning for the link between uranium and cancer, we could be compensated, and this would automatically be transmitted to other bombed countries - Iraq, Afghanistan, Syria, Libya... " explains Čikarić.

The threat to human lives with radioactive and waste materials

Radioactive waste and material is located 12 kilometers away from Belgrade, which poses a further threat to citizens, as well as employees at Vinča, from radiation, poisoning and potential explosions. When it comes to NATO strikes on facilities, it is also interesting that the last ten days of the Merciful Angel mission were the most intensive ones. Therefore, about 112 strikes were conducted on the Federal Republic of Yugoslavia, 98 of them on Kosovo and Metohija, 12 on Southern Serbia and 2 in Montenegro. Of these, 60 percent were civilian targets. In Kosovo and Metohija, the most bombed area was Podujevo with its surrounding villages, *i.e.*, the vicinity of Kosovska Mitrovica, the area around Dečani, Đakovica, Prizren, followed by others. NATO, The air strikes on the Federal Republic of Yugoslavia began on March 24, 1999 and lasted for 78 days, *i.e.*, until June 9, 1999.

Conclusion

The NATO military alliance, as a modern form of threat, execution of military interventions and aggressions, has become the most dangerous threat to economically underdeveloped, small societies, developing countries and even to competition within the international community. Economically developed countries from the West, *i.e.*, a part of their governments, for the purpose of influence, benefit, exploitation and trade, provoke conflicts with competitors and the underdeveloped, in order to use NATO forces to intervene or indicate a threat, thereby securing the desired and planned objectives in all of the cited cases.

Although the NATO Alliance was superior in both the armed sense as well as in the quantity and age of its weapons, the Serbian Army successfully resisted and stopped the aggression. The Army of the Federal Republic of Yugoslavia had succeeded in striking down over 150 military aircraft, helicopters, tomahawks, as well as stopping NATO special forces, the Albanian army and terrorist organization, in their attacks on the border of the Federal Republic of Yugoslavia from the direction of the Republic with

the support of KLA in Kosovo and Metohija, also did great harm. In this respect, part of the Islamic world such as: Saudi Arabia, Iran, Afghanistan, Pakistan, Palestine, Turkey, Kashmir, Morocco, Iraq and Albania, secretly and covertly, and sometimes openly, supported, organized and financed extreme terrorist groups in the Middle East and Kosovo (Pejanović, 2017). In Kosovo and Metohija, the Army and police made a significant contribution to the protection of citizens and territory. Therefore, "systemically coordinated security entities" are necessary (Pejanović and Stojanović, 2012).

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PUSH AND PULL MOTIVATION OF YOUNG TOURIST FOR VISITING CITIES IN THE REPUBLIC OF SERBIA

Milena Podovac¹; Melita Jovanović-Tončev²

Abstract

This study analyzes the motivation of young tourists for visiting cities in the Republic of Serbia. The applied method is a survey, which was conducted on a sample of 111 respondents. The primary goal of this study was to examine the push and pull factors of young tourists for visiting cities in the Republic of Serbia as well as their overall satisfaction. The results of empirical study showed that the main push factors of young tourists are: spending time with friends, having fun, rest and relaxation, new experiences and getting away from stress and daily routine. The main pull factors for visiting cities in the Republic of Serbia according to the answers of respondents are: cleanliness and orderliness of the city, good value for money of the services provided, cultural and historical heritage sites, rich gastronomy offer and additional facilities. In addition, the results indicate that there is not a statistically significant difference between young tourists of different socio-demographic characteristics about their push and pull factors as well as overall satisfaction with their visit to the cities in the Republic of Serbia.

Key Words: *youth tourism, young tourists, cities, motivation, push factors, pull factors*

JEL classification: *Z30, Z32, L83*

Introduction

In an era full of challenges for the tourism industry (Ghețe, 2015), youth tourism is one of the fastest growing segments in the international tourism market (Horak & Weber, 2000; Khoshpakyants & Vidishcheva, 2010; Han

¹ Milena Podovac, PhD, Teaching Assistant, University of Kragujevac Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvođanska bb, 36-210 Vrnjačka Banja, Serbia, phone: + 381 36 515 00 24, e-mail: milena.podovac@kg.ac.rs

² Melita Jovanović Tončev, PhD, Trade school, Hilendarska 1, 11000 Belgrade, Serbia, phone: +381 063 72 73 492, e-mail: melitajt93@gmail.com

et al., 2017). Under the influence of globalization trends, with an excess of free time and the fragmentation of holidays, changes in tourism demand occurred causing intense development of production forces and directly affecting the rise in the living standard of the population. The modern tourist is characterized by an increased tourist experience, striving for authentic experiences, as well as a demand for products of higher quality that provide good value for money (Jovanović Tončev et al., 2016). Bearing in mind that tourism contributes to meeting different cultures (Podovac et al., 2019), young tourists are in the focus of the contemporary tourism development as a market segment, which is growing significantly. Youth tourism is defined as independent travel, which refers to trips taken by young people independently, without being accompanied by a parent or guardian (Demeter & Bratucu, 2014). Youth tourism implies individuals between 15 and 29 years of age, who, because of their limited budget, use affordable means of transport such as bus and rail and they stay in hostels and low-cost hotels (Todorović et al., 2015). The limited budget does not prevent young tourists from undergoing new experiences and meeting their tourist needs during their stay at the destination.

This paper presents the results of an empirical study of the motivation of young tourists for visiting cities in the Republic of Serbia, which is based on the push-pull motivation theory. The aim of this study is contributing to the current findings about push factors, which encourage young tourists to visit cities in the Republic of Serbia, as well as pull factors regarding the elements of cities' tourist offer which are attractive for young tourists. Based on a review of relevant literature and similar researches, a questionnaire was developed by which an empirical research was conducted. The paper also presents and analyzes the results of the research that the conclusions are based on.

Literature review

Motivation in tourism is a complex field of research (Cohen, 1972; Dann, 1977; Crompton, 1979; Dann, 1981; Gnoth, 1997; Yoon & Uysal, 2005; Weber et al., 2012; Wen et al., 2018; Carvache-Franco et al., 2018). Authors have focused particular attention on the study of tourism motivation during the 1960s (Wong et al., 2013) whereby the history of tourism motivation research developed in parallel with consumer behavior research (Gnoth, 1997). The analysis of theoretical knowledge of the motivations and behavior of tourists primarily involves defining the concepts of motivation and motive (Jovanović Tončev & Podovac, 2016).

Motivation is the result of individuals' thinking about certain activities that can potentially create pleasure, so going to the places where they can be found is the basic driving force which manages behavior during travel (Iso-Ahola, 1982). Motivation as an internal drive that guides a person's behavior and decision making has been examined in relation to work, sport, travel and other leisure time activities (Šimková & Holznelr, 2014). Motivation is associated with psychological and biological needs and wishes, and includes generated integral powers, directing and integrating the behavior and activity of a particular person (Yoon & Uysal, 2005).

From the perspective of tourism, the nature of motivation is multidimensional. Tourists want to experience more than one attribute in a destination which is why the subject of the research must be variables of two sets: destination attributes and travel motives (Pyo et al., 1989). On the other hand, motive is defined as internal factor that encourages, directs and integrates the behavior in certain people (Murray, 1964, p. 7). Due to the fact that tourist destinations are amalgam of tourist products (Buhalis, 2000), motives for travel and stay of tourists in a certain destination can be multiple wherefore tourists can satisfy a large number of their tourist needs and motives in one trip.

Several theories of motivation have been presented in the literature, which are applicable in the study of tourists' motivation. In his research, Plog (1974) developed psychographic motivation theory, according to which tourist are classified according to their personal characteristics, life-style and personal values to psychocentrics and allocentrics (Šimková & Holzner, 2014). Psychocentrics are represented by people concerned with their own affairs, i.e. non adventurous visitors, who often require standard services, while allocentrics are independent tourists seeking for adventure or experience (Prasad et al., 2019). Plog found that there were certain laws regarding the profile of people visiting the destination and patterns of growth and decline of the destination in the market. The main reason is that changes in the character of most destinations are the result of the growth and development of tourist facilities and services (Plog, 1974). In his research, Iso Ahola (1982), defined a two-dimensional leisure motivation theory, which includes two elements: escaping (routine, stress, familiar environment, everyday problems, stress at work) and seeking for a certain kind of personal reward.

In analyzing tourists' motivation, numerous authors (Shin et al., 2017; Marchiori & Cantoni, 2018; Sari et al., 2019) refer to Maslow's hierarchy

of needs. Maslow's hierarchy of needs includes five levels of needs: physiological needs, security and safety needs, social needs, self-esteem needs and self-actualization needs). According to his theory, fulfilment of one need leads to another on a higher level, thus forming a hierarchy (Yousaf et. al., 2018). One of the most used motivation theories in tourism is the push-pull motivation theory which explains motives and behavior of tourists during the decision-making process on visiting a particular destination and motives that attract them to visit the same (Dann, 1977; Azman & Chan, 2010; Kim et al., 2003; Kim & Baum, 2007; Antara & Prameswari, 2018). Push factors are more related to internal or emotional aspects and they can be seen as the desire for escape, rest and relaxation, adventure, social interaction and family togetherness. Pull factors are connected with external or cognitive aspects and they are inspired by a destination's attractiveness, such as beaches, recreation facilities, cultural attractions, entertainment, natural scenery, shopping and parks (Yoon & Uysal, 2005, p. 46-47). These factors can be characterized as factors that drive or deter an individual from making the decision to travel to the particular destination (Salimon, et al., 2019). The push-pull theory implies that a man is driven by the decision to take trips with internal forces and drawn by external forces, or by attributes of destinations (Uysal & Jurowski, 1994).

Considering the subject of research in this study, it is important to consider the motivation of young tourists to visit cities as well as factors that *influence the decision making for staying in the cities*, but also elements of their tourist offer which attract young tourists to stay in cities. In the study of motivational factors of young tourists visiting Belgrade as tourist destination, Todorović and Jovičić (2016) concluded that young tourists primarily travel to Belgrade to have fun, visit interesting sites, get away from the routine and feel excitement. On the other hand, the main pull factors, which attract young people to visit Belgrade are the contact with local residents and cultural attractions and sightseeing which are rated as more important than going out at night and visiting events. Preko et al. (2018) analyzed the push and pull motives and behavioral intentions of young tourists who visited Ghana. On the example of 557 respondents, authors identified that key push factors that encourage young people to stay in Ghana are: rest/relaxation, knowledge seeking, novelty and ego-enhancement. Based on the respondents' answers, the authors identified key pull factors that attracted young tourists to Ghana as: historical-cultural attractions, accessibility-good value, natural-ecological heritage and service delivery. On the sample of visitors between 15 to 35 years old, that

visited the archaeological site of Delphi in Greece, Boukas (2013) found that young tourists are important consumers of culture. In addition, research conducted by this author has shown that young tourists are satisfied with attributes such as cultural monuments, landscapes and experience, while less satisfied with anthropogenic resources such as facilities, amenities and operational features. Wangari (2017) has applied push-pull motivation theory in research visitors of young tourists between 15 to 30 years of age, who visited a national park in Nairobi (Kenya). Research results showed that push factors are a more important determinant of youth travel to Kenya than pull factors. While such factors may, to some great extent, be outside the control of tourism marketers, the industry can provide products and services to match this market expectations and aspirations.

An analysis of the available scientific literature has highlighted the complexity of tourists' motivation in making the decision to travel and stay in a particular destination. Although there are a large number of motivational theories in the literature, the most applicable in the study of tourists' behavior is certainly the push-pull motivational theory, which allows identifying the factors that influence the tourist in different stages of planning and realization of the tourist trip.

Research methodology

In order to examine the factors which encourage young tourists to visit cities in the Republic of Serbia, as well as pull factors regarding the elements of cities' tourist offer which are attractive for young tourists, the survey was conducted from 20 January to 20 February 2020. Designing the questionnaire implied previous analysis of empirical research studies with similar subject (Matzler & Siller, 2003; Kim & Jogaratnam, 2007; Todorović & Jovičić, 2016; Preko et al., 2018). This analysis has enabled defining research questions and hypotheses, which have been verified using appropriate statistical tests (t-test of independent samples and one-way analysis of variance).

The questionnaire included 13 questions, which are divided into three segments. The first part of the questionnaire includes questions related to the basic socio-demographic characteristics of the respondents (gender, age, education and professional status). Second part of the questionnaire includes questions about the characteristics of trip of young tourists and their future intentions about visiting cities in the Republic of Serbia. In the third part of the questionnaire, respondents rated importance of push and

pull factors using the 5-point Likert scale. Respondents were asked about the level of satisfaction and impact of visiting cities in the Republic of Serbia on their personal values. The questionnaire was based on the similar research study (Todorović & Jovičić, 2016; Wangari, 2017; Preko et al., 2018.). The survey sample included young people between 18 to 29 years old. The questionnaire was completed by 111 respondents. Analysis of the data was performed in the SPSS 26 software.

In line with the aims of this paper, the following hypotheses were defined:

H1: There is a statistically significant difference among young tourists of different socio-demographic characteristics concerning their push factors for visiting cities in the Republic of Serbia.

H1a: There is a statistically significant difference among young tourists of different gender concerning their push factors for visiting cities in the Republic of Serbia.

H1b: There is a statistically significant difference among young tourists of different age concerning their push factors for visiting cities in the Republic of Serbia.

H1c: There is a statistically significant difference among young tourists of different education concerning their push factors for visiting cities in the Republic of Serbia.

H1d: There is a statistically significant difference among young tourists of different professional status concerning their push factors for visiting cities in the Republic of Serbia.

H2: There is a statistically significant difference among young tourists of different socio-demographic characteristics concerning their pull factors for visiting cities in the Republic of Serbia.

H2a: There is a statistically significant difference among young tourists of different gender concerning their pull factors for visiting cities in the Republic of Serbia.

H2b: There is a statistically significant difference among young tourists of different age concerning their pull factors for visiting cities in the Republic of Serbia.

H2c: There is a statistically significant difference among young tourists of different education concerning their pull factors for visiting cities in the Republic of Serbia.

H2d: There is a statistically significant difference among young tourists of different professional status concerning their pull factors for visiting cities in the Republic of Serbia.

H3: There is a statistically significant difference among young tourists of different socio-demographic characteristics concerning overall satisfaction with visiting cities in the Republic of Serbia.

H3a: There is a statistically significant difference among young tourists of different gender concerning overall satisfaction with visiting cities in the Republic of Serbia.

H3b: There is a statistically significant difference among young tourists of different age concerning overall satisfaction with visiting cities in the Republic of Serbia.

H3c: There is a statistically significant difference among young tourists of different education concerning overall satisfaction with visiting cities in the Republic of Serbia.

H3d: There is a statistically significant difference among young tourists of different professional status concerning overall satisfaction with visiting cities in the Republic of Serbia.

Research results and discussion

In study of the push and pull factors of young tourists for visiting cities in the Republic of Serbia, 111 respondents participated. Table 1 presents data on the socio-demographic characteristics of the respondents.

Table 1: *Socio-demographic characteristics of respondents (n=111)*

Indicator	Category	<i>n</i>	%	<i>M</i>	<i>SD</i>
Gender	Male	25	22.5	1.77	.420
	Female	86	77.5		
Age	18-21	33	29.7	1.86	.667
	22-25	60	54.1		
	26-29	18	16.2		
Level of education	High school	35	31.5	1.86	.694
	Bachelor's degree	56	50.5		
	Master degree	20	18.0		
Professional status	Student	76	68.5	1.40	.636
	Employed	26	23.4		
	Unemployed	9	8.1		
	Other	76	0		

Source: *Research results*

Table 2 shows the answers of the respondents to the questions related to their visit to cities in the Republic of Serbia. Of the total number of respondents, 84 respondents (75.7%) made an overnight stay in the cities

of the Republic of Serbia. By the length of stay, the majority of respondents stayed between 2 to 3 nights (41 respondents or 36.9%). Most of the respondents (75 respondents or 67.6%) used private accommodation during the visit.

Table 2: *Characteristics related to respondents' visit to the cities of Republic of Serbia (n=111)*

Indicator	Category	<i>n</i>	%	<i>M</i>	<i>SD</i>
Stay	Overnight	84	75.7	1.24	.431
	Transit	27	24.3		
Duration of stay	1 night	29	26.1	2.39	1.153
	2-3 nights	41	36.9		
	4-5 nights	10	9.0		
	Over 5 nights	31	27.9		
Accommodation type	Hotel	32	28.8	2.41	.918
	Hostel	3	2.7		
	Private accommodation	75	67.6		
	Other	1	.9		
City which respondents visited	Belgrade	58	52.3	1.66	.769
	Novi Sad	33	29.7		
	Other	20	18.0		
First visit	Yes	28	25.2	1.75	.436
	No	83	74.8		
Future intentions	Visit again	46	41.4	1.98	.914
	Recommend to other people/encourage other people to visit	22	19.8		
	Pass to other people positive impressions	42	37.8		
	First time in cities of Republic of Serbia	1	.9		

Source: *Research results*

The largest number of respondents (58 respondents or 52.3%) stated that they visited Belgrade, while 33 respondents, or 29.7%, visited Novi Sad. Under the option *Other*, respondents cited other cities including: Paraćin, Kruševac, Arandjelovac, Jagodina, Zaječar and others. Of the total number of respondents, 83 respondents or 74.8% said they did not stay in the cities of the Republic of Serbia for the first time. In terms of future intentions, 46 respondents or 41.4% of the total number of respondents will visit cities of

the Republic of Serbia in the future, while 42 respondents or 37.8% will pass their positive impressions about travel to other people (Table 2).

Table 3: *Push factors (n=111)*

Push factors	M	SD
Rest and relaxation	3.72	1.177
I wanted to get away from stress and daily routine	3.59	1.107
I wanted to have fun	4.00	.963
Acquisition of new knowledge	3.36	1.135
I wanted to learn more about culture and history of the city	3.42	1.180
Spending time with friends	4.11	1.090
Contact with nature	3.41	1.268
I wanted a whole new experience	3.68	1.183
I wanted to visit a city that my friends have never visited	2.87	1.415
I wanted to experience something that I would be able to tell my friends	3.23	1.293
I wanted to make new friends during my stay in the city	3.22	1.268

Source: *Research results*

Average ratings given by the respondents regarding push factors for visiting cities in the Republic of Serbia are presented in the Table 3. *Spending time with friends* was the highest rated push factor for visiting cities in the Republic of Serbia (M=4.11), while the lowest rated push factor was *I wanted to visit a city that my friends have never visited* (M=2.87) (Table 3).

Table 4: *Pull factors (n=111)*

Pull factors	M	SD
Natural attractions	3.50	1.127
Accessibility and developed transport infrastructure	3.76	1.185
Localities of cultural and historical heritage	3.80	1.086
Good value for money services provided	4.02	.953
Quality nightlife (cafes, clubs, etc.)	3.40	1.170
Rich gastronomy offer	3.76	.956
Cleanliness and orderliness of the city (park areas, architectural design city, cleanliness, etc.)	4.04	1.053
Organized city tours accompanied by a licensed tourist guide	3.31	1.256
The quality of the accommodation offer	3.70	1.023
Additional facilities (spa & wellness services, sports and recreational facilities, shopping malls, etc.)	3.74	1.051
The relationship and behavior of the local population according to tourists	3.47	1.127

Source: *Research results*

Average ratings given by the respondents regarding pull factors for visiting cities in the Republic of Serbia are presented in the Table 4. *Cleanliness and orderliness of the city* (M=4.04) and *good value for money services provided* (M=4.02) were the highest rated pull factors for visiting cities in the Republic of Serbia, while the lowest rated pull factor is *Organized city tours accompanied by a licensed tourist guide* (M=3.31) (Table 4). With regards to the question about their satisfaction and impact of the visit on their personal values, average ratings given by the respondents are highest for the *I have enjoyed myself on the tour* (M=4.17) and *I am satisfied with the tour* (M=4.09) (Table 5).

Table 5: *Level of respondent's satisfaction and impact of the visit to the cities of Republic of Serbia*

Overall satisfaction	M	SD
The tour helped me to develop my personal values	3.43	1.076
The tour helped me to rediscover my heritage	3.31	1.102
I am satisfied with the tour	4.09	.949
I have enjoyed myself on the tour	4.17	.952
I felt a sense of belonging at the site	3.76	1.081
I felt emotionally involved in the tour	3.97	.986

Source: *Research results*

Furthermore, an independent sample t-test was applied to examine the existence of a statistically significant difference between young tourists of different gender about their push factors, pull factors and overall satisfaction by visiting cities in the Republic of Serbia. It was found that there was no statistically significant difference between:

- young tourists of different gender about their push factors for visiting cities in the Republic of Serbia (H1a was rejected).
- young tourists of different gender about their pull factors for visiting cities in the Republic of Serbia (H2a was rejected).
- young tourists of different gender about overall satisfaction by visiting cities in the Republic of Serbia (H3a was rejected).

The purpose of applying a one-way analysis of variance ANOVA is to determine whether there is a statistically significant difference between young tourists of different socio-demographic characteristics about their push factors, pull factors and overall satisfaction by visiting cities in the Republic of Serbia. One-way analysis of variance examined the accuracy of the H1b hypothesis: *There is a statistically significant difference among young tourists of different age concerning their push factors for visiting*

cities in the Republic of Serbia. It was found that there was no statistically significant difference among young tourists of different age concerning their push factors for visiting cities in the Republic of Serbia because this hypothesis was rejected. Hypothesis H1c, which is: *There is a statistically significant difference among young tourists of different education concerning their push factors for visiting cities in the Republic of Serbia* was also rejected because there is a statistically significant difference between young tourists of different education concerning their push factors for visiting cities in the Republic of Serbia only for one of the 11 push factors. Statistically significant difference exists for push factor *I wanted a whole new experience* ($F=5.541$, $p=0.005$) between young tourist with bachelor's degree and young tourist with master degree.

Table 6: ANOVA according to the education and push factors for visiting cities in the Republic of Serbia

Push motives		Sum of Squares	df	Mean Square	F	Sig.
I wanted a whole new experience	Among Groups	14.328	2	7.164	5.541	.005
	Within Groups	139.636	108	1.293		
	Total	153.964	110			

Source: Research results

One-way analysis of variance examined the accuracy of the H1d hypothesis that there was a statistically significant difference among young tourists of different professional status about their push factors for visiting cities in the Republic of Serbia. The results of the one-way analysis of variance showed that there is not a statistically significant difference among young tourists of different professional status about their push factors for visiting cities in the Republic of Serbia which is why hypothesis H1d rejected. Hypothesis H2b, which is: *There is a statistically significant difference among young tourists of different age concerning their pull factors for visiting cities in the Republic of Serbia* was also rejected because a statistically significant difference was found only for one of 11 pull factors. Statistically significant difference exists for the pull factor *Natural attractions* ($F= 4.663$; $Sig.= 0.011$). This statistically significant difference exists between young tourist 18-21 and 26-19 years old and between young tourist 22-25 and 26-29 years old.

Table 7: ANOVA according to the age and pull motives for visiting cities in the Republic of Serbia

Pull motives		Sum of Squares	df	Mean Square	F	Sig.
Natural attractions	Among Groups	11.108	2	5.554	4.663	.011
	Within Groups	128.640	108	1.191		
	Total	139.748	110			

Source: Research results

One-way analysis of variance ANOVA showed that there was no statistically significant difference among:

- young tourists of different education concerning their pull factors for visiting cities in the Republic of Serbia (H2c was rejected).
- young tourists of different professional status concerning their pull factors for visiting cities in the Republic of Serbia (H2d was rejected).
- young tourists of different age concerning overall satisfaction with visiting cities in the Republic of Serbia (H3b was rejected).
- young tourists of different education concerning overall satisfaction with visiting cities in the Republic of Serbia (H3c was rejected).

Table 8: ANOVA according to the professional status and overall satisfaction by visiting cities in the Republic of Serbia

Overall satisfaction		Sum of Squares	df	Mean Square	F	Sig.
I am satisfied with the tour	Among Groups	5.800	2	2.900	3.357	.039
	Within Groups	93.300	108	.864		
	Total	99.099	110			
I have enjoyed myself with the tour	Among Groups	6.956	2	3.478	4.048	.020
	Within Groups	92.791	108	.859		
	Total	99.748	110			

Source: Research results

Hypothesis H3d was rejected because it was found that there was a statistically significant difference for 2 of the 6 statements: *I am satisfied with the tour* ($F=3.357$, $p=0.039$) and *I have enjoyed myself on the tour*

($F=4.048$, $p=0.020$). Statistically significant difference in these statements exists between respondents who are employed and respondents who are unemployed.

Conclusion

The subject of this empirical study was to examine the motivation of young tourists for visiting cities in the Republic of Serbia and their overall satisfaction. Based on the research results, we can conclude that various push and pull factors affect young tourists to visit cities in the Republic of Serbia. The results of this study indicate that young tourists primarily travel to spend time with friends and have fun, although the push motives as rest and relaxation, new experience and getting away from stress and daily routine are ranked below these reasons according to their importance. Cleanliness and orderliness of the city, good value for money, the services provided, cultural and historical heritage sites, rich gastronomy offer and additional facilities were rated as main pull motives for visiting cities in the Republic of Serbia. Average ratings given by young tourists regarding their overall satisfaction showed that they are very satisfied with their visit to the cities in the Republic of Serbia. Results of t-test and one-way analysis of variance (one-way ANOVA) showed that none of the sub-hypotheses were proved. According to the research results, it can be concluded that there is no statistically significant difference between young tourists of different socio-demographic characteristics concerning their push and pull factors as well as overall satisfaction with visiting cities in the Republic of Serbia. The main limitation of this study is the small number of respondents, so the major recommendation for future research is an increase in the number of respondents. Another recommendation for future research is examining the push and pull factors for visiting cities in Republic of Serbia of foreign young tourists.

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DIGITAL MARKETING OF TOURISM ORGANIZATIONS IN FUNCTION OF TOURISM PROMOTION IN SERBIA

Beba Rakić¹; Mira Rakić²

Abstract

The globalization process has had an influence on tourism business, which is reflected in an ever-increasing competition between countries, cities, destinations, organizations and brands. Digital marketing is an opportunity for all actors in the tourism sector on the global hypercompetitive market. The focus of the research study is the application of the content marketing of tourism organizations. A case study was applied. The National Tourism Organization of Serbia's (TOS) official website and its Facebook and Instagram accounts were chosen. The following research findings stand out: first, tourism organizations' websites and social-network accounts are important digital media, which makes digital marketing 'a must'; second, digital media content is even more important, including texts, photos, videos and links; third, engaging online users is the most important. Content is co-created by both tourism organizations and online users. Digital content marketing is in function of tourism promotion in Serbia.

Key Words: *digital marketing, tourism organization, tourism, promotion, Serbia, content marketing*

JEL classification: *M31*

Introduction

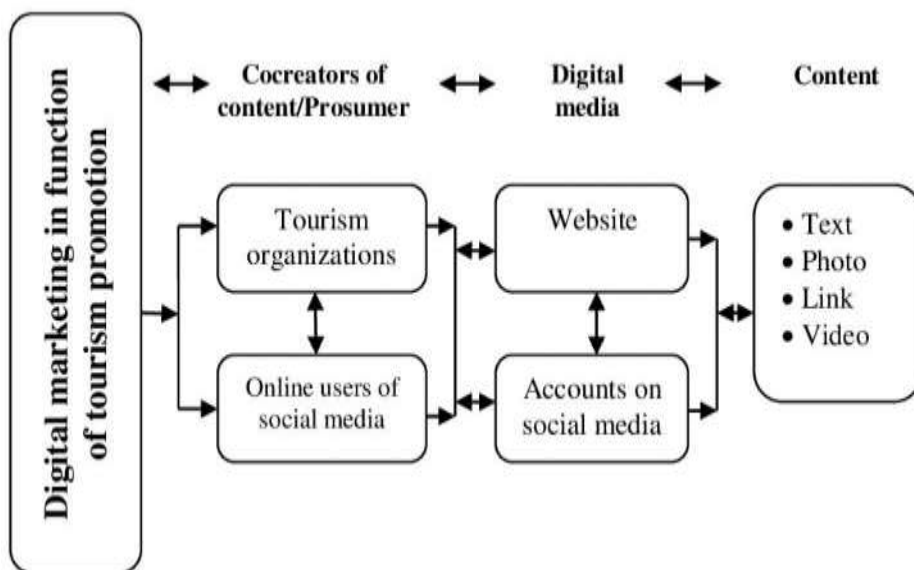
"International tourism continues to outpace the global economy. Tourism has seen continued expansion over time, despite occasional shocks, demonstrating the sector's strength and resilience" (UNWTO, 2019, p. 2). "Tourism grows faster than merchandise trade. Tourism generates USD 5 billion a day in exports. Tourism is the world's third largest export category

¹ Beba Rakić, PhD, Full Professor, Faculty of Business Studies, (Bulevar marsala Tolbuhina 8, Novi Beograd) +3812203011, e-mail: brakic@gmail.com

² Mira Rakić, PhD, Full Professor, Faculty of Business Studies, (Bulevar marsala Tolbuhina 8, Novi Beograd) +3812203011, e-mail: rakic.mira@gmail.com

after chemicals and fuels, and ahead of automotive products and food" (UNWTO, 2019, p. 8). Countries and regions, tourism organizations and companies promote themselves and reach a national and international audience (Wu, 2018). Competition among tourism destinations is escalating (Mariani, et al., 2014; Mariani, et al., 2018). Tourism organizations use new media to promote themselves on the global hypercompetitive market (Mariani, et al., 2018). Tourism organizations follow digital marketing trends and use digital media. This paper is focused on the digital marketing of tourism organizations in function of tourism promotion in Serbia. Figure 1 is a graphical presentation of the text.

Figure 1: *Digital marketing in function of tourism promotion*



Source: *Authors*

Digital marketing of tourism organizations

Information and communication technologies (ICTs) have influenced the expansion of industry worldwide (Mariani, et al., 2018) and online (i.e. digital) destination marketing (Buhalis & Foerste, 2015; Fesenmaier, et al., 2003; Gretzel, et al., 2000; Mariani, et al., 2014a, 2014b; Mariani, et al., 2018; Marine-Roig & Anton Clavé, 2015; Rakić & Rakić, 2015; Zhou, 2014). "We live and work in the digital context. The digital world calls for digital marketing and digital business" (Rakić & Rakić, 2017a, p. 57).

"Digital technologies are shaping traveller's experience. Artificial Intelligence is transforming tourism, from virtual assistants to companies being able to offer hyper-personalized customer experiences and improve business performance. An increasing number of destinations are measuring tourism in real time for a better management of visitor flows" (UNWTO, 2019, p. 4). Marketing tourism products used to be based on traditional advertising tools, such as newspapers, magazines, radio, television, billboards, pamphlets, catalogues, brochures, and flyers. With the enhancement of mobile technologies and the acceptance of social networking sites, a new advertising platform has emerged. Mobile social-media advertising implies the use of social networking sites on mobile devices in order to advertise tourism products and services (Tan et al., 2018).

In the digital world, digital media are used by tourism organizations, tourists and all other actors in tourism. Tourism organizations' websites and social-network accounts are the most important digital media (Chiou, et al., 2011; Law, et al., 2010; Lee & Gretzel, 2012; Mariani, et al., 2018; Wu, 2018).

Tourism websites, both commercial and government tourism websites, "can provide a huge amount of information, convey an image of the place, permit useful ways of interacting with users and also operate as a point of sale" (DelVasto-Terrientes, et al., 2015; Wu, 2018).

Tourists read online content on websites in order to make a decision on destinations (Zhang, et al., 2015; Wu, 2018), imagine a destination (Jack & Phipps, 2005; Wu, 2018), and inform and prepare themselves before arriving at the destination (Wu, 2018).

Tourism organizations' social-media accounts can play a crucial role in the effective promotion and marketing of a tourism destination in a global, highly competitive context (Baggio, et al., 2014; Mariani & Baggio, 2012; Mariani, et al., 2018). "Social media plays a significant role in many aspects of tourism, especially in information search and decision-making behaviours, tourism promotion and in focusing on best practices for interacting with consumers" (Zeng & Gerritsen, 2014)

Facebook as "an open and always available Book of Faces" (Rakić & Rakić, 2017b, p. 48) can be observed as an updated database of consumers' and organizations' behaviour. Organizations can use Facebook database

("Book of Faces") in order to do research into consumer behaviour, customer relationship marketing (CRM), marketing communications and applications. Organizations may carry out their personalised communications with their fans in real time, as well as initiate communications between their fans and the creation of the user generated content (UGC) about the organization (by uploading positive comments, photos and so on). On the basis of Facebook applications, organizations inform their fans and other interested users on Facebook about their products and events, encourage the engagement of fans (e.g. by organizing sweepstakes) for the purpose of creating the UGC and viral communications (Rakić & Rakić, 2017b). "For instance, Brand USA has significantly invested in digital initiatives including a further development of their Facebook presence with the original Facebook account named 'Discover America' transformed into 'Visit the USA'" (Mariani, et al., 2018).

"Individuals become prosumers (producers and consumers) in the process of prosumption (production and consumption)" (Rakić & Rakić, 2017a, p. 47). On social networks, such as Facebook, Twitter, Instagram, etc., and on review sites, such as Trip Advisor, tourists can be prosumers (producers and consumers of content). Tourists can collect information, build and develop relationships, make travel-related decisions, co-create content, share their travel experiences, and eventually rate tourist services and providers (Ayeh, et al., 2013; Mariani, et al., 2018; Stepchenkova, et al., 2007; Wang & Fesenmaier, 2004; Wang, et al., 2002). Tourists co-create tourist-generated content – TGC (or consumer-generated content – CGC, or user-generated content – UGC), those media thus becoming tourist-generated media – TGM (or consumer-generated media – CGM, or user-generated media – UGM). Online travelers write texts, upload and present photos and videos, comment, like and share the content of the other users of social networks and online travelers (Sigala, et al., 2012; Mariani, et al., 2018; Wenger, 2008).

Online travelers are active and may have an influence on the image of tourism organizations and brands (Bilgihan, et al., 2016; Dijkmans, et al., 2015; Gretzel, 2006; Mariani, et al., 2018; Schegg, et al. 2008; Sigala, et al., 2012; Shea, et al., 2004; Wenger, 2008; White & White, 2007). Tourism organizations can encourage "viral marketing – the process of creating, receiving, sending and forwarding "virus" –marketing messages" (Rakić & Rakić, 2014, p. 179). Viral messages can be created by both the representatives of an organization and tourists (like individuals or in

communities), but they are being passed on by tourists. When an organization creates a viral message, it is "only" necessary to create "the right marketing message" (with the right content) - with a viral potential – virus and pass it on to the "right users-consumers" in the "right context". Since the users of digital media and/or tourists also create and pass on messages, organizations have to check and "direct" all viral communications (related to the company) in a desired direction (Rakić & Rakić, 2014).

Marketing strategies are based on consumer behavior (Rakić & Rakić, 2005; Rakić & Rakić, 2007). Tourism organizations' digital content should follow tourists' wishes and trends. "Consumer travel trends are:

- Travel 'to change' - Live like a local, quest for authenticity and transformation.
- Travel 'to show' - 'Instagramable' moments, experiences and destinations.
- Pursuit of a healthy life - Walking, wellness and sports tourism.
- Rise of the 'access' economy - Solo travel & multigenerational travel as a result of aging population and single households.
- Rising awareness on sustainability - zero plastic and climate change" (UNWTO, 2019, p. 5).

Sustainability is imperative (Rakić & Rakić, 2018). "The survival of actors depends on the sustainability orientation" (Rakić & Rakić, 2017c, p. 6). "Sustainability is a key part of tourism policies in 101 UNWTO member states surveyed. Sustainability and competitiveness go hand in hand as destinations and businesses can become more competitive through the efficient use of resources, the promotion of biodiversity conservation and actions to tackle climate change" (UNWTO, 2019, p. 5).

Research method

A case study was applied in this paper. The TOS' official website and its Facebook and Instagram accounts were opted for. The TOS has accounts on the following social networks: Facebook, Twitter, YouTube, Instagram, Pinterest and Trip Advisor. The Facebook and Instagram accounts were opted for because of the number of followers.

The official website of the TOS is www.srbija.travel. The content is available in Serbian and in 8 foreign-language versions: English, French,

Russian, Italian, Spanish, German, Japanese and Chinese. The paper analyzes the English version of the content.

Facebook is the biggest social network worldwide. Total number of monthly active Facebook users worldwide is 2.41 billion. Total number of mobile active Facebook users worldwide is 2.2 billion. Total number of desktop active Facebook users worldwide is 1.47 billion (Omnicores, 2020a). Serbia Travel is the official Facebook page of the TOS. The TOS has more than 115,000 followers on Facebook. The content on Facebook is in English (Facebook, 2020a).

Total number of monthly active Instagram users worldwide is more than 1 billion. Total number of daily active Instagram users worldwide is more than 500 million (Omnicores, 2020b). Serbia Travel (@serbiatourism) is the TOS' official Instagram account. The TOS has over 116,000 followers on Instagram. The Instagram content is in both English and Serbian (in the order listed). The posts in English are accompanied by the hashtag #seeserbia, while the posts in Serbian are accompanied by the hashtag #vidisrbiju (Instagram, 2020).

A qualitative content analysis of the TOS' website was conducted. Digital content marketing is essential in today's digital environment. The focus of the website research and analysis was on the content presented on the website, based on traits such as informative, relevant, the length, a visual appeal, expertise, originality, readability, usefulness, shareability and the engagement of the website visitors.

The framework questions were: What is the content? Who creates the content? Is the website just a TOS' monologue? Do the site users have an opportunity to create the content? Do online users create the content? The content created by the TOS was analyzed. The content created by the website visitors and tourists was also analyzed.

The contents of the posts on the TOS' Facebook page and Instagram account were analyzed by using the measures adapted from Hays, et al., 2013; Mariani, et al., 2016; Mariani, et al., 2018; TOS' content on Facebook and Instagram presented in Figure 2 was analyzed between 1st January and 1st February 2020.

Figure 2: *The list of the measures used for the analysis of the TOS' content on its Facebook page and Instagram account*

Overall number of followers for the page
Overall number of likes for the page
Overall number of posts for the account
Number of posts*
Type of posts* (Text, Photo, Video, Link to a website, Status)
Number of likes*
Number of comments*
Number of shares*

**For posts between 1st January and 1st February 2020.*

Source: *Adapted from Hays, Page, & Buhalis, 2013; Mariani, Di Felice & Mura, 2016; Mariani, Mura & Felice, 2018*

TOS' website and social-network accounts as tourism marketing media

The TOS' website www.srbija.travel (the English version) consists of the eight main parts – webpages: About Serbia, Destinations, Culture, Nature, Activities, Accommodation, Useful info, What do other say? There are four additional webpages: Newsletter, Multimedia, Calendar and Route Planning. The special sections are: News, Press corner, Friends and Public tendering.

On the 'About Serbia' webpage, potential tourists can be informed about: general facts, society (population, language and alphabet, currency and tax, state symbols, the political system, safety, opening times and holidays), history, people (Contemporaries), and typically Serbian (food, national customs and mini dictionary).

The content on the website is mostly textual, providing a lot of useful information. The content could be supplemented with pictures, video content or links to the content on the website (a newsletter, multimedia – a photo gallery, a video, brochures and posters) and links to the video content on YouTube).

The following four destinations are highlighted: cities and municipalities, villages, spas and health resorts, and mountain resorts. The content in the three sections, i.e. Cities and Municipalities, Spas and Health Resorts, and Mountain Resorts can be supplemented with a text, images, video content

and links to specific multimedia. The text on the 'Villages' webpage emphasizes the hospitality and warmth of hosts; ecological oases; the smells, sounds and tastes of the village; the rhythm of nature and, in brief, village tourism. On the webpage <http://selo.rs/en>, the online user can book a place for a rest in Serbia. Popular destinations are presented and suggestions for a weekend are given. While reading the text, the online user enjoys the smells, sounds and tastes of the village. The stories of satisfied tourists could also be added here.

Serbia's culture is presented through the following nine sections: the cultural route, UNESCO lists, archaeological sites, monasteries, religious buildings, museums and galleries, folk architecture, manor houses, fortresses and fortified towns. The content can be supplemented with a text, images, video content and links to multimedia. Interesting stories on all cultural pages could further present Serbia's culture.

On the TOS' website, a potential tourist can become familiar with Serbia's nature in the following nine sections: national parks, nature parks, protected landscapes, nature reserves, Ramsar sites, natural monuments, caves, rivers and lakes. The content could be supplemented with a text, stories, pictures, video content and links to the other web pages.

The following three activities are highlighted on the website: sport and recreation (walking and hiking, skiing, bicycling, sailing and rowing, horse riding, sailing), adventure (flying, caving, orienteering, log rafting and white-water rafting, freeclimbing) and fauna of Serbia (hunting, fishing, bird watching). The activities are clearly divided. The content can be supplemented with a text, stories, pictures, video content and links to specific multimedia.

On the 'Accommodation' webpage, a potential tourist can search, find and book an accommodation.

Potential tourists have useful information about, for example, formalities, the arrival, tourist offices and agencies, and communication on a special website.

Users can write comments at the 'What do others say?' webpage. This is the web page where online users may create content. From 17th March 2017 to 3rd December 2019, a total of 26 comments were written. This webpage is the website users' monologue. A monologue on a website can

be replaced with a dialogue. It is recommended that TOS representatives should communicate with online users on this webpage. A greater engagement of tourists on the TOS' website is possible with incentives for tourists.

The web design (the website and the web pages) is simple and navigation is easy. Online users can quickly find the information they need. The content includes the text, images, video and links. The text is a combination of the traditional and the contemporary.

The content on the site is primarily created by the TOS. The content is created for potential tourists and general public. The website is both the medium and channel of communication. The website is dominated by the TOS' monologue. Although there is a possibility for online users to write a comment (in the section called 'What do others say?'), they are very scarcely engaged. Only 26 comments have been written since March 2017. There is no dialogue between the TOS and online users, or any such dialogue between online users, either.

The recommendations for the TOS' website are as follows:

- add a text on the pages where there is little text,
- storytelling,
- **links to the other pages on the website,**
- links in the text to the multimedia content – photos from photo galleries, videos, brochures and posters,
- links on each webpage to social networks for content sharing,
- links to virtual experience for the website visitors and potential visitors, e.g. seeserbia.rs,
- listening to the 'voice' of the website visitors,
- a dialogue with the website visitors,
- the engagement of the website visitors,
- encouraging more active engagement of the website visitors (e.g. a call to action),
- landing pages, and
- **regular updates.**

A comparative analysis of the content on the TOS' Facebook page and Instagram account was carried out (Table 1).

Table 1: *Engaging followers on the TOS' Facebook page and Instagram account*

The measures used for content analysis	Facebook page Serbia Travel	Instagram account @serbiatourism
Overall number of followers for the page	115,697	116,000
Overall number of likes for the page	109,624	/
Overall number of posts for the account	/	1,188
Number of posts*	31	26
Number of likes*	31,772	59,230**
Number of comments*	436	226
Number of shares*	2,366	/

*For posts between 1st January and 1st February 2020.

** 59,230 Likes and 62,228 Views

Source: Facebook, 2020; Instagram, 2020

Some posts are similar to each other on Facebook and Instagram, so a comparative analysis was conducted based on the foregoing list of measures. On the Instagram account, followers are invited to use the hashtags #SeeSerbia or #VidiSrbiju so as to give the TOS a permission to repost.

Based on these hashtags, the TOS reposts some users' posts in English and Serbian on Instagram, and in English on Facebook.

The number of the TOS followers is slightly higher on Instagram compared to Facebook. In a country like the USA, with a much larger population, there are 6,753,273 people who follow the USA's Facebook account: 'Visit the USA' (Facebook, 2020b). On the other hand, the number of the comments, likes and shares on the 'Visit the USA' webpage is smaller than that on the 'Serbia Travel' webpage.

Photos are published more than video content. On both Facebook and Instagram, there is a link (seeserbia.rs) to virtual experience for the website visitors and potential visitors.

Similar posts (the same image and text in English) have a different number of likes and comments on the two social networks. There are more likes

and comments on Facebook. There is a greater engagement of the followers on Facebook than on Instagram.

Some Facebook posts have over a thousand likes. For example, 11 posts have 26,300 likes.

Most likes in the given period pertain to the post with the following text: "St. George's Church's stunning mosaic is made of 40 million pieces of glass over 3,500 square meters of wall, making up one of the largest mosaics in the world". This post (the text and the image) has 7.1k likes (Facebook, 2020a).

Some of the followers' recommendations on Facebook are:

"*SerbiaTravel* is a great webpage with lots of details and great photos from the Serbian historical scenery and cuisine, which shows in great detail the wonderful hospitality of the Serbian people." One of the posts/recommendations on Facebook reads as follows: "East or West, South or North, Serbia is always charming and... ready for you to discover!"

The recommendations for the TOS' social-network accounts are as follows:

- to increase the number of followers,
- to encourage a more active engagement of followers (e.g. a call to action),
- to develop a dialogue and the co-creation of content with online users, and
- to promote other tourism organizations in Serbia.

Conclusion

There are three key conclusions. First, the digital marketing of tourism organizations is 'a must'. Websites and accounts (of tourism organizations and other online users) on social networks are important digital media. In the digital world today, apart from tourism organizations, tourists and all other actors on online social networks can be the media if they wish. The online users of social networks with great number of followers are the media with a greater reach. Influencers have the biggest audience. Facebook is a social network with the largest number of online users. Tourism organizations use Facebook as a tourism marketing medium. Instagram is an important tourism marketing medium as well. Social networks provide all actors with many marketing opportunities. On the other hand, communication with online users, especially in real time,

requires a great investment of time, knowledge and energy by the social media manager.

Second, digital content marketing is ‘a must’. Content on digital media is even more important. Digital content includes texts, photos, videos and links. The digital content of the TOS and all tourism organizations should follow tourists’ wishes and trends. Digital content on websites and in social media can focus on presenting the benefits important to tourists. Content – texts, photos, videos, comments, etc. – can position Serbia as a special destination in the eyes of potential tourists. Serbia can be positioned on the basis of the destinations offering the following benefits to tourists:

- enjoying events and becoming familiar with cities (encouraging city/urban tourism),
- a healthy lifestyle, spa healing, wellness and sports activities in the ‘ambience of the spa’ (stimulating spa tourism),
- authentic rural life, in nature, with a physical activity and healthy food included (encouraging rural tourism),
- the geographical position and a possibility of visiting other countries in the region, and
- sustainable development and sustainability.

Third, engaging online users is the most important. Content is co-created by both tourism organizations and online users. Tourism organizations can create content. Online users can also create content. Website visitors and followers on social networks can like, comment on and share the content created by tourism organizations. In addition, tourists and the public can create content on other digital media. Active website visitors and followers on social networks are the most significant digital media. They produce and consume content. They are contentprosumers (producers and consumers). The social media manager’s role is to communicate with online users.

In the digital world, tourism organizations are where tourists are. Today, Facebook is a social network with the largest number of followers. Instagram is increasingly popular. In days to come, if new digital media emerge, tourism organizations and all tourism players will have to follow those trends.

As online users, tourists are not only passive listeners in a tourism organization’s monologue, which used to be the case in the past. Now, online users can be passive observers, or active content creators and digital media in real time. Tourism organizations and all the actors involved in

creating a tourist offer need to understand that the power of the online users of social networks is enormous. The online users of social networks are both co-creators and digital media in real time.

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THE INTERNET OF THINGS IN A HOTEL CONTEXT

Cvetanka Ristova Maglovska¹; Nikola V. Dimitrov²

Abstract

Even though it may seem futuristic, but the Internet of Things (IoT) has become a reality. The Internet of Things is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and the connectivity which enables these objects to connect and exchange data. Connecting things changes everything. It is, therefore, important for hotels to make the most of it, yet many people still struggle to fully understand what it is, and how it can help. This technology is changing the way products and services deliver value, and it also has the potential to redefine the guest experience by solving real-time guest queries and rendering hyper-personalized recommendations.

Key Words: *digitalization, Internet of Things, hotel, hospitality*

JEL classification: *L83, Z32*

Introduction

Within the period of the tourism expansion (Dimitrov & Koteski, 2017), the use of the Internet and other information communication technologies has led to a new era of the tourism industry (Ristova & Angelkova-Petkova, 2018), including the hospitality industry. Guest experience nowadays is what evaluates the hotel in this era, and for guests, the Internet of Things (herein after referred to as IoT) in their accommodations makes for a more comfortable and customized stay, therefore the hospitality has realized the potential impact of the IoT research, with many hotels conducting research in IoT to implement their proprietary solutions. This research contributes to the literature in several ways and drawing upon theoretical and practical

¹ Cvetanka Ristova Maglovska, MSc, PhD candidate, University Teaching Assistant, Goce Delcev University of Stip, Faculty of tourism and business logistics, Macedonia, e-mail: cvetanka.ristova@ugd.edu.mk

² Nikola V. Dimitrov, PhD, Professor, Goce Delcev University of Stip, Faculty of tourism and business logistics, Macedonia, e-mail: nikola.dimitrov@ugd.edu.mk

considerations, it lays a foundation for the adoption of IoT in practice. First, the paper explores the convergence of IoT and IoT in hospitality in the context of the literature, value attributes and researchers' offerings. Second, it provides an overview of the numerous ranges of practical examples of how the hospitality industry has already incorporated IoT into their businesses, gaining a number of crucial benefits. Third, since IoT turn all those practical examples into "smart" objects, a discussion intends to elaborate what being "smart" means for the hospitality industry, why the IoT technology is becoming so important, and what the various plus points are.

Literature review

IoT started in 1998, and the term IoT was originally coined by Kevin Ashton in 1999 during his work at Procter & Gamble (Car et al., 2019). During that time, Ashton was working in supply chain optimization and wanted to attract senior management's attention to a new exciting technology called RFID. Because in the 1999, the Internet was the hottest new trend and according to him, somehow it made sense, he called his presentation "the Internet of Things". During his speech he stated (Ashton, 2009):

"Today computers, and, therefore, the Internet, are almost wholly dependent on human beings for information. Nearly all of the roughly 50 petabytes (a petabyte is 1,024 terabytes) of data available on the Internet were first captured and created by human beings by typing, pressing a record button, taking a digital picture or scanning a bar code. The problem is, people have limited time, attention, and accuracy. All of which means they are not very good at capturing data about things in the real world. If we had computers that knew everything there was to know about things, using data they gathered without any help from us, we would be able to track and count everything and greatly reduce waste, loss and cost. We would know when things needed replacing, repairing or recalling and whether they were fresh or past their best."

To Ashton, IoT was the technology that empowers computers to sense the physical world without human intervention. But since his initial pioneer vision has evolved even further, IoT now has a larger functionality. Not only does it empower computers to sense the physical world, but it also actuates an object in the physical world without human intervention. IoT

provides a platform where it can mediate interactions among objects also without human intervention. IoT is an expansion of Mark Weiser's vision of ubiquitous computing (Ubicomp), which aims to produce a global network that supports Ubicomp and context awareness among devices (Shammar & Zahary, 2019). IoT is a network that can connect with anything, anytime and anyplace by technologies of RFID (Radio Frequency Identification), WSN (Wireless Sensor Network) and 3G/4G/5G mobile communication, according to an agreed protocol, in order to identify, locate, track, monitor and manage smart objects (Mingjun et al., 2012). Simply stated, IoT consists of any device with an on/off switch connected to the Internet, it is a giant network of connected 'things' which also includes people.

For the definition of IoT from researchers and academics, several definitions or visions from different perspectives have been stated. Gil et al. (2016) have summarized several in their paper such as from the viewpoint of services provided by things, IoT means *"a world where things can automatically communicate with computers and each other providing services to the benefit of the human kind"* (Furness, 2008). From the viewpoint of connectivity, IoT means *"from anytime, anyplace connectivity for anyone, we will now have connectivity for anything"* (International Telecommunication Union, 2005). From the viewpoint of communication, IoT refers to *"a world-wide network of interconnected objects uniquely addressable, based on standard communication protocols"* (European Technology Platform on Smart Systems Integration, 2008). Finally, from the viewpoint of networking, IoT is the Internet evolved *"from a network of interconnected computers to a network of interconnected objects"* (de Saint-Exupery, 2009).

Others, including the European Commission Information Society (de Saint-Exupery, 2009), define IoT as *"things having identities and virtual personalities operating in smart spaces using intelligent interfaces to connect and communicate within social, environmental, and user contexts"* or *"interconnected objects having an active role in what might be called the future Internet"*. The "things" that make up IoT can be anything and any physical object can be transformed into an IoT device if it can be connected to the Internet to be controlled or communicate information. These 'things' could be objects of all shapes and sizes – from smart microwaves to wearable fitness devices as well as parts of the automobile that has built-in sensors to alert the driver when tire pressure is low, etc. Morgan (2014)

predicts that in the near future: anything that can be connected, will be connected.

IoT refers to billions of physical devices around the world, but generally a PC or a smartphone aren't considered an IoT device. In the post-smartphone-era, digitally connected "non-phone" devices, popularly known as IoT, communicate autonomously between themselves over defined wireless communication protocols (Oskam & Boswijk, 2016; Rong et al., 2015; Gretzel et al., 2015). For businesses, this is an opportunity to optimize to previously unprecedented levels. In the broadest sense, the term IoT encompasses everything connected to the Internet, but it is increasingly being used to define objects that "talk" to each other. Glória et al. (2017) explain that IoT has the ability to transform a simple physical device into a smart one, using embedded technology and computational power. Using the sensors and actuators available to guarantee the features of the device, it is possible to share that information between devices and put them to work together to improve the user experience. This will contribute to a bigger explosion coming from things connected to the Web that were not connected before, did not exist, or now use their connection as a core feature. Since there have been attempts to define what IoT is and means since the term was first coined, a summary (Table 1) will be presented from the application perspective, the technological perspective and the industry context by researchers and academics.

Table 1: *Various digitalization definitions*

Author(s)	Definition
Vermesan et al. (2009)	<i>[...] as a dynamic global network infrastructure with self-configuring capabilities based on standard and interoperable communication protocols where physical and virtual 'things' have identities, physical attributes, and virtual personalities and use intelligent interfaces and are seamlessly integrated into the information network"</i>
Aggarwal and Lal Das (2012) Abu-Elkheir et al. (2013)	<i>[...] it a dynamic and global network infrastructure, in which intelligent things (objects), subsystems and individual physical and virtual entities, are identifiable, autonomous, and self-configurable"</i>
Rose et al. (2015)	<i>[...] broadly to the extension of network connectivity and computing capability to objects, devices, sensors, and items not ordinarily considered to be computers. These "smart objects" require minimal human intervention to generate, exchange, and consume data; they often feature connectivity</i>

Author(s)	Definition
	<i>to remote data collection, analysis, and management capabilities"</i>
Ng and Wakenshaw (2017)	<i>[...] as a system of uniquely identifiable and connected constituents (termed as Internet-connected constituents) capable of virtual representation and virtual accessibility leading to an Internet-like structure for remote locating, sensing, and/or operating the constituents with real-time data/information flows between them, thus resulting in the system as a whole being able to be augmented to achieve a greater variety of outcomes in a dynamic and agile manner"</i>
Sethi and Sarangi (2017)	<i>[...] is defined as a paradigm in which objects equipped with sensors, actuators, and processors communicate with each other to serve a meaningful purpose."</i>

Source: Authors' research

Despite the excitement of defining the IoT at the global level, there is no single standard and universally accepted definition for the term (Rose et al., 2015). As we see, many different groups, including academicians, researchers, practitioners, innovators, developers and corporate people that have tried to define the term, yet the initial use of definition has been attributed to Kevin Ashton, an expert on digital innovation (Madakam et al., 2015). The exact definition of IoT is still in the formation phase and to an extent it depends on the researchers' points of view (Li et al., 2015; Perera et al., 2014; Bandyopadhyay & Sen, 2011).

As for the hospitality industry, there has been a little empirical research on IoT deployment. Even though IoT as a technology concept has been around for nearly a decade (Atzori et al., 2010), the opportunity for viable deployment in the hospitality industry is a more recent phenomenon, particularly in relation to the usage of IoT to generate the data for analytics and optimization purposes (Nadkarni et al., 2019).

Yet, the boom in IoT will boom the future of the hospitality industry, it will get the competitive edge in the market through the interconnection of devices (sensors, actuators, identification tags, mobile etc.) through the Internet (Kansakar et al., 2017). Therefore, every guest that will check into an IoT enabled hotel property can avail a huge cache of services. The vast jump of applying IoT if taken by hotels can offer luxury that will make guests' experience memorable. Additionally, with the implementation of IoT into the hotel, comfort being key, check in and out including personalized setting-up will provide extreme prestige. In the hospitality

industry, IoT provides easier operability towards automation and real-time data. For hotels, it is crucial for aiding customers with end-to-end IoT solutions for first-class personalized services and better guest experience, because of guest's perspectives, IoT in hospitality plays a vital role for a comfortable and customized stay.

Regarding the potential of IoT to transform the hospitality industry, Li et al. (2013) discuss several IT applications that are applicable to the hospitality industry, considering that IoT has potential of use for "real-time customer service, customer information identification, service guidance, route planning and customer expense recording", among other non-specified applications. Since the hospitality industry is counted mainly on the utmost service standards and their executions with intangible characteristics, it is no wonder that the innovative technology IoT will begin its influence to seek the customer's satisfaction, cost saving, and business profit. Hecht et al. (2014) discuss the need for hotels to include in their business model the transformation of reality resulting from the advent of ubiquitous computing/IoT, concluding that there is an opportunity for increased income by re-engineering their operating models and their physical and logic connectivity models, through the creation of services to their usual customers, for local residents and for transient visitors. Wei et al. (2013) have seen the benefit of IoT in nutrition, where they present an IoT based solution for hotels to provide meals adequate to their guests' nutritional needs. With the proposed solution, it is possible for a guest to define a meal based on his/her own nutritional needs, both in type and in quantity.

Even if there is no universally agreed definition of IoT in hospitality, everybody is trying to interpret and define IoT according to his/her specific needs, concerns and backgrounds (Atzori et al., 2010; Singh et al., 2014), so IoT in the hospitality industry is best defined as: *"an Internet extension with a growing network of digital devices and machines for enhanced guest experience, innovate processes and optimized revenue"*.

IoT applications in the hospitality industry

The hospitality industry has been relatively slow in adopting the IoT technology and yet represents a very important factor in the industry, enabling new ways of doing business (Car et al., 2019). Many industries can potentially benefit from IoT, but the hospitality industry leads the way when it comes to IoT technology, because IoT is a new technological

paradigm that connects anything and anyone at any time and any place, giving rise to innovative new applications and services (Lu et al., 2018). From saving energy and costs to delivering a more personalized experience for guests and optimization of processes, to numerous systems used for inventory control, energy use, locking systems, safety and security and tracking customer behavior, the IoT applications in the hospitality industry are many. Table 2 illustrates several applications with examples of IoT in the hospitality industry.

Table 2: *Various digitalization definitions*

Application	Example
Hyper personalized hotel rooms	<i>Marriott International</i> has teamed with two IT companies, Samsung and Legrand, to develop a smart hotel room. <i>Marriott's</i> Innovation Lab came up with a value proposition that has the potential to elevate the guest experience, create more efficient hotel room design and construction, and contribute to <i>Marriott's</i> global sustainability efforts and goals. <i>Hilton</i> is taking an in-house development approach whereby they are creating their own technologies, most of which can be accessed through the <i>Hilton</i> app. The brand had been working on its "Connected Room" concept, and it has been put into beta testing in a handful of hotels. <i>Marriott's</i> "Internet of Things" room and <i>Hilton's</i> "Connected room" include customers' integrated experience with access to their own data and information, accessible voice and mobile-optimized controls, and improved personalized service.
Intelligent hotel room	Constantly monitors the activity and location of people and objects within it, and uses this information to control technology in anticipation of the guests' needs. This room delivers "intelligent" and personalized services to the guests. <i>Avaya Intelligent Hotel Room</i> provides a template covering hotel brand reinforcement, security controls, messaging to hotel guests, stunning presentation and access to hotel services, easy hotel and external communications, and room environmental controls.
Location-based information	<i>Marriott</i> hotels triggered location-based notifications for guests depending on proximity to related offers, while other examples cover parents' ability to track their children's location in a large resort. <i>Hotel Fontainebleau Miami</i> uses location-based data to upsell guests through pre-arrival and checkout offers, enabling the resort to optimize room revenue by inviting guests to arrive early or stay late for an additional fee.

Application	Example
Voice-controlled customer service	In 2018, <i>Alexa for Hospitality</i> was introduced designed to improve the customer experience within hotels. Guests will be able to ask Alexa for information, to contact services, use it as in-room telephone and also to play music and radio over iHeartRadio and TuneIn. As <i>Marriott</i> is Amazon's launch partner on the new platform, the new Alexa experience is presented in <i>Marriott Hotels, Westin Hotels & Resorts, St. Regis Hotels & Resorts, Aloft Hotels, and Autograph Collection Hotels</i> .
Predictive repairs and maintenance	Allows the hotel to use sensor data to identify wasteful trends and alert maintenance staff before a given issue escalates into a much more costly one. Rather than waiting for a component to break down before being serviced or replaced, IoT technologies enable the technical staff to predict maintenance needs based on system usage, prevent system failures and reduce the costs of operating a faulty system.
Keyless mobile access	<i>Starwood Hotels</i> provides keyless entry to members of the chain's loyalty program with a simple gesture of guest smartphones.
Mobile ubiquity	<i>Starwood</i> and <i>Hilton hotels</i> offer an option of checking in via a mobile gadget instead of spending time at the front desk.
Interact lighting	Manage the lighting of hotels to save cost and to adapt it to the guests' preferences. <i>Interact Hospitality</i> delivers real-time operational transparency for an enhanced guest experience while improving staff efficiency and saving energy. They are integrating LED lighting, sensors, HVAC and Property management systems.
Smart mirror	<i>Electric Mirror</i> introduced the <i>Savvy Smart Mirror</i> featuring voice activation and activation on the touch. <i>Savvy Smart Mirror</i> offers guests the opportunity to talk to him and ask him for room service, or for the hotel's swimming pool hours. Also, the TV can measure room temperature. The first hotel to use <i>Savvy Smart Mirror</i> will be <i>Sinclair Hotel</i> , a member of the <i>Marriott's Autograph Collection</i> in Fort Worth, Texas where in 2018 over 150 mirrors were installed in the guest room bathrooms. <i>Starwood Hotels</i> have integrated tablet features into a "smart mirror" in several locations since 2016.
Sensors	Sensors help monitor the activities on going inside and outside the hotel and with them, the information flow within the network is closely monitored and adopted by applications to work seamlessly. Every room at <i>Hotel 1000</i> in Seattle has a heat-detecting sensor that ensures snoozing guests are not disturbed.

Application	Example
Energy management	Usage of HVAC systems runs more efficiently and saves significantly their energy consumption and costs. The <i>Conrad Hotel</i> , located in Chicago, saved more than 450,000 kWh/year by installing automated HVAC controllers, infrared motion detectors, and wireless door switches. These technologies let Conrad staff manage the temperature of its 352 HVAC units when rooms are unoccupied.
Android robot controller	Robot control system that works on mobiles, wearables and full-fledged computers. <i>Henn-na hotel</i> in Japan introduced the first robotic hotel with fully automated customer services. In-room robots allow a series of sensors inside the property that help the hotel to save energy and reduce waste. Robot concierge at the <i>Hilton hotel</i> connected to a cognitive system with machine learning abilities that can, on one hand, provide hotel and travel related recommendations to hotel guests, and on the other hand, learn and improve its database via interaction with guests. The <i>Yotel hotel</i> in New York has a "Yobot" that handles and stores customers' luggage. The "Botlr" is a service robot in the <i>Aloft Cupertino hotel</i> in California that delivers towels to you at the pool, and snacks and toiletries to your room.
Beacon technology and augmented reality	Beacons are special augmented reality technologies that use low-energy Bluetooth connections to communicate with smartphones and tablets. <i>James Pocket Assistant</i> application in <i>James Hotels</i> , located in Chicago, Miami, and New York City was realized and designed to act as an e-concierge. The application allows guests access to special offers, view maps, contact the hotel, and request services.

Source: Authors research after Lee, (2019); Ting (2017); Leonidis et al. (2013); Alias (2019); Nadkarni et al. (2019); Terry (2016); Perez (2018); Eskerod et al. (2019); Jeong (2016); Car et al. (2019); Eisenack (2018); Ristova & Dimitrov (2019); Yick et al. (2008); Berelowitz (2016); King & Berry (2017); Lofaro (2017); Buhalis & Leung (2018); Kabadayi et al. (2019); Hospitality Technology (2015).

IoT has come a long way in recent years. The continued implementation in the hospitality industry will lead to a drastic increase in hotel's productivity and customer satisfaction, enabling the creation of positive relationship with them.

Why IoT is the "smart" solution for the hospitality industry

The incorporation of IoT technology in the hospitality industry qualifies hotels as smart buildings which are important facets of smart cities (Mohanty et al., 2016). Since IoT generally supports "providing information and analysis as well as automation and control" (Buhalis & Amaranggana, 2013), it can turn the technology into "smart" objects, which are capable of both sending and receiving data and communicating with each other. This can improve data collection, increase levels of automation and allow for multiple devices to be controlled or monitored from a single control point, such as a remote control, phone or tablet. A smart hotel is an intelligent hotel with a range of information technologies working together to let the guests have an honorable and convenient vacation environment (Wu & Cheng, 2018). In other words, a smart hotel that has fully embraced IoT offers its guests have an opportunity to create bespoke experiences based upon their personal requirements. This comes from the basic premise of IoT as a service, which is the ability for smart hotels to be able to provide guests with immediate access to futuristic technologies within their rooms. The authors list several reasons why IoT technology should be embraced by the hospitality industry and become the smart choice.

1. *Higher levels of personalization and satisfaction.* Because smart services are pro-active, they can prevent unpleasant surprises which provides guests with value and satisfaction. Being offered exactly what they need, whenever and wherever they need it, in a seamless experience, not only increases guest's satisfaction with a service provider, but also their likelihood to remain loyal to that provider in the long run (Kabadayi et al., 2019). It only makes sense for hotels to follow and satisfy the guest's need by enabling them to personally enhance their quality of stay in the hotel. Nowadays, mobile applications have shifted from being a novelty to becoming an essential part of the consumer experience, with the capabilities of offering personalized information for guests, two-way sharing, context awareness based on smartphone sensors, or communication with other machines (Dickinson et al., 2014). Hotel Lugano Dante in Lugano, Switzerland uses HGRM-Happy Guest Relationship Management system which functions as a meta-platform that combines several hotel operating systems, one of which the guest's intranet site MyPage. In the pre-arrival stage, guests receive an invitation upon confirmation to access their personalized guest website (MyPage). From this point onwards, they are given a choice of whether or not they desire to personalize their stay. In case they do, they can independently manage their MyPage website to

communicate with the hotel, virtually meet the team and engage with hotel employees, manage details of their stay and select personal preferences (Neuhofer et al., 2015).

2. *Sustainable hotel rooms.* The context of sustainable development should mean equal attention should be paid to the environment and tourism (Dimitrov, 2018), in this case, hospitality. By cutting energy consumption, hotels can go along with green trends by using automation that IoT offers. Crowne Plaza hotel in Copenhagen, Denmark has become neutral in terms of CO2 emission, the entire energy used in it originates from renewable sources (e.g. bicycles propelled by the power of the muscles of the guests working out in the hotel fitness club) (Jaremen, et al., 2016).
3. *Advanced security of guest, staff and hotel property.* Smart hotels promise personalization upon the collected guest data that they have gathered for years such as names, addresses, emails, credit card and passport numbers and now even more personal information. Knowing the IoT vulnerabilities, Ross (2017) writes about the introduction of a multi-layered, multifaceted approach to security where in addition hotels can install firewalls to shield the sensors on IoT devices, also to separate the guest network traffic from business network traffic using software-defined architectures and multi-WAN firewalls. Following a multi-layered approach to IoT security also means securing all devices that connect with other devices through the Internet, rather than just the obvious ones. Authenticating devices and encrypting data should be a standard procedure as well.
4. *Easy property management systems.* PMS is a perfect example of an IoT tool that can be deployed to help achieve the goal of the hotel. With IoT, PMS can play a significant role in improving guests' outcomes with focused planning, targeted technological integration, and professional development. As a cloud-based property management system, Oracle OPERA PMS integrates several functionalities into a single platform. Besides property management functionality, OPERA PMS include integrated channel and rate management with group travel functionality to handle more complex requests. With comprehensive guest profiling capability, it allows to keep track of guests' preferences, has advanced rate and room availability restrictions, as well as enhanced rate-management capability, includes an intelligent accommodation management tool, and it is also equipped with a mobile version to allow staff to check-in guests via any smartphone or tablet (Oracle, n.d.).

Conclusion

With the rapid development of the Internet of Things, new applications and research are booming. The hospitality industry has clearly realized the potential impact of the Internet of Things, and as we see, many hotels have already conducted their research about IoT and implement it in their proprietary solutions. Because the hospitality industry is a highly competitive industry, one might say it is a necessity to implement the Internet of Things application in order to provide the guests with personalized services to improve the guest's experience. Even though, a lack of definitions is noted in terms of Internet of Things implementation in the hospitality industry, it is obvious that practical implementations are numerous, and things are changing fast. IoT has raised the bar in terms of the guest's expectations, from enabling automatic check-ins and checkouts to hotel rooms and helping guests locate their travel destination to monitoring the nutrition diet of guest. So, it is up to today's hoteliers to understand, know and use IoT applications in the daily hotel environment and be able to evaluate, recommend and acquire these applications to improve guests' satisfaction, operational efficiency, productivity, customer service and revenue. The hotels which eventually adopt some of these new IoT applications are going to be able to increase brand visibility, gain operational efficiency and enhance the guests' experience.

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INVESTIGATING EXPERIENCE OF CHINESE TOURISTS WITH BRANDED HOTELS IN SERBIA: A CASE STUDY OF BOOKING.COM

Marijana Seočanac¹; Irena Čelić²

Abstract

Insight into the guest satisfaction and dissatisfaction is one of the most important tasks of any hotel. This insight can give hotels an opportunity to learn about their weaknesses and how they can remove them. Today, thanks to technological advances, guest satisfaction can be learned even after they leave the hotel. One way is to analyze the reviews on online platforms such as Booking.com. The aim of the paper is to analyze online hotel reviews produced by Chinese tourists on Booking.com to identify factors that lead to their satisfaction and dissatisfaction with branded hotels in Serbia, and therefore provide valuable information for the managers of these hotels. Chinese tourists were selected because of their growing importance in tourism in Serbia. The research included 249 reviews of Chinese tourists, whose analysis gained insights into how satisfied these tourists are and what needs to be improved.

Key Words: *Chinese tourists, branded hotels, Booking.com, Serbia*

JEL classification: *L83, Z32*

Introduction

In the last few years, China has been extremely important in the global tourism market (Johnson et al., 2020). Due to economic and income growth, as well as the desire to travel, China's domestic and outbound tourism has grown rapidly (Lin et al., 2015). Today, China is the world's first outbound tourism market (Lojo & Cànoves, 2015) which, only in the

¹ Marijana Seočanac, MSc, Junior Researcher, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvođanska bb, 36210 Vrnjačka Banja, Serbia, + 381 36 515 00 24, e-mail: marijanaseocanac@gmail.com

² Irena Čelić, MSc, Junior Researcher, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvođanska bb, 36210 Vrnjačka Banja, Serbia, + 381 36 515 00 24, e-mail: irena.celic994@gmail.com

first half of 2018, recorded 71.31 million outbound tourists (China Outbound Tourism Research Institute, 2018).

It was found that the factors that attract Chinese tourists to the destination are destination resources, local services, prices and fewer barriers to travel (He et al., 2017). Among the popular destinations for Chinese tourists are countries from the Asian continent and from Europe (Xiang, 2013). Due to the fact that Europe is very well positioned and has adequate accommodation capacity to accommodate Chinese tourists (Andreu et al., 2013), European countries are gaining in popularity in this tourism market (World Tourism Organization – UNWTO, 2019). Tourists from China often choose the most popular destinations in Europe (Adamiak et al., 2018), but it has been noted that emerging destinations, including Serbia, have been gaining in popularity lately (UNWTO, 2019).

According to the Statistical Office of the Republic of Serbia (2020), the increase in the number of tourists and the number of overnight stays in the period from 2017 to 2019 was recorded. These data point to the fact that Serbia as a tourist destination is increasingly better positioned in the global market. The largest increase in the number of arrivals and overnight stays, compared to the period before, was recorded by tourists from China. From 5,000 Chinese tourists who visited Serbia in 2013, the number of tourists has increased over the years to reach 52,000 tourists in 2017.

With the increase in the number of tourists' arrivals, the number of overnight stays has also increased, from 14,000 in 2013 to approximately 95,000 in 2017 (Statistical Office of the Republic of Serbia, 2018). This tendency continued in 2018 and 2019. Out of the total number of foreign tourists overnight stays in Serbia in 2019, Chinese tourists were second, while the year before that they were third (Statistical Office of the Republic of Serbia, 2019a; Statistical Office of the Republic of Serbia, 2019b).

A study conducted by Dichter et al. (2018) showed that hotel brands are important for Chinese tourists when coming to Europe. It was found that a large number of Chinese tourists prefer accommodation in well-known branded hotels, primarily because of the universal standards and reliability of such hotels (China Travel Outbound, 2018). Liu et al. (2013) stated that worldwide hotel chains noticed this significant tourism market and developed adequate concepts and benefits aimed at improving the experience of Chinese guests.

According to UNWTO (2019), 69% of Chinese tourists book hotels online when traveling abroad. Moreover, in recent years information technology has made it possible to share travel experiences on social networks and other websites (Chiu & Leng, 2017).

Nowadays, social networks play an important role in tourism, and the Internet has become the most popular source of information for Chinese tourists (Liu et al., 2013; Nasolomampionona, 2014; Sugianto et al., 2018). For this reason, the Internet is an excellent source of information for tourism stakeholders focused on this market.

The aim of the paper is to analyze online hotel reviews produced by Chinese tourists on Booking.com to identify factors that lead to their satisfaction and dissatisfaction with branded hotels in Serbia. An acknowledgement of the aspects that affect their satisfaction most has the capacity to provide the understanding of the service aspects that hotels in Serbia which operate within international hotel brands need to improve in order to attract and satisfy this increasingly significant tourism market. The aim of the research was set in accordance with the relevant literature and the gained knowledge that Chinese tourists prefer well-known hotel brands, and that they mostly book hotels through online platforms.

Characteristics of Chinese tourists

Numerous studies have identified some socio-demographic characteristics of Chinese tourists. First, various studies have found that women travel more often than men, and that the highest percentage of outbound tourists are women (Agrusa et al., 2011; UNWTO, 2019; Wu et al., 2017b). Then, it was found that tourists are mostly young people - up to 34 years old (UNWTO, 2019; Xiang, 2013), who have college degree (Agrusa et al., 2011; Arlt, 2006; Wu et al., 2017a; Xiang, 2013). Managers have been discovered as the most common profession of outbound Chinese tourists. Most of them belong to the middle class with annual incomes between CNY 60 and 100 thousand (Xiang, 2013). This indicates that people who travel tend to have a high income (Arlt, 2006). Also, it was found that Chinese tourists have a high level of digital literacy. Chinese tourists are increasingly using mobile applications (Raspor et al., 2016) and online tools to book accommodations and airline tickets for their journeys (UNWTO, 2019).

Travel habits and preferences of Chinese tourists

Most Chinese tourists prefer to travel in groups (Nasolomampionona, 2014; Rosyidi, 2018) of 5 to 10 people (Agrusa et al., 2011). Most of them travel with family or friends (Liu et al., 2013), mainly for safety and cultural habits (UNWTO, 2019). The UNWTO (2019) and Sugianto et al. (2018) stated that Chinese tourists most often take 4 to 7 days trips. In destinations close to their place of residence, they stay for 3 nights (Agrusa et al., 2011) or up to 7 days (Rosyidi, 2018), while in more distant destinations they stay 7 to 15 days (Raspor et al., 2016). Chinese tourists most often travel abroad in the summer months, especially in August (Arlt, 2006; Raspor et al., 2016), while the smallest number of these trips is recorded in the winter months (Liu et al., 2013; Raspor et al., 2016).

Most Chinese tourists spend between CNY 5,000 (about USD 725) and CNY 10,000 (about USD 1,450) on the trip. On average, they spend about CNY 6,700 (about USD 970) per trip (UNWTO, 2019). A study conducted by Xiang (2013) found that Chinese tourists spend between CNY 1,000 and 1,500 a day during the trip. Years back, payment mechanisms have been evolving and Chinese tourists are keeping pace with global changes. Therefore, mobile payments have become very common for Chinese tourists, in addition to cash or card payments (UNWTO, 2019).

Safety (Kim et al., 2005; Li et al., 2011; Shu & Silva, 2017), accommodation, food and traffic (Shu & Silva, 2017) are identified as the main factors that influence the decision of Chinese tourists to visit a destination. They often travel to already explored destinations and follow the beaten track (Arlt, 2006). Therefore, cities are one of their favorite destinations (Adamiak et al., 2018, Raspor et al., 2016). A study conducted by Raspor et al. (2016) showed that Chinese tourists are moderately interested in re-visiting the same destination, with the exception of trips where the same destination is part of a multi-country travel packages.

During their trip, most Chinese tourists stay in hotels (Boonying, 2018; Hotels.com, 2018). They choose high-end (He et al., 2017), 4 or 5 star hotels, as well as B&B hotels (Raspor et al., 2016). When checking in, they expect to receive information about the hotel's location, surroundings and attractions (Tasmanian hospitality association, 2014). Most of all, Chinese tourists value cleanliness, safety and value for money (Li et al., 2011). They prefer full-service hotels in the city center (Liu et al., 2013), with modern furniture and decoration, and spacious rooms with plenty of natural light

(Wang et al., 2008). In the room they expect to find free slippers, toothpaste and toothbrush, non-refrigerated bottled water and a kettle (Tasmanian hospitality association, 2014). Their feeling of comfort in the room is most influenced by the existence of tea and coffee-making facilities (Liu et al., 2013). The dissatisfaction is mainly caused by the lack of slippers in the room (Wang et al., 2008; Tasmanian hospitality association, 2014), the inappropriate location of the hotel, staff unable to solve problems, the lack of things for personal use (toothpaste, toothbrush) (Wang et al., 2008). The most complaints are about the service quality, cleanliness of the bathroom and facilities (Au et al., 2014). The research also showed that Chinese tourists' dissatisfaction was often caused by a lack of signs and information in Chinese (UNWTO, 2019).

Methodology

The purpose of this study is to analyze online hotel reviews produced by Chinese tourists to identify factors that lead to their satisfaction and dissatisfaction with branded hotels in Serbia. In accordance with the purpose, the reviews available on Booking.com were used. Reviews were collected only for those hotels that operate as part of an international hotel brand. The sample consisted of 14 hotels (Table 1), which, according to a research conducted by the authors, belong to this group. The hotels are located in the three largest cities in Serbia: Belgrade (12), Novi Sad (1) and Niš (1). According to the data provided by the Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia, most of these hotels (11) have four stars, while two hotels are categorized with five stars and one hotel with three stars (Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia, 2020).

Table 1: *Hotels in Serbia operating as part of an international hotel brand*

Hotel group	Hotel brand	Name of the hotel	Location of the hotel	Category
Accor	Mama Shelter	Mama Shelter	Belgrade	****
	Mercure	Mercure Belgrade Excelsior	Belgrade	****
Best Western Hotels & Resorts	Best Western	My Place	Niš	****
Falkensteiner	Falkensteiner	Falkensteiner Hotel Belgrade	Belgrade	****

Hotel group	Hotel brand	Name of the hotel	Location of the hotel	Category
Golden Tulip Hotels	Tulip Inn	Tulip Inn Putnik Belgrade	Belgrade	***
	Golden Tulip	Golden Tulip Zira Belgrade	Belgrade	****
Hilton	Hilton Hotels & Resorts	Hilton Belgrade	Belgrade	****
Hyatt Hotels	Hyatt Regency	Hyatt Regency Belgrade	Belgrade	*****
InterContinental Hotels Group	Crowne Plaza Hotels & Resorts	Crowne Plaza	Belgrade	****
	Holiday Inn Express	Holiday Inn Express Belgrade – City	Belgrade	****
Marriott International	Courtyard by Marriott	Courtyard Belgrade City Center	Belgrade	****
	The Luxury Collection	Metropol Palace	Belgrade	*****
	Sheraton	Sheraton Novi Sad	Novi Sad	****
Radisson Hotel Group	Radisson Collection	Radisson Collection Hotel, Old Mill Belgrade	Belgrade	****

Source: *Prepared by the authors*

The study was conducted in February 2020. At the time of the research, over 13,000 reviews were available for these hotels on Booking.com. Out of this number, 2% or 249 reviews were from Chinese tourists, so the study included these reviews only.

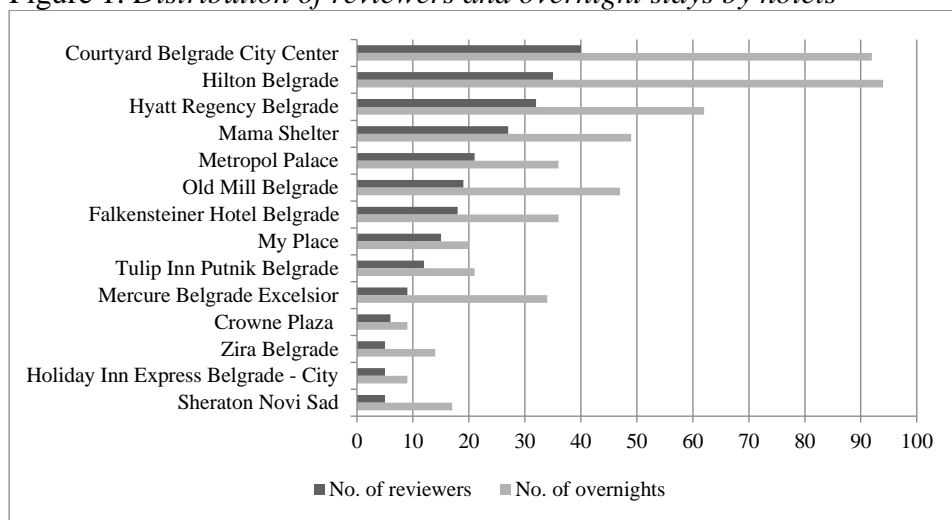
Based on the information available on Booking.com, the characteristics of the reviewers' stay in the observed hotels (number of nights and room type) were examined. Then, the average ratings were used to test whether satisfaction of Chinese tourists increased or decreased over time. Lastly, the keywords that the reviewers used to express their satisfaction or dissatisfaction with the hotels were identified, analyzed and presented using the word cloud method. The use of this method, in addition to the visual representation of the text, has the advantage of highlighting keywords that repeated more often in reviews. So the words that repeat

more often in reviews appear larger in word cloud, and those that repeat less frequent appear smaller.

Results

The reviews were published from February 2018 until February 2020. In 2018, a total of 90 guests from China reviewed the observed hotels, while in 2019 this number rose to 144 reviewers (an increase of 60%). As a result, the number of overnight stays also increased over time, from 195 in 2018 to 314 overnight stays in 2019 (61% increase). In the first two months of 2020, there were a total of 15 reviewers and 35 overnight stays. Figure 1 illustrates the distribution of reviewers and overnight stays by hotels.

Figure 1: *Distribution of reviewers and overnight stays by hotels*



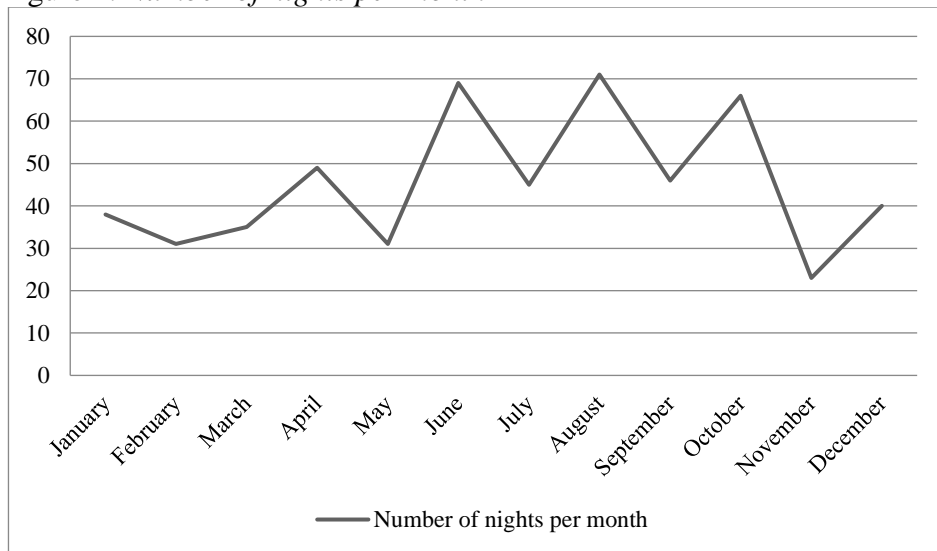
Source: *Prepared by the authors*

Of the total number of overnight stays ($n=547$), 78% were realized in 4-star hotels, followed by 18% in 5-star hotels and 4% in a 3-star hotel. The average number of overnight stays in the observed period was 2 (the minimum number of nights was 1 while the maximum was 10).

Concerning the structure of overnight stays by hotel category, most of them were realized in 4-star hotels (78%), then 5-star hotels (18%) and the least in the 3-star hotel (4%). The largest percentage chose a double room (92% of reviewers), while only 5% of tourists chose a suite and 3% a single room.

Observed by months, the highest percentage of overnight stays was recorded in August (14%), while the lowest was recorded in November (4%).

Figure 2: *Number of nights per month*

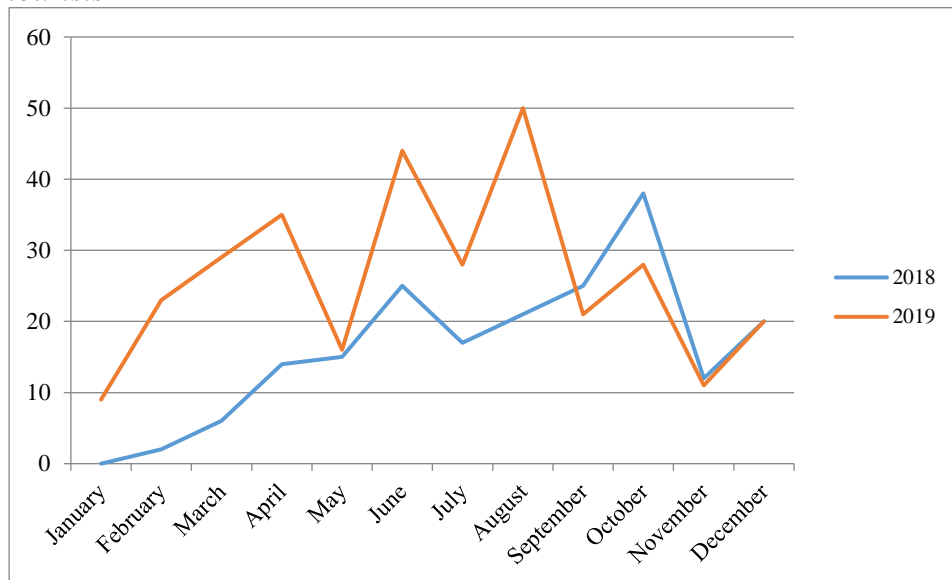


Source: *Author's calculation based on Booking.com reviews*

To understand how the number of overnight stays of Chinese tourists in 2018 and 2019 varied, the data for the two years were compared (Figure 2). Over the first six months of 2019, the number of overnight stays increased compared to 2018 (with the exception of May, when this number is approximately the same for both observed years). In the second half of 2018 there is a tendency of a slight decrease in the number of tourists compared to the first half of the year, with a sharp increase in October. The second half of 2019 saw a sharp increase in August, followed by a decline in overnight stays. In the last month of both observed years, the number of overnight stays of Chinese tourists was even.

One of the ways that reviewers express their satisfaction or dissatisfaction with a hotel on Booking.com is by using ratings. Obtained results showed that the average rating was 8.98 (the lowest rating given by the reviewers was 2.5, while the highest was 10). In order to investigate whether there were changes in satisfaction over time, average ratings were observed for each year separately. The results showed that the average rating in 2018 was 9.08, while in 2019 it was 8.97, showing a trend of a slight decline in satisfaction.

Figure 3: *Comparative analysis of the number of overnight stays of Chinese tourists*



Source: *Prepared by the authors*

In order to give a more detailed insight into changes in reviewers' satisfaction, 2020 is also included in the sample. Considering that for the year 2020, at the time of the research, there were only data for January and February, and since there are no data for January 2018, February was chosen as the reference month. The results showed that the decline in reviewers satisfaction, is also present in 2020 (Table 2).

Table 2: *Average ratings for February 2018-2020*

February	Year	Average rating
	2018	9.2
	2019	8.93
	2020	7.37

Source: *Author's calculation based on Booking.com reviews*

The literature review revealed that the location of the hotel has a great influence on the satisfaction of Chinese tourists. More specifically, hotels that are closer to the city center contribute to greater satisfaction than hotels located far from the city center. To determine whether the location of the hotel in this case also affects the satisfaction of Chinese tourists, an analysis was performed. Depending on the distance of the hotel, average ratings were compared. Observed hotels are from 0.1 to 4.1 km from the city

In addition to ratings, tourists on Booking.com can write comments to further explain the reasons for their satisfaction or dissatisfaction. These comments were used to determine what had the greatest impact on the satisfaction of Chinese reviewers. Based on the text analysis, keywords were identified. In order to prepare a visual representation of the keywords that tourists used to express their satisfaction, word cloud was prepared (Figure 3). It can be seen that tourists most often used words such as good, comfortable, convenient, great and friendly while describing their satisfaction with the location, staff, breakfast, room and service.



Source: *Prepared by the authors*

Based on the results presented in Table 3, the hotels were divided into two almost equal groups. The first group consisted of hotels that the reviewers were less satisfied with in 2019 compared to 2018, while the second group consisted of hotels that the reviewers were more satisfied with in 2019 compared to 2018.

The first group consisted of eight hotels (Courtyard Belgrade City Center, Crowne Plaza, Holiday Inn Express Belgrade – City, Hyatt Regency Belgrade, Mama Shelter, Metropol Palace, Old Mill Belgrade, Sheraton Novi Sad).

To determine why the decline in satisfaction occurred, the keywords used by tourists in 2018 to express satisfaction, as well as the keywords used in 2019 to express dissatisfaction with the hotel, have been identified. The first five words with the highest number of repetitions are presented in the Table 4.

Table 4: *Identified keywords – Decline in satisfaction*

2018	Keywords – Positive	2019	Keywords – Negative
	location		room
	staff		hotel
	hotel		breakfast
	service		staff
	breakfast		facilities

Source: *Prepared by the authors*

The second group included six hotels (Falkensteiner Hotel Belgrade, Hilton Belgrade, Mercure Belgrade Excelsior, My Place, Tulip Inn Putnik Belgrade) for which the keywords that reviewers used to express dissatisfaction in 2018 and satisfaction in 2019 are shown in Table 5.

Table 5: *Identified keywords – Increased satisfaction*

2018	Keywords – Negative	2019	Keywords – Positive
	room		breakfast
	slippers		location
	bathrobes		staff
	sheets		clean
	breakfast		room

Source: *Prepared by the authors*

Discussion and conclusion

Nowadays, modern technologies are becoming an integral part of life around the world. Their benefits come primarily from the information that they are available to anyone at any time. Due to the inability to try the trip before purchasing, information plays a significant role for making travel decisions. Thus, these technologies have become very valuable source of information for potential tourists. Such benefits have been also recognized by numerous researchers in the field of tourism, who have used these technologies for the purpose of gaining different knowledge in the field of tourism (Au et al. 2014; Dimitrovski et al. 2019; Pavlović & Čelić, 2018; Seočanac & Čelić, 2019).

This study was conducted using data available on Booking.com. In order to gain insight into the satisfaction or dissatisfaction of Chinese tourists that stayed in one of the 14 hotels in Serbia that are operating within the international hotel brand, reviews were collected. Observed hotels are located in Belgrade, Novi Sad and Niš, so the study covered different parts of the country, as well as different hotel categories because 3- to 5-star hotels were included. A total of 249 reviews of these hotels have been published by reviewers from China. An analysis of the collected data showed that the number of tourists from China who have booked and reviewed some of these hotels on Booking.com increased from 2017 to 2019. Such results are in line with the data provided by the Statistical Office of the Republic of Serbia (2020), which showed that the number of Chinese tourists in Serbia has increased significantly over the last few years. Review analysis also revealed that the largest number of Chinese tourists stayed at the Courtyard Belgrade City Center Hotel, which belongs to the Marriott International, which confirmed Liu et al. (2013) opinion that Chinese tourists in Europe prefer accommodation at Merriott hotels. Also, the results showed that they chose the 4- and 5-star hotels most, thus confirming the studies conducted by Raspor et al. (2016) and He et al. (2017).

Satisfaction of Chinese tourists was examined in two ways. Firstly, by using average ratings, which revealed that Chinese tourists were satisfied with the hotels, but that their satisfaction tended to decline slightly over the observed period. Secondly, by analyzing their comments, which provided a better understanding of the reasons that led to their dissatisfaction as well as satisfaction, it was discovered that they were most satisfied with the location, staff, breakfast, room and service, while they were most

dissatisfied with credit card payments, small rooms, lack of slippers in the room, and lack of toothpaste and toothbrushes in the bathroom. Such results confirmed some of the earlier studies (Au et al., 2014; Liu et al., 2013; Wang et al., 2008). It was interesting to investigate the reasons for the increase and decrease in the satisfaction of Chinese tourists. After the hotels were divided into two different groups, it became clear that the main cause of decline in satisfaction was small rooms, staff, breakfast and facilities, while breakfast, location near the city centre, cleanliness and spacious room, contributed to the increased satisfaction.

As this research has revealed what Chinese tourists are satisfied and dissatisfied with, they can further be used by managers of the observed hotels to enhance various aspects of their service, as well as travel agencies when preparing package tours for Chinese tourists. There are two limitations of the study. The first is that only guests who booked a hotel via Booking.com and wrote a review are included in the sample. The second is that the socio-demographic characteristics of the reviewers are unknown. Future research should include not only tourists who book these hotels via Booking.com, but other Chinese guests as well.

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CHALLENGES AND OPPORTUNITIES FOR DIGITAL ENTREPRENEURSHIP IN TOURISM

Ivana Simić¹

Abstract

In the conditions of intensive business digitalization, digital entrepreneurship is gaining importance. It is defined in two ways: as the process of creating new digital products or services, or as a process of the digital transformation of existing business activities within small and medium-sized enterprises (SMEs). For the purpose of more precise theoretical determination, the paper analyzes various definitions of digital entrepreneurship, highlights the dissimilarities between digital and traditional entrepreneurship and specifies different categories of digital entrepreneurship. Although digital entrepreneurship is linked to almost all sectors of the economy, this paper focuses on digital entrepreneurship in the tourism sector, in general, and particularly, on the opportunities and challenges ingrained in it. The aim of the paper is to encourage and intensify the trend of digitalization of entrepreneurial organizations in the Republic of Serbia by highlighting its opportunities and challenges, broadly, and in the tourism sector, specifically, in a way that will allow the exploitation of available chances, as well as avoiding or successfully handling potential challenges that digital entrepreneurship faces.

Key Words: *digital entrepreneurship, tourism, challenges, opportunities*
JEL classification: *L830, Z320*

Introduction

In the 21st century, organizations are strongly influenced by modern technological, primarily digital achievements, which are being incorporated into various sectors through the process of digitalization or digital transformation (Brennan & Kreiss, 2014). The tourism sector is one of them (Simić & Marinović Matović, 2018). As a result of digitalization in the tourism sector, the so-called digital tourism is becoming more

¹ Ivana Simić, PhD, Full Professor, University of Niš, Faculty of Economics, Trg kralja Aleksandra Ujedinitelja 11, Niš, The Republic of Serbia, e-mail: simivana68@gmail.com

popular. It is the tourism that involves the application of various digital innovations (open source systems, platform technology, cloud computing, ultra-fast and efficient search engines, crowdsourcing, crowd funding, big data, smartphones, and other devices based on wireline and wireless network infrastructure) which enable organizations belonging to this sector, to more easily and completely meet the needs and requirements of their clients, as well as to raise the level of their own competitiveness (Happ & Ivancsó-Horvath, 2018, p. 1). The following table (Table 1) shows some of the digital technological innovations that have led to significant transformations in the tourism sector.

Table 1: *Examples of digital technologies transforming tourism*

Phase 1: 1990-2000	Phase 2: 2000-2010	Phase 3: 2010 onwards
Electronic cash registers Financial software Mobile phones Email Intranet Internet banking Office software Video conferencing Websites Destination (city) cards	Smart phones Computer graphics software Property management systems Computerised stock control systems Online booking systems Customer reservation systems Email marketing Customer relationship systems	Augmented reality Virtual reality Mobile Apps Cloud computing and online data storage Wearable technologies Social media Google analytics Review websites Collaborative online environments Web 2.0 Chatbots and instant advice Peer production, e.g. platform collaborative economy; commons collaborative economy

Source: *Dredge et al., 2018 (Adapted from: Xiang, Z. & Fesenmaier, D. (2017). Big data analytics, tourism design and smart tourism. Cham: Springer)*

Parallely with digitalization, digital entrepreneurship is becoming important. It is an entrepreneurial category whose popularity is due to the advent and success of billion dollar digital startups (such as: Airbnb and Uber - Sharing Economy; Amazon - E-commerce; Google - Search Business; Facebook - Social Media), who owe their dizzying successes, above all, to modern digital technology (Sahut et al., 2019, p. 7), as well as due to the fact that "entrepreneurship, and more recently digital entrepreneurship has been a key feature for jobs and growth..." (Bogdanowich, 2015, p. 5).

Digitalization and digital entrepreneurship create numerous opportunities and challenges for the tourism industry. The aim of this paper is to highlight the opportunities and challenges that digital entrepreneurship brings with it, to encourage the trend of digitalization of entrepreneurial organizations in the tourism sector in the Republic of Serbia, in a way that will allow their effective use (chances) or their avoidance and overcoming (challenges).

Digital Entrepreneurship

Determining digital entrepreneurship

The popularity of digital entrepreneurship over the last couple of decades has resulted in the increased interest of theorists from different disciplines (information systems, innovation, management and business, policy, strategy) (Bogdanowich, 2015, p. 5) in this phenomenon. However, this interest has not resulted in a unique definition or unified interpretation of the nature and character of digital entrepreneurship.

So, for example, Elisabeth Davidson and Emmanuelle Vaasts point out that "The term digital entrepreneurship encompasses the diverse opportunities generated by the Internet, World Wide Web, mobile technologies, and new media, such as: dot-com companies that benefited from the opening of the Internet for commercial purposes; the fluid army of 'ebay entrepreneurs' who sell goods with little overhead cost by using the digital infrastructure of the electronic auction company; the wave of 'web 2.0' initiatives where companies or individuals develop new business models based upon the growth of social networks and mobile technologies; and, the development of weblogs ('blogs') that have credibly begun to rival traditional media firms." (Davidson & Vaast, 2010, p. 1).

One of the European Commission's documents states that: "Digital entrepreneurship embraces all new ventures and the transformation of existing businesses that drive economic and/or social value by creating and using novel digital technologies. Digital enterprises are characterized by a high intensity of utilization of novel digital technologies (particularly social, big data, mobile and cloud solutions) to improve business operations, invent new business models, sharpen business intelligence, and engage with customers and stakeholders. They create the jobs and growth opportunities of the future" (European Commission, 2005, p. 1).

Some authors consider digital entrepreneurship only as "a special case, a particular subset of entrepreneurship in general" (Bogdanowich, 2015, p. 16). As "a subcategory of entrepreneurship" digital entrepreneurship is also defined by Hull and his colleagues (Hull et al., 2006, p. 3). These authors define digital entrepreneurship as "a subcategory of entrepreneurship in which some or all of what would be physical in a traditional organizations has been digitized" (Hull et al., 2006, p. 3). It "implies entrepreneurship, or new value creation, involving digital goods or services, digital distribution, a digital workplace, a digital marketplace, or some combination of these" (Hull et al, 2006, p. 7).

Welsum van Desiree asserts that "The term 'Digital Entrepreneurship' most commonly refers to the process of creating a new-or novel-Internet enabled/delivered business, product or service. This definition includes both startups-bringing a new digital product or service to market-but also the digital transformation of an existing business activity inside a firm or the public sector" (Welsum, 2016, p. 1). Analyzing digital entrepreneurship in detail, Jean-Michel Sahut and his colleagues highlight two approaches (compare with: Sahut et al., 2019, p. 1):

- macro or systemic level approach,
- micro level approach.

According to the macro or systemic level approach, digital entrepreneurship is analyzed in the context of the digital entrepreneurship ecosystem and the digital platforms economy (Sahut et al, 2019, p. 1). For the purpose of defining digital entrepreneurship, Sahut and his colleagues are opting for a micro approach, defining digital entrepreneurship (DE) "as the process of entrepreneurial creation of digital value through the use of various socio-technical enablers to support effective acquisition, processing, distribution and consumption of digital information" (Sahut et al., 2019, p. 7). The same authors claim that they "do not agree that DE can be reduced to a subcategory of entrepreneurship", but rather digital entrepreneurship is "the reconciliation of traditional entrepreneurship with the new way of creating and doing business in the digital era" (Sahut et al., 2019, p. 7).

In an effort to define digital entrepreneurship more precisely, Ngoasong (2015) points to similarities and differences between digital and traditional entrepreneurship. According to this author digital entrepreneurship "is similar to traditional entrepreneurship in the sense that digital ventures aim at generating a financial profit and are directly inscribed into the economic realm, such as creation of a new company or commercialization of an

innovation" (Davidson & Vaast, 2010, p. 2). On the other hand "In digital entrepreneurship some or all of the entrepreneurial venture takes place digitally instead of in more traditional formats" (Hair, et al., 2012, p. 3). Actually, "digital enterprises are different from traditional entrepreneurial ventures because they have different business models and can pursue their products, marketing and distribution activities using digital platforms" (Hair et al., 2012, p. 3).

Types of digital entrepreneurship

The popularity of digital entrepreneurship has resulted, among other things, in the theorists' efforts to identify its individual types for the purpose of determining it more precisely. Thus, for example, based on the character of some of its activities (the degree of digital marketing undertaken by a firm; a firm's digital selling; the digital nature of a firm's good or service; the digital distribution potential of a good or service; the potential digital interactions with key external stakeholders within the value chain; and the digital potential of virtual internal activities associated with a firm's operation), Hull and his colleagues identify three types of digital entrepreneurship (Table 2).

Table 2: *Character of activities for specific categories of digital entrepreneurship*

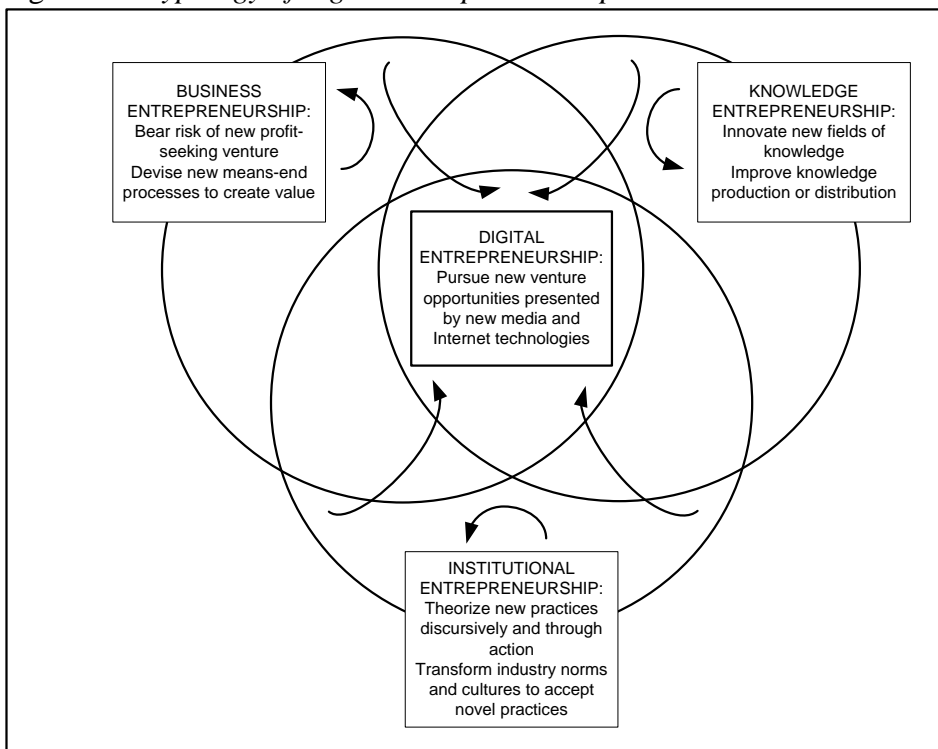
ACTIVITY	CATEGORY OF DIGITAL ENTREPRENEURSHIP		
	MILD	MODERATE	EXTREME
MARKETING	WEBSITE AS SUPPLEMENT	DIGITAL MARKETING IS PRIMARY MODE	DIGITAL MARKETING IS ONLY MODE
SALES	PRODUCT MAY BE AVAILABLE FOR SALE DIGITALLY	PRODUCT CAN BE PURCHASED DIGITALLY, POSSIBLY EXCLUSIVELY	PRODUCT IS ONLY AVAILABLE FOR SALE DIGITALLY
PRODUCT (GOOD OR SERVICE)	PRODUCT IS NON-DIGITAL	PRODUCT MAY OR MAY NOT BE DIGITAL	PRODUCT IS DIGITAL
DISTRIBUTION	PRODUCT IS DELIVERED BY PHYSICAL MEANS	PRODUCT MAY BE DELIVERED PHYSICALLY OR DIGITALLY	PRODUCT IS DELIVERED DIGITALLY
STAKEHOLDER MANAGEMENT	TRADITIONAL INTERACTIONS, MAY INCLUDE EMAIL	SIGNIFICANT LEVELS OF DIGITAL INTERACTIONS; TRADITIONAL INTERACTIONS ALSO COMMON	DIGITAL INTERACTIONS ARE PRIMARY; TRADITIONAL INTERACTIONS SELDOM OR NEVER OCCUR
OPERATIONS	PRIMARILY PHYSICAL LOCATION(S), TRADITIONAL INTERACTIONS, MAY INCLUDE SOME VIRTUAL TEAM INTERACTION	PRIMARILY PHYSICAL LOCATION(S), TRADITIONAL INTERACTIONS, PROBABLY INCLUDES SOME VIRTUAL TEAM INTERACTION	STRONG VIRTUAL PRESENCE, PHYSICAL LOCATION AND TRADITIONAL INTERACTIONS, POSSIBLE BUT NOT REQUIRED

Source: *Hull et al., 2007, p. 303*

They are (Hull et al., 2006, p. 8):

- Mild digital entrepreneurship – involves initial involvement in the digital economy;
- Moderate digital entrepreneurship – implies more significant digitalization of entrepreneurial business;
- Extreme DE – exists when the entire entrepreneurial venture is digitalized.

Figure 1: *A typology of digital entrepreneurship*



Source: *adapted from Davidson & Vaast, 2010, p. 8.*

On the other hand, starting from three categories of opportunities that digital entrepreneurs can use (business, knowledge, institutional), either individually or in combination, Elisabeth Davidson and Emmanuelle Vaast create an analytic model (Figure 1) whose content indirectly points to the following typology of digital entrepreneurship (Davidson & Vaast, 2010):

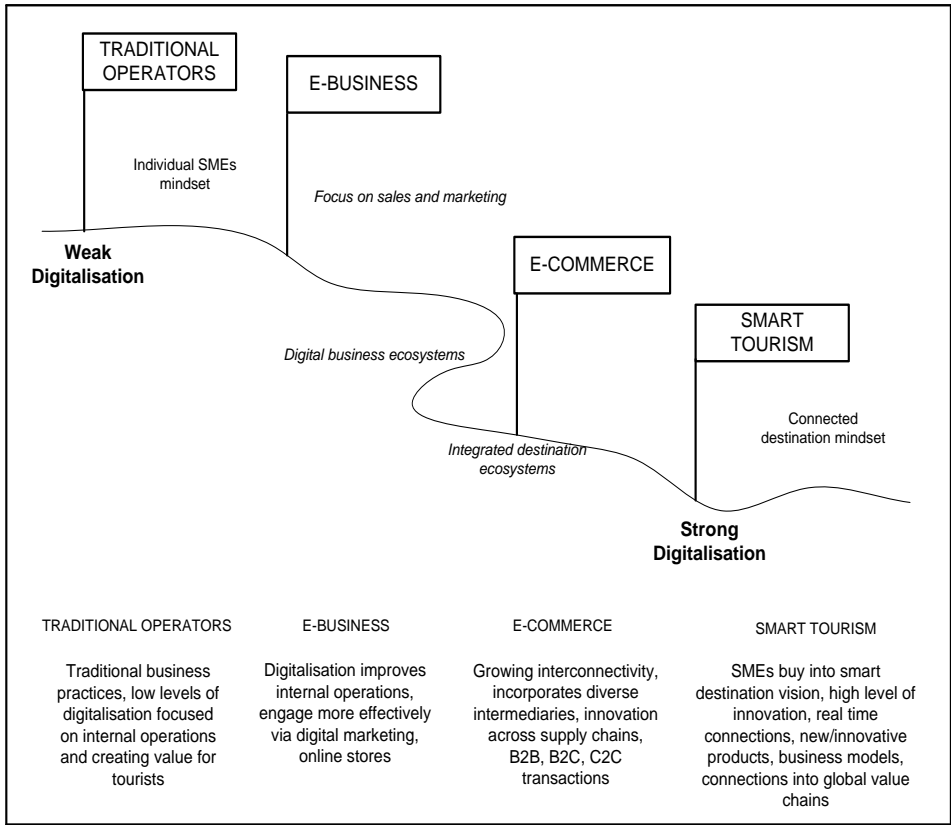
- Digital entrepreneurship where the digital entrepreneur is solely engaged in new business opportunity exploitation;
- Digital entrepreneurship in which the digital entrepreneur focuses primarily on knowledge-related opportunities;

- Digital entrepreneurship where the main focus of the digital entrepreneur is the use of the so-called institutional opportunities;
- Digital entrepreneurship in which the digital entrepreneur is oriented towards using all three above mentioned categories of opportunities.

Based on the presence rates of four relevant digital technologies (Cloud, Mobile, Social Media, Big Data), Laura Delgado Garcia and Alessandro Cenderello identify the following types of digital entrepreneurial organizations (Garcia & Cenderello, 2014, p. 15-16):

- Fully Digital – already adopt all four digital technologies;
- Digital Mature – adopt at least three of the mentioned technologies;
- Digital Followers – adopt at least two out of four technologies;
- Digital Beginners – adopt only one of the four technologies.

Figure 2: *The journey from weak to strong digitalization*

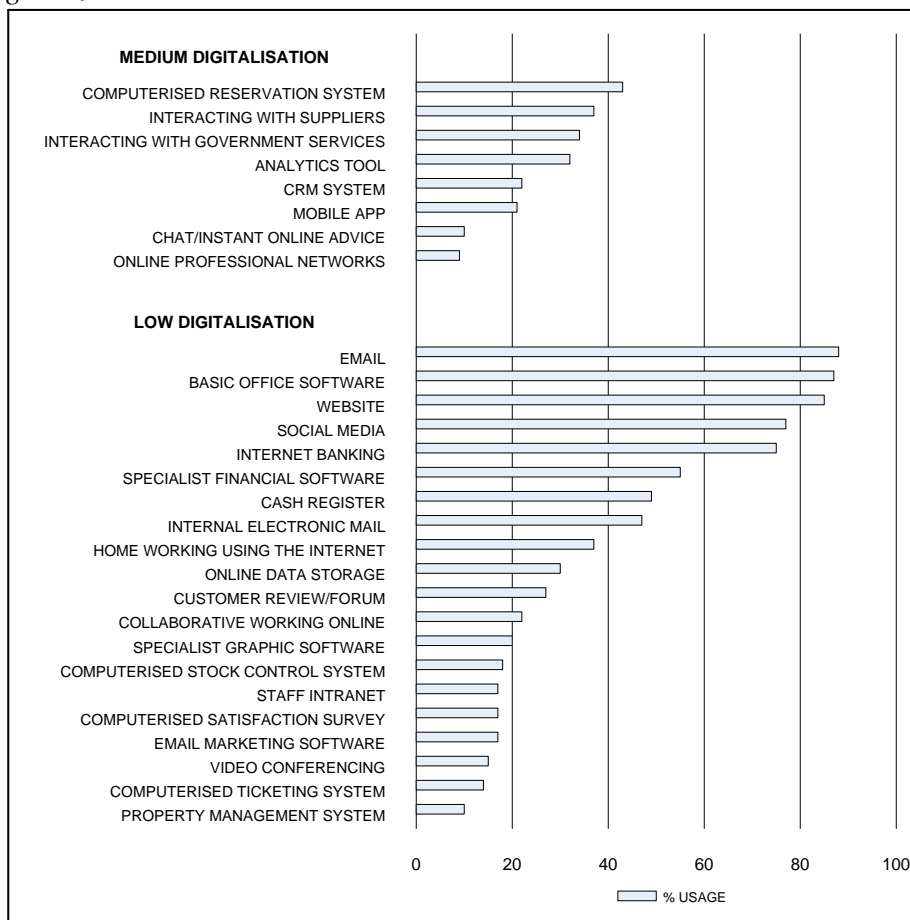


Source: compare to Dredge et al., 2018, p. 3

When it comes to entrepreneurial organizations in the tourism sector, they can also be ranked from those characterized by a very low level of digitalization (Traditional operators) to those with a very strong level of digitalization (Strong Digitalisation) (Figure 2).

According to one of the surveys that covered 2,897 tourism SMEs in the EU in 2014, most of them were characterized by low levels of digitalization, while tourism SMEs with medium or higher levels of digitalization were rare. In doing so, SMEs with low levels of digitalization used predominantly older digital technology, while SMEs characterized by a higher (medium) level of digitalization were also applying more modern digital technology (Figure 3) (Dredge et al., 2018, p. 18).

Figure 3: *Technology in organizations at low and medium level of digitalization in the tourism sector*



Source: compare to Dredge et al., 2018, p. 18.

Opportunities for digital entrepreneurship

Numerous opportunities are associated with digital entrepreneurship. Welsum van Desirée believes that digital entrepreneurship (Welsum, 2016, p. 1):

- Makes it possible to work remotely;
- Allows to perform activities at any time;
- Promotes gender equality;
- Encourages social and economic inclusion;
- Stimulates local development;
- Contributes to sustainable development;
- Raises economic efficiency, productivity and income opportunities.

On the other hand, analyzing the fundamental importance of digital technology, Mladen Turuk states that it manifests itself through (Turuk, 2018, p. 178):

- Changing existing and creating new business models,
- Introduction of new products and services,
- Increasing the efficiency of business processes,
- Increasing the competitiveness of organizations,
- Increasing the competitiveness and growth of local and national economies.

Comparing it to traditional entrepreneurship, Hull and his colleagues believe that the key benefits of digital entrepreneurship are the following (compare to: Hull et al., 2007, p. 298):

- Starting an entrepreneurial business is easier (for example, it takes less time to create a commercial website);
- Manufacturing and storing digital products and services are cheaper and easier;
- Distribution of digital products and services worldwide is faster and cheaper;
- It is possible relatively simple and at lower costs to modify and adapt digital products and services to the specific clients' needs and requirements;
- To get feedback from clients is faster, less complicated and cheaper;
- It is easier for a digital organization to participate in the global market.

Apart from the above, there are also many other opportunities that digitalization offers to entrepreneurship in the tourism sector. Some of the key are (Dredge et al., 2018):

- Creating new business models and ecosystems;
- Increasing online brand visibility;
- Intensify interactions between key subsectors (transport, accommodation, tour guides etc.);
- Strengthening collaboration between organizations;
- More successfully dealing with specific problems such as crowding (digital collaborations can help to redirect tourists);
- Increasing visibility and availability of new products and services;
- Raising the quality of products and services;
- Increasing clients' satisfaction;
- Boosting competitiveness through online presence.

In addition, the use of digital platforms (Hotels.com; Airbnb; Travelocity, Tripadvisor etc.) makes it easier for tourists to plan and book their trips (Hong, 2018). These platforms also affect the diversity and scope of tourism products and services, the speed of economic transactions, the level of tourists' satisfaction, the tempo of feedback, etc. (compare to: Dredge et al., 2018). Also, business digitalization in general, encourages people to develop digital skills, while, at the same time, "forces" organization to hire the highest quality staff, so-called talents (Simić, 2019, p. 299).

Challenges & barriers for digital entrepreneurship

Apart from its many opportunities and benefits, digital entrepreneurship also faces some challenges and barriers. So, for example, Welsum van Desirée highlights the following critical challenges for digital entrepreneurship (compare with: Welsum, 2016, p. 1):

- Necessary skills,
- Obligatory infrastructure,
- Various aspects of the business environment.

The skills necessary to identify, acquire and implement the new technology that represents a business opportunity for an entrepreneur, for the complete digital transformation of (the) organization, its business model, organizational structure and culture, for identifying and recruiting the required talents, for their retention and development, for managing a virtual

organization and virtual teams, are just some of the those skills that a digital entrepreneur needs, and which are not easy to get and to develop.

An infrastructure that supports the intensive use of digital technology for business (broadband infrastructure) must be available, reliable and should enable the rapid transfer of large amounts of data (Atkinson et al., 2016, p. 3). The fact that not all countries in the world have the equally developed infrastructure (World Economic Forum, 2019) necessary for the affirmation and successful functioning of digital entrepreneurship, represents/is one of many challenges that digital entrepreneurship faces. The business environment, with all its economic, legal, political, technical, and other characteristics, can represent a chance but also a challenge for digital entrepreneurship. Difficult access to finance, various barriers to starting a business, restrictive legal regulation, trade and customs barriers, etc., are just some of the problems that make the business environment inconvenient or impossible for digital entrepreneurship.

As one of the challenges that digital entrepreneurship deals with, Clyde Eirikur Hull and his colleagues (Hull et al., 2007, p. 298) highlight global competition. It is a consequence of an intense globalization process and the opportunities for the progressive expansion of entrepreneurial business. The form of entrepreneurial business sometimes demands continuous operation on a 24/7 basis. Also, a computer-mediated communication (CMC) system can lead to a complete absence of face-to-face and non-verbal communication; potentially serious misunderstanding, technical problems in communication, different or wrong interpretations of information, etc. (Hull et al., 2007, p. 298).

Except those mentioned, digitalization creates many other more specific challenges for entrepreneurial organizations in the tourism sector. Some of them are (Dregde et al., 2018):

- Keeping pace with the rapid changes in digital technology;
- Be permanently online and available to clients, to respond promptly to their needs, requests and objections;
- Lack of knowledge and skills necessary for successful identification and implementation of the new digital technology;
- Insufficient financial resources;
- Satisfaction with the current level of technology;
- High training costs;
- Expensive high speed broadband etc.

Despite the obvious challenges and barriers facing digital entrepreneurship, some authors consider that, generally speaking, barriers to entry into the various spheres of the digital economy are still low (compare to: Gimpel & Rölinger, 2015, p. 5).

Implications

There is no universally applicable recipe for the successfully exploitation of the opportunities outlined above, as well as for mitigating or avoiding the challenges related to digital entrepreneurship. Some research has resulted in different sets of practical recommendations. On the one hand, they concern the actions that should be taken by the government and, on the other, those actions that are in the domain of the digital entrepreneur.

The government is expected to (compare to: Welsum, 2016, pp. 6-7; *Tech4i²*, 2014, p. 9):

- Support the creation of new digital companies and to foster the development of existing ones;
- Encourage knowledge and information diffusion to enhance digital innovation;
- Create a clear and supportive regulatory environment;
- Strengthen digital infrastructure;
- Facilitate access to finance;
- Enhance digital investments;
- Create supportive fiscal and tax framework;
- Foster education in training;
- Create conditions for entrepreneurial culture;
- Ensure the supply of appropriate skills;
- Foster a competitive environment;
- Promote open standards and open data etc.

Digital entrepreneurs are expected to (compare to: Rathee & Rajain, 2017, pp. 60-61):

- Be innovative and to encourage innovation within an entrepreneurial organization;
- Be open to new knowledge and skills;
- Keep pace with advances in modern technology, primarily in digital;
- Identify adequate and acceptable manners to finance entrepreneurial business;
- Be adept at hiring and retaining talents;

- Encourage followers to acquire new knowledge and skills;
- Be globally focused;
- Raise the level of organizational flexibility and responsiveness;
- Learn from the experiences of other successful digital entrepreneurs, etc.

Conclusion

Digitalization and digital transformation are eroding traditional industries as well as those organizations whose business is considered rigid. At the same time, they create immense opportunities for new organizations, especially for those in the entrepreneurial business who manage to successfully engage in the digital race through digital innovation. In this race, a significant place belongs to those organizations that, due to their high level of flexibility, are able to abandon existing business model and adopt a new one, based on the purposeful use of current digital technological achievements. In doing so, it should be borne in mind that, although present, the barriers to entry into the various spheres of the digital economy are very low, what makes the competition in the digital race strong and intense. Such competition not only contributes to the permanent and progressive transformation of these organizations, but also leads to the continuous improvement of digital technology.

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ECONOMIC EFFECTS OF SUSTAINABLE TOURISM DEVELOPMENT

Aleksandra Tošović-Stevanović¹; Vladimir Ristanović²

Abstract

Tourism development generates a large number of positive economic and environmental effects. Therefore, it is a very important segment of faster economic development of every country. Reconciling economic and environmental goals is the essence of the modern concept of sustainable tourism, which, in line with the current changes in the environment, is based on the concept of sustainable development and responsible consumption in tourism. The paper outlines the economic effects of sustainable tourism development, aiming to contribute to the country's economic development and competitiveness and analyses Serbia's competitiveness index (Travel & Tourism Competitiveness Report) established according to the World Economic Forum methodology.

Key Words: *economic effects, tourism, sustainable development, sustainable tourism development*

JEL classification: *Q01, Z32*

Introduction

Globally, tourism became one of the most widespread and mass phenomena (based on the number of participants) at the end of the 20th and the beginning of the 21st century, and because of its realized economic effects, this economic activity became a great development opportunity for a large number of countries. The data on the number of tourists in the world indicate that this dynamic service industry has become a revenue generator for underdeveloped, developed, and developing countries. Tourism services also dominate tertiary sector on a global scale along with financial

¹ Aleksandra Tošović-Stevanović, PhD, Associate Professor, Faculty of Business, Economics and Entrepreneurship, 8 Mitropolita Petra, Belgrade, e-mail: aleksandra.tosovic.stevanovic@gmail.com

² Vladimir Ristanović, PhD, Associate Professor, Faculty of Business, Economics and Entrepreneurship, 8 Mitropolita Petra, Belgrade, e-mail: vladimir.ristanovic@vspep.edu.rs

services. The advantage of the tertiary sector, especially tourism, is that it is bypassed, for the most part, by protectionist measures leading to crises and economic problems. Thus, economies with a higher share of goods than services in trade with the rest of the world have suffered greater negative effects of the crisis in the economy (Pelević & Ristanović, 2011).

Tourism has become a generator of economic and social development in most countries. Tourism accounts for a big and significant share in the total GDP, the number of workplaces and employees in this industry, etc. (Ministry of Trade, Tourism, and Telecommunications, 2016).

Nowadays, it is far more important to consider various effects of tourism within an economy. These effects, resulting from the development of tourism and expanding of tourism services, are reflected on other industries, such as: infrastructure, agriculture, wholesale and retail, transport and construction, also having certain impact on small and medium-sized enterprises, etc.

In spite of being completely aware of the tourism potential of the economy, tourism development policymakers are equally aware that in addition to its economic effects, tourism can also pose a threat to natural. Resources present the basis for tourism development; still, tourism has the power to stimulate the conservation of these resources (Katić et al., 2005).

However, according to Ristić, Bošković & Despotović (2019), although the pursuit of economic interests is still a priority today, lots of countries have begun to pay more attention to the environmental interests of destinations as a result of adopting and implementing a new concept of tourism development, known as "sustainable tourism development". It is a modern approach to tourism development which involves establishing a positive relationship and link between tourism development and environmental protection; that is, achieving complete harmony between economic and environmental interests (Ristić et al., 2019).

Therefore, the paper will outline what constitutes sustainable use of natural resources, as well as the role and importance in its effective implementation in business activities, with particular reference to sustainable tourism development and analysis of competitive advantages and disadvantages of tourism in Serbia, compared to other analysed countries within the Travel & Tourism Competitiveness Index.

Sustainable use of natural resources

Natural resources, land, soil, and everything on and in it, all forms of water resources, air and biodiversity have to be used in a sustainable way. Sustainable use of natural resources implies strict planning and management of the existing reserves in terms of the requirements of economic development. This involves avoiding the wrong resource management policy and emphasizing an adequate resource allocation policy to discourage shadow economy in tourism and encourage legal activities that will lead to an increase in government revenue (Ristanović, 2018). Hence, effective management and control present the key to achieving sustainable use of natural resources. As for non-renewable resources, a modern approach to sustainable use is vital; however, it is generally considered that their sustainable use is impossible.

Natural resources mean the same as natural sources and refer to the natural goods which are used. Natural potentials are natural resources with reserves of natural goods and natural conditions that may be or are already useful to people, i.e. mineral raw materials, water, land with vegetation and natural conditions. Natural resources are the potentials, as well as the existing human resources, on which economic development of a country should be based.

Ecology and economics depend on: economic goods and economic processes; the relationship between supply and demand, production and consumption of various goods; human activities, cultural relations towards the environment, ecological education, ethnographic features, deficit of energy sources, drinking water, and other important raw materials. The systems directed to unlimited development with limited resources are unsustainable in the long run. The uncontrolled exploitation of natural resources results in environmental degradation and reduction in the flow of natural resources for future generations. Strongly influenced by the ecological approach, contemporary economic thought extends its field of consideration of nature while taking into account also the sources of natural goods supply, ecosystems, natural beauty, and is subject to institutional regulation, restrictions, and protection.

Natural resources are largely interdependent. Sustainable use of any resource will have a positive effect on the conservation of others, and irresponsible pollution or destruction of one will cause the degradation of other resources. The modern world is greatly confronted with the need for

a global, shared responsibility for development; we should meet certain needs of humans and nature, based on the opportunities provided to preserve the planet Earth and hand it over to future generations in an acceptable state. The present generation which has the right to exploit the resources and the healthy environment must not jeopardize the same right of future generations. Achieving the long-term goals of sustainable environmental development implies integrating and harmonizing the goals and measures of all sectoral policies (Hartwick & Olewiler, 1998).

One of the main priorities for achieving sustainable development is the protection and improvement of the environment and the rational use of natural resources. The adoption and implementation of the s National Strategy of Sustainable Use of Natural Resources and Goods (2012) will reduce the pressure on natural resources. In order to integrate environmental policy into other sectoral policies, especially in the field of spatial and urban planning, it is necessary to strengthen the capacities for applying strategic environmental impact assessment, policies, plans, and programs in accordance with the law (Blagojević, 2001).

The inefficient use or even the overuse of production factors is explained by the law of diminishing returns, according to which by adding one more unit of production factor beyond a certain level, it contributes less to the total production compared the previous unit. Moreover, it contributes to rising costs per unit of product. Decrease in production volume, i.e. diminishing returns result from an inadequate combination of natural resources. However, the modern approach goes one step further as it is dominated by human capital and more technologically intensive manufacturing processes and sophisticated products. Consequently, in addition to physical capital, human capital contributes to the increasing returns by which an adequate combination of labour and capital [labour \Leftrightarrow capital (technology) \Leftrightarrow education] with each additional unit of production factor increases the volume of production. There is a reciprocal link between labour and capital (not merely their sum or product, but their degree), which by means of technology and education leads to the specialization in production, sophisticated products and the growth in the volume of total production, while meeting diverse needs of people. Even so, the use of natural resources is far from being perfect. Their use will change in the coming decades due to new developments (Tošović-Stevanović & Ristanović, 2016).

Sustainable development and international business operations of companies which promote global sustainability

Internationally, the idea of sustainable development is now widely accepted. It all began with the well-known book *The Limits to Growth* (1972), when the Club of Rome pointed to the "dilemmas of humanity", primarily from the point of view of accelerated depletion of the most important natural resources. The First United Nations Conference on the Human Environment was held in Stockholm in 1972, and it is considered to be the turning point in human-nature relationship. The concept of sustainable development was adopted by the European Union in 1990 and by the United Nations in 1992 at the Second United Nations Conference on the Environment and Development held in Rio de Janeiro.

The expansion of industrial production and overconsumption worldwide, which now amounts to 6 billion people, will seriously damage natural resources vital to human survival. This will be even more essential for the 10 billion people in the mid-twenty-first century. On the other hand, the north-south division that separates the global population can hardly be overcome without further industrialization in developing countries. The information could be essential for the preservation of vital resources for humanity as a measure of global peace and human freedom.

According to the 1992 Brundtland Commission Report, at the UN Summit in Rio de Janeiro (Rio Declaration) sustainable development is an attempt to tackle sustainable development issues in a practical and political way. Sustainable development is trying to propagate industrial production and consumption worldwide while halting the process of environmental degradation. It further seeks to strengthen social cohesion, which is constantly being undermined by industrialization, the erosion of traditional social bonds, and environmental degradation.

From the very beginning, critics viewed sustainable development as contradictory. However, it is the contradiction that makes this concept appealing. All major corporations worldwide felt the need to get involved, for everyone to benefit. If sustainable development can advance beyond mere rhetoric, then efforts have to be concentrated on environmentally sustainable conversion of industrial production and consumption. Only in this way this concept can be extended to all humanity while preserving the environment. A central part of this concept is the production of energy from non-renewable resources whose combustion undoubtedly damages the

environment and affects global climate change. In addition to switching to renewable energy sources, it is also very important that industrial production is performed in "closed" conditions (without harmful emissions) and, in general, to promote the "dematerialization" of the economy.

Most of the things which were to be done were cited three decades ago. Nowadays, there are a number of technologies which can be used to harness energy from renewable resources. However, scientific and technological investments have to be drastically accelerated if the progress is to be made regarding closed production systems and the "dematerialization" of the economy. The tasks that need to be solved are difficult and cannot simply be left aside. It is clear, and even written in the statements of the Rio Declaration that developed countries are obliged to be in charge of modifying industrial production methods. They are (mostly) the ones which live above their potentials in terms of environmental protection.

They also have all the means to actively perform this conversion. They should set an example for new industrialization, and often the necessary hardware. Conversely, industrialized countries and their large corporations implement another form of "technological revolution" whose environmental sustainability (except for communication technologies) is, to say the least, suspicious. In general, despite the commitment of leading elites to sustainable development, we treat the environment in a way that does not guarantee the survival of humanity beyond the twenty-first century. This claim is supported by the fact that most environmental indicators have deteriorated over the last 15 years.

Renault-Nissan is one of the companies developing the cars of the future and is focused on creating products that improve society, increase mobility for all and help address the most important safety and environmental challenges of today. In August 2016, the company became the newest member of the World Business Council for Sustainable Development (WBCSD).

WBCSD is a global association of more than 200 major international companies promoting global sustainability. The association works with the world's leading companies so that they could create a range of business-friendly solutions. Some of the members are well-known companies such as: General Motors, DuPont, 3M, Nestle, BP, Jain Irrigation Systems, and Royal Dutch Shell. The association is focused on four major economic

systems: energy, nutrition and land management, sustainable cities and mobility, and redefined values. Energy systems represent enormous potential and power in all economies. Although fossil fuels will continue to be an important part of economic growth in the near future, the transition to a low-carbon economy will lead to cleaner energy in the future, which means a rapid transition to new and alternative energy sources, which in return requires new technologies. And all this leads to business development.

Renewable energy resources have been increasing their market share over the last 20 years. Greater investments in energy efficiency, in the economy and in buildings and transport present enormous potential in international business. For example, in developing countries alone, decentralized renewable energy resources can supply more than one billion people.

Food production and productive, sustainable land management can be increased, as well as the development of rural areas, the protection of forests and the reduction of land over-utilization with the use of new technologies and a comprehensive approach to land and water management. It is estimated that by 2030, 70% of the world's population will be living in cities, using 80% of total energy, and generating 70% of global greenhouse gas emissions. Business opportunities for positive development in this area are more than obvious.

The companies whose business is based on sustainable development are trying to find the way to build better, smarter cities where everyone will have the access to technology, healthcare, education, and communication. There is a need to find a way to build Zero Emission City with maximum energy efficient infrastructure, which is again the potential for international business operation, as one company is certainly unable to meet the challenges of sustainable development.

The effects of sustainable tourism development

Analysing the general concept of sustainable development, it is quite clear that the concept of sustainable tourism development cannot be analysed as a separate unit, because all the concepts are interdependent and represent the whole, that is, the ideal harmony of sustainability.

The concept of sustainable development should be the basic guideline in tourism management, which will enable the achievement of economic,

social and aesthetic goals, while protecting cultural values, social integrity, key ecological processes, and biological diversity (Jovičić, 2000, Stefanović & Azemović, 2012). New knowledge and new skills are necessary for the further development process (Živaljević et al., 2015).

According to Stefanović & Azemović (2012), sustainable tourism implies integral and complex development of tourism, ensuring simultaneous achievement of heterogeneous goals where none of them should become dominant in relation to the others:

- realization of economic profit;
- preserving the social integrity of local communities;
- affirmation of cultural identity of the receptive areas;
- environmental protection;
- optimal satisfaction of tourist needs.

To achieve sustainability through tourism, or improve the quality of life of a local community, to enable visitors/consumers to achieve a high quality of experience via tourism and maintain the quality of the environment on which both the local community and visitors depend, three main forms of sustainability are important (Popescu, 2004):

1. ecological sustainability – it ensures that the development remains compatible with the maintenance of basic ecological processes, biological diversity, and biological resources,
2. socio-cultural sustainability – it ensures that the development increases people's control over their lives, compatibility with the culture and values of people under the influence of development, maintenance and strengthening of community identity;
3. economic sustainability – it ensures that the development is cost-effective and the resources are managed so that they can be supported by future generations.

The benefits of sustainable tourism can be seen through (Vitić-Četković et al., 2012):

- the extension of the tourist season,
- the increase in tourism expenditure,
- attracting high-income tourists,
- the expansion of local tourist zones,
- job creation in the local community.

Special attention is paid to sustainable tourism, also presented as a major concept of tourism development in the EU. Therefore, in Serbia, it is also

one of the priorities of economic development. According to the Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025, the vision of tourism of the Republic of Serbia until 2025 states that "In 2025 the Republic of Serbia will become a globally recognized tourist destination as a result of the established system of development, sustainable resources management, and the coordination of the activities of all entities relevant to tourism development".

Consequently, the role of the Government is emphasized, since it can enhance the process by decisive support and concrete measures within the framework of sustainable tourism development and related activities, and thus, the creation of a competitive position based on the creation of a destination that respects the concept of sustainable development.

Tourism carrying capacity defined by the Travel and Tourism Competitiveness Report

Tourism carrying capacity is defined by the World Tourism Organisation (UNWTO) as "the maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic, and sociocultural environment and an unacceptable decrease in the quality of visitors' satisfaction" (World Economic Forum – TTCI, 2019).

In order to adequately and reliably perform competitive analysis, it is of utmost importance that the concept of competitiveness is well conceptualized (Tošović-Stevanović, 2009). Every two years Travel & Tourism Competitiveness Report Index (TTCI) publishes an analysis on competitive advantages and disadvantages of tourism in many countries.

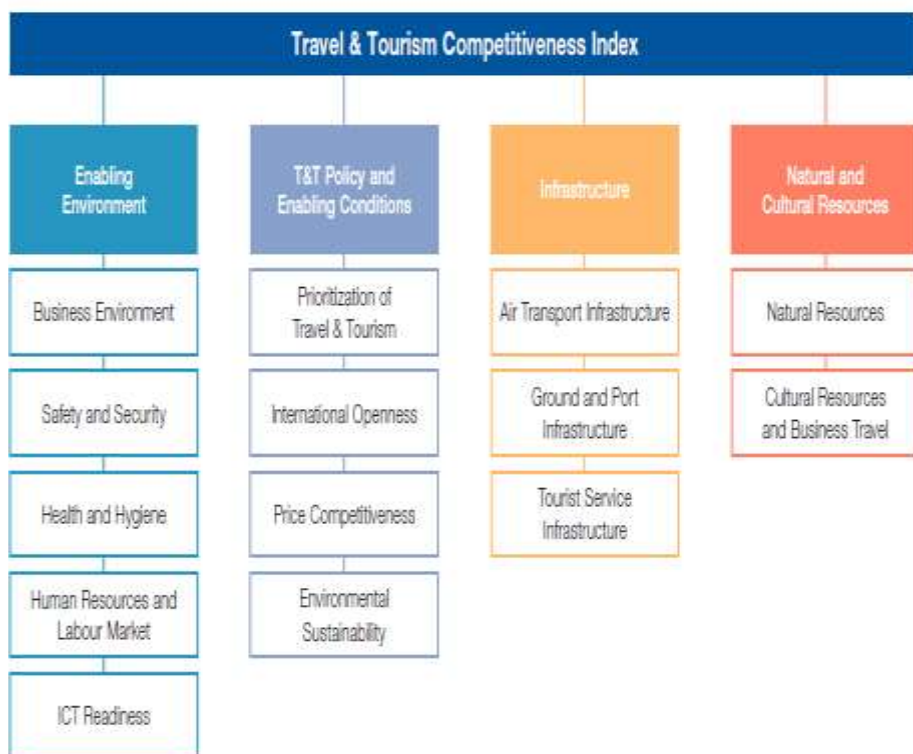
In the latest 2019 report, 140 countries were analysed. Serbia has been ranked since 2008 (in 2007 it was rated within the state union of Serbia and Montenegro). For each year a position is given, i.e. for more than 10 years, Serbia's ranking of tourism in the world and in Europe has recorded positive results in the international market of tourist services.

According to Travel & Tourism Competitiveness Report Index (2019) established in line with the World Economic Forum methodology, in the context of enormous growth potential, and increasing pressure on tourism infrastructure and services, travel & tourism competitiveness can be seen simultaneously as a powerful economic growth driver and a risk to the

ongoing development of the industry if not managed correctly. In the modern and turbulent world, every country aims to achieve high quality and stable economic growth (Tošović-Stevanović & Jovancai, 2018).

Figure 1 gives an overview of the subindices containing certain pillars of competitiveness, and each pillar of competitiveness consists of a series of individual variables and quantitative data. The presented information was obtained from various international organizations and experts.

Figure1: *Travel & Tourism Competitiveness Index*



Source: *World Economic Forum - Travel & Tourism Competitiveness Report, 2019.*

Based on Travel & Tourism Competitiveness Index (2019):

- Enabling Environment subindex captures the general conditions necessary for operating in a country and includes 5 pillars:
 1. Business Environment (12 indicators);
 2. Safety and Security (5 indicators);
 3. Health and Hygiene (6 indicators);
 4. Human Resources and Labour Market (9 indicators);

5. ICT Readiness (8 indicators).

- T&T Policy and Enabling Conditions subindex captures specific policies or strategic aspects that impact the T&T industry more directly and includes 4 pillars:
 1. Prioritization of Travel and Tourism (6 indicators),
 2. International Openness (3 indicators);
 3. Price Competitiveness (4 indicators);
 4. Environmental Sustainability (10 indicators).
- Infrastructure subindex captures the availability and quality of physical infrastructure of each economy and includes 3 pillars:
 1. Air Transport Infrastructure (6 indicators);
 2. Ground and Port Infrastructure (7 indicators);
 3. Tourist Service Infrastructure (4 indicators).
- The Natural and Cultural Resources subindex captures the principal "reasons to travel" and includes 2 pillars:
 1. Natural Resources (5 indicators);
 2. Cultural Resources and Business Travel (5 indicators).

Table 1: *Economy rank and score of Serbia - Travel & Tourism Competitiveness Report*

			Difference from 2017		Score diff. from benchmark avg.	
Global Rank	Economy	Score	Rank	Score Growth (%)	Regional (%)	Global (%)
83	Serbia	3.6	12.0	7.2	-15.1	-5.7

Source: *World Economic Forum - Travel & Tourism Competitiveness Report, 2019.*

According to TTCI (2019), Serbia (95th to 83rd) achieved the biggest improvement in the subregion thanks to significant enhancements to environment (62nd to 56th), T&T policy and enabling conditions (112th to 91st), airport infrastructure (86th to 76th), ground infrastructure (94th to 85th).

Based on Travel & Tourism Competitiveness Report (2019) Serbia achieved improvement in:

- a substantial reduction in visa requirements (69th to 18th); increased overall T&T prioritization (116th to 109th);
- ticket prices and airport taxes were also reduced (92nd to 55th);
- nation's air transport infrastructure improved (84th to 76th);
- more airlines operating in the country (51st to 46th);

- perceptions of airport infrastructure quality became more positive (92nd to 88th);
- ground infrastructure also got better (94th to 85th);
- improvement in areas related to the business environment (112th to 74th);
- human resource and labour markets (82nd to 58th).

Table 2: *Score for Serbia and Northern Europe Average - Travel & Tourism Competitiveness Report*

	ENABLING ENVIRONMENT (56 – score 5.2)					T&T POLICY & ENABLING CONDITIONS (91 – score 4.3)				INFRASTRUCTURE (82 – score 3.2)			NATURAL & CULT. RESOURCES (112 – score 1.9)	
Global Rank	Business Environment	Safety & Security	Health & Hygiene	Human Resources & Labour Market	ICT Readiness	Prioritization of T&T	International Openness	Price Competitiveness.	Environ. Sustainability	Air Transport Infrastructure	Ground & Port Infrastructure	Tourist Service Infrastructure	Natural Resources	Cultural Res. & Business Travel
Northern Europe Average	5.2	6.1	6.4	5.4	6.1	5.0	4.1	4.7	5.2	4.2	4.4	5.0	2.9	1.9
Serbia 83	4.4	5.5	6.3	4.7	5.1	3.9	3.2	5.5	4.5	2.6	3.0	3.9	2.1	1.7

Source: *World Economic Forum - Travel & Tourism Competitiveness Report, 2019.*

Despite so much improvement, if Serbia wishes to leverage recent gains it has to start improving with its scarce natural and cultural resources. The data from the National Bank of Serbia indicate faster growth of foreign tourists from the growth in export earnings, indicating decrease in average consumption per foreign tourists in Serbia, insufficient or inadequate offer of tourist services in Serbia (Foundation for the Advancement of Economics, 2019).

Tourism service infrastructure needs to become more accommodating. It needs to continue reducing travel barriers by entering into more air service and trade agreements, and it has to improve its safety and security. According to TTCI (2019), one positive sign is increased environmental sustainability (61st to 40th), which should help grow the attractiveness of its natural assets (100th), but a lot more needs to be done for Serbia to become truly competitive.

Conclusion

Improving the competitiveness of the tourism sector in Serbia contributes to ensuring stable and sustainable growth and development; however, having certain comparative advantages does not guarantee a better competitive position of Serbia as a tourist destination.

Therefore, it is necessary to make the unused potential in the form of preserved natural resources, diverse tourism offer and human potential more attractive to potential tourists and attain an adequate competitive position in comparison to other countries.

Sustainable tourism, presented in the EU as the main concept of tourism development has been accepted in Serbia also as an important challenge for the development of the tourism sector, which can be seen in the results of the TTCI. However, according to the TTCI report, despite the existence of natural resources and their attractiveness to foreign tourists, the achieved level of tourism development, indicated by a large number of analysed indicators, significantly lags behind in terms of resources and market opportunities.

This implies the need for a more active role of the state in implementing incentive measures, because thanks to the richness and diversity of natural resources and simultaneously by stimulating the industry, the conditions

for achieving better economic effects and future sustainable development of tourism in Serbia can be created.

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SERVICE DESIGN IN THE FUNCTION OF TOURISM DEVELOPMENT

Boško Vojnović¹; Dejan Grujić²

Abstract

Creating a tourist service is a complex process which requires expertise. Achieving the quality of the tourist service from the perspective of the users is a demanding process, because service is perceived by each user in their own unique way. That is why it is necessary to design a tourist service to satisfy the customer and also achieve the quality at the same time. The process requires the preparation of the draft from the aspect of the needs of service users. An effective and efficient tourism service needs to be prepared: effectiveness refers to a good definition and achievement of desired effects, and efficiency to saving resources, while maintaining quality. One of the specifics of the service is the inability of corrections if an error occurs, as corrections are only possible in the next service cycle. The aim of the paper is to design a quality tourism service and to define the necessary strategies for improving tourism development.

Key Words: *tourism service, service design, tourism, development, strategies*

JEL classification: Z32, Z39

Introduction

Modern civilizational changes have influenced the modern business world. This has created a need to improve the quality of services. The adjustment is necessary because of the following: the contemporary business is being increasingly transformed from the industrial into the service world, the vast majority of new companies belong to the service sector, products which consumers will take away with them are not usually created as a result of

¹ Boško Vojnović, PhD, Full Professor, The Academy of Applied Studies Šabac, Unit for Agricultural and Business Studies and Tourism, Vojvode Putnika 56, Šabac, Phone: 015-344-580, e-mail: bosko_v@mts.rs

² Dejan Grujić, PhD, Professor of applied studies, The Academy of Applied Studies Šabac, Unit for Agricultural and Business Studies and Tourism, Vojvode Putnika 56, Šabac, Phone: 015-344-580, e-mail: grujicd68@gmail.com

service industries, services and tourist products can not be replaced if the customer is not satisfied with them, services are directed towards satisfying people's needs, a large number of activities are dependent and based on valid information, and finally, a service is a large number of activities whose aim is to satisfy the needs of potential consumers.

The above stated reasons are a prerequisite for the successful business operations of tourist companies and organizations which deal with tourism. Hence, they have to, following tourists' requests, form their database and through analysis create a service that will meet the expectations of their consumers. The estimations are that the consumption in tourism could be over two thousand billions of US dollars, which would make tourism a leading world industry (Vojnović et al., 2013).

It is well-known that Serbia is a state attempting to join the EU, which means that it needs to harmonize its own regulations with the EU regulations in all segments (Simić–Antonijević et al. 2015).

In order to create tourism services which can support Serbian tourism, keeping in mind that services have become strategically important and an important source of income, it is necessary to determine:

- the start of measuring the quality of service,
- the significance of providing the quality of tourism services,
- the design and flow diagram of tourism services,
- the efficiency and efficacy of the service,
- the techniques for improving the quality of service and staff training,
- tourism staff training, and
- control in providing tourism services.

The start of measuring the quality of service Model Servqual

Unlike the total quality management (TQM), which is directed towards the quality of products, the concept of SERVQUAL (SERVICES QUALITY Model) is aimed at defining the quality of services. It was developed in 1983 with the goal of examining three key components:

- What is the quality of services?
- What creates problems in the quality of services?
- What business systems can do in order to overcome the problems and improve the quality of service?

The application of the model began two years later (Parasuraman et al., 1985). SERVQUAL model provides the necessary conceptual frame for the research of the quality of services. The model is based on the definition of the quality by which the quality is reached if the service users obtained what they expected instead of getting what was considered to be the best in some other context. In this model, the quality is based on the judgement of a service user.

The significance of quality in the tourism service design

The efficiency of the tourism industry and the unfolding of business processes in the the service systems depends on the quality, correct management and orientation towards the market. The quality is achieved by promotional activities aimed at consumers and by defining the measurements for the employees working in tourism (Vojnović & Jevremović, 2007).

The quality management of a tourism service is identical to the quality management of a product. It begins with the emergence of a need for a service, continues logically as a service design, then preparation for the service realization and ends with the service realization and its quality rating.

The important difference between the quality management of a service compared to that of a product is the non-material aspect of the service. Therefore, if there is a deviation related to the designed process, it is not possible to make a correction. It is only possible in the next cycle when the service is repeated. For this reason, the quality of the provided service is rated from the point of view of a user and a provider of the service. This is a so-called service quality loop.

In the quality management process, after the need for the service has been expressed, the next stage is the service design. This stage consists of creating the specification of the service and the specification of the procedures for delivering the service. Service specification is the description of the service which is provided, and service delivery specification sets up the means and methods which should be used in order to provide the service.

When designing a service, it is necessary to do the following:

- predict potential changes in the demand for service,

- do analysis so as to avoid errors or accidental shortcomings, and
- create a plan for the service in unpredicted circumstances (Vojnović & Kutin, 2007).

The process of service delivery is done on the basis of goals and policy and the capabilities of service organization. Services must fit into the demands of the environment regarding health, safety and legal regulations. The control of tourism service delivery should be an integral part of the entire process of service providing. The control of each stage of the service and the complete satisfaction of the user with the service must be made possible.

Quality assurance and quality control are some of the key elements for the successful management of a company in the field of tourism. The efficiency of the industry depends on the quality of service and adequate orientation towards the market. The organizations which deal with tourism business must be aware of the importance of quality and hence take appropriate actions in order to create it.

There is one more problem which has to be addressed: the expectations of tourism services users change over time, which requires additional relevant analyses. When all aspects are taken into account, the following question arises: how to define quality so that it is equally acceptable for all participants? The quality rating is transferred from tourism organizations, whose task is to ensure quality, to consumers of tourism services. In order to make this effective and acceptable, it is necessary to get familiarized with the needs, habits and surroundings from which the users of tourism services come, as well as their economic standard.

When forming the quality of tourism services, it is not recommended to strive for the best possible quality but rather for the quality that is best for "its own consumer", whose expectations must previously be very clearly understood.

Tourism service design

Planning in tourism appears in the form of different approaches, from individuals who plan their holiday, through business entities which are planning future strategies to achieve the appropriate development or business goals, to the countries which plan the role of tourism in their future economic and social development, all the way to the intergovernmental and

international organizations and institutions that are planning their future activities. Therefore, planning should be seen as a process, not as a current event (Vukotić & Vojnović, 2016).

Chart 1: *Priority, critical and key processes in tourism service.*

Process mark	Name of the process important for tourism service design	Priority	Critical	Key
PR 01.00	Determining the users' needs and demands for the tourism service	*	*	*
PR 01.01	Contact – conversation with a service user	*	*	*
PR 01.02	Summary of users' needs and demands	*	*	*
PR 02.00	Tourism service design according to the users' demands	*	*	*
PR 02.01	Written record of the tourism services users' needs		*	*
PR 02.02	Registering and singling out the users' main needs	*	*	*
PR 03.00	Stipulation of the tourism service	*	*	*
PR 04.00	Subcontracting the service with subcontractors			
PR 05.00	Realization of the service in accordance with the users' needs	*	*	*
PR 06.00	Control of tourism service delivery	*	*	*
PR 07.00	Monitoring users' needs satisfaction	*	*	*
PR 08.00	Overcoming the discrepancy between the realized and stipulated service	*	*	*
PR 09.00	Corrective and preventive measures related to the tourism service	*	*	*
PR 10.00	Analysis and service reassessment			

Source: *Authors, 2020*

Tourism service design is a transformation of all disposable information into a concrete service specification in such a way that it supports the goals, policy and expenses of the tourism organization. The service specification should include a precise representation of the service which is being provided. When designing a tourism service, it is necessary to make a list of **priority, critical and key processes for this industry**. After defining the process, it is necessary to define all three indicators of success and determine a unit of measurement and frequency of measurement for each of them.

Subsequently, the system for indicators measurement should be established, so that a measuring instrument and frequency of measurement are created for the defined indicators.

Chart 2: *List of indicators of success*

Process name and mark	Performance/Indicator of process success		
	Name	Unit of measurement	Measurement frequency
PR 01.00 Determining the users' needs and demands for the tourism service	Contact – conversation with a service user	[1]	Monthly
	Summary of users' needs and demands	[1]	Monthly
PR 02.00 Tourism service design according to the users' demands	Written record of the tourism services users' needs	[1]	Quarterly
	Registering and singling out the users' main needs	[1]	Quarterly
PR 06.00 Control of tourism service delivery	Number of reports on external check-up	[1]	Monthly
	Number of reports on internal check-up	[1]	Monthly
PR 07.00 Satisfaction of users' needs monitoring	Number of complaints and objections	[1]	Annually
	Number of non-renewed contracts	[1]	Annually
PR 08.00 Overcoming the discrepancy between the realized and stipulated service	Number of reclamations	[1]	Monthly
	Percentage of measures based on reclamation/objection. <i>Managing the service discrepancy.</i>	[%]	Monthly
PR 09.00 Corrective and preventive measures related to the tourism service	Number of measures planned to improve the service	[1]	Quarterly
	Number of orders for implementing corrective and preventive measures	[1]	Quarterly
PR 10.00 Analysis and service reassessment	Percentage of external check-ups which were not found in the internal check-up	[%]	Annually
	Percentage of ordered and implemented measures	[%]	Annually

Source: *Authors, 2020*

Determining the users' needs and demands for the tourism service

Service users' needs and demands are determined based on the received feedback during and after services delivery. If necessary, service users are asked to provide additional information (the questionnaire filled in by a user). Upon receiving all relevant information and documentation, the creation of the strategy for service improvement begins. Corrections are related to the next cycle of service providing, because a service is non-material and it is only possible to improve it subsequently. When a service is organized, and a user requires the delivery of an offer written on a tender form, that form is filled in according to the enclosed request. Deviations from the conditions prescribed by tender are included in the report that goes with the offer – tender. The reassessment of the draft of the offer is done for a few reasons:

- to satisfactorily respond to all client's unclear, incompetent and ambiguous demands,
- to prevent the situation in which the offered elements differ from the original demands, and
- to make the service provider capable of meeting the defined demands.

On that occasion, technical, commercial and legal elements are analyzed.

Technical elements of the offer include the service specification, volume, quality and job deadline, as well as the distribution of contracting parties' obligations.

Commercial elements of the offer include the price, conditions and payment deadlines.

Legal aspect of the offer includes the formal legal accuracy, completeness and validity of the offer (the existence of all obligatory clauses, the accuracy of the data, etc.).

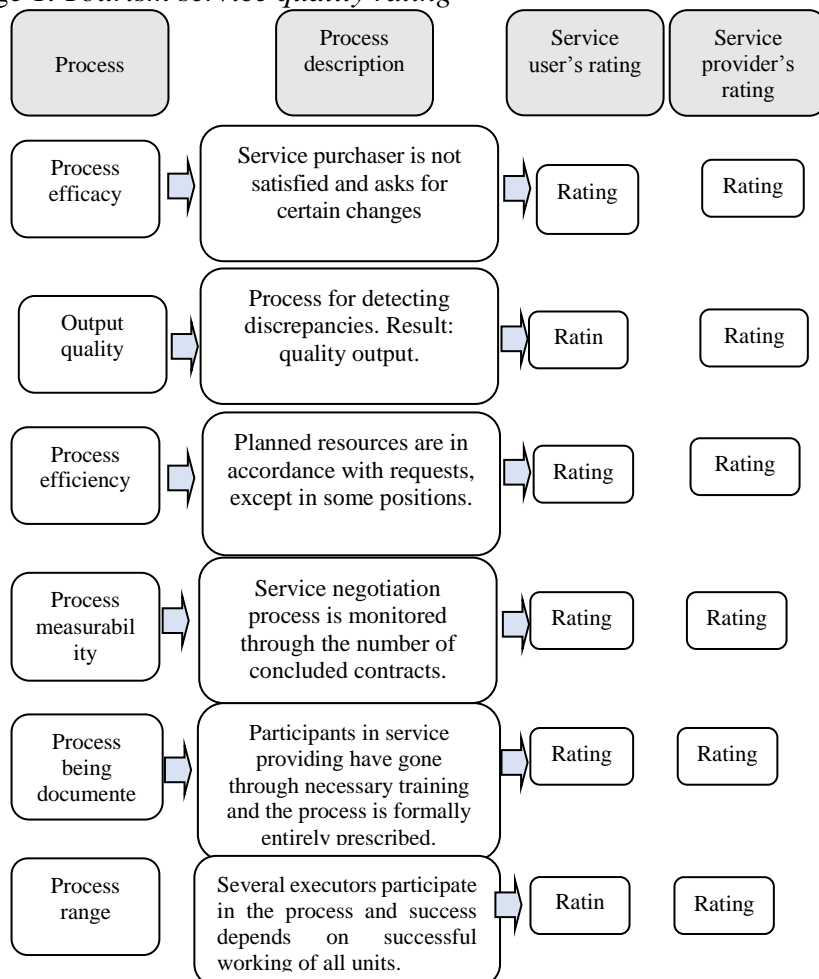
Upon reassessment and removal of discrepancies, if any, the offer is signed by the director. The offer is considered reassessed and approved when it is signed by the director. After the reassessment, the offer is registered in accordance with the *Rulebook on office and archive operations* and forwarded to the client by telefax, post or email, depending on the client's preference. The offer is being harmonized with a potential client until the consent of will of both parties is achieved, or until the termination of the procedure if the consent can not be achieved. If the consent with the client is achieved, the preparation of the draft contract begins. Contracting documentation is composed of a contract and its annexes. The contents of the contract normally include the following contracting elements: the exact

names and addresses of contracting parties and their names as defined in the further text, their representatives, the subject of the contract, the price, the method of payment, the deadline, the obligations of the service provider, the obligations of the service user, the penalties and premia, other and concluding provisions.

Tourism service rating

The quality is achieved if a certain tourism product or service has met its consumers' expectations. The rating is done by the provider and user of the service (Vojnović & Grujić, 2017).

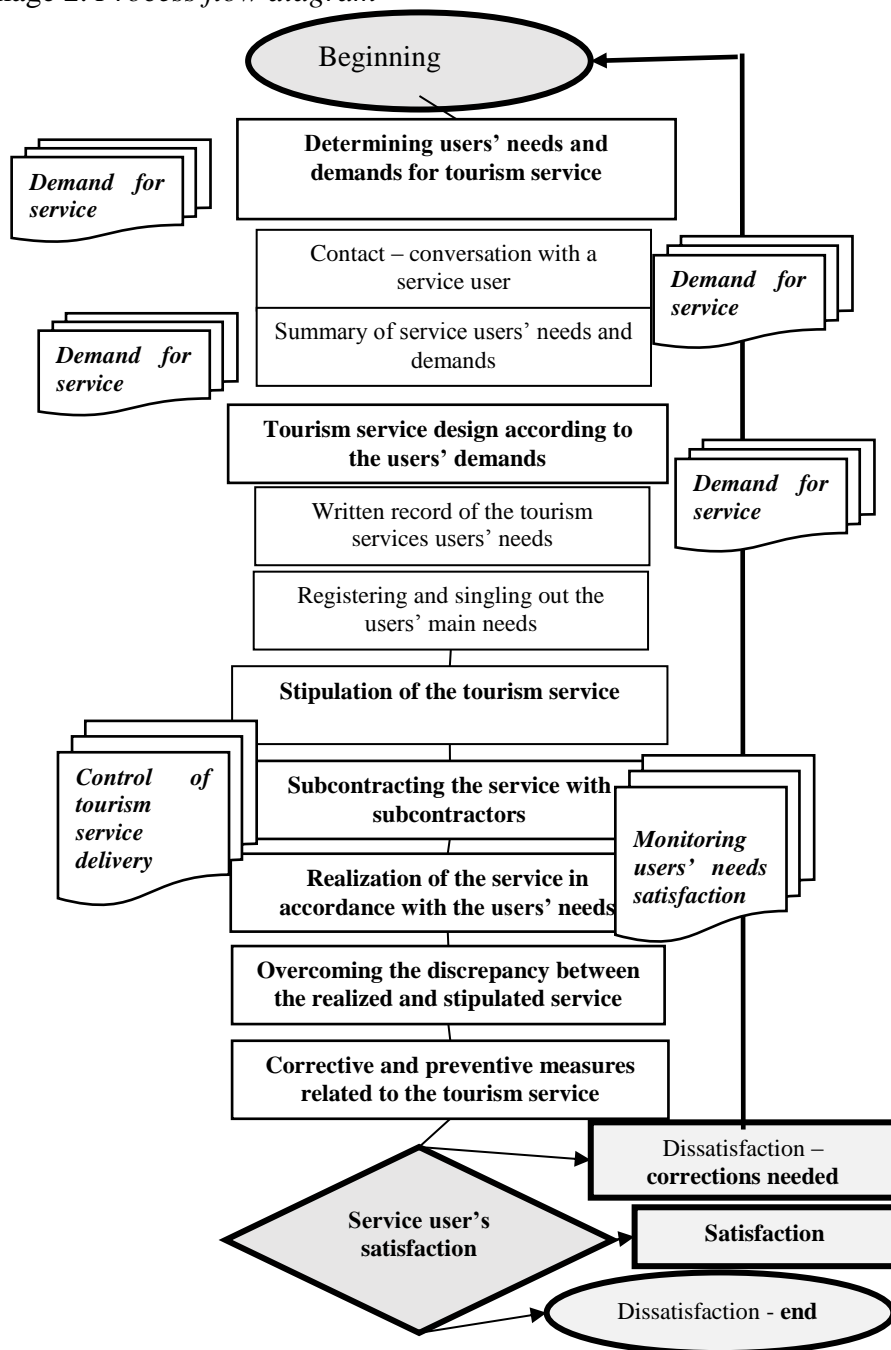
Image 1: *Tourism service quality rating*



Source: *Authors, 2020*

Flow diagram of the tourism service design process

Image 2. Process flow diagram



Source: Authors, 2020

In the tourism service design, the activities appear which:

- add value to the service,
- do not add value to the service and
- do not add value to the service but are obligatory.

According to this criterion, the activities are classified as follows:

Chart 3: *Activities in the tourism service and added value*

Activity	Evaluation		
	Adds value	Does not add value	Obligatory but does not add
Determining users' needs and demands for tourism service			X
Tourism service design according to the users' demands	X		
Stipulation of the tourism service		X	
Subcontracting the service with subcontractors		X	
Realization of the service in accordance with the users' needs	X		
Overcoming the discrepancy between the realized and stipulated service		X	
Corrective and preventive measures related to the tourism service	X		

Source: *Authors, 2020*

The output quality, duration time and measurability of the process of providing tourism service

The output quality should stem from the process through corrective measures which are set up based on the service users' objections. The data always have to be reinforced by evidence and presented in written form. The needs for corrective measures are related to the detected discrepancies in the processes of stipulation. The obligation of the management representative is to register and note the detected problem. In order to set up necessary corrective measures, the service users' reclamations and

objections are used. The process output of good quality is a contract harmonized with the needs and demands of tourism services purchasers. The duration of the process depends on the intensity and quantity of objections during the delivery of tourism service. In any case, corrective measures should be created at the shortest notice and in accordance with the procedure. The time necessary for corrective measures should not be long, although there can be exceptions depending on the complexity and size of the service. The process of tourism service delivery is measurable and the register of reclamations, complaints and objections is kept: number, main causes, structure. The measurability relies on the processes used for relations with consumers, reclamations, complaints, objections and monitoring users' needs satisfaction.

The efficacy and efficiency of the process

A solid procedure is necessary for the preparation of the tourism service draft. A quality manager is responsible for this preparation.

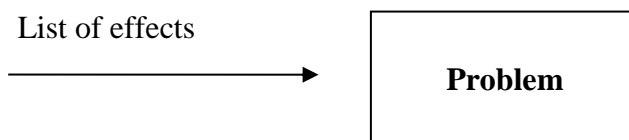
When preparing a draft for obtaining the *effective service*, the author should use the achievements of the profession and practice described in the draft. The existing practice and experiences are important. The cooperation with all participants in the process of service design and executors of certain activities is crucial. For this reason, it is necessary to ensure a document on the service whose content is such that it will satisfy future users' needs. When defining a procedure/instructions/agenda, the author also defines appropriate forms of internal origin which are used in the process, as well as written documents created during defined activities. The existing good practice is used as much as possible. The *efficacy and adequacy* of corrective measures (whether they are well-defined and whether they gave desired results) are analyzed during management system reassessment, in accordance with the procedure. *The process efficiency* requires that the company is utterly efficient in the process of service delivery concerning the saving of resources, without impairing the quality. Efficiency is mostly achieved through hiring staff for providing quality tourism services. The adequate organizational structure and good teams for realization of activities are important. The team is formed for the realization of stipulated services. The composition of the team is determined based on the type of the service. The team is managed by a manager. Team members are responsible for the realization of activities that were assigned to them within the stipulated service. The manager makes sure every team member is familiar with the plan of realization and the deadlines. Tourism as an

activity which affects employment and employment enhancement is characterized by the fact that the rise in the turnover requires an adequate increase in the number of employees (Vojnović & Grujić, 2019).

Techniques for the improvement of tourism service quality

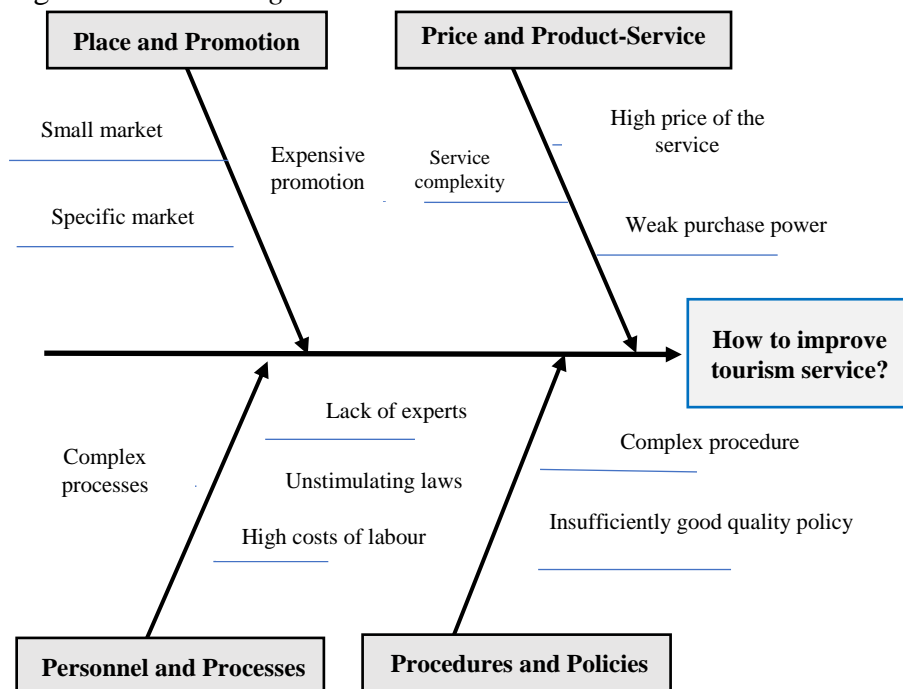
Techniques and methods for the creation and improvement of service quality also include graphical methods: Pareto, diagram, Ishikawa diagram, histograms and similar methods (Vojnović, 2008). Ishikawa diagram (fishbone diagram) is a result of a general analysis of the causes that have certain effects within an observed phenomenon.

Image 3: *Basic Ishikawa diagram*



Source: *Vojnović, 2008*

Image 4: *Ishikawa diagram 8P*



Source: *Authors, 2020*

The improvement of the process of tourism service design is possible with using 8P–Product/Service, Price, Place, Promotion, People/Personnel, Processes, Procedures, Policies. This type of Ishikawa diagram is perfectly suitable for services and marketing.

Tourism staff training and managing the business process in quality services design

The training of staff in tourism is directed towards the organization management and it includes the responsibility for managing both individual processes and the entire business system. It is aimed at problem solving, employees' motivation strengthening, helpfulness increase, work process and individual actions improvement.

The training of staff in tourism has the following objectives:

- gaining self-confidence in the process of service delivery,
- better dealing with the assigned tasks,
- more knowledge about tourism service and its importance,
- more efficient solving of everyday problems in the process of service delivery,
- company's profit increase, earnings increase and so forth (Bizjak, 2002).

The management and improvement of tourism service quality is a continual process, so the staff training should be engaging and based on work and learning. The acquired skills must be further advanced and upgraded.

There are several activities which are important for the management of business process in tourism sectors:

- firstly, it is necessary to define quality and describe its characteristics,
- define and explain the benefits of the activities which provide a quality service to all users,
- quality assurance should include all employees, with particular engagement of the manager of the entire service-providing organization.

According to this, the model of service business system consists of two parts:

- **Hidden part**, which refers to the organization of the service system so that it provides managerial support to tourism staff, in the direct delivery of the service.
- **Visible part**, which refers to the environment in which the service is purchased, sold and in which it exists, the main factors here being: *physical surroundings, personnel and consumer.*

Business process management in the creation of tourism services of good quality includes managing, directing and monitoring. In the process of managing the service, the manager performs the following activities:

- directs and ensures the implementation of adopted procedures and programs,
- directs tasks and ensures the targets are achieved,
- monitors the staff in accordance with the requests, procedures and tourism norms,
- gives personal contribution to the newly hired staff training.

In keeping with this, it is necessary to train persons who will manage business process and create quality tourism services.

The training of staff is also oriented towards the understanding of responsibility for and importance of managing business in tourism, getting familiar with the ways of managing and their usage, and cooperation between superiors and subordinates.

Tourism service quality control

In order to control a tourism service or tourism product quality, it is first necessary to establish their characteristics in order to satisfy a particular consumer's or a targeted market's needs.

For example, one of the common criteria is the size of a bed, which has to meet certain standards, but it is not stressed anywhere that the bed has to be comfortable, although it is implied. Similarly, a hotel room must have a bathroom, but it is not stated anywhere that the bathroom must be clean although it certainly has to.

Material and non-material factors are also of great significance for quality, and for this reason both should be constantly controlled according to the established criterion.

The control procedure is the following:

- introducing certain criteria,
- obtaining information on achieved quality,
- comparing achieved quality to the established criteria,
- if the quality deviates from the established criteria, the measures for their harmonization are introduced,
- the check-up of the introduced measures' effectiveness (Živković & Gligorić, 2002).

The success of the control depends on the following:

- helping tourism staff in quality improvement, when necessary,
- preventing mistakes and failures at the beginning, in order not to correct them later,
- implementing programs as planned,
- changing working procedures whenever needed in order to reach the set goals.

Conclusion

Managing service quality has reached the point where it is treated as a strategic category. Service quality approach was created in the USA and then developed in Japan and Europe. Today, it can be said that quality management has become inevitable and this is true everywhere in the world. However, there are still significant difficulties in service implementation. They are even more present in Serbia, although there is a positive trend in our country as well.

The main reasons for this are:

- quality is mostly oriented towards products whereas the awareness related to services is still not sufficiently high,
- team work, as the most critical element of service delivery, is still in its infancy,
- the lack of professionals, both in managerial and executive jobs in tourism,
- tourist organizations are still not sufficiently capable of effectively adapting to the changes in the surroundings.

From the point of view of tourism companies, the benefits which should stem from the application of the concept of quality tourism services are the increased competition strength and the economies of scale, which equals

the motivation of consumers to use the service again, and the acquisition of new buyers. Such approach to the quality has great effects on profit, which unambiguously promotes the business performances of service companies and directly affects the entire economic development. (Stefanović et al., 2012).

The quality of service is crucial for achieving the efficacy and efficiency of tourism systems business operations. To sum up, reaching these goals requires being familiar both with the significance of the service and knowledge about service design. The necessary elements are the familiarity with the techniques and tools for achieving quality in service delivery, staff training and team work.

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SOCIO-DEMOGRAPHIC CHARACTERISTICS AND THE INTERNET IN THE TOURIST AGENCY'S ELECTION FUNCTION

Slavoljub Vujović¹; Nenad Vujić²

Abstract

The presented research of quantitative type and empirical orientation was conducted in the city of Trebinje, and it focuses on examining the correlation between sociodemographic variables (gender, age, level of education, monthly personal income of respondents and monthly personal income of respondent household, number of household members and number of household members revenue generators) and the habit of potential tourists to use Internet services to find out and use the information they need about tourist destinations and trips.

Data analysis was performed using: descriptive analysis (percentages, arithmetic mean), Hi-square test, T-test, one-factor analysis of variance and Pearson's correlation coefficient. The level of statistical significance was set at $p < 0.05$, and all data obtained were processed in SPSS, version 23.

Key Words: *destination, Internet services, tourists*

JEL classification: *Z3, Z22, Z13*

Introduction

Based on the assumption that the Internet network and its importance today is indispensable as a source of information, especially its availability and the amount of information it provides, research was conducted to determine the habits of potential tourists to use the Internet when choosing a destination and mode of travel. Thanks to modern means of communication and transportation, the most remote destinations are easily accessible to tourists who have financial means (Vujović et al., 2011).

¹ Slavoljub Vujović, PhD, Senior Research Associate, Economic Institute, Kralja Milana 16, Belgrade, Serbia, +381 11 36 13 417, e-mail: kelovic1967@yahoo.com

² Nenad Vujić, PhD, Research Associate, Economic Institute, Kralja Milana 16, Belgrade, Serbia, +381 11 36 13 417, e-mail: nenadvujicvuja@mts.rs

The town of Trebinje borders three countries - Bosnia and Herzegovina, Montenegro and Croatia. It is an area where Orthodox Christianity, Islam and Catholicism meet and a town where peoples of different confessions have lived throughout history. This town could also be an example of how a serious development of tourism can contribute to the advancement of interpersonal relationships and a better life of the three confessions.

"As far as one can conclude with certainty, it is felt that here and in prehistoric times there was a considerable cultural struggle first between the North and the East and later between the West and the East. Neolithic artifacts, the oldest traces of human life to date in Bosnia and Herzegovina, are undoubtedly influenced by the North; The Celtic migration, near the end of the fifth century BC, exacerbated these influences (Dedijer, 1991, p. 21)".

Trebinje, as the main administrative and cultural center of Eastern Herzegovina in the entity Republika Srpska, has multiple and broad implications for the entire territory of Herzegovina. Of particular importance is Trebinje as the center towards which the population throughout the history of Old Herzegovina gravitated, contributing to the development of material culture and economic national wealth (Milanović, 2017).

According to the data of the Statistical Office of the RS, according to the 2013 census, there were 28.239 inhabitants in the town of Trebinje (Census of Population, Households and Dwellings in Republika Srpska, 2013).

According to the information provided by the Tourist Organization of the Town of Trebinje in 2019, the number of overnight stays increased by about 8% compared to 2018, of which foreign tourists accounted for 70%. In 2018, the number of overnight stays increased by about 36% compared to 2017, of which foreign tourists accounted for 68% of the total overnight stays, while in 2017, there was a 31% increase compared to 2016 (Another successful tourist year in Trebinje: During 2019 over 100,000 registered tourist nights were recorded, 2020).

In addition to exceptional climatic characteristics (266 sunny days) and favorable tourist-geographical location, Trebinje has numerous material values that testify to the culture of the people and historical processes in this area since the time of the first civilizations. Of particular value are the monasteries, churches and monuments as testimonies to the stability of

spiritual life in the area of Trebinje and Herzegovina from the earliest period of Christianity to the present (Cvijanović et al., 2018). Between Mostar and Trebinje there are seven monasteries of immense spiritual value (Žitomislić, Tvrdoš, Petro-Pavlov, Dobrićevo, Zavala, Duži and Hercegovačka Gračanica), so there is one monastery every seven kilometers. Of particular interest are the Fortress (4th century) and the Peter and Paul Monastery as evidence of the steadiness of spiritual and cultural life in the Trebinje area. It is important to note that the Peter and Paul Monastery was built near Paul's Cave where St. Peter and Paul resided. Furthermore, the birthplace of St. Vasilije Ostroški and the birthplace of the poet Jovan Dučić are of exceptional value (Vujović, 2018).

Accordingly, Trebinje has the potential for becoming a recognizable world tourist destination, to become a place of pilgrimage (Vujović et al., 2012). The developmental aspects of tourism involve the logistics of a techno-economic and socio-economic space, respecting the laws and principles of institutional and evolutionary economics (Frolov, 2011, p. 60).

When it comes to the economic effects of tourism, some of the world's experts in this field point out the obligation to allocate part of the economic income from tourism to the protection of natural and cultural values/resources as a basic postulate of sustainable tourism development (Trišić, 2018). In addition to economic effects and functions, it is important to emphasize the importance of multiplier effects and other functions of tourism, especially foreign ones (Vujović et al., 2016).

A total of 235 respondents participated in the study, 165 of them (70.2%) male and 70 (29.8%) female. Observed by age group, respondents were divided into five groups: 2.1% of respondents were between 20 and 30 years old, then 8.5% of respondents were in the age group between 31 and 40 years, there were 59.6% in the category between 41 and 50, then in the 51-65 age group there were 25.5% of respondents, while 4.3% of respondents were over 65 years old. When surveyed according to their employment status, 74.5% of employees, 14.9% of unemployed and 10.6% of pensioners were found in the sample. Regarding the acquired education, in this sample there are 2.1% of respondents with completed primary school, 38.3% with completed high school, 31.9% of respondents with completed higher education, while 27.7% of respondents have obtained master's or doctorate degrees. Then, respondents were divided into the following categories according to the amount of personal monthly income: 6.4% of respondents do not earn personal income, 38.3% of respondents

stated that their personal income is below average, 51.1% have average income, 4.3% of them are above average. In addition to personal income, respondents were also asked for monthly household income, and are therefore divided into several groups: 6.4% of respondents live in a household whose total income is below average, 48.9% have average income, 44.7% live in households that have above average incomes. Looking at the number of household members, it was found that 10.6% of respondents live independently, 31.9% of respondents indicated that they live in a two-member household, 19.1% live in a three-member household, 31.9% in a four-member household, 4.3% live in a five-member household, 2.1% of respondents live in a household with over five members. Regarding the division of respondents according to how many members of their households have income, it is shown that in 40.4% of respondents only one member has income, in 57.4% of respondents two members, while in 2.1% of respondents three members have income.

Aim and methodology of the research

The primary objective of the research (at the same time the importance and contribution of the research) is to provide information to tourism providers where to direct their efforts to follow global tourist trends. In which directions to direct strategic directions of tourism development. What and how to do to make Trebinje tourist offer recognizable on the European and world tourist map (Vujić, 2011a). Thanks to the Internet, print media also contribute more to the recognition of tourist offer (Vujić, 2010). The research enables all subjects (individuals-entrepreneurs, legal entities and public sector institutions) interested in tourism development (Vujić, 2011b) to acquire new knowledge about the wishes and habits, that is, the demand for potential tourists. According to the International Telecommunication Union, in 2017, 48% or 3.578 billion of the world's population used the Internet, while 53.6% of households in the world had Internet access from home (ITU, 2017).

In each case, an examination of the association between sociodemographic variables (gender, age, level of education, monthly personal income of respondents and monthly personal income of respondent household, number of household members and number of household members generating income) and habits of potential tourists to use Internet services for the purpose of knowing and using the information you need is multifunctional importance (Vujić et al., 2017).

The survey was conducted in the town of Trebinje through a questionnaire in which the first part of the questions related to socio-demographic data of the respondent, while in the second part the group of dependent variables was operationalized through claims, which were evaluated on a Likert scale. With these statements, we questioned the habits of citizens as potential tourists, how much they use the Internet services in order to inform destinations and their travels, in order to offer valuable guidance to the entities responsible for tourism development and organizing tourist offer based on the analysis of the collected data and conclusions drawn. For data analysis we used: descriptive analysis (percentages, arithmetic mean), Hi-square test, T-test, one-factor analysis of variance, multiple linear regression and Pearson correlation coefficient. The level of statistical significance was set at $p < 0.05$, and all data obtained were processed in SPSS, version 23.

The independent variables in this survey were gender, age, respondents' level of education, monthly personal income of respondents, monthly household income, number of household members, and number of household members earning income.

Dependent variables examined users' habits when using the Internet. More than 14 statements were examined, where the respondents evaluated the extent of their agreement on a five-point Likert-type scale (Vujović, et al., 2017).

Research results analysis and conclusion

Almost all respondents (91.5%) are long-time Internet users and do well in the virtual world, and the same number of them use the Internet on a daily basis. More than half of the respondents (57.5%) strive to always be online. Specifically, 85.1% of those surveyed use information about tourist destinations and how to travel to them, 70.2% use it for fun, while 83% of respondents use it for work. Due to web research, 87.2% of respondents use the Internet, 89.3% use e-mail, while 61.7% use the Internet for shopping. Half of the respondents (53.2%) use the Internet for social networking, 68.1% for e-banking, while 74.5% use it for learning and improvement. Before buying, 74.5% of those surveyed are informed about the total offer and prices on the Internet, while the comments of other users have an impact on 57.5% of the respondents when it comes to their decisions and forming of opinions. 38.3% of those polled love online shopping and do it whenever they have the opportunity.

Table 1: *Purpose of Internet use by respondents*

	1	2	3	4	5	BO
1. I have been a user of the Internet for many years and have a good time in the virtual world	/	2.1%	6.4%	53.2%	38.3%	/
2. I use the Internet everyday	/	2.1%	2.1%	46.8%	44.7%	4.3%
3 I try to always be online	8,5	19,1	14,9	36,2	21,3	/
4. I use the Internet for information	4.3%	6.4%	4.3%	57.4%	27.7%	/
5. I use the Internet for fun	6.4%	6.4%	17.0%	55.3%	14.9%	/
6. I use the Internet for work	2.1%	10.6%	4.3%	53.2%	29.8%	/
7. I use the Internet for web search	2.1%	4.3%	4.3%	57.4%	29.8%	2.1%
8. I use the Internet for email	2.1%	/	6.4%	55.3%	34.0%	2.1%
9. I use the Internet for shopping	8.5%	17.0%	10.6%	46.8%	14.9%	2.1%
10. I use the Internet because of social networks	21.3%	19.1%	6.4%	40.4%	12.8%	/
11. I use the Internet because of E banking	8.5%	17.0%	6.4%	46.8%	21.3%	/
12. I use the Internet for learning and improvement	2.1%	2.1%	19.1%	42.6%	31.9%	2.1%
13. Before making a purchase, I must inform myself via the Internet about the total offer and prices	4.3%	4.3%	17.0%	42.6%	31.9%	/
14. Comments from other Internet users influence my decisions or opinion formation	8.5%	6.4%	25.5%	44.7%	12.8%	2.1%
15. I like to shop online and do it whenever possible	10.6%	23.4%	27.7%	27.7%	10.6%	/

*1- Disagree at all; 2-Disagree; 3-I'm not sure; 4-Agree; 5-I totally agree; BO - no answer.

Source: *Author's research*

Hi square test

The chi-square test revealed a statistically significant difference (at the 0.05 level) in the opinion of the respondents that the use of the Internet is indispensable for doing any job in modern society. The difference was found with respect to the gender of the respondents $\chi^2(1, 235) = 7.784$ and the number of household members $\chi^2(5, 235) = 22.998$.

When it comes to gender differences, the results show that all women agree that using the Internet is a must when doing any work, while 89.7% of men agree. It is shown that the respondents also differ in the number of household members. All respondents living in a household with three, four, five, or more than 5 members find that using the Internet is a must when doing any job in modern society, while this number is smaller among respondents living alone (80%).

T-test

The T-test examined whether there were differences between the respondents of different sex in the answers to the dependent variables within which they examined the user's habits when using the Internet. The T-test shows that respondents differ in agreement with the statement "I use the Internet for information" $t(233) = -3.19, p < .01$. The results show that women (4.29) agree more with men than men (3.85). Then, respondents are shown to differ with regard to Internet usage due to social networks $t(233) = -5.63, p < .01$. Data show that women (3.79) are more likely to use the Internet because of social networks than men (2.73). The results also show the difference between the respondents with regard to the use of the Internet for learning and improvement $t(228) = -3.08, p < 0.01$, and it is shown that women (4.31) are more often used by the Internet for this purpose than by men (3.91). No statistically significant gender differences were obtained for the evaluation of the other dependent variables.

ANOVA

A one-way analysis of variance (ANOVA) investigated the effect of age on users' Internet usage habits. The subjects were divided into five groups according to age (20 to 30 years, 31 to 40 years, 41 to 50 years, 51 to 65 years and above 65 years). The results show that there are differences in the respondents' agreement with the statement "I am a long-time Internet user and have a good time in the virtual world" $F(4,230) = 14.49, p < 0.01$, and it is shown that the respondents mostly agree with this statement between the ages of 20 and 30 (5.00). Significant differences between the respondents are also obtained when it comes to their daily use of the Internet $F(4,220) = 4.25, p < 0.01$, and the results show that the above mentioned are mostly respondents between 20 and 30 years (5.00). Differences between the respondents were also found when it came to their efforts to always be on line $F(4,230) = 8.24, p < 0.01$, and the results show that the aforementioned are mostly respondents between 31 and 40 years

of age (4.00). The same analysis found a statistically significant difference between respondents and Internet use due to information $F(4,230) = 20.45$, $p < 0.01$, and it shows that the youngest respondents (1.00) use significantly less than other age categories the Internet for information. The results show that there is a difference between the respondents when it comes to Internet use for fun $F(4,230) = 5.44$, $p < 0.01$, and the results show that for fun, the Internet is mostly used by the youngest (5.00). Statistically significant differences between the respondents are also obtained when it comes to their use of the Internet for work $F(4,230) = 31.28$, $p < 0.01$, and the results show that the Internet is mostly used by respondents aged 31 to 40 (4.50). Significant differences between the respondents are also obtained when it comes to their use of the Internet due to web search $F(4,225) = 56.16$, $p < 0.01$, and the results show that respondents from 31 to 40 years (4.50) use more than others Internet for web search. Differences between the respondents were also found when it came to their use of the Internet due to e-mail $F(4,225) = 49.33$, $p < 0.01$, and the results show that the majority of respondents aged 31 to 40 years use the Internet for the mentioned purposes (4.50). The same analysis found a statistically significant difference between respondents and Internet use due to buying $F(4,225) = 10.64$, $p < 0.01$, showing that respondents between 31 and 40 years of age (3.75) are more likely than other groups, use the Internet to make purchases. The results show that there is a difference between the respondents when it comes to the use of the Internet due to social networks $F(4,230) = 4.86$, $p < 0.01$, and the results show that for the mentioned purposes the most respondents are used between 31 and 40 years of age (3.25) and between 41 and 50 (3.25). Statistically significant differences between the respondents are also obtained when using the Internet because of E-banking $F(4,230) = 13.17$, $p < 0.01$, and the results show that the Internet is mostly used by respondents between 31 and 40 years for electronic banking (4.50). Significant differences between the respondents are also obtained when it comes to the use of the Internet for learning and training $F(4,225) = 27.23$, $p < 0.01$, and the results show that for the mentioned purposes the Internet is more used by respondents between 51 and 65 years (4.25). Differences between the respondents were also found when it comes to their agreement with the statement Before buying, I am obliged to inform the Internet about the total offer and prices $F(4,230) = 15.94$, $p < 0.01$, and the results show that the respondents agree with the above in the fourth decade of life (4.50). The same analysis found a statistically significant difference between the respondents and when agreeing with the comments The comments of other Internet users influence my decisions or the formation of opinions $F(4,225) = 10.81$, p

<0.01 , and it is shown that they agree with the afore mentioned more than other groups subjects between 31 and 40 years of age (4.00). The results also show differences between the respondents when agreeing with the statement I like to buy online and do this whenever possible $F(4,230) = 6.18, p < 0.01$, and it is shown that the mentioned are much more liked and made by respondents between 31 and 40 years (3.25). One-factor analysis of variance (ANOVA) also investigated the impact of work status on users' habits when using the Internet. Entities are divided into five groups according to their working status (employees, unemployed, students, students, pensioners). There were no students and students in the sample. The results show that there are differences between the respondents with the statement I am a long time user of the Internet and I do well in the virtual world $F(2,232) = 3.04, p < 0.05$, and it is shown that the said statement is mostly agreed by unemployed respondents (4, 43). The same analysis found a statistically significant difference between the respondents and the use of the Internet because of the information $F(2,232) = 6.07, p < 0.01$, and it is shown that the above-mentioned purposes are mostly used by pensioners (4,60). The results show that there is a difference between the respondents when it comes to using the Internet for fun $F(2,232) = 11.51, p < 0.01$, and the results show that the Internet is mostly used by the unemployed (4.30). Statistically significant differences between the respondents are also obtained when it comes to their use of the Internet for work $F(2,232) = 10.64, p < 0.01$, and the results are expected and show that the work is mostly used by employees (4,14). Significant differences between the respondents are also obtained when it comes to their use of the Internet due to web search $F(2,227) = 6.26, p < 0.01$, and the results show that the above-mentioned purposes are more used by employees for the mentioned purposes (4,21). Differences between the respondents were also found when it came to their use of the Internet due to e-mail $F(2,227) = 7.14, p < 0.01$, and the results show that these are mostly employees (4,32). Statistically significant differences between the respondents are also obtained when using the Internet due to E-banking $F(2,232) = 4.05, p < 0.05$, and the results show that the above mentioned are more employees than others (3.69). Differences between the respondents were also found when it came to their agreement with the statement Before buying, I am obliged to inform the Internet about the total offer and prices $F(2,232) = 3.52, p < 0.05$, and the results show that these are mostly pensioners (4, 40). The results also show differences between respondents when agreeing with the statement I like to shop online and do this whenever possible $F(2,232) = 3.25, p < 0.05$, and it is shown that this is less desirable for employees (2,97). One-way analysis of variance (ANOVA) also explored the impact

of education on users' Internet usage habits. The subjects are divided into four groups by education (elementary school, high school, college/master/doctoral level). The results show that there are differences between the respondents with the statement I am a long-time user of the Internet and I do well in the virtual world $F(3,231) = 3.76$, $p < 0.05$, and it is shown that the respondents mostly agree with the completed elementary school (5.00). Differences between the respondents were also found when it came to their efforts to always be on line $F(3,231) = 8.72$, $p < 0.01$, and the results show that they are more or less highly educated (3.73) than others. The same analysis found a statistically significant difference between the respondents and the use of the Internet for informing $F(3,231) = 20.19$, $p < 0.01$, and it is shown that to a greater extent the above mentioned are secondary education respondents (4.11). The results show that there is a difference between the respondents when it comes to using the Internet for fun $F(3,231) = 4.14$, $p < 0.01$, and the results show that the aforementioned are mostly respondents with only primary school education (5.00). Statistically significant differences between the respondents are also obtained when it comes to their use of the Internet due to work $F(3,231) = 20.19$, $p < 0.01$, and the results show the above mentioned more than other educated respondents (4.11). Significant differences between the respondents are also obtained when it comes to their use of the Internet due to web search $F(3,226) = 41.3$, $p < 0.01$, and the results show that they are mentioned more than others with completed masters, masters or doctoral degrees (4.46). Differences between the respondents were also found when it came to their use of the Internet due to e-mail $F(3,226) = 65.95$, $p < 0.01$, and the results show that because of the e-mail, the respondents are more likely to use masters, masters or doctoral degrees (4.54). The same analysis found a statistically significant difference between the respondents and the use of the Internet due to the purchase of $F(3,226) = 9.64$, $p < 0.01$, and it is shown that the above mentioned are more highly educated respondents (3.73). The results show that there is a difference between the respondents when it comes to using the Internet because of social networks $F(3,231) = 8.11$, $p < 0.01$, and the results show that due to the mentioned Internet, more or more highly educated respondents (3.53) use it more than others groups. Statistically significant differences between the respondents are also obtained when using the Internet due to E-banking $F(3,231) = 9.97$, $p < 0.01$, and the results show that, due to the aforementioned, more or highly educated respondents (3.87) use it more than other categories. Significant differences between the respondents are also obtained when it comes to using the Internet for learning and training $F(3,226) = 28.9$, $p < 0.01$, and the results show that more or more highly educated respondents

use the Internet for their improvement (4. 29). Differences between the respondents were also found when it comes to their agreement with the statement Before buying, I am obliged to inform the Internet about the total offer and prices $F(3,231) = 19.84$, $p < 0.01$, and the results show that they agree with the aforementioned more than others. secondary education respondents (4.17). The same analysis found a statistically significant difference between the respondents and when agreeing with the claim "Comments of other Internet users influence my decisions" or formation of attitudes $F(3,226)=12.37$, $p < 0.01$, and it is shown that they agree with the mentioned ones to a greater extent than other groups more or highly educated respondents (3.71). The results also show differences between respondents when agreeing with the statement I like to shop online and do this whenever possible $F(3,231) = 5.82$, $p < 0.01$, and it is shown that respondents with the least education agree with the above (1.00). One-way analysis of variance (ANOVA) also explored the impact of personal income on users' Internet usage habits. Entities are divided into four groups according to the amount of monthly personal income: no personal income, below average income, average income and above average income. The same analysis found a statistically significant difference between the respondents and the use of the Internet for informing $F(3,231) = 7.93$, $p < 0.01$, and it is shown that the above mentioned are the respondents who do not earn personal income (4,50). The results show that there is a difference between the respondents when it comes to using the Internet for fun $F(3,231) = 4.08$, $p < 0.01$, and the results show that the mentioned ones are larger than the other respondents who do not earn personal income (4,50). Statistically significant differences between the respondents are also obtained when it comes to their use of the Internet because of the work $F(3,231)=11.43$, $p < 0.01$, and the results show that this is less mentioned than the respondents with no personal income (3.00). Significant differences between the respondents are also obtained when it comes to their use of the Internet due to web search $F(3,226)=8.45$, $p < 0.01$, and the results show that due to the aforementioned Internet, respondents who do not earn personal income use it more than other groups. (4,50). The same analysis found a statistically significant difference between the respondents and the use of the Internet due to the purchase of $F(3,226) = 8.04$, $p < 0.01$, and it is shown that, because of the mentioned Internet, the respondents with the least average personal income (3.75) use it the least. The results show that there is a difference between the respondents when it comes to using the Internet due to social networks $F(3,231) = 8.33$, $p < 0.01$, and the results show that the Internet is mostly used by respondents who do not earn personal income (5.00). Statistically significant differences between

the respondents are also obtained when using the Internet because of E-banking $F(3,231) = 6.98$, $p < 0.01$, and the results show that, due to electronic banking, respondents with below average incomes (2,67) use the Internet less than others. Significant differences between the respondents are also obtained when it comes to the use of the Internet for learning and training $F(3,226) = 5.57$, $p < 0.01$, and the results show that the Internet is mostly used by respondents without personal income (5,00) for the sake of improvement. Differences between the respondents were also found when it comes to their agreement with the statement-Before buying, I am obliged to inform the Internet about the total offer and prices $F(3,231) = 8.85$, $p < 0.01$, and the results show that the above mentioned are mostly the respondents who do not achieve personal income (5.00). The same analysis found a statistically significant difference between the respondents and when agreeing with the statement- Comments of other Internet users influence my decisions or formation of opinions $F(3,226)=8.57$, $p < 0.01$, and it is shown that the respondents mostly agree with the earn personal income (5,00). The results also show differences between the respondents when agreeing with the statement I like to shop online and do this whenever possible $F(3,231)=7.13$, $p < 0.01$, and it is shown that the aforementioned respondents are the least with the below average personal income (2.00). One-way analysis of variance (ANOVA) also explored the impact of household income on users' Internet usage habits. Entities are divided into four groups according to the amount of monthly household income: households with no income, households with below average income, households with average income and households with income above average. There was no household without income in the sample. Significant differences between the respondents are also obtained when it comes to their daily use of the Internet $F(2,222)=5.77$, $p < 0.01$, and the results show that the above mentioned are more respondents than the average household income (4,55). The same analysis found a statistically significant difference between the respondents and the use of the Internet due to information $F(2,232)=4.91$, $p < 0.01$, and it is shown that due to the mentioned Internet, respondents with a below average household income (4.33) are more likely to use it. Significant differences between the respondents are also obtained when it comes to their use of the Internet for work $F(2,232) = 3.17$, $p < 0.05$, and the results show that the Internet is more widely used by respondents with below average household income (4.33). Significant differences between the respondents are also obtained when it comes to their use of the Internet due to web search $F(2,227)=6.22$, $p < 0.01$, and the results show that due to the mentioned Internet, respondents with a below average household income use it more (4,33). The same analysis found a

statistically significant difference between the respondents and the use of the Internet due to the purchase of $F(2,227)=7.21$, $p<0.01$, and it is shown that, because of the mentioned Internet, respondents with higher average household income (3.52) use it more than others. Statistically significant differences between the respondents are also obtained when using the Internet because of E-banking $F(2,232) = 4.94$, $p < 0.01$, and the results show that, because of the mentioned Internet, respondents with higher average household incomes (3.71) use it more than others. Differences between the respondents were also found when it comes to their agreement with the statement Before buying, I am obliged to inform through the Internet about the total offer and prices $F(2,232) = 7.33$, $p<0.01$, and the results show that they agree with the above to a greater extent than others. respondents with average household income (4.04). The results also show differences between the respondents when agreeing with the statement I like to shop online and do this whenever possible $F(2,232) = 12.3$, $p < 0.01$, and it is shown that the aforementioned are the respondents with below average household income (2.00). One-factor analysis of variance (ANOVA) also examined the influence of the number of household members on the respondents' opinion on entrepreneurship. Entities are divided into six groups by number of household members (one, two, three, four, five, and more than five household members). The results show that there are differences between the respondents with the statement I am a long time user of the Internet and I do well in the virtual world $F(5,229) = 7.61$, $p<0.01$, and it is shown that the respondents mostly live in five household (5.00). Significant differences between the respondents are also obtained when it comes to their daily use of the Internet $F(5,219)=3.55$, $p<0.01$, and the results show that the Internet is mostly used daily by respondents living in households with 5 or more members (5.00). Differences between the respondents were also found when it came to their efforts to always be on line $F(5,229)=7.34$, $p<0.01$, and the results show that the aforementioned are mostly respondents from five-member households (5.00). The results show that there is a difference between the respondents when it comes to using the Internet for fun $F(5,229) = 3.78$, $p < 0.01$, and the results show that this is mostly made up of respondents living in a five-member household (4,50). Statistically significant differences between the respondents are also obtained when it comes to their use of the Internet due to work $F(5,229)= 5.76$, $p<0.01$, and the results show that the aforementioned are mostly respondents living in households with 5 or more members (5. 00). Significant differences between the respondents are also obtained when it comes to their use of the Internet due to web search $F(5,224) = 6.27$, $p < 0.01$, and the results show that the

Internet is mostly used by respondents living in households with 5 or more members due to Web search. (5.00). Differences between the respondents were also found when it came to their use of the Internet because of e-mail $F(5,224) = 6.95$, $p < 0.01$, and the results show that the Internet is mostly used by respondents living in households with 5 or more members (5.00). The same analysis found a statistically significant difference between the respondents and the use of the Internet because of the purchase of $F(5,224) = 5.33$, $p < 0.01$, and it is shown that the purchase is mostly used by respondents living in a five-member household (5.00). The results show that there is a difference between the respondents when it comes to the use of the Internet due to social networks $F(5,229) = 8.29$, $p < 0.01$, and the results show that because of the aforementioned the Internet is mostly used by the respondents living in a five-member household (5.00). Statistically significant differences between the respondents were also obtained when using the Internet because of E-banking $F(5,229) = 7.95$, $p < 0.01$, and the results show that, due to electronic banking, the respondents are mostly used by respondents living in households with 5 or more members (5.00). Significant differences between the respondents are also obtained when it comes to using the Internet for learning and training $F(5,224) = 8.1$, $p < 0.01$, and the results show that the Internet is mostly used by respondents living in households with 5 or more members. (5.00). Differences between the respondents were also found when it comes to their agreement with the statement Before buying, I am obliged to inform the Internet about the total offer and the prices $F(5,229) = 5.84$, $p < 0.01$, and the results show that the Internet offers the highest and highest prices. measure informed by respondents living in households with 5 or more members (5.00). The results also show differences between respondents when agreeing with the statement I like to shop online and do this whenever possible $F(5,229) = 8.32$, $p < 0.01$, and it is shown that the respondents are mostly liked and made by respondents from five-member households (5.00). One-way analysis of variance (ANOVA) also examined the impact of the number of household members earning on users' Internet usage habits. Entities are divided into six groups by the number of income generating household members (none, one, two, three, four, and more than four income generating household members). The sample did not include respondents living in a household in which more than four household members earn income, nor a household in which no member earns income. Differences between the respondents were also found when it came to their efforts to always be on line $F(2,232) = 5.17$, $p < 0.01$, and the results show that the above mentioned respondents are more likely to live in households where one member earns money (3.74). The results show that there is a difference

between the respondents when it comes to the use of the Internet because of social networks $F(2,232)=4.91$, $p<0.01$, and the results show that the Internet is mostly used by respondents living in households with three members generate revenue (4.00). Significant differences between the respondents are also obtained when it comes to using the Internet for learning and training $F(2,227)=6.4$, $p<0.01$, and the results show that, because of learning and improvement, the respondents mostly use the respondents living in households in which one member generates revenue (4.21). The same analysis found a statistically significant difference between the respondents and when agreeing with the comments Comments of other Internet users influence my decisions or formation of opinions $F(2,227)=4.03$, $p<0.05$, and it is shown that the respondents agree with the above to a greater extent than others. living in households where three members earn income (4,00). The results also show differences between the respondents when agreeing with the statement I like to shop online and do this whenever possible $F(2,232)=3.35$, $p<0.05$, and it is shown that the respondents who live in households where one member earns income (3,21).

Correlation

Pearson's linear correlation coefficient was used to examine the interrelationship between the dependent variables that examined users' Internet usage habits.

The results of the correlation matrix, listed in Table 2, show that the highest degree of dependence was found between the claims I have been a long time user of the Internet and I do well in the virtual world and use the Internet everyday ($r = + 0.849$, $p<.01$), which means that with the growth of agreement with one statement the agreement with the other and vice versa.

Table 2: *Results of association between dependent variables*

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1		1.849**	.314**	.106	.075	.428**	.373**	.232**	.157*	.190**	.199**	.417*	.180**	.202**	.093
2			1.428**	.202**	.187**	.376**	.364**	.319**	.086	.151*	.148*	.386**	.237**	.192**	.111
3				1.251**	.030	.286**	.493**	.329**	.188**	.306**	.316**	.478**	.389**	.315**	.338**
4					1.421**	.600**	.500**	.388**	.137*	.389**	.063	.359**	.297**	.275**	.169**
5						1	.014	-.035	-.128	.134*	.295**	.014	-.039	.020	.347**
6							1.721**	.636**	.222**	.234**	.186**	.565**	.233**	-.022	.038

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
7								1.774**	.322**	.311**	.421**	.773**	.469**	.222**	.347**
8									1.249**	.084	.255**	.689**	.281**	.167*	.178**
9										1.448**	.470**	.277**	.533**	.402**	.698**
10											1.479**	.102	.360**	.466**	.416**
11												1.437**	.620**	.484**	.457**
12													1.393**	.160*	.227**
13														1.414**	.611**
14															1.424**
15															1

*p< .05; **p< .01

Conclusion

Based on the analysis of the research, it can be concluded that the vast majority (91.5%) are long-term users of the Internet and have a good time in the virtual world, and that the same number of them use the Internet on a daily basis. When it comes to their efforts to always be online, the respondents are divided into those who are constantly online (42.6%) and those who are not (42.6%).

Due to the information about the decisions of the choice of tourist destinations and the ways of traveling to them, the Internet uses 85.1% of the respondents, which is a very high percentage, and that the respondents use the Internet more solely for checking email 89.3% and 87.2% due to the web Internet research.

A large number of respondents use 70.2% of the Internet for entertainment, then 83% of respondents for work, while 61.7% use the Internet for shopping. Half of the respondents (53.2%) use the Internet for social networking, 68.1% for e-banking, while 74.5% use it for learning and improvement.

Before buying, 74.5% of those surveyed are informed about the total offer and prices on the Internet, while the comments of other users have an impact on 57.5% of the respondents when it comes to their decisions and forming of opinions. 38.3% of those polled love online shopping and do it whenever they have the opportunity.

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MULTILINGUALISM IN TOURISM

Andrea Žerajić¹

Abstract

In tourism, communication and transparency are crucial to gain customer trust and expand business. All professional tour operators need qualified translators, who are essential in the tourism and hospitality sector. Hotel and restaurant owners, travel agents, tour operators and tourist guides, all require content in multiple languages to service their client's needs. The language is indeed an issue in hotel reviews, but to varying degrees according to the language group of tourists.

By eliminating language barriers and cultural misunderstandings, the companies can also reach their target customers with effective marketing in their native language. In tourism, however, better language skills mean better quality of service. There is therefore no doubt that the employees in tourism must be multilingual. Therefore, the acquisition of languages, especially among the tour guides, is widely seen as useful and is believed to give students better access to their work. One of the most important foreign languages for the communication in tourism is German, followed by Italian, although English has become the lingua franca of international exchanges. The aim of this paper is to present which foreign languages tourism workers, including primarily tour guides, should be able to communicate with their guests, how we can become multilingual in tourism and how multilingualism is promoted in tourism.

Key Words: *communication in tourism, multilingualism, foreign languages, tour guides*

JEL classification: Z32

Introduction

In the neo-liberal world economic order, languages have become goods. From parents who raise their children to multiple languages, to educators

¹ Andrea Žerajić, PhD, Professor of German language, The College for Applied Studies Belgrade, Department College for Hotel management, Belgrade, +381 63 111 0 777, e-mail: andrea.zerajic@vhs.edu.rs

and political decision-makers who argue for early learning or a higher number of languages taught in schools. According to Žerajić (2019a), "the acquisition of languages, and especially English, is widely seen as useful and one assumes that they give school leavers better access to the world of work" (p. 20).

As expected, language and multilingualism also play an important role in the tourism industry (Heller et al., 2014a). According to Heller et al. (2014b), communication with tourists from other countries requires appropriate language skills, which are also examined as a criterion for employment, but also hardly any specific language skills can be remunerated or valorised and "trivialised" accordingly. Sociolinguistic studies on tourism go beyond multilingual practices to address linguistic processes of commodification and authentication as well as language ideologies. As Coray & Duchêne (2017) says, "peripheral regions market not only their landscape and sports facilities, but also their linguistic and cultural heritage" (p. 64).

The role of multilingual competences in tourism related fields

The tourism is also a heterogeneous sector that cannot be examined per se. It is characterised by an enormous variety of institutions and social actors, spaces and discourses. All of these are interconnected, but these connections are not very clear and unidirectional. On a global level, the tourism in Serbia is part of an international tourism discourse within which destinations compete internationally by accentuating local specificities in an increasingly homogeneous way. At the national level, a number of state and private institutions are working to produce tourism both as a "brand" (marketing brochures, websites, etc.) and as a service provider. Finally, at the local level, interactions with tourists take place in information offices, hotels or tourist attractions. Various levels are also networked vertically. For example, many workers at the local level have taken part in national training courses, or are graduates of national and international tourism schools.

Of particular sociolinguistic interest in a globalised working world are the language-intensive call centre, tourism and advertising industries and the associated processes of commodification of language and language skills, the marketing of national and regional languages and multilingualism and the management of gender-specific language practices (Cameron, 2000a; Cameron, 2000b; Piller & Takahashi, 2006; Heller & Bell, 2012).

Linguistic factors and multilingual resources are also used in the delivery of services in other service sectors. According to Muth (2015), linguistic factors and multilingual resources are highlighted in marketing as added value, for example in international health tourism.

Based on these general considerations, it is very important to point out three types of sites as examples:

- hotel and tourism schools,
- service providers, and
- holiday destinations (places and tourist attractions).

Hotel and tourism schools are privileged spaces for research on linguistic practices and ideologies in the tourism sector, since communication practices and explicit training of these practices overlap there. The focus on hotel and tourism schools has definitely some other reasons:

- Internationalization of hotel and tourism schools is one of the most important factors for spreading English language in the tourism industry.
- Non-English speaking countries, although they have a strong tradition of tourism education, such as Switzerland, are of significant importance to the language disadvantage on the education market. Therefore, some private educational institutions turn to English.

Service providers such as tourist information offices, transport companies or tour operators are other privileged spaces in which tourism is practiced. These companies structure tourism practices by producing services such as transport, accommodation, package tours, etc. Consequently, most interactions are between tourists and "locals", in reality interactions between tourists and employees of these service providers.

Holiday destinations (places and tourist attractions) are important because there are concrete interactions and the overlap of local and global semiotic and linguistic practices.

Multilingualism as a concept and increasing importance of languages in tourism sector

Although English is the most often used language around the world, which applies to the hospitality industry as well, but other languages should not be forgotten, bearing in mind the importance of the intercultural concept and plurilingualism. However, German language could be advantageous if

someone works in a place that attracts German-speaking tourists. Despite the fact that most of such tourists can speak English, not all of them are very comfortable speaking it, and may feel uncomfortable if they want to communicate something for which they lack vocabulary. Those German speakers would anyway prefer to use a business the staff of which can speak German, too. In addition, business with German-speaking staff will therefore have a competitive advantage, and a worker who can speak both English and German is more likely to be hired. According to Žerajić (2019b), foreign language in the hospitality industry is needed when working in a non-English speaking country. In addition, students of hospitality programs benefit immensely from learning a foreign language. Many universities with hospitality management majors have been providing study-abroad programs, and foreign language has become crucial to the education of the industry. It is well known that colleges that offer hospitality degrees, which integrate foreign language learning, contribute to the success of the hospitality industry in general and to the success of individual students in their future careers as managers. Thus in hospitality degree courses, teaching of foreign languages has focused on learning for professional purposes that students may likely be facing in their future career.

On the one hand, specific attention has been given to the increasing importance of language and communication as a tool for the regulation of communication patterns, the standardization of language varieties, and the performance of identities (Cameron, 2000a; Cameron, 2000b). People who have the linguistic competence to speak several languages are multilingual. What role does multilingualism play in multinational corporations? Is multilingualism a problem or a solution for international business? Does English as a *lingua franca* play a role in international business? How business leaders react to multilingualism or **Englishization**²? Multilingualism has been the focus of interest in recent decades due to globalization, tourism, technology advancement, international trade, and so forth. Language barriers and linguistic diversity surfaced, which may influence corporate communications in international business. According to Richards et al. (1998) multilingualism is "the use of three or more languages by an individual or by a group of speakers such as the inhabitants of a particular region or a nation" (p. 299).

² Making use of English language as *lingua franca* and converting materials in local language to English in an international corporation or organization.

Tourism and profession of tour guides from the aspect of multilingualism

The knowledge about the origin and development of traveling in its historical dimension qualifies you, as a tour guide, to assess the importance of this aspect of quality of life correctly, which has become immensely important in our society. Traveling is not just a contemporary fad, but also the revelation of yearnings, the possibility of personal development, and above all, ensuring the restoration of creative power. For this purpose, traveling has developed as part of our culture in recent centuries.

This is something many travellers may be unaware of, because some people travel, "because the neighbours do it", without worrying about the socio-cultural value of it. However, to understand your profession and your guests better, it is important to be aware of the importance of traveling within our society. This can be done through the analysis of the motives for travel and their development.

A frequently encountered term is the "travel companion", who occurs during round trips. Although there is no unanimous opinion on the scope of such in the tourism industry, it seems that a travel companion itself cannot be the linchpin of the success of the trip. Rather, this helps to control the performance – usually switched to the partner agency on site.

In this case, a local tour guide is usually responsible for technical-organizational and information-conveying tasks. The guide sent by the tour operator serves only as a representative of the company and is responsible for compensatory tasks, such as translations and necessary explanations, which the local tour guide cannot convey, as well as for the solution of communication difficulties, especially of intercultural nature. He is responsible for the smooth running and the success of the journey insofar as he does not design them primarily, but he follows them and intervenes when complications arise.

The tourist travel guide not only provides practical travel information, but also directs views of travellers in a specific direction as, according to Gorsemann (1995) a "perception manager" (p. 137) or as, according to Müller (2012) a "vision school" (p. 28) and thus in the construction of a tourist expectation horizon, especially after John Urry's "Tourist Gaze" increasingly in the focus of recent cultural studies work. Through its clear diction and selection, its pronunciation of recommendations, the reference

to the "worth seeing" and the concomitant preference of a particular travel style, the guide can be understood as a "designer" of tourist models. Pagenstecher (2003) recommends, "the traveller a certain tourist view" (p. 205).

Development of tourism and different approaches

The previous research on the tourism medium travel guide focused mainly on its emergence with bourgeois tourism and its dissemination in the 19th and 20th century. Changes in the medium after its fundamental establishment, changes in perceptual management and in the recommendation of tourist views have only been selectively investigated so far. However, this view of the medial changes of the originally bourgeois medium seems essential, since the quantity, quality and understanding of tourist travel in the western society changed considerably after the Second World War, especially in the 1960s and 1970s.

A fundamental process of transformation of tourism can be placed in the context of pluralistic life plans of the 1970s. If the tourist seeks the authentic experience, as MacCannell (1989) has put it, the tourism industry – according to Boorstin (1961) – offers only pseudo-events.

According to Bachleitner (2001), tourism can be understood in the present as a "socially relevant event space" (p. 8), which is socially determined by the various actors in this space. Hlavin-Schulze (1998) also points out in her study of the linguistic roots of the concept of travel that this term is close to that of experience – someone who has travelled a lot is »knowledgeable« and experienced (p. 14).

In the scientific discussion, as Freyer (1998) says, "besides the terms »travel« and »tourism«, the first term refers firstly to the traffic of travellers between home and destination, secondly to the temporary stay of strangers at the destination or tourist destination and thirdly the organization of travel preparation" (p. 1). The term »tourism« refers to travel in organised form. According to Mundt (1998), "if one person plans a trip, then one speaks of individual tourism or individual travel; if it is the booking of standardised offers, then one speaks of package tourism or package holidays" (p. 34).

In another distinction, "tourism" is the mobility of the non-stranger from his own environment, which comes back (after the Greek "tornos" = circle-like tool), during which the stranger comes from the unknown and after a

while as stranger leaves again, as Mundt (1998) says (p. 1). Tourists are foreign because they differ in their motives, interests and expectations from the locals. While the former seek the extra-ordinary, the latter live in the everyday. According to Ellenberg et al. (1997), "tourism lives from the annual cycle, from the constant repetition, from the cycle between the promised satisfaction of needs and the repeated awakening of needs" (p. 52).

The (modern) mass tourism lacked a central requirement until the 1920s, namely the right of paid annual leave. Only the granting of an annual holiday with continued payment of income created favourable conditions for a wide spread of tourism.

One of the earliest representatives of these approaches is Daniel Boorstin with his 1961 book *The Image or What Happens to the American Dream*. In his chapter, "From Traveller to Tourist: The Lost Art of Travel," Boorstin describes a change in the motivation to travel, whereby he identifies two types, ideally, namely the traveller and the tourist. The old English word "travel" (travel) was originally the same word as "travail" (toil, labour, and agony). A traveller had to be active. Today's tourist makes his tour mainly for pleasure. The traveller worked on something, the tourist only seeks his pleasure. The traveller was active, while the tourist is passive.

The crucial term in Boorstin is the pseudo-event or "pseudo event" – a term that serves as a sort of guide to the description of the two types of travellers and tourists. A pseudo-event is an event that has the following characteristics (p. 35-36):

- It does not happen spontaneously but is planned, stimulated or arranged by anyone. We do not look for the spontaneous, real event, but for extra exhibitions planned for tourists and prefabricated adventures.
- The tourists, for example, stop at certain places set by tour guides in order to be able to take pictures in the best possible light conditions.
- An analogy to the pilgrimage is thus made for the tourist journey, because it forms a movement from one stage to the next and distinguishes three "rites of passage": first, the separation from the place of residence and the usual social ties; second, the situation of a certain indefiniteness and uncertainty, such as when travelling in foreign cultures or together with strangers – where the special experience is expected (the supernatural), and third, the return and integration into the group of origin – with a higher social status.

First empirical studies on (general) travel motives in the 1960s in Germany revealed four important motives (Braun, 1993):

1. Rest and relaxation need: rest, shut down, averting the fullness of stimuli;
2. Need for variety and balance: change of scenery, gain new ideas;
3. Liberation of bonds: exemption from duties, breaking out of everyday regulations;
4. Experience and interest factors: interest in foreign countries, sensationalism, curiosity.

According to recent studies of Swarbrooke & Horner (1999), among the main factors that determine the respective travel motifs are the following:

1. Personal development: knowledge enhancement, social orientation, learning new skills;
2. Social status / lifestyle / prestige: exclusivity, value for money, fulfilment of foreign expectations;
3. Adventure Search: interest in culture, physical change (health, recreation), emotional needs (spirituality, adventure, romance).

Now tourists are less likely to learn about the country than the attractions that are meant for them. The term attraction – created around the middle of the 19th century – refers to the most fleeting representation of culture. Attractions give little indication of the true nature of people and the modern travel guide helps to convey certain expectations that await fulfilment. Moreover, the actual experiences must be worth the money spent on them. In order to be able to estimate the value at all, standardised assessments can be used again, such as in travel guides. Therefore, a visit to a three-star attraction is more rewarding than a visit to one with only two stars.

All above mentioned could be seen as a tight connection between tourism itself and multilingualism. All businesses in the booming travel market must understand what is happening, but more importantly, how to respond. In doing so, multilingualism is essential in ensuring that a business survives disruptive innovations in a highly competitive industry. Being able to communicate and trade in multiple languages around the world opens more doors to international travel ventures.

The importance of foreign languages for tour guides

As expected, language and multilingualism also play an important role in the tourism industry (Heller et al., 2014a).

Many researchers have exemplified the importance of multilingualism. For instance, according to Gunnarson (2013) described that, in today's economy, it is not only managers and elite staff who need to be linguistically flexible. Factory floor workers are exposed to different languages during the workday. They have to be prepared to interact with group leaders and fellow workers with a different linguistic background than they have themselves. (p. 162).

Definitely, two premises are well known and connected with the importance of multilingualism in tourism:

1. Tourists are increasingly demanding **authentic experiences**;
2. **Welcome your visitors in the best way – in their language.** Show them that you want them here and are making them feel welcome and valued.

According to Boorstin (1961), tour operators avoid an unscheduled meeting of tourists with people in the destination countries. A well prepared round trip protects them from having to contact the inhabitants when they come to their country. The lack of contact with the locals are replaced by contacts with the tourists traveling with them. The fellow travellers become a special source of experience. So after returning from a trip, less is reported about the locals than about the other fellow travellers (p. 134).

What helps guides with this kind of intervention is that, in addition to their mother tongue, which is also the language used in the environment in which they do their business, they also know the language with which they can communicate with tourists. The different levels of linguistic competence that appear between the guides also influence whether what the guide presents is understandable to tourists. If, with the knowledge of the languages that tourists use, the guide is also familiar with their culture, then they are able to present the contents of the sightseeing in a way that is closer to the cultural context from which the tourists come, and therefore more understandable to them. One way a guide can moderate a tourists experience while sightseeing is to use a tool such as storytelling to try to achieve not only a cognitive but also an emotional connection of tourists to their surroundings, which would enhance the tourist experience. These examples show how, through intermediary roles, guides can influence how the tour will look and what tourists will be offered through it.

This raises the question of which special foreign language competencies the tour guides need in their professional life, what the linguistic difficulties

are and how the missing language skills can best be taught under the given conditions. There follow concrete didactic and methodical considerations, which should make the professional language for the tour guides efficiently.

It is well known that the tour guide is basically the manager of the group and responsible for ensuring that everything runs smoothly, that every stage is completed on time, he drives the group and keeps in touch with hotels, bus drivers and guides. The commonality of the two professions: the ability to communicate must be high, as well as the level of foreign language skills. Language in tourism contexts might therefore help us understand what language is, besides structure: emergent communicative practice that is creative and transcendent. Research on language and tourism in postcolonial settings can show all this and it can tell something about the power relations in place that are relevant for the ways in which knowledge on language is constructed. Whatever said in a particular place is said in a manner that defines and categorises, describes and fixes.

Language socialization in the workplace and vocational training

Language skills are considered a prerequisite for professional action competence today. This gives rise to three important fields of research, which concern linguistic socialization in the workplace and in vocational training: the promotion of second languages in the workplace, the promotion of language skills during the vocational training and the co-construction of linguistic and technical competence. Current research on L2 teaching in the workplace takes a holistic approach. It emphasises the need to promote second language learning in knowledge of the effective communication needs and therefore to design it on the basis of ethnographic research in the workplace (evidence-based, practice-oriented teaching), not only knowledge of technical language but also to impart social interactional competences for everyday action situations (scenario-based teaching), to help learners improve the opportunities for participation (emancipatory vision) by making them available for cultural differences in interaction expectations and standards and for potentially discriminatory sensitised practices (language awareness).

In tourism service professions, communicative and language skills play a central role. Duchêne/Piller (2009) illustrates this using the example of training materials and practices from the tourism industry, which express a primordial customer orientation and follow logic of productivity,

profitability and control. It shows how service-specific communicative competencies can be expressed in the form of rules of conduct and script instructions for non-verbal and verbal communication can be taught.

According to Heller et al. (2014b) communication with tourists from countries where other languages are spoken requires appropriate language skills, which are also examined as a criterion for employment, but which are also hardly ever specifically rewarded or valorised and accordingly "trivialised". Sociolinguistic studies on tourism (mainly from Europe and Canada) go beyond multilingual practices to address linguistic processes of commodification and authentication as well as language ideologies. Studies on heritage tourism or tourism patrimonial show: the marketing of francophone heritage in Canada (Moïse et al., 2006; Moïse & Roy, 2009; Heller, 2014), Welsh mining heritage in Wales (Coupland et al., 2005), linguistic and cultural heritage among the Sámi (Pietikäinen, 2013; Kelly-Holmes & Pietikäinen, 2014) or literary tourism in Catalonia (Pujolar & Jones, 2012).

A local accent or a specific language (as an exotic constructed language, minority language, etc.) can be used to authenticate the destination or product for sale.

Another way of boosting tourism is to market the linguistic resources of a place in order to promote language tourism: Gao (2012) has demonstrated this using the example of a southern Chinese region (West Street in Yangshuo), which is very popular with tourists and is constructed as a global village in which the English language can be practiced in authentic surroundings in order to attract local language school tourists.

Multilingualism is also an everyday phenomenon nowadays, and virtual-visual multilingualism, i.e. multilingualism in virtual contexts, is becoming increasingly common in the globalised world.

According to Gorter (2006), "the language of public road signs, advertising billboards, street names, place names, commercial shop signs, and public signs on government buildings combines to form the linguistic landscape of a given territory, region, or urban agglomeration" (p. 1).

The focus is thus on the written form of language in the public space. The term "visual multilingualism" refers to language that is visible, for example, public road signs, advertisements, street and town names,

business and public advertisements or signs. This is also the preferred definition in this work.

In general, however, it was also found that the language border is often not addressed in advertising. The reason for this variability is that language, language border and multilingualism are ascribed different meanings, which can then lead to tensions with regard to their tourist benefits. On the one hand, the language border/language situation is seen as an aspect of local identity (politics), which can serve as a unique selling point or at least as a marketing gag or hook. It often serves as an expression of diversity (whereby linguistic diversity is often understood to be on a par with cultural diversity) and thus supports the sales argument "We offer a lot of different things – and this in a small space". On the other hand, language is also understood as a (neutral) means of communication, and in a service industry such as tourism, communication should be as accessible as possible, i.e. adapted to customer needs. In this respect, language border characteristics, such as bilingual place names, can lead to confusion and make it difficult to create a uniform brand name and image for the destination. In addition, the language border can act as a deterrent for potential visitors who fear communication difficulties. In the attempt to combine these different understandings of language in a way that is useful for tourism promotion in the language border area, the following adaptations and contradictions have been observed:

- **Diversity** – but not too much: The omnipresent importance of local authenticity in tourism reduces diversity to national languages, and usually only to the standard varieties of German and French. Dialects and languages of migration remain largely hidden.
- **Separate** – but multilingual: the connection of diversity with linguistic-cultural stereotypes (e.g. German thoroughness – discipline and punctuality, French wine culture, etc.) requires a presentation of the language border as a clear separation of linguistic and cultural groups.

At the same time, bilingualism (or multilingualism) is used to ensure communication emphasised by the population.

Foreign languages in vocational education

According to Žerajić (2018), a favourable atmosphere for learning foreign languages should, first of all, create educational and linguistic policies that language learning is not actually an obligation, but in each society, it is necessary to provide multiple language resources (p. 741). However, such

language polytheism does not arise by itself, but is created by inclusion in our essential developments and decisions concerning education and upbringing. The foreign language as the language of the profession is obligatory from the first year at all faculties of academic and professional studies, and this is most often, but not exclusively, English.

Students enrolled in a higher education institution are highly expected to master professional terminology in the practical application of their knowledge after completing their education. Considering the fact that foreign languages are important in this field, within the Academy of Applied Studies, in two out of three departments – The College of Tourism and the College of Hotel management, English, German, French and Russian are taught from the first semester. By the end of their studies, it is expected from the students to achieve A2 level according to GER³.

The foreign language has the status of an elective language apart from German, French and Russian are offered. The elective foreign language is taught during five of the total of six semesters according to prescribed syllabus with a fund of 3 hours per week, which means one lesson and two exercises and we start with expectation that their higher education in the coastal area of the foreign language will end at the A2 / B1 level crossing.

According to GER (2001), these language levels imply the following:

A2 – the student has a repertoire of elementary language resources that allow him to solve everyday situations with the help of the previously given content. As a rule, a student can make compromises in relation to the realization of the spoken purpose and to search for words. In addition, he may use short, useful expressions to meet simple, specific needs and ask, for example, for certain information about a person, everyday routines, desires or needs.

He/she can use simple sentence forms and express them using memorised sentences, short group words and speech patterns about himself and other people, what they do or own, etc. He/she has a limited repertoire of short memorised statements that satisfy the simplest basic speech situations. In situations that come out of the daily routine, there is often an interruption and misunderstanding (p. 111).

³ Gemeinsamer Europäischer Referenzrahmen für Sprachen (eng. CEFR)

Conclusion

Tourism researcher Freyer (2011) states that past investigations with regard to intercultural encounters in tourism, represent the starting point for the travellers and tailor-made offers in the foreground. In the future, it would be important to develop tourism as a cultural sociology research field in a better way, and it would be desirable to conduct the extensive research on the cultural and sociological impact on the travellers.

English is still the first language at all levels of education, as well as the most popular language by tourists in Serbia (according to the statements the Association of Tour Guides of Serbia), but other languages, according to Blažević (2001), especially German and Italian recently, take very important part in the field of tourism and hospitality. In summary, it can be said that the institutional language choice in hotel and tourism schools is not neutral, but is linked to an ideological positioning that links the training market with the needs of the tourism industry. The institutional language choice allows addressing a specific target audience of students. At the same time, the choice of language restricts the access of students with other linguistic profiles. Institutional language choice in hotel and tourism schools is also determined by national and supranational interests, because, in order to be nationally accredited, a part of the curriculum must be taught in a national language.

Regarding the tour guides as a crucial actor in tourism industry, being a local tour guide, provides the opportunity to experience other cultures and languages. Those who travel to other countries, and those who interface with foreign visitors in this country, have a responsibility to represent their own culture (and its good manners) well, and to respect the other culture they encounter. Learning a little of the local language demonstrates a willingness to move out of one's comfort zone and try something new, and shows respect and recognition for that language and its culture.

Languages are useful because tour guides need good communication skills. Since a tour guide may be one of the first people tourists meet in the country they are visiting, it is important for the tour guides to understand the needs of tourists and be able to answer the questions about their own country. It is also helpful to be able to speak a foreign language such as German, French or Italian as this may improve chances of finding a job.

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THE IMPACT OF MASS / CRUISING TOURISM ON THE URBAN AREA OF KOTOR

Ivo Županović¹; Dragana Zečević²

Abstract

The paper refers to the current situation of tourism development in Kotor, as well as the analysis of the impact of cruise tourism development on urban area. Its aim is to show negative impacts of cruise tourism development in Kotor, especially in terms of overloading the urban area, as well positive impacts related to economic benefits. Research is related to the evaluation of existing infrastructure, tourist offer, positive and negative impacts of tourism development. The paper presents indicators of the sustainability of tourist destinations, which indicate the overload of Kotor as a tourist destination. Existing tourism development is not in line with sustainable tourism development, regardless of the economic benefits to Kotor port and local souvenir shops. Therefore, it is necessary to carefully manage the further development of cruise tourism. In the field of economic benefits, consumption analysis of cruise tourists gives us a clear picture of the controversy in the area.

Key Words: cruise tourism, tourist destination, sustainable development, Kotor

JEL classification: Z32

Introduction

Tourism development has significant impacts on tourist destinations, both positive and negative. According to sustainable tourism development, it is necessary to take into account all aspects of sustainability: social, economic and environmental. The development of mass / cruise tourism has significant negative effects, especially on the ecological and social dimension. Therefore, it is necessary to constantly measure these impacts

¹ Ivo Županović, PhD, Full Professor, Faculty of Business and Tourism, Budva, mail: ivozup@t-com.me

² Dragana Zečević, MSc, Faculty of Business and Tourism, Budva, mail: dragana.zecevic@fbt-budva.me

and to adopt policies that are consistent with sustainable development. In order to increase the satisfaction of tourists and gain loyal guests, it is necessary to work on improving the offer. Also, priority should be given to those types of tourism that create less negative impacts.

Cruising tourism

The cruiser represents a ship similar to a mobile resort and involves the transport of passengers from one destination to another. It is viewed as a floating hotel or floating resort and include restaurants, bars, shopping centres, sports facilities, entertainment venues, while cabins are getting more comfortable and luxurious. Cruise tourism is a niche form or type of tourism that is rapidly growing (Dowling, 2006).

At the end of the 20th century, cruise tourism was an elite privilege. At the beginning of the 21st century, cruise tourism had enormous growth in both the number of travelers and destinations. The negative side of this growth is the negative social and environmental impact (Adero & Skonieczny, 2017).

Cruise tourism is a popular form of tourism and a significant part of the tourism industry, with approximately 25 million travelers in the world in 2016. Across Europe, there was 6.7 million travelers in cruise tourism in 2016. Germany, UK, Italy, France and Spain were among the largest European markets. The cruise sector had a very rapid growth with a fivefold increase in passenger numbers since 1995. According to the CLIA (Cruise Lines International Association), demand for cruise tourism has grown from 5.6 million travelers from 1995 to 24.7 million in 2016. Looking at the same period, the number of cruise tourists with an average annual growth of 5.2% between 2005 and 2016 grew faster than the number of international tourist arrivals worldwide. In Europe, the number of passengers increased from one million in 1995 to 6.7 million in 2016. Germany and the UK represented the largest European market, accounting for more than half of European travelers (UNWTO, 2017).

The cruise industry is constantly growing. In the period 2008-2018, demand for cruise trips worldwide increased from 16.3 million passengers to 28.5 million. This represents a total increase of 75% and an annual growth rate of 5.7% over a 10-year period. From 2017 to 2018 number of cruise passengers has increased for 6.7%. An estimated 146.4 million passenger and crew visits generated \$68 billion in direct cruise sector

expenditures in destinations and source markets around the world. Table 1 also shows total output contribution, total income contribution and total employment contribution. All of these categories are growing compared to 2017. (CLIA, 2019).

Table 1: *Total Global Economic Contribution of the Cruise Sector - 2018.*

Category	Current US\$	
	Global	Change from 2017 in%
Passenger and Crew Onshore Visits (Mil)	146.36	6.9%
Total Direct Expenditures (US\$ Bil)	\$67.97	11.4%
Total Output Contribution (US\$ Bil)	\$150.13	12.1%
Total Income Contribution (US\$ Bil)	\$50.24	10.3%
Total Employment Contribution	1,177,000	6.1%

Source: CLIA (2019), *The contribution of the international cruise industry to the global economy in 2018*, <https://cruising.org/news-and-research/research>, (25 February 2020).

One of the most dynamic cruise regions in the world in the recent times is the Mediterranean and its adjoining sea. It represents the second biggest cruising region. Caribbean and Mediterranean cruise regions host more than 50% of the global cruise fleet capacity. In 2017 there were 25,915,573 cruise travelers movements registered in MedCruise port members. Thirteen cruise ports are located in the Adriatic Sea and it is the second biggest MedCruise region by cruise activity hosting 17,2% of the total passenger movements. In the Adriatic, cruise traffic is mostly concentrated during the second half of the year (June-November). The passenger movements in the Adriatic during December-February did not exceed 70.000 (MedCruise, 2017).

Cruise tourism for destinations can be a relevant primary or additional source of tourism revenue. On the one hand, there is revenue from port services paid for by cruise line operators. On the other hand, destinations generate revenue from tourist consumption on land created by travelers and crew, and relate to activities such as sightseeing, shopping, eating and drinking, etc. Although the economic effects of cruise tourism are significant, the negative effects are also part of cruise tourism development and they must be taken seriously into account.

Tourism has significant economic benefits for destinations, but can also have a negative impact on the environment and the local community.

Cruise tourism involves the arrival of a large number of people in a destination for a shorter period of time, which multiplies the impact. The development of cruise tourism can lead to degradation of biodiversity and destruction of cultural heritage, if not properly managed. A very important component of the sustainable development of cruise tourism is that policy makers and destination managers conduct assessments. Appropriate assessment of the destination value chain gives managers and policy makers the opportunity to understand the potential benefits, risks and impacts of cruise tourism (UNWTO, APTEC, 2016).

Sustainable tourism development

The concept of sustainable development includes economic, social and environmental issues. This approach is also called triple bottom line and focuses on accountability, transparency, stakeholder focus and systematic measurement and reporting (Carić, 2004).

Sustainable development implies a balanced relationship between people, economic development and the environment, which means that the economic, social and environmental dimensions are integrated into the same level of consideration. The implementation of this concept involves thinking about the future of humanity (Committee of the Regions, 2006).

This concept has become an integral part of development planning and political decision-making since 1987 and has since been one of the key elements in the formulation and implementation of development policies in the world. The context of sustainable development clearly distinguishes between economic, social and environmental components, on the one hand, and their simultaneous effect and synergistic effect, on the other (Duletić, 2011).

The concept of sustainable development requires: conservation of natural resources, more efficient allocation of resources and redistribution of natural wealth, introduction of new technologies and understanding of the difference between growth and development, abandoning activities that could threaten future generations, incorporating the concept of sustainable development as a philosophy in all social, economic and political structures (Črnjar M. & Črnjar K., 2009).

Achieving sustainable development requires the involvement of all relevant stakeholders, as well as continuous monitoring of the impact,

implementation of preventive and corrective measures when necessary. High level of tourist satisfaction, content experience, increasing awareness of sustainability issues is what sustainable tourism should provide. When it comes to sustainable tourism, we are referring to the character of tourism and not to any particular type of tourism, and it implies any form of tourism that is based on the principles of sustainable development (Jegdić, 2013).

The essence of the concept of sustainable development lies in presenting the development perspective into a broader conception of phenomena related to it. It is one comparative approach that suggests connecting and engaging thinking in one thoughtful management, taking into account spatial and temporal circumstances (Županović, 2011, p. 123).

Tourism has a significant impact on the ecological, socio-cultural and economic framework of destination. The impact on the ecological framework is related to the changes that tourism is making to the nature and ecosystem of the area. Socio-cultural changes relate to how tourism affects local people, their culture and lifestyles, while economics relate to how tourism rearranges the economy and economic potential of a destination (Stojanović, 2006).

The dynamic development of the tourism has numerous positive and negative effects on the development of tourist destinations. Since the clean and unpolluted environment is the basis for successful tourism development, tourism is more dependent on the environment than on any other activity (Županović & Zečević, 2019, p. 257).

Sustainable tourism entails an industry that gives minimal negative impact on the environment and local culture, while it's helping to earn money, stimulates employment and provides protection of local ecosystems. In order to successfully implement sustainable development in practice, it is necessary to first consider its essence (Županović&Kovačević, 2013, p. 448).

Sustainable tourism development of a destination should lead to positive environmental, sociological and economic effects in the long term, not to achieving short-term and rapid results. Such development achieves the diverse needs of both tourists and locals. Therefore, attention should be paid to education, training and awareness-raising, in order to make the public aware of the main goals and tasks of sustainable tourism and to improve professional and business skills in this field (Jegdić, 2013).

In order to achieve long-term sustainable development and gain competitive advantage in the tourism market, specific forms of tourism have been developed. Certain types of tourism, with adequate development, can contribute to a higher quality tourist offer, influence the extension of the tourist season (Zečević, 2019, p. 89).

In 2013, the European Commission launched the European Tourism Indicator System (ETIS) with the aim of supporting destinations in order to measure and manage tourism performance using a common comparative approach. ETIS is based on 27 basic indicators and 40 optional indicators, divided into four categories: destination management, social and cultural influence, economic value, environmental impact.

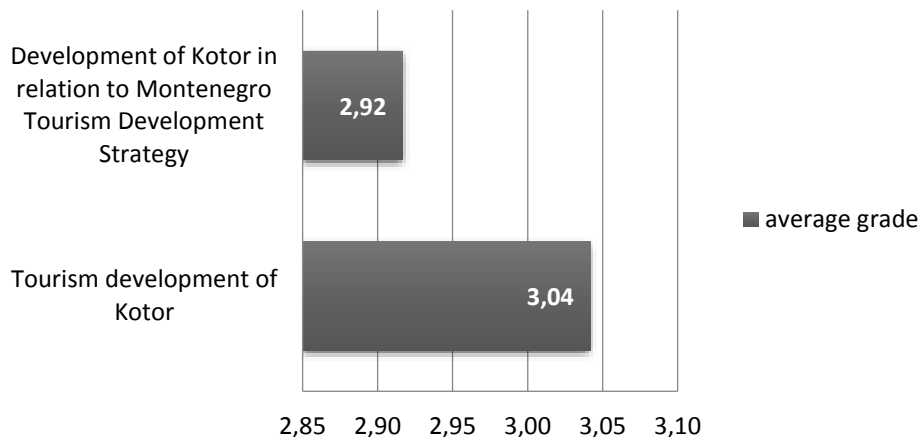
ETIS represents a common methodology in the sustainable management of destinations. It is a highly effective tool of the European Commission. It is specifically designed for tourist destinations to enable performance monitoring and help destinations develop and implement their plans to increase sustainability with a long-term vision (European Commission, 2016).

Analysis of the current situation and potentials of sustainable tourism development in Kotor

Assessment of current situation and potentials of sustainable tourism development in Kotor have been obtained through a combination of desk and field research. Almost 60% of the respondents have a university degree, about 30% are masters of science and little more than 10% are respondents with a high school diploma and PhD. About 42% of respondents have worked in tourism from 10 to 20 years, 37% from 3 to 10 years, while the remaining 21% of respondents have worked in tourism for more than 20 or less than 3 years. Respondents consist of employees in hotels (33%), travel agencies (30%), scientific institutions for tourism (17%) and other tourism related fields (20%).

The respondents rated Kotor tourism development by an average grade of 3.04, while this development compared to the Tourism Development Strategy of Montenegro was rated by an average grade of 2.92, as shown in Figure 1.

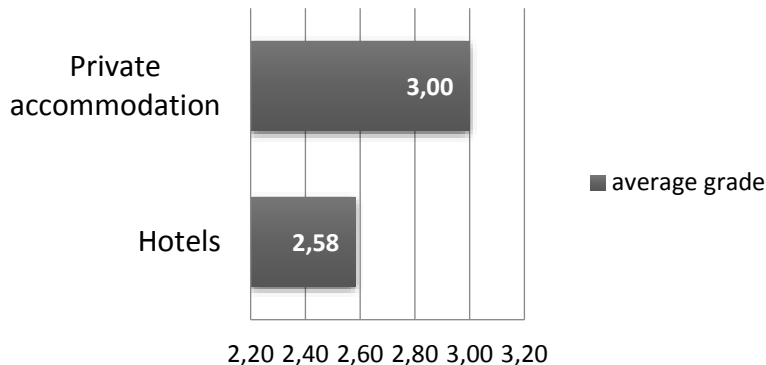
Figure 1: *Tourism development of Kotor*



Source: *Authors*

Private accommodations were rated slightly better than hotels in Kotor. Average grades are shown in Figure 2.

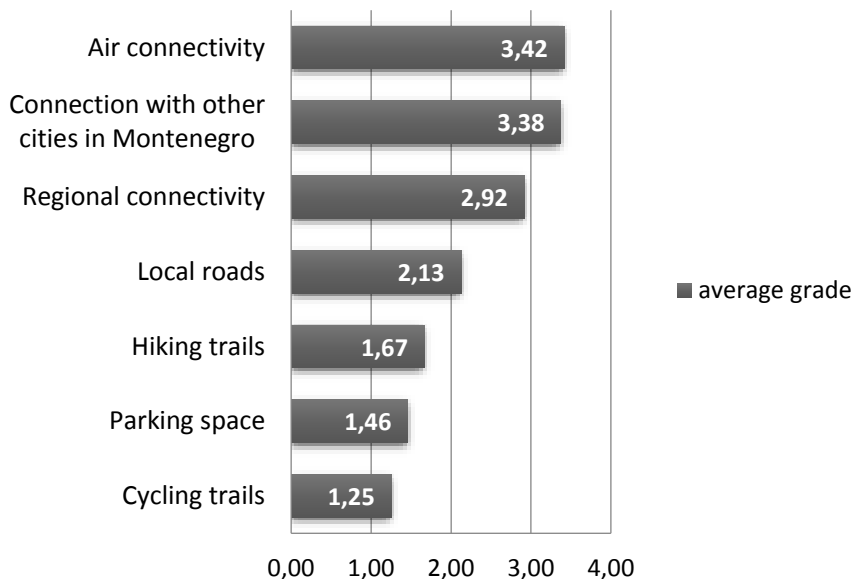
Figure 2: *Accommodation capacities*



Source: *Authors*

The accessibility of Kotor is the highest rated in terms of air connectivity (3.42) and connectivity with other cities in Montenegro (3.38), as shown in Figure 3. Regional connectivity and local roads are rated an average grade below 3, while hiking trails, parking spaces and bike lanes have the average grade below 2.

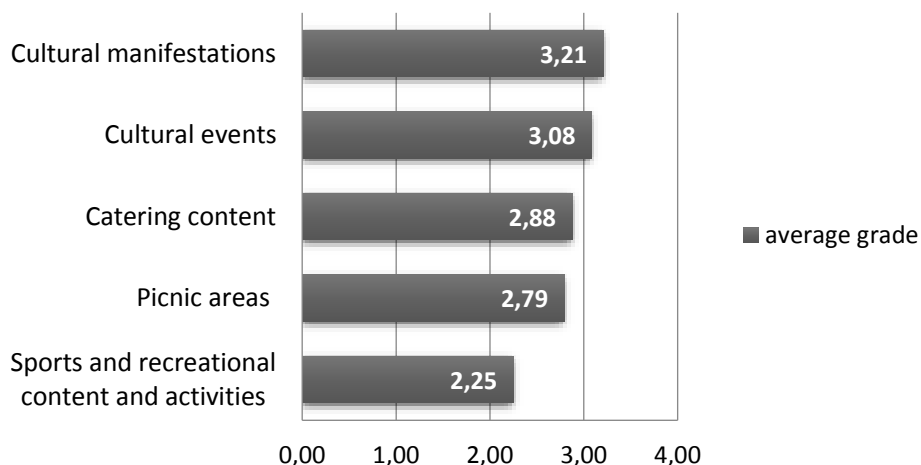
Figure 3: *Traffic accessibility*



Source: *Authors*

Figure 4 shows average grade for tourist offer in Kotor. Cultural manifestations (3.21) and cultural events (3.08) were rated highest. Catering facilities (2.88), picnic areas (2.79) and sports and recreational facilities and activities (2.25) were rated an average grade below 3.

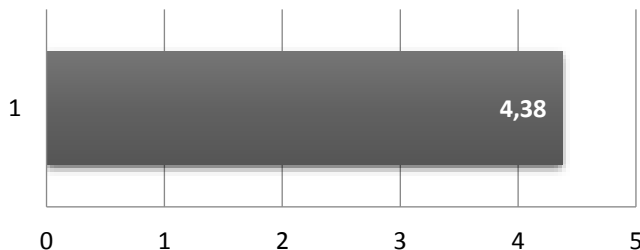
Figure 4: *Tourist offer*



Source: *Authors*

Kotor has great potential for tourism development based on the cultural and natural heritage it has, as shown in Figure 5.

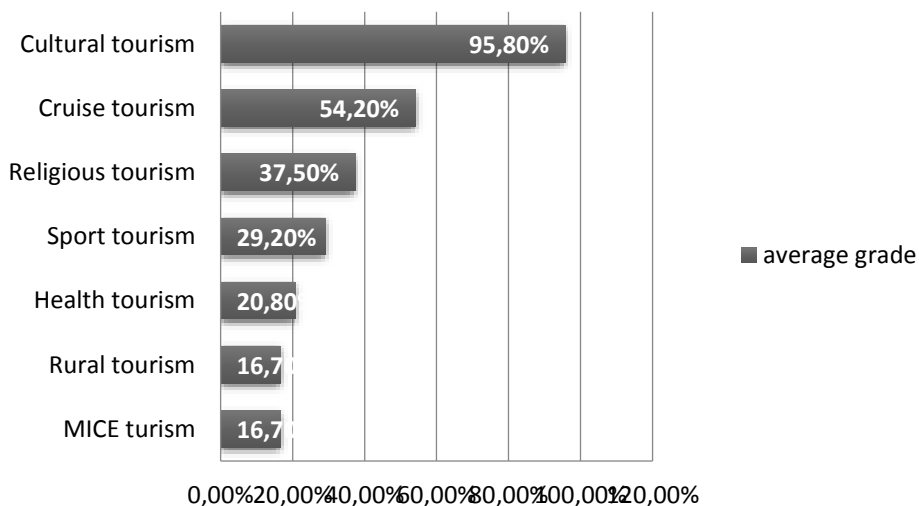
Figure 5: *Potential for tourism development of Kotor, based on the its cultural and natural heritage*



Source: *Authors*

Figure 6 shows what types of tourism should be further developed in Kotor. Over 95% of respondents believe that cultural tourism development should be prioritized in Kotor, while about 55% of respondents believe that cruise tourism should be developed. Religious tourism was rated as a priority development by 37.5% of respondents, while 29.2% were in favor of the development of sports tourism. This is followed by health (20.8%), rural (16.7%) and MICE tourism (16.7%).

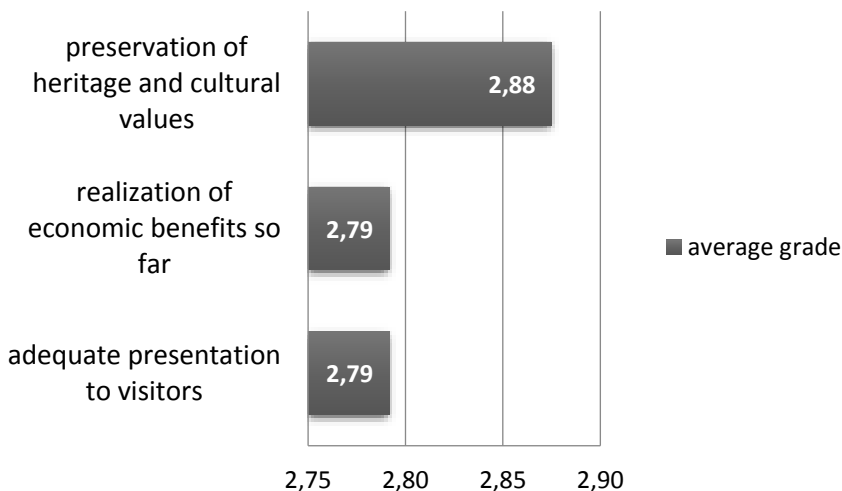
Figure 6: *Types of tourism that should be developed in Kotor*



Source: *Authors*

Current heritage and cultural values have an average grade of 2.88. The economic benefits achieved so far have been rated an average grade of 2.79. Adequate presentation to visitors has been rated the same average grade, as shown in Figure 7.

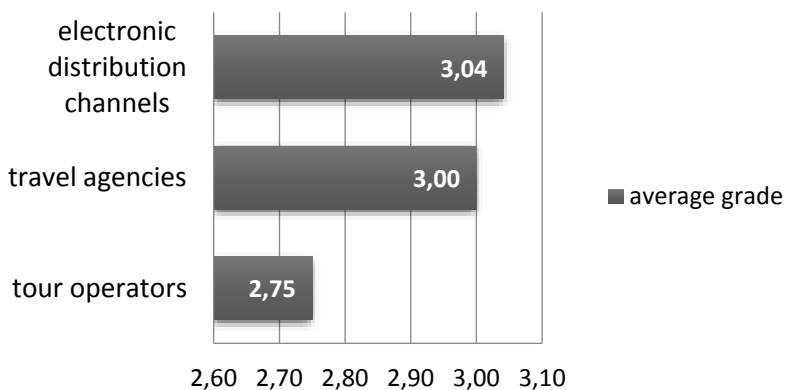
Figure 7: *Analysis of the current situation*



Source: *Authors*

Cooperation of tourist entities with electronic distribution channels was rated an average grade of 3.04, with travel agencies 3, while cooperation with tour operators was rated an average grade of 2.75, as shown in Figure 8.

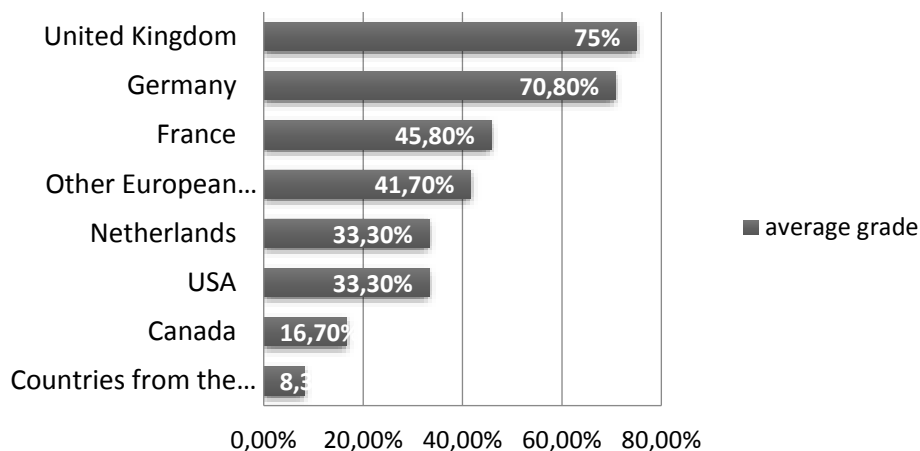
Figure 8: *Cooperation of tourist entities*



Source: *Authors*

Figure 9 shows the most significant source markets. Respondents rank as the most significant emission markets the United Kingdom (75%) and Germany (70.8%), followed by France (45.8%), other European countries (41.7%), the Netherlands and the USA (33.3%), Canada (16.7%), while the surrounding countries were rated an average grade of 8.3%.

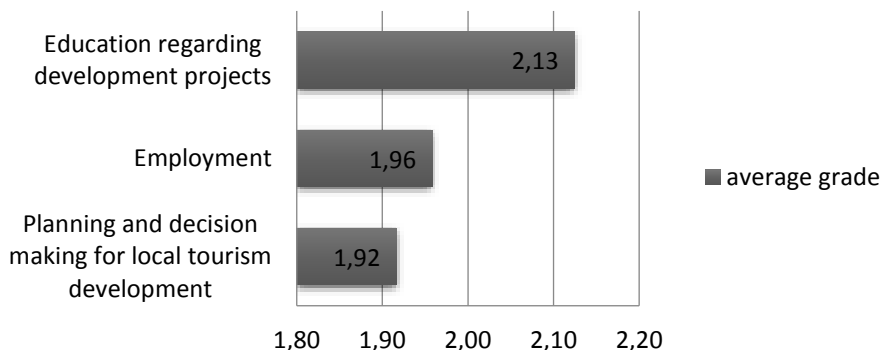
Figure 9: *The most important source markets*



Source: *Authors*

Figure 10 shows the involvement of the local population in tourism development. Their involvement in education regarding development projects was rated an average grade of 2.13, while employment and planning and decision-making involvement in local tourism development were rated below average grade of 2.

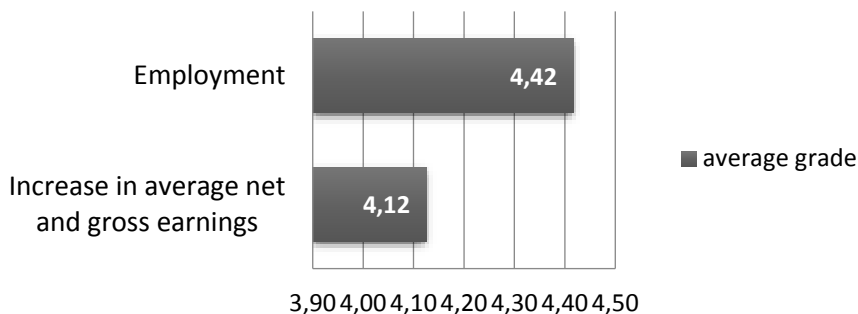
Figure 10: *The involvement of the local population in tourist development*



Source: *Authors*

Respondents believe that tourism development has a significant contribution to employment (4.42) and an increase in average gross and net earnings (4.13), as shown in Figure 11.

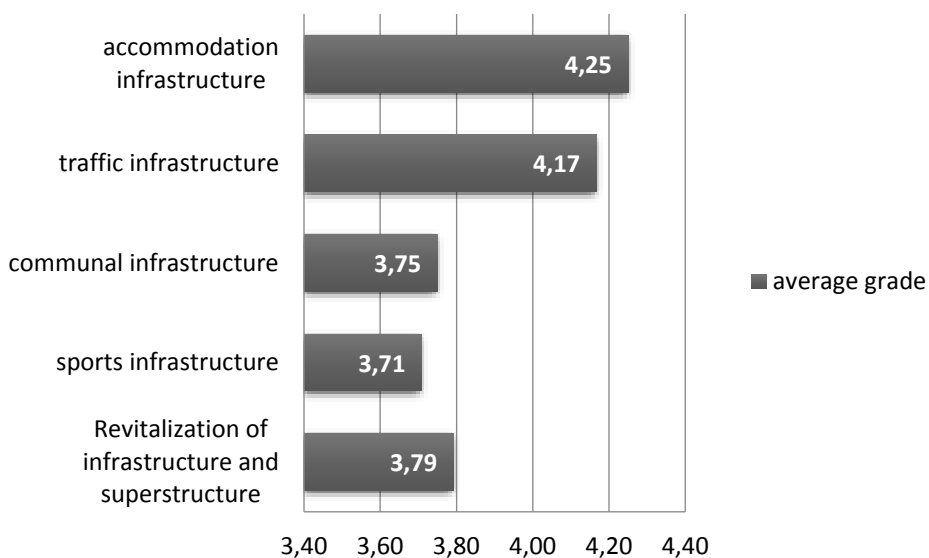
Figure 11: *Contribution of tourism development to economic benefits*



Source: *Authors*

Respondents believe that tourism development would significantly contribute to the development of accommodation (4.25) and transport infrastructure (4.17). The impact on the development of communal infrastructure was rated an average grade of 3.7, and a sports infrastructure an average grade of 3.79, as shown in Figure 12.

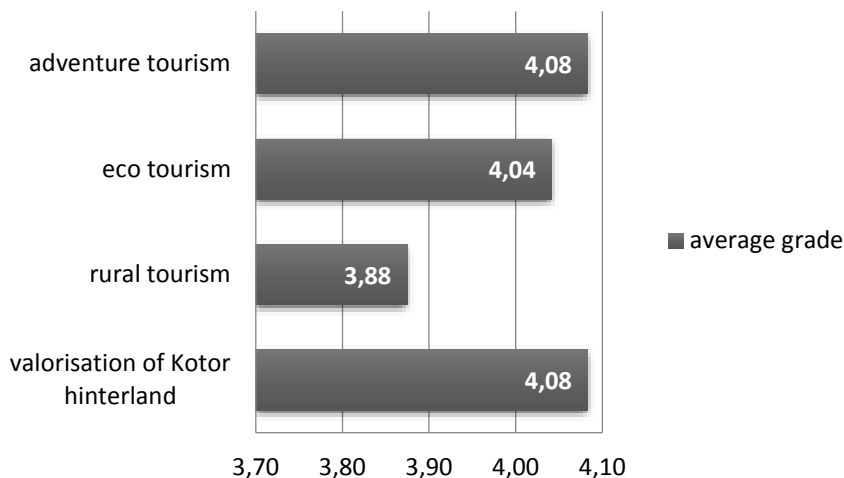
Figure 12: *Impact of tourism development*



Source: *Authors*

As shown in Figure 13, the valorization of the hinterland of Kotor was estimated an average grade of 4.08. The potentials for the development of adventure tourism were rated an average grade of 4.08, eco tourism 4.04 and rural tourism 3.88.

Figure 13: *Potential for further development*

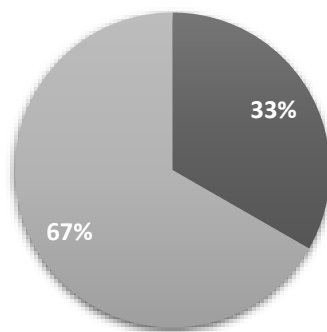


Source: *Authors*

Figure 14 shows effects of cruise tourism. They are estimated mostly negative.

Figure 14: *Effects of cruise tourism*

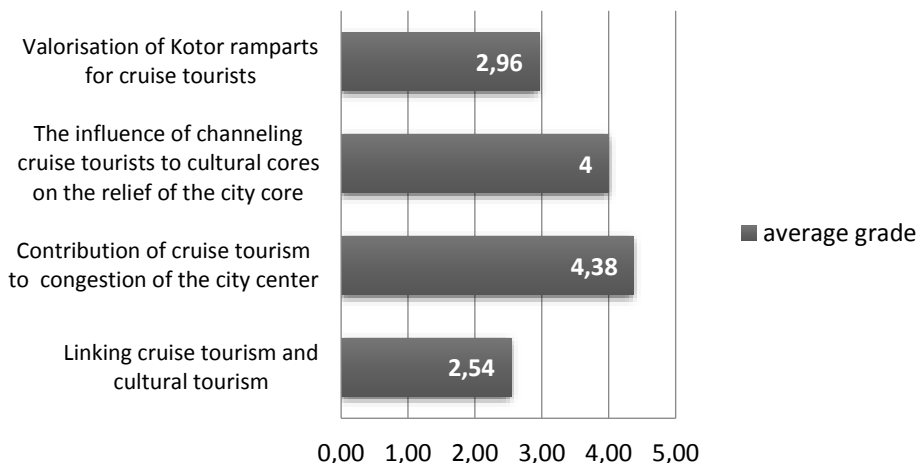
■ mostly positive ■ mostly negative



Source: *Authors*

The contribution of congestion to the city center by cruise tourists is rated an average grade of 4.38, while the impact of channeling cruise tourist to cultural cores on the relief of the city center is rated an average grade of 4. The current correlation between cruise tourism and cultural tourism is rated an average grade of 2.54, while the valorization of Kotor ramparts for cruise tourists was estimated at 2.96, as shown in Figure 15.

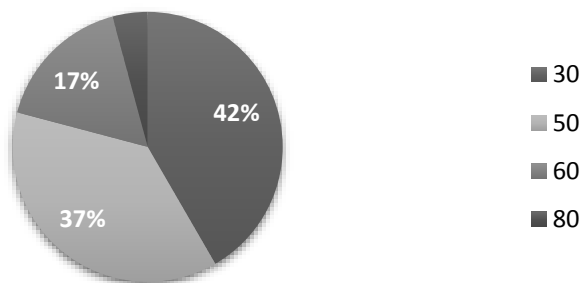
Figure 15: *Cruising tourism*



Source: *Authors*

Over 40% of respondents think that daily spending of cruise tourists is € 30, while 37% think that this spending is € 50. Only 21% think cruise tourists spend more than € 50 a day, as shown in Figure 16.

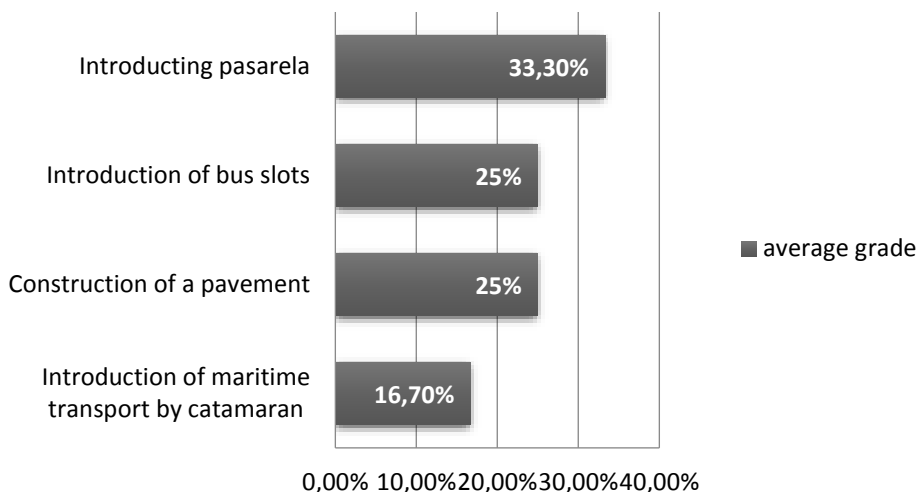
Figure 16: *Daily consumption of cruise tourists*



Source: *Authors*

Figure 17 shows that over 30% of respondents believe that the best solution for reducing traffic congestion would be the introduction of a pasarela, 25% think that the solution lies in the introduction of slots for buses and the construction of subways, while 16.7% believe that solution should be introduction of maritime transport by catamaran.

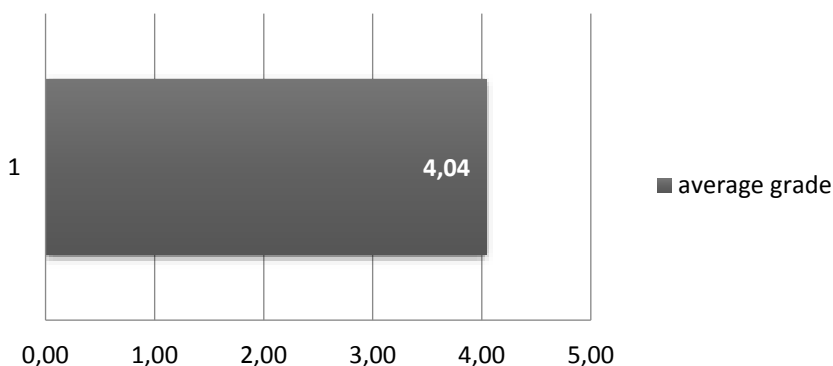
Figure 17: *The solution to traffic*



Source: *Authors*

Respondents believe that it is necessary to commit potential investors to the fundraising program, which they rated an average grade of 4.04, as shown in Figure 18.

Figure 18: *The need to commit potential investors to fundraising*



Source: *Authors*

Conclusion

Cruise tourism is a significant part of the tourism industry, and its development can have both positive and negative effects on the destination. The current development of cruise tourism in Kotor has significant negative effects on the destination. One of negative effects is large number of cruise passengers who are overloading the city center. There are economic benefits to Kotor port and local souvenir shops, but this positive impact of cruise tourism is not sufficient to have sustainable tourism development. Sustainable development requires that all three aspects of sustainability are satisfied: economic, environmental and social. Analysis of the current situation of tourism in Kotor shows that is necessary to improve the accommodation and transport infrastructure, as well as the improvement of the tourist offer. Special attention should be paid to the development of cultural tourism. It is also necessary to increase the involvement of the local population in decision-making on tourism development. Continuous measurement of positive and negative effects is crucial for the sustainable development of the destination. With adequate management, the negative effects of the development of cruise tourism could be minimized and the positive ones maximized. Such development would positively affect the satisfaction of all tourists as well as the local population.

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Faculty of Hotel Management and Tourism in Vrnjačka Banja

Vojvođanska 5a, 36210 Vrnjačka Banja, Serbia

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