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MODERN MANAGEMENT TOOLS AND ECONOMY OF TOURISM SECTOR IN PRESENT ERA

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CONTENTS

INDEX OF AUTHORS

INDEX

LIST OF REVIEWERS

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PREFACE

International Thematic Monograph: *Modern Management Tools and Economy of Tourism Sector in Present Era - 2019* is 4th annual publication of this kind published by the Association of Economists and Managers of the Balkans in cooperation with the Faculty of Tourism and Hospitality, Ohrid, North Macedonia.

Presented thematic monograph characterize following facts:

- **23 members of its Editorial Board come from 6 different countries** of the Balkans region: 6 from Serbia, 6 from Montenegro, 5 from Croatia, 4 from North Macedonia, one from Slovenia and one from Bosnia and Hercegovina;
- Out of more than **50 chapters** which have been submitted for publication, it has **44 double blind reviewed chapters accepted and published** in English on more than **700 pages**;
- All chapters have been scanned with Crosscheck (powered by Turnitin) and have ORCID iD integration;
- It gathered **100 authors from 14 different countries**: Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Kenya, Mexico, Romania, Russia, Serbia, Slovakia and Slovenia who come from different faculties, universities, colleges, scientific institutes, enterprises and high schools – listed at the next page;
- **48% of all listed authors originate from abroad;**
- In a review process of a thematic monograph their contribution gave **86 highly esteemed reviewers**;
- Among listed **peer reviewers 65% of them are international by country of origin**;
- Average **grade of all published papers** obtained according to all reviews is **73** out of 100.

We would like to express our sincere gratitude to all colleagues who participated in a process of publishing this thematic monograph and with great honor would like to invite **you all to start preparing papers for our 2020 annual edition**.

Publishers

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STRATEGIC MANAGEMENT TOOLS AS A PREREQUISITE FOR MAINTAINING COMPETITIVENESS IN THE SLOVAK HOTEL INDUSTRY

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Abstract: *The paper focuses on the application of modern strategic management tools in the Slovak hotel industry. It aims to identify the level of utilization of the management tools in hotels in Slovakia. The study evaluates the application of modern management tools using mathematical and statistical methods, including mean values and standard deviation. The result of the research indicates that hotels in Slovakia do not utilize the possibilities the strategic management tools offer mostly because the hotel managers significantly lacked relevant knowledge of these tools. The results demonstrate that the most used strategic management tools in monitored hotels include Customer Relationship Management and Strategic Planning, followed by Internal Relationship Management, Controlling, Outsourcing, Benchmarking, Social Media, and Supplier Relationship Management, respectively. The findings of this study can help to maximize the full potential of hotels and improve their competitiveness by creating awareness of the importance and usage of strategic management tools.*

Keywords: *Hotel Industry, Management, Strategic Management Tools, Competitiveness, Slovakia.*

1. INTRODUCTION

The business represents an environment in which strategic management tools, methods, and concepts are created to help managers achieving business goals. From change, the creation of added value, support for development and growth of enterprises as well as the whole economy, management tools are closely linked to innovation and competitiveness as innovations are considered the primary engines of development and competitiveness. Consequently, it is also necessary for hotels to continually look for growth opportunities and apply strategic management tools as the highly competitive global tourism market and economic turbulence has increased the challenges managers face whether they are trying to boost revenues, innovate, and improve quality, increase efficiencies or plan for the future. If the managers have a clear perception, they understand the strategic management tools and use them correctly; these tools can help them deal with complexities and uncertainties, improve the performance and efficiency of the hotel (Wright, Paroutis & Blettner, 2013; Kotler, Berger & Bickhoff, 2015; Afonina & Chalupský, 2012).

Strategic management tools refer to a set of predefined activities and procedures designed to help managers facilitate strategy and achieving the predetermined goals, cope with changes in customer behavior, ensure a competitive position, and improve business performance (Stenfors et al., 2007; Stonehouse & Pemberton, 2002). The importance of the application of these tools into management activities is undeniable because of the changing business environment, including new trends, theory, and practice in management.

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Clark (1997) stresses that strategic management tools can be applied in all stages of the strategic management process. According to Ramanujam, Venkatraman, and Camillus (1986), Clark and Scott (1999), Frost (2003), and Gunn and Williams (2007) a variety of strategic tools and techniques have been developed to support managers´ strategic decisions, often by international consultancy companies (Stenfors et al., 2007).

2. COMPETITIVENESS

The present, characterized by globalization, a multitude of technological innovations, high market competition, and increasing administrative and financial burdens, requires high concentration, effort, flexibility in responding to new demands from customers, rapid response to trends and constant seeking to streamline operational processes to ensure the long-term stability and development of businesses operating in the hotel industry.

The development of information and communication technologies and their increasing use has radically changed the relationship between the hotels and their guests. Competitive advantage is based on differentiation and divergence, but the current information-sharing means that hotels must count on the fact that the competition is watching them and will plan something similar.

Competitive performance, or competitiveness, reflects competitive advantages in specific market situations in a given period, whether short or long. Thus, as market conditions change, the distribution of competitive advantages, and thus the competitiveness of individual actors, may also change. The problem, however, is that old habits have long been relatively profitable, reducing motivation to change (Porter 2003).

Competitiveness is a function of dynamic progressiveness, innovation, and the ability to change and improve (Kitson, Martin, Tyler, 2004).

D'Cruz and Rugman (1992) view the competitiveness of a firm as its ability to design, produce, and (or) market products superior to those provided by the firm´s competitors, considering both the price and non-price factors. According to Huggins (2000), competitiveness involves productivity, efficiency, and profitability as a means of achieving rising standards of living and increasing social welfare.

Based on the available theoretical background, most of the authors list the similar factors of competitiveness of the companies including hotels, which include physical characteristics, factors determined by the market, and factors that are controllable by the hotel general manager (Morey & Dittman, 1995; Philips, 1996; Barros, 2005; Brown, 1999; Cizmar & Weber, 2000; Kim, 2005; Sanchez-Gutierez, 2012; Schmuck, 2008).

Strategic decisions affect hotel productivity and competitiveness (Brown & Dev (1999). Brown and Dev (1999), Philips (1996), and Morey and Dittman (1995) emphasized the role of the hotel general manager in making strategic decisions following the demand and competitive conditions.

Managers should pay attention to efficient management as it affects the hotel´s productivity (Brown & Dev, 1999; Barros, 2005; Yang & Lu, 2006; Brown & Ragsdale, 2002).

Service quality is another factor that has an essential effect on the performance and competitiveness of the hotel as it can lead to repeated visitation and guest loyalty (Matilla & O'Neil, 2003; Cardozo, 1965; Fornell, 1992; Halstead & Page, 1992; Akbaba, 2006.)

Integrating innovation into the strategy is crucial for hotels, as technology can be a way to improve competitiveness (Orfila-Sintes et al., 2005).

Cizmar and Weber (2000) claimed that active marketing activities are positively related to business performance and competitiveness.

Karagiorgas, Tsoutos, & Moia-Pol, (2007), consider operational costs, in particular, environmental and energy-related costs as a factor of hotel performance and competitiveness.

The professionalism of management, quality, and effective performance of managerial functions, customer orientation, availability of quality human resources, employee-training rate belongs to the most important factors of competitiveness in the Slovak hotel industry. Hotel managers have at their disposal a wide range of modern strategic management tools that they can use to improve the Slovak hotels´ competitiveness.

3. STRATEGIC MANAGEMENT TOOLS

In 1993, the business-consulting firm Bain & Company launched a multi-year research project focused on management tools and trends (Rigby & Bilodeau, 2015). Based on the survey results the most used management tools include Strategic Planning, Customer Relationship Management, Benchmarking, Balanced Scorecard, Core Competencies, Outsourcing, Change Management, Vision and Mission Statements, Customer Satisfaction, Strategic Alliances, Business Process Reengineering, Growth Strategies, Pay per Performance, Customer Segmentation, Scenario and Contingency Planning, Knowledge Management, and Employee Engagement Surveys. The study reveals the correlation between the size of the company and the number of tools used and regional variation in tool use. Transportation and tourism, manufacturing, technology, and telecommunications sectors showed the highest tool use. Taking into account the specifics of the hotel industry and the results of the pilot study in Slovak hotels, the following fourteen tools have been chosen as the object of this study.

Strategic Planning is an essential tool for business executives whose development dates back to the 1950s. This tool implements a well-defined enterprise strategy into crucial business goals and explicitly connects all business goals with daily operation and transform them into deliberate steps that are needed to be achieved (Nolan, 2008). Strategic planning in the current business environment helps the company identify early changes in the external business environment and adapt to them the necessary measures in the future direction and corporate governance. It is a tool that helps managers to learn how to respond to a continually changing business environment (Fogg, 2010).

Customer Relationship Management (CRM) is based on the idea that building a sustainable relationship with customers can help to obtain loyal customers who are much more profitable than non-loyal ones (Dowling, 2002). CRM helps to understand the needs and desires of customers and evaluate the economic efficiency of business collaboration with individual customers based on profitability indicators (Mguyen, Sherif & Newby, 2007). Based on collected and processed

data, sales strategies can be created for each product, customers can be segmented according to predefined criteria, the approach can be developed, product and internal processes can be innovated, plan for future earnings, and training program for employees can be created (Peppers, 2011, Sarmaniotis, 2013). Hotels from the nature of its activities collect data on their guests and can transform them into useful knowledge (Lin & Su, 2003; Nasution & Mavondo, 2008; Dev & Olsen, 2000). In a highly competitive global tourism market hotels need to encourage their guest to repeated visitation; thus the implementation of CRM is for hotels an efficient way of enhancing profitability and guest loyalty and improves their competitiveness (Papastathopoulou, Avlonitis & Panagopoulos, 2007; Verdugo, Oviedo-Garcia & Roldan, 2009; Sigala, 2005; Wu & Li, 2011).

Internal Relationship Management represents a tool for measuring satisfaction and meeting the individual needs of employees, working groups, and departments of the enterprise. This management tool is a response to several studies (e.g., Jensen, 2007, Medlin & Green, 2009) that confirmed a direct dependence between mentally and emotionally recruited employees, the number of loyal customers, and business performance. This tool helps to identify the personal realization of employees in specific positions, their relationship, and links with other employees across the entire organizational structure. The goal of this tool is to reduce employee fluctuation, typical for the hotel industry, identify the right job positions for the right employees, create small working groups and create an appropriate work environment for employees.

When managing a company, mathematical quantification and a combination of data give rise to some indicators that are continually applied. However, proper use and recognition of the importance of these indicators is often a problem for managers. Kaplan and Norton developed the Balanced Scorecard (BSC) management tool that is based on the logic of the management circle: plan-do-check-act (Kaplan & Norton, 2000). It aims to reduce the information burden on managers and an emphasis on critical financial and non-financial indicators that are crucial to the fulfillment of the corporate strategy (Creamer, 2010) and provides feedback on internal processes and external business outcomes to endlessly modification of strategic performances. It turns strategic planning into the center of an enterprise as soon as it is fully implemented (Kaplan & Norton, 2000). An advantage of BSC is its universal applicability for a wide range of businesses. It is part of an information system that is available to all employees at different business levels (Laitinen, 2006). Balanced Scorecard was successfully implemented in the hotel industry e. g. in recognized hotel brands as Hilton Hotels and Marriott franchisee White Lodging Services (McPhail, Herington & Guilding, 2007).

Six Sigma is a proven quality management tool with an emphasis on professional project management (Bisgaard, 2004). It is built on statistical and mathematical techniques and aims to create nearly perfect products or provide impeccable services, results of which are reflected in the improvement of financial indicators of enterprise and increase its market value (Töpfer, 2008). Six Sigma is a comprehensive, flexible management tool that focuses on continuous improvement (innovation) of the organization by understanding customer needs and expectations, by analyzing processes and standardizing measurement methods by the use of information and data for management and decision-making. Goals of Six Sigma included profit maximization, efficient use of resources and increased productivity, reduction of support processes, and minimizing adverse phenomena - defects, mismatches, losses, claims, and costs. Added value from the utilization of Six Sigma may occur in hotels in the following areas: increase in information accuracy; reduction of peak time check-ins/check-outs: elimination of billing errors; reduction

in the amount of „no-shows"; reduction in housekeeping room turnaround times; standardized cleaning procedures/policies (sixsigmaonline.org, 2017).

Benchmarking is one of the management tools that have been used for a long time. Its popularity explains the simplicity, which is one of the principles of this instrument. Benchmarking is a continuous and systematic process of comparing and measuring products, processes, and methods of an organization with the best in the market to define the goals of improving the organization. Leaders can compare methods and performances externally with businesses within comparable business segments (Harrington, 1996; Boxwell, 1994; Lane, 2016). Benchmarking can be provided as internal - takes place within the institution, when the performance of branches and various organizations is compared; it can also be used to compare the effectiveness of new and old practices in an organization (Camp, 2006); and as external - applied amongst more comparatively large institutions.

Edgar, Litteljohn, Allardyce, Wanhill, Day and Wensley (Edgar, Litteljohn & Allardyce 1994; Edgar, Litteljohn, Allardyce & Wanhill, 1994; Edgar, 1997; Day & Wensley, 1998) state that competitive advantage must create value for guests and guests must perceive it. This value needs to indicate a specific benefit for guests, so they will pay to get it. Such a benefit cannot be easily obtainable elsewhere. Core Competencies are a set of skills, knowledge, and technology that deliver added value to the guests, ensure uniqueness, and make it possible to introduce a range of new products (Hamel & Prahalad, 1994; Drejer, 2002). Prahalad and Hamel (1990), argue that the primary source of a company's competitive advantage is its ability to innovate based on its core competencies, a conceptually integrated business management tool, the essence of which is to identify and isolate critical strengths of the business and compare them with competitors.

Outsourcing is a widely used management tool. Evald (2012) lists three basic approaches to outsourcing – cost, competency, and relationship. Hotels can benefit from outsourcing regarding reducing the operational risk and cost & quality control process. Outsourcing aims to decrease the number of operations that are carried out within the hotel (Burn & Ash, 2000; Georgantzas, 2001), and only functions generating added value and tightly bonded with the hotel's competitive advantage are implemented internally. The benefit hotels receive by outsourcing include focus on core business or competences (Lacity, Hirschheim & Willcocks, 1994), increased flexibility (Lacity, Willcocks & Feeny, 1995), improved quality of services and dispose of time-consuming and routine task without added value, or access to technologies, capabilities, and knowledge they do not own (Lee, 2001).

Supplier Relationship Management (SRM) aims to synchronize all factors involved in the process of producing goods or providing services – suppliers, manufacturers, distributors, dealers, and customers, with an emphasis on timely, complete, and efficient customer satisfaction. This tool is based on a sophisticated information system that ensures a close relationship between input and output factors and makes the value chain of goods or services more efficient (Frazelle, 2001). Ayers (2006, p. 16) emphasizes that the synergy of the close relationship is the provision of services or sale of goods to a targeted customer „at the right time, at the right place and the right cost." This management tool was a response to changing the business environment, the intensity of communication, the use of new management tools of supply, data storage and utilization, overall consolidation, and the tendency to build strategic partnerships (Trent, 2007). Hotels can benefit from a good relationship with their suppliers, primarily from increased efficiency and optimized performance, cost control, and loyalty.

Controlling is a result-oriented management tool that integrates traditional accounting with planning into a comprehensive management concept. Includes planning, control, and information flows and is focused on the outcome. The key to control is the calculated prices of products and services. Controlling is not just about cost tracking, but rather a focus on the future, the analysis of the former state and the forecast of the future development of the organization's finances and measures for tomorrow. It utilizes various mathematical and statistical methods for control indicators. Each area where the controlling is applied can be elaborated and analyzed in a very detailed manner based on multiple indicators. Controlling can make a significant contribution to working successfully despite the now intense competition that prevails in the market for hotel services and the increased difficulty in making leadership achievable (Gewald, 2014).

An essential part of the management in the hotel industry is Total Quality Management. TQM is the most complex and comprehensive concept, and its implementation is mostly achieved by gaining experience with the application of the ISO 9000 standards, an integrated philosophy is to manifest itself in all organization activities when the enterprise is involved in continually improving the quality of products and services. It consists of a technical (application of modern tools, methods, and techniques of quality management) and a social subsystem (human factor mobilization).

The EFQM Model of Excellence is a practical tool that helps hotels to understand where they are on the path to Excellence. The model allows organizations defining the gaps and stimulating solutions. It applies to different kinds of organizations regardless of size, structure, ownership, and sector. The results can be used as part of the business planning process, and the model can be used as a rudiment for operational and project review (Llusar, Tena, & Puig, 2009; Rujsan, 2005). The model was introduced in early 1992 as a management tool that encourages organizational self-assessment. The model is regularly updated and refined and is used by more than 30,000 businesses and organizations.

The Activity-Based Costing (ABC) is originated in the 1980s and is associated with the names of Kaplan, Cooper (Kaplan & Cooper, 1988; 1997), and Johnson (Johnson & Kaplan, 1987). At the same time, the first concepts of the ABC method were presented as methods for assigning overhead costs as well as for measuring and evaluating costs and process performance. Product/service cost based on the ABC method includes direct costs and the allocated portion of production, but mostly non-production overheads. The total costs of the enterprise are broken down by its activities. Brignall (1997) states that the proportion of fixed costs in the hotel industry is high and uncontrollable. The fundamental purpose of the ABC calculation is, therefore, to accurately express the cost related to the cause of its occurrence, especially when the increase in costs is not due to the rise in the volume of the final output.

Internet, and especially Social Media, fundamentally changed the hotels and their interaction with guests. The internet plays a growing role also in the European travel sector; 61% of Europeans use the internet every day or almost every day, 54% of Europeans say they use Social Media at least once a week, 38% use them every day or nearly every day (Eurobarometer, 2016). According to ehotelier.com (Cartwright, 2017), Social Media have 2.3 billion active users, while on Facebook is 1.86 billion users active, and 284 million users are active on Twitter. On average, 2.73 million posts are made on blogs every day, and 600 million users are monthly active on Instagram. Ninety-one percent of retail brands use two or more Social Media channels. Users generate the content on Social Media sites, and hence their opinions are more credible to

potential guests. Ninety-two percent of guests trust word-of-mouth and recommendation from friends and family; online guest reviews are the second most trusted form of advertising.

Social media can affect hotel marketing as they allow to efficiently engaging with guests as well as for brand management purposes. They can improve Customer Relationship Management of the hotels as Social Media often encourages greater transparency in guests' responses and so that hotels can quickly improve their services and positively affect their income in the long-term.

4. METHODOLOGY

The study aims to identify the current state of the use of strategic management tools in the hotel industry in Slovakia with a focus on four-star hotels. According to the objective of the study, the following hypothesis was formulated.

Hypothesis One: Managers of the four-star hotels in Slovakia are familiar with all the fourteen selected strategic management tools.

Hypothesis Two: Managers of the four-star hotels in Slovakia do use all the fourteen selected strategic management tools.

The analysis and data represented in this paper are based on primary and secondary research. The study included a review of recent literature and research reports on the use of management tools in the different economic sectors. Data for the analysis were obtained through a questionnaire. The respondents were selected by purposeful sampling. Specific selection criteria as (1) duration of employment in the hotel for five years, (2) and holding management position were determinate to ensure the sample could answer the questions and prove or disprove the hypothesis. From the 183 four-star hotels in Slovakia (SSO, 2017), thirty representatives of the four-star hotels fully met the specific selection criteria. The inquiries were sent to managers via email; the return was 73.3 %. The sample was compiled according to data from the Booking.com portal. The criterion of 4 stars, room price over 200 €, and guest rating over 9.2 was set. It was assumed that in hotels with high guest ratings and price per room higher than 200€ is a higher probability of application of the examined strategic management tools. The collected data were processed by mathematical and statistical methods at a significance level of $\alpha = 0.05$, with 95 % reliability. The result of the survey was compared with studies focused on the use of management tool utilization conducted in Slovakia and surrounding countries. The survey was conducted from December 2017 to November 2018.

5. RESULTS AND DISCUSSION

In recent years, the number of overnight stays in tourist accommodation establishments has generally been increasing. In 2017, the number of overnight stays in accommodation establishments reached 3.1 billion in the European Union.

The number of accommodation establishments in Slovakia was two-thousands seven-hundred seventy-two in 2017 with 186 000 beds; the number of overnight stays of residents and non-residents reached 14.7 million with 2.9 nights on average (Eurostat, 2019). The number of nights spent at hotels and similar accommodation establishments was in 2017 in Slovakia 6 105 767 in 2018, while in the 28EU countries, it was estimated 963 434 783. Slovakia's hotels and similar

accommodation establishments contributed to 28EU countries' results by 0,634% (Eurostat, 2019a), which is a low share. In this context, the Slovak hotels need to improve their competitiveness. Hotel managers have at their disposal a wide range of modern strategic management tools that they can apply. Higher-class hotels in Europe apply modern management tools significantly more often than those in Slovakia; this is due to the long tradition of the market mechanism, the size of hotels, and their involvement in international hotel chains. Hotel chains are known for the application of modern management methods and their application. There are nineteen hotel chains present in Slovakia, which operate twenty-eight hotels, including twenty-six four-star and above hotels. Most of the one hundred eighty-three four-star hotels are family-owned.

The following steps were carried out to find out the current state of use and knowledge of the modern strategic management tools in Slovak hotels.

First, the extent to which hotel managers are familiar with strategic management tools was ascertained by the Likert scale from 1 – I do not know to 5 – I know very well. Based on the processed results (Table 1), the knowledge of the Controlling, Strategic Planning, Customer Relationship Management, Benchmarking, Outsourcing, Supplier Relationship Management, and Social Media was reported by the respondents. Management tool as Six Sigma, BSC, and Activity Based Costing was reported as less known. Knowledge of EFQM and TQM was reported in the middle of the scale with the highest standard deviation. It means that some managers know these tools very well, and the others do not know them at all.

Table 1. Knowledge of Management Tools

Rank	Management Tool	Count	Average	Standard Deviation
1	Controlling	22	4,09	0,92
1	Strategic Planning	22	3,91	0,87
3	CRM	22	3,73	0,77
3	Benchmarking	22	3,82	0,85
3	Outsourcing	22	3,95	1,00
3	Supplier Relationship Management	22	3,95	1,00
3	Social Media	22	3,77	1,07
3	Internal Relationship Management	22	3,27	0,88
9	TQM	22	2,77	1,41
9	Core Competencies	22	2,73	1,20
9	EFQM Excellence Model	22	2,32	1,49
12	ABC	22	2,23	1,19
13	BSC	22	1,95	0,95
14	Six Sigma	22	1,50	0,80

Source: Authors processing

Further, the intensity of use of the same management tools was examined as follows: daily – 7, weekly – 6, monthly – 5, quarterly – 4, yearly – 3, once every three years – 2, never – 1. Based on the results of the Friedman and Wilcoxon test, among the most widely used management tools were recognized, Customer Relationship Management, Social Media, Internal Relationship Management, Outsourcing, Controlling, and Benchmarking were recognized. Total Quality Management, EFQM Excellence Model, Activity Based Costing, Balanced Scorecard, and Six Sigma (Table 2) were not used in any of the studied hotels.

Most of the managers of monitored hotels reported weekly usage of Customer Relationship Management, Social Media, and Internal Relationship Management; monthly application of

Benchmarking, Outsourcing, and Controlling. The usage of Supplier Relationship Management, Strategic Planning, and Key Competencies were reported on average once a year.

Table 2. Use of Strategic Management Tools

Rank	Strategic Management Tools	Median	Standard Deviation
1	CRM	5,77	1,57
2	Social Media	5,46	1,68
2	Internal Relationship Management	5,59	1,50
4	Outsourcing	5,14	1,52
5	Controlling	4,96	1,89
5	Benchmarking	4,55	1,71
5	Supplier Relationship Management	4,41	1,79
8	Strategic Planning	3,64	1,47
9	Core Competencies	2,36	1,71
10	TQM	1,00	0,00
10	BSC	1,00	0,00
10	Six Sigma	1,00	0,00
10	ABC	1,00	0,00
10	EFQM Excellence Model	1,00	0,00

Source: Authors processing

Based on the characteristics of management tools, the answer scaling key to the second question in the questionnaire was compiled to determine how many hotels from monitored respondents use or do not use the selected management tools frequently. The minimum frequency of use of the management tool is shown in Table 3. If a hotel less often uses the tool than a specified minimum usage rate, the instrument was considered as unused.

Table 3. Minimum Intensity of Strategic Management Tools Use

Rank	Strategic Management Tool	Minimum Usage Intensity
1	CRM	Monthly
2	Social Media	Weekly
3	Internal Relationship Management	Monthly
4	Outsourcing	Monthly
5	Controlling	Monthly
6	Benchmarking	Monthly
7	Supplier Relationship Management	Monthly
8	Strategic Planning	Yearly
9	Core Competencies	Yearly
10	TQM	Unused
11	BSC	Unused
12	Six Sigma	Unused
13	ABC	Unused
14	EFQM Excellence Model	Unused

Source: Authors processing

Based on responses scaling, the most used management tools in monitored hotels include Customer Relationship Management and Strategic Planning (used in 86% of surveyed hotels), followed by Internal Relationship Management, Controlling, Outsourcing, Benchmarking, Social Media and Supplier Relationship Management (Table 4).

Table 4. Most Used Strategic Management Tools

Rank	Strategic Management Tools	Used		Not used	
		Count	Share in %	Count	Share in %
1	CRM	19	86	3	14
1	Strategic Planning	19	86	3	14
2	Internal Relationship Management	18	82	4	18
3	Controlling	17	77	5	23
4	Outsourcing	16	73	6	27
4	Benchmarking	16	73	6	27
5	Social Media	15	68	7	32
6	Supplier Relationship Management	14	64	8	36
7	Core Competencies	10	45	12	55
8	TQM	0	0	22	100
8	BSC	0	0	22	100
8	Six Sigma	0	0	22	100
8	ABC	0	0	22	100
8	EFQM Excellence Model	0	0	22	100

Source: Authors processing

The application of Total Quality Management and EFQM Excellence Model, as well as Balanced Scorecard, Six Sigma, and Activity Based Costing, was not reported by respondents.

Gierczak (2014) conducted a similar survey in three- and four-star hotels in the Rzeszów area in Poland in 2012. She found that the most commonly used management tools by managers were Knowledge Management, followed by Outsourcing, Benchmarking, and Internal Competition, respectively. Gierczak (2014, p. 183) concludes, „the managers significantly lacked substantive knowledge of emerging ‚market' management methods and concepts."

Most of the researchers in Slovakia and the Czech Republic focus on their research of usage of strategic management tools on enterprises from different sectors. For example, Šiška and Matýsek (2007) surveyed in the Czech Republic in 2007 on a selected sample of two hundred ninety-one enterprises. Their research aimed to find out what tools and systems the Czech companies use to measure their performance. Based on the results of their study, they found that enterprises in the Czech Republic mainly use Full-cost Management Accounting, combined with principles of Controlling. Total Quality Management and Balanced Scorecard were rarely used.

Karabášová, (as cited in Durkáčová & Kádárová, 2012) surveyed the usage of selected management tools in one hundred and ten manufacturing enterprises in Slovakia with a turnover of more than 5 million Euros. The results of the survey showed that that the most used management tools include Strategic Planning, Customer Analyses, CRM, Support of Internal Innovation, Price Optimization Models, Core Competencies, Customer Segmentation, Loyalty Maintaining Tools, and Crisis Management.

Based on the results of the survey of 722 manufacturing companies in the Czech Republic and Slovakia, Pawliczek (2013), indicates that the most widely used management tools reported were Total Quality Management, Six Sigma, Core Competencies, and Balanced Scorecard.

Lisiński et al. (2012) presented the results of research conducted in 2011 on the use of modern management concepts in companies in Lesser Poland and Silesia Voivodeships. They surveyed 125 companies operating in the heavy-industry sector. The results of the study confirmed that

the companies are using strategic management tools; however, in highly diverse mode. To the most used management tools belong Controlling and Outsourcing. Balanced Scorecard and Business Process Reengineering were reported as rarely used by respondents.

Based on the presented results of the primary research, it can be stated that managers in Slovak hotels are familiar with Controlling, Strategic Planning, Customer Relationship Management, Benchmarking, Outsourcing, Supplier Relationship Management, and Social Media. Six Sigma, BSC, and Activity Based Costing are less known as the others. Hypothesis One: Managers of the four-star hotels in Slovakia are familiar with all the fourteen selected strategic management tools was partially confirmed.

Managers use Customer Relationship Management, Social Media, Internal Relationship Management, Outsourcing, Controlling, and Benchmarking; however, they do not apply tools as Total Quality Management, EFQM Excellence Model, Activity Based Costing, Balanced Scorecard, and Six Sigma. Hypothesis Two: Managers of the four-star hotels in Slovakia do use all the fourteen selected strategic management tools was partially confirmed.

The most used management tools in monitored hotels include Customer Relationship Management and Strategic Planning, followed by Internal Relationship Management, Controlling, Outsourcing, Benchmarking, Social Media, and Supplier Relationship Management.

6. CONCLUSION

Hotels are operating in a highly competitive market where the offer usually prevails over the demand. In the effort to maximize the profit, management can use a wide range of strategic management tools. Compared to businesses in other sectors of the economy in Slovakia and surrounding countries, hotels are lagging in using strategic management tools. Hotels in Slovakia also need to focus on the quality of services following the new trends in management and implement strategic management tools to increase competitiveness, improve business efficiency and economy, and ability to respond quickly to changing market demands. The positive effects on competitiveness are reflecting the whole tourism sector; this is an essential and decisive contribution to the use of strategic management tools in the hotel industry in Slovakia.

In four-star and above star hotels with only average or above-average occupation rate, the use of strategic management tools is crucial to minimize losses. Implementation of the strategic management tools could also help to avoid short-term process and liquidity crises and to create strong foundations for long-term operation in a challenging competitive environment.

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THE CHAOTIC GROWTH MODEL OF THE TOTAL CONSUMPTION VISITOR EXPENDITURE: EURO AREA

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Abstract: *This paper examines the total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination in the euro area. The basic aims of this paper are: firstly, to create a relatively simple chaotic growth model of the total consumption visitor expenditure that is capable of generating stable equilibria, cycles, or chaos, and secondly, to analyze the total consumption visitor expenditure growth stability in the period 2012-2018 in the euro area. This paper confirms the existence of the different growth path of the total consumption visitor expenditure in the euro area in the observed period.*

Keywords: *Expenditure, Tourism, Growth, Stability, Chaos.*

1. INTRODUCTION

The euro was first introduced in 1999. The eurozone consists of the following EU Member States (19) which have adopted the euro as their single currency: Austria, Belgium, Cyprus (2008) , Estonia (2011), Finland, France, Germany, Greece (2001) , Ireland, Italy, Latvia (2014), Lithuania (2015), Luxemburg, Malta (2008) Netherlands, Portugal, Slovakia (2009), Slovenia (2007), and Spain. The euro has a special impact on the tourism sector. (Jablanovic, 2018, pp. 703).

This paper uses the elements of chaos theory. Namely, chaos theory started with Lorenz's (1963) discovery of complex dynamics arising from three nonlinear differential equations leading to turbulence in the weather system. Li and Yorke (1975) discovered that the simple logistic curve can exhibit very complex behaviour. Further, May (1976) described chaos in population biology. Chaos theory has been applied in economics by Benhabib and Day (1981,1982), Day (1982, 1983, 1992, 1997.), Grandmont (1985), Goodwin (1990), Medio (1993,1996), Lorenz (1993), Jablanovic (2011, 2013, 2016, 2018), among many others.

The basic aims of this paper are: firstly, to create a relatively simple chaotic growth model of the total consumption visitor expenditure that is capable of generating stable equilibria, cycles, or chaos. On the other hand, it is important to analyze the total consumption visitor expenditure growth stability in the period 2012-2018. in the euro area. This paper confirms the existence of the different growth path of the total consumption visitor expenditure in the euro area in the observed period.

2. THE MODEL

The chaotic total consumption visitor expenditure growth model is presented by the following equations:

$$Y_t = C_t + I_t + G_t + Nx_t \tag{1}$$

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$$C_t = \alpha\, Y_{t-1}{}^2 \quad 0 < \alpha < 1 \tag{2}$$

$$I_t = \beta\, Y_{t-1} \quad 0 < \beta < 1 \tag{3}$$

$$G_t = g\, Y_t \quad 0 < g < 1 \tag{4}$$

$$Nx_t = \gamma\, Y_{t-1} \quad 0 < \gamma < 1 \tag{5}$$

$$E_t = \varepsilon\, Y_t \quad 0 < \varepsilon < 1 \tag{6}$$

with Y – the gross domestic product (GDP) , I – investment , C– consumption, Nx – net exports, G – government spending, E – the total consumption visitor expenditure, α – the marginal propensity to consume , β - the investment rate, g- the government expenditure rate, γ – the net exports rate, ε – the total consumption visitor expenditure rate.

(1) GDP (Y) is the sum of consumption (C), investment (I), government spending (G), and net exports (Nx);
(2) the consumption function displays the quadratic relationship between consumption (Ct) and real output of the previous period (Y_{t-1}), where the coefficient α is „the marginal propensity to consume“ (MPC) . The MPC coefficient can be between zero and one.
(3) shows the investment function;
(4) shows the relation between government spending (G) and the gross domestic product (Y);
(5) shows the relation between net exports (Nx) and the gross domestic product (Y);

Finally, (6) explains the relation between the total consumption visitor expenditure (E) and the gross domestic product (Y).

Now, putting (1), (2), (3), (4), (5), and (6) together we immediately get:

$$E_{t+1} = \left(\frac{\beta+\gamma}{1-g}\right) E_{t-1} + \left[\frac{\alpha}{\varepsilon\,(1-g)}\right] E_{t-1}{}^2 \tag{7}$$

Further, it is assumed that the current value of the total consumption visitor expenditure is restricted by its maximal value in its time series. This premise requires a modification of the growth law. Now, the total consumption visitor expenditure growth rate depends on the actual value of the total consumption visitor expenditure, E, relative to its maximal size in its time series Em. We introduce e as $e = E/E^m$. Thus, E range between 0 and 1. Again we index e by t, i.e. write e_t to refer to the size at time steps t = 0,1,2,3, ... Now the total consumption visitor expenditure growth rate is measured as

$$e_{t+1} = \left(\frac{\beta+\gamma}{1-g}\right) e_{t-1} + \left[\frac{\alpha}{\varepsilon\,(1-g)}\right] e_{t-1}{}^2 \tag{8}$$

This model given by equation (8) is called the logistic model. For most choices of α , β , γ , ε, and g there is no explicit solution for (8). Namely, knowing α , β , γ , ε, and g and measuring e_0 would not suffice to predict e_t for any point in time, as was previously possible. This is at the heart of the presence of chaos in deterministic feedback processes. Lorenz (1963) discovered this effect - the lack of predictability in deterministic systems. Sensitive dependence on initial conditions is one of the central ingredients of what is called deterministic chaos.

3. THE LOGISTIC EQUATION

It is possible to show that iteration process for the logistic equation

$$z_{t+1} = \eta\, z_t\,(1 - z_t),\ \eta \in [0,4],\ z_t \in [0,1] \tag{9}$$

is equivalent to the iteration of growth model (8) when we use the identification

$$z_t = -\left[\frac{\alpha}{\varepsilon\,(\beta+\gamma)}\right] e_t \text{ and } \eta = \left(\frac{\beta+\gamma}{1-g}\right) \tag{10}$$

Using (8) and (10) we obtain:

$$z_t = -\left[\frac{\alpha}{\varepsilon\,(\beta+\gamma)}\right] e_t = -\left[\frac{\alpha}{\varepsilon\,(\beta+\gamma)}\right]\left\{\left(\frac{\beta+\gamma}{1-g}\right) e_{t-1} + \left[\frac{\alpha}{\varepsilon\,(1-g)}\right] e_{t-1}^{\ 2}\right\} =$$

$$= -\left[\frac{\alpha}{\varepsilon\,(1-g)}\right] e_{t-1} - \left[\frac{\alpha^2}{\varepsilon^2(\beta+\gamma)(1-g)}\right] e_{t-1}^{\ 2}$$

On the other hand, using (9) and (10) we obtain:

$$z_{t+1} = \eta\, z_t\,(1 - z_t)$$

$$z_t = -\left(\frac{\beta+\gamma}{1-g}\right)\left[\frac{\alpha}{\varepsilon\,(\beta+\gamma)}\right] e_{t-1}\left\{1 - \left[\frac{\alpha}{\varepsilon\,(\beta+\gamma)}\right] e_{t-1}\right\} =$$

$$= -\left[\frac{\alpha}{\varepsilon\,(1-g)}\right] e_{t-1} - \left[\frac{\alpha^2}{\varepsilon^2(\beta+\gamma)(1-g)}\right] e_{t-1}^{\ 2}$$

Thus, we have that iterating (8) is really the same as iterating (9) using (10). It is important because the dynamic properties of the logistic equation (9) have been widely analyzed (Li and Yorke (1975), May (1976)).

It is obtained that:

(i) For parameter values $0 < \eta < 1$ all solutions will converge to $z = 0$;
(ii) For $1 < \eta < 3{,}57$ there exist fixed points the number of which depends on η;
(iii) For $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$;
(iv) For $2 < \eta < 3$ fluctuations will converge to $z = (\eta - 1) / \eta$;
(v) For $3 < \eta < 4$ all solutions will continuously fluctuate;
(vi) For $3{,}57 < \eta < 4$ the solution become „chaotic" which means that there exist totally aperiodic solution or periodic solutions with a very large, complicated period. This means that the path of z_t fluctuates in an apparently random fashion over time, not settling down into any regular pattern whatsoever.

4. EMPIRICAL EVIDENCE

The main aim of this paper is to analyze the total consumption visitor expenditure growth stability in the period 2012-2018. in the euro area (see Figures 1-5).

In this sense, it is important to use the logistic model (11):

$$e_{t+1} = \eta\, e_t + \upsilon\, e_t^{\,2} \tag{11}$$

where e– the total consumption visitor expenditure, $\eta = \left(\frac{\beta+\gamma}{1-g}\right)$, $\upsilon = [\,\alpha / \varepsilon\,(1\text{-}g)\,]$.

Now, the model (11) is estimated (see Tables 1-19.).

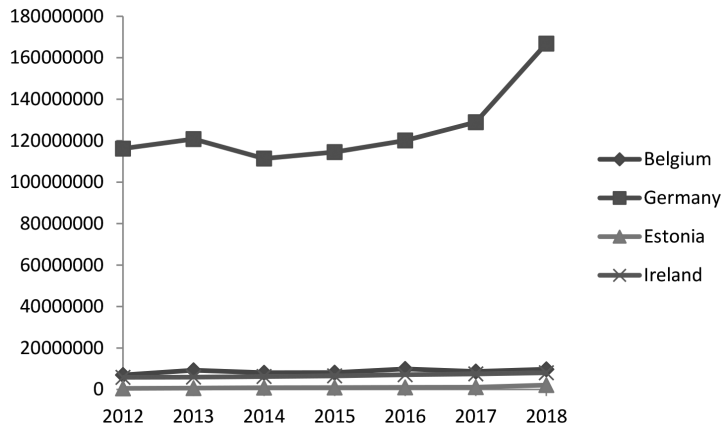

Figure 1. The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination (thousand euro): Belgium, Germany, Estonia, Ireland, 2012-2018.

Source: https://ec.europa.eu/eurostat/databrowser/view/tin00194/default/table?lang=en

Table 1. The estimated model (11): Germany, 2012-2018.
R=0.83335 Variance explained: 69.447%

	η	υ
Estimate	-0.613071	2.36303
Std. Err.	.900806	1.25964
t(4)	-0.680580	1.87595
p-level	.533493	.13391

Table 2. The estimated model (11): Belgium, 2012-2018.
R=0.35161 Variance explained: 12.363%

	η	υ
Estimate	2.370477	-1.561966
Std. Err.	.614352	.668449
t(4)	3.858499	-2.336702
p-level	.01817	.079665

The total consumption visitor expenditure fluctuated between 6986821.99 and 9912538.26 (unit of measure: Thousand euro) in the period 2012-2018 in Belgium.

According to the logistic equation, for $2 < \eta < 3$ fluctuations converge to $z = (\eta - 1) / \eta$, or (2.370477-1)/ 2.370477=0.578144.

According to (10.), the equilibrium value of the total consumption visitor expenditure was 0.578144/ (1.561966/2.370477) or 0.578144/ 0.658925 or 0.87704 or 8693692.55 (unit of measure: Thousand euro) in Belgium in the observed period.

Table 3. The estimated model (11): Estonia,2012-2018.
R=0.82099 Variance explained: 67402%

	η	υ
Estimate	0.360214	2.20901
Std. Err.	.876269	1.95004
t(4)	0.411077	1.13280
p-level	.702086	.32060

An estimated value of the coefficient η (0.360214) describes convergent movement of the total consumption expenditure made by a visitor in Estonia in the observed period.

Table 4. The estimated model (11): Ireland, 2012-2018.
R=0.98680 Variance explained: 97.377%

	η	υ
Estimate	0.918635	-.246941
Std. Err.	.097907	.117862
t(4)	9.382779	-2.095173
p-level	.000719	.22749

An estimated value of the coefficient η (0.918635) describes convergent movement of the total consumption expenditure made by a visitor in Ireland in the observed period.

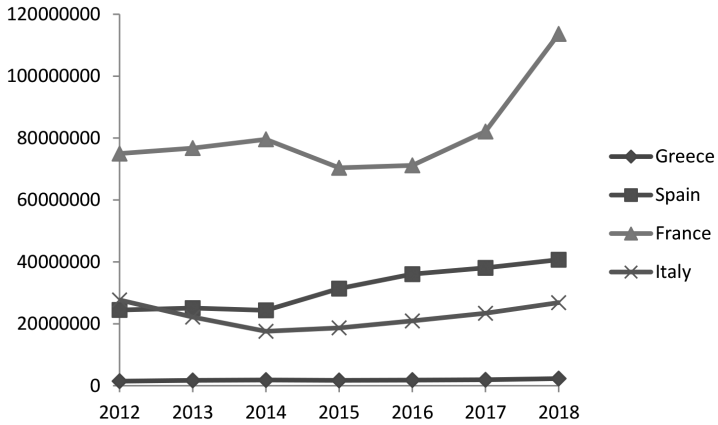

Figure 2. The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination (thousand euro): Greece, Spain, France, Italy, 2012-2018.

Source : https://ec.europa.eu/eurostat/databrowser/view/tin00194/default/table?lang=en

Table 5. The estimated model (11): Greece, 2012-2018.
R=0.66256 Variance explained: 43.898%

	η	υ
Estimate	1.174606	-.12454
Std. Err.	.568429	.738438
t(4)	2.066401	-.168653
p-level	.107668	.874254

The total consumption visitor expenditure fluctuated between 1459330,43 and 2294115,65 (unit of measure: Thousand euro) in the period 2012-2018 in Greece.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.174606-1)/ 1.174606=0.148651.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.148651/ (0.12454/1.174606) or 0.148651/ 0.106027 or 1.402011 or 3216375.38 (unit of measure: Thousand euro) in Greece.

Table 6. The estimated model (11): Spain, 2012-2018.
R=0.91293 Variance explained: 83.344%

	η	υ
Estimate	1.177343	-.113883
Std. Err.	.243045	.304451
t(4)	4.844126	-.374061
p-level	.008375	.727343

The total consumption visitor expenditure was increased from 24347286 to 40695352.53 (unit of measure: Thousand euro) in the period 2012-2018 in Spain.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.177343-1)/ 1.177343=0.15063.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.15063 / (0.113883/1.177343) or 0.15063/ 0.096729 or 1.557237 or 63372308.6878 (unit of measure: Thousand euro) in Spain.

Table 7. The estimated model (11): France, 2012-2018.
R=0.59494 Variance explained: 35.396%

	η	υ
Estimate	.060525	1.53002
Std. Err.	1.405109	2.08948
t(4)	.043075	0.73225
p-level	.967706	.50461

An estimated value of the coefficient η (0.060525) describes convergent movement of the total consumption expenditure made by a visitor in France in the observed period.

Table 8. The estimated model (11): Italy, 2012-2018.
R=0.43892 Variance explained: 19.265%

	η	υ
Estimate	1.646642	-.813356
Std. Err.	.414684	.499291
t(4)	3.970834	-1.629023
p-level	.016527	.178640

The total consumption visitor expenditure was increased from 17576835.69 to 26829423.58 (unit of measure: Thousand euro) in the period 2012-2018 in Italy.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.646642-1)/ 1.646642=0.392704.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.392704 / (0.813356/1.646642) or 0.392704/ 0.493948 or 0,795031 or 21330222.9971 (unit of measure: Thousand euro) in Italy.

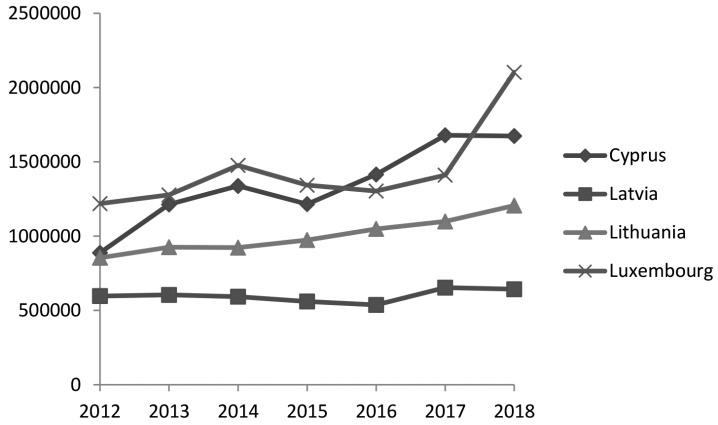

Figure 3. The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination (thousand euro): Cyprus, Latvia, Lithuania, Luxembourg, 2012-2018.

Source : https://ec.europa.eu/eurostat/databrowser/view/tin00194/default/table?lang=en

Table 9. The estimated model (11): Cyprus, 2012-2018.
R=0.72753 Variance explained: 52.936%

	η	υ
Estimate	1.57114	-.592560
Std. Err.	.310382	.373612
t(4)	5.061968	-1.586031
p-level	.00717	.187917

The total consumption visitor expenditure was increased from 887872.5 to 1679033.62 (unit of measure: Thousand euro) in the period 2012-2018 in Cyprus.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.57114-1)/ 1.57114=0.363519.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.363519 / (0.59256/1.57114) or 0.363519/ 0.377153 or 0,963850 or 1618336.5546 (unit of measure: Thousand euro) in Cyprus.

Table 10. The estimated model (11): Latvia, 2012-2018.

	η	υ
Estimate	1.646642	-.813356
Std. Err.	.414684	.499291
t(18)	3.970834	-1.629023
p-level	.016527	.178640

The total consumption visitor expenditure was increased from 537344.47 to 653645.88 (unit of measure: Thousand euro) in the period 2012-2018 in Latvia.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.763687-1)/ 1.763687=0.433006.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.433006 / (0.827290/1.763687) or 0.433006/ 0.469068 or 0,9231199 or 603393.5194 (unit of measure: Thousand euro) in Latvia.

Table 11. The estimated model (11): Lithuania, 2012-2018.
R=0.95511 Variance explained: 91.223%

	η	υ
Estimate	.929166	.161774
Std. Err.	.183802	.224341
t(4)	5.055249	.721107
p-level	.007204	.50739

An estimated value of the coefficient η (0.929166) describes convergent movement of the total consumption expenditure made by a visitor in Lithuania in the observed period.

Table 12. The estimated model (11): Luxembourg, 2012-2018.
R=0.35926 Variance explained: 12.907%

	η	υ
Estimate	1.084001	.041183
Std. Err.	1.552167	2.414167
t(4)	.698379	.017059
p-level	.523411	.987207

The total consumption visitor expenditure was increased from 1219069.32 to 2102886.36 (unit of measure: Thousand euro) in the period 2012-2018 in Luxembourg.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.084001-1)/ 1.084001=0.077492.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.077492 / (0.041183/1.084001) or 0.077492/ 0.03799 or 2.0398 or 4289467.597 (unit of measure: Thousand euro) in Luxembourg.

Table 13. The estimated model (11): Malta, 2012-2018.
R=0.72994 Variance explained: 53.281%

	η	υ
Estimate	1.21985	-.158442
Std. Err.	.474587	.653608
t(4)	2.568941	-.242411
p-level	.062048	.820384

The total consumption visitor expenditure was increased from 334218.43 to 605973.05 (unit of measure: Thousand euro) in the period 2012-2018 in Malta.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.21985-1)/ 1.21985=0.180227.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.180227 / (0.158442/1.21985) or 0.180227/ 0.129886 or 1.387578 or 840834,8728 (unit of measure: Thousand euro) in Malta.

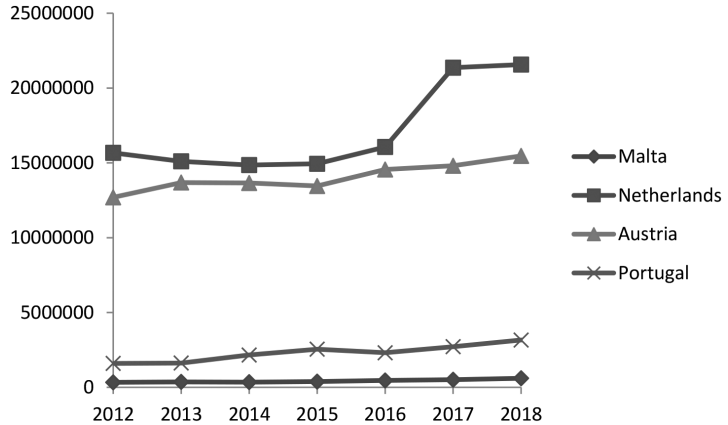

Figure 4. The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination (thousand euro): Malta, Netherlands, Austria, Portugal, 2012-2018.

Source : https://ec.europa.eu/eurostat/databrowser/view/tin00194/default/table?lang=en

Table 14. The estimated model (11): Netherlands, 2012-2018.
R=0.74113 Variance explained: 54.928%

	η	υ
Estimate	1.17404	-.0146673
Std. Err.	.381200	.476349
t(4)	3.079852	-.307912
p-level	.036937	.773517

The total consumption visitor expenditure was increased from 14855688.06 to 21566507.88 (unit of measure: Thousand euro) in the period 2012-2018 in the Netherlands.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.17404-1)/ 1.17404=0.148240.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.14824 / (0.146673/1.17404) or 0.14824/ 0.124930 or 1.1865845 or 25590494.7528 (unit of measure: Thousand euro) in the Netherlands.

Table 15. The estimated model (11): Austria, 2012-2018.
R=0.75983 Variance explained: 57.735%

	η	υ
Estimate	1.254206	-.246688
Std. Err.	.340407	.378777
t(4)	3.684427	-.651276
p-level	.021122	.550391

The total consumption visitor expenditure was increased from 12696610.95 to 15464412.12 (unit of measure: Thousand euro) in the period 2012-2018 in Austria.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.254206-1)/ 1.254206=0.202683.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.202683 / (0.246688/1.254206) or 0.202683/ 0.196688 or 1.03048 or 15935767.4014 (unit of measure: Thousand euro) in Austria.

Table 16. The estimated model (11): Portugal, 2012-2018.
R=0.82235 Variance explained: 67.626%

	η	υ
Estimate	1.350419	-.323554
Std. Err.	.380197	.511697
t(4)	3.551896	-.632315
p-level	.023758	.561521

The total consumption visitor expenditure was increased from 1598984.38 to 3163662.62 (unit of measure: Thousand euro) in the period 2012-2018 in Portugal.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.350419-1)/ 1.350419=0.259489.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.259489 / (0.323554/1.350419) or 0.259489/ 0.239595 or 1.083032 or 3426347.85 (unit of measure: Thousand euro) in Portugal.

Table 17. The estimated model (11): Slovenia, 2012-2018.
R=0.90604 Variance explained: 82.091%

	η	υ
Estimate	.385590	.85367
Std. Err.	.406368	.50810
t(4)	.963088	1.68012
p-level	.390042	.16823

An estimated values of the coefficient η (0.385590) describes convergent movement of the total consumption expenditure made by a visitor in Slovenia in the observed period.

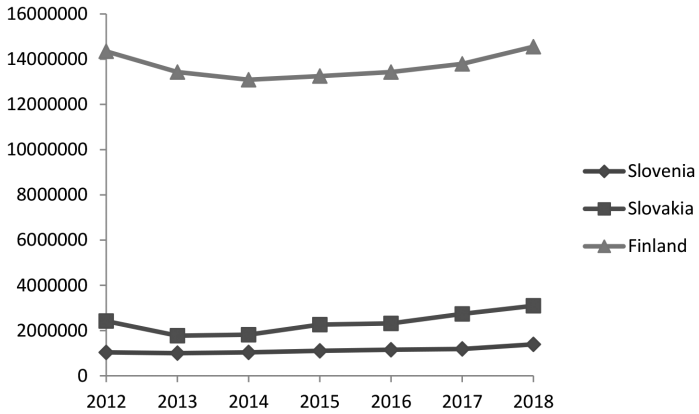

Figure 5. The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination (thousand euro): Slovenia, Slovakia, Finland, 2012-2018.

Source : https://ec.europa.eu/eurostat/databrowser/view/tin00194/default/table?lang=en

Table 18. The estimated model (11): Slovakia, 2012-2018.
R=0.60168 Variance explained: 36.202%

	η	υ
Estimate	1.197966	-.202332
Std. Err.	.607917	.803485
t(4)	1.970607	-.251818
p-level	.120086	.813591

The total consumption visitor expenditure was increased from 1774526.52 to 3096449.72 (unit of measure: Thousand euro) in the period 2012-2018 in Slovakia.

According to the logistic equation, for $1 < \eta < 2$ all solutions monotonically increase to $z = (\eta - 1) / \eta$, or (1.197966-1)/ 1.197966=0.165252.

According to (10.), the value of the total consumption visitor expenditure monotonically increases to 0.165252 / (0.202332/1.197966) or 0.165252/ 0.168896 or 0.978425 or 3029643.8173 (unit of measure: Thousand euro) in Slovakia.

Table 19. The estimated model (11): Finland, 2012-2018.
R=0.47489 Variance explained: 22.552%

	η	υ
Estimate	2.474344	-1.551351
Std. Err.	.476461	.501290
t(4)	5.193176	-3.094681
p-level	.006547	.036408

The total consumption visitor expenditure fluctuated between 13091585.35 and 14552001.54 (unit of measure: Thousand euro) in the period 2012-2018 in Finland.

According to the logistic equation, for $2 < \eta < 3$ fluctuations converge to $z = (\eta - 1) / \eta$, or (2.474344-1)/ 2.474344=0.595852.

According to (10.), the equilibrium value of the total consumption visitor expenditure was 0.595852/ (1.551351/2.474344) or 0.595852/ 0.626975 or 0.950360 or 13829640.1835 (unit of measure: Thousand euro) in Finland in the observed period.

5. CONCLUSION

This paper creates the total consumption visitor expenditure growth model. For most choices of α, β, γ, ε, and g there is no explicit solution for the growth model (11). Namely, knowing α, β, γ, ε, and g and measuring e_0 would not suffice to predict e_t for any point in time, as was previously possible.

A key hypothesis of this work is based on the idea that the coefficient

$$\eta = \left(\frac{\beta + \gamma}{1 - g}\right)$$

plays a crucial role in explaining the local growth stability of the total consumption visitor expenditure, where , β - the investment rate, g- the government expenditure rate, γ – the net exports rate.

An estimated values of the coefficient η confirm stable growth of the total consumption expenditure made by a visitor in Greece, Spain, Italy, Cyprus, Latvia, Luxembourg, Malta, Netherlands, Austria, Portugal and Slovakia in the observed period.

An estimated values of the coefficient η show convergent fluctuation of the total consumption expenditure made by a visitor in Belgium and Finland in the observed period.

An estimated values of the coefficient η describe convergent movement of the total consumption expenditure made by a visitor in Estonia, Ireland, France, Lithuania, and Slovenia in the observed period.

In this sense, tourism has the potential to increase the aggregate demand in the euro area.

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SETTLEMENT COMPETITIVENESS IN THE BALATON REGION – THE POPULATION'S PERCEPTIONS

Hajnalka Fekete – Berzsenyi[1]

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Abstract: *The subjects of this research are the residents of the Balaton Region, those who have a secondary home, a holiday home and those who work / study there. The aim of the research is to find out which local competitiveness factors are important to the examined population and to what extent they are satisfied with their quality. A questionnaire survey was used to answer these questions. In the course of the research, 27 variables were examined, whose groups of variables are: municipal services, economic factors, leisure and tourism factors, demographic factors, settlement characteristics. During the evaluation of results, the importance and satisfaction scores and their differences for each settlement factor were examined. From the results, we expect the differences in importance-satisfaction scores to be greatest in the municipal services variable group. Knowing the differences between importance and satisfaction can help practical decision-makers to direct regional and local development resources towards the well-being and quality of life of the population in the Balaton Region.*

Keywords: *Settlement factors, Ranking by Importance, Ranking by Satisfaction.*

1. INTRODUCTION

The literature on competitiveness generally measures competitiveness through so-called "hard" factors that can be found in statistical databases and so they can be quantified such as income, revenue, incoming taxes, and the production of goods and services. However, competition between settlements is not only about this, but whether or not the inhabitants like living in the settlement, beside their well-being, their wellness is also important, which belongs to a "soft" category because it depends on human opinions and so it is more difficult to measure.

The aim of the research is to measure "soft" factors via a questionnaire survey in the Balaton Region, from the perspectives of local residents, those who have secondary homes, and those working/studying in the area. The main question of the research is which settlement factors are important for the population and how satisfied they are with those factors. From the differences in the importance and satisfaction among individual competitiveness factors of the settlements we can draw conclusions about which factors should be improved to boost the satisfaction of those involved in the survey, and so to improve their life quality and well-being.

The theoretical background section summarises the possibilities of measuring territorial competitiveness and in the second chapter of the paper the examined area is presented. This introductory part ends with the third chapter that presents the methodology of the research. The following section presents the results of the questionnaire survey. In the fifth chapter, the data on the areas of the highest importance-satisfaction perceived by the results of the questionnaire survey are compared with information from statistical databases. Finally, in the last section, the research findings are summarised and conclusions drawn.

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2. THEORETICAL BACKGROUND

2.1. Possibilities for measuring settlement competitiveness

Competitiveness is a flexible and widely applicable concept, interpretable to all basic units of economy (company, industrial branch, region, nation, macroregion). According to regional sciences, the competitiveness of regions and towns is more than the productivity of inputs, as it means economic growth that can be realised with high employment and, as a result, the average standard of living improves. (Lengyel, 2000, 2016).

There are several models in territorial competitiveness literature, most of which (for example, competitiveness cylinder, competitiveness tree, pyramid model) use some kind of top indicator to measure competitiveness. Such top indicators are, for instance, output, GDP, employment, productivity, or income.

2.2. The competitiveness cylinder

From a variety of approaches to define competitiveness, the Cambridge University research group highlighted that there are some issues that should be included in the analysis of regional competitiveness as distinctive features (Martin, 2005). These factors are synthesised by the four-tiered competitiveness cylinder (see Figure 1). For the purposes of the present research, regional competitiveness factors located on the rim of the cylinder, and the secondary factors outside the rim that determine them are the most important.

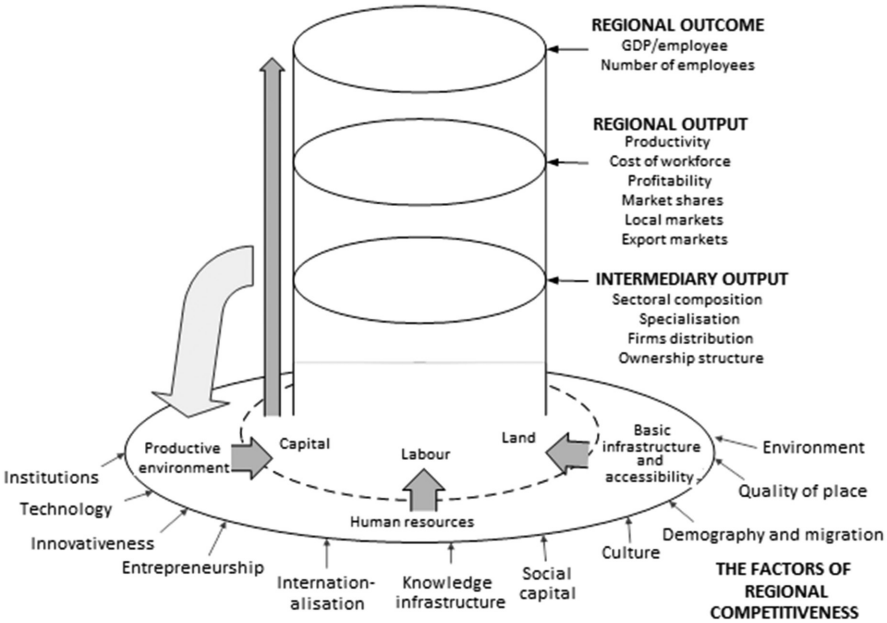

Figure 1. The competitiveness cylinder

Source: Author's edition, based on Lukovics, 2008

2.3. The competitiveness tree

Lukovics (2008) describes very expressively the metaphor of the competitiveness tree created by the ECORYS research team: "*the quality of soil, and efficient functioning of the roots, trunk and*

branches determine the strength of the tree and the quality of the crop. It is a dynamic process, as the fertility of the soil is partly determined by extent to which the fallen fruit revitalise it."

- The roots in the soil are the factors of competitiveness, the inputs: talent, innovation, connection (communication, infrastructure, networks), and entrepreneurship.
- The trunk and the branches are the fundaments of competitiveness: the trunk is the industrial structure and productivity, the branches stand for outputs, such as employment, profit, and taxes.
- The fruit itself is competitiveness, such as well-being, social care, environment, health, place of residence, culture, sustainability.

The competitiveness tree presents the interdependence of factors; the inputs emerging from the roots show the possible future developments as well. It should be noted that certain categories of the competitiveness tree (for example, food, and sustainability) are difficult to define and measure.

2.3.1. The measurement of the competitiveness of regions, areas and towns on the basis of the pyramid model

The best-known competitiveness model in Hungary was developed by Imre Lengyel. The levels of the renewed pyramid model (Lengyel, 2016):

- At the top of the pyramid, there is the aim, which is the improvement of the well-being and life quality of those living in the region.
- On the level below, the indicators for measuring realised competitiveness take place: income, labour productivity and employment.
- The realisation of the above issues is determined by various drives (research and technological development, human capital, physical capital, agglomeration advantages, strategic control and institutions) – these are economic factors that can serve as a base for regional economic development programmes.
- The long-term, mainly non-economic factors at the bottom of the pyramid determine the above levels (economic structure, innovation activity and entrepreneurship, regional availability and infrastructure, social capital, social structure, decision making centres, the quality of the environment, regional identity) – these can mainly be influenced by regional development policies.

2.3.2. Koltai's studies on the residential opinions about the competitiveness of Hungarian towns and cities

In several of his works, Koltai sought to answer, through representative questionnaire surveys, which quality aspects affecting the competitiveness of towns are preferred by the population when choosing their place of residence. In his research, Koltai (2016) classified competitiveness factors into four factors by means of factor analysis:

- service factor: health care, education, urban roles;
- living conditions factor: infrastructure, transportation, employment, leisure time, housing;
- environment factor: living environment, natural conditions;
- human factor: history-traditions, demography.

There are a lot of similarities between the factors used by the individual authors. With regard to the so-called "soft" factors, Koltai's competitiveness factors fit best with the objectives of

the present research. Koltai (2005) states that the methods of analysing the competitiveness of settlements on a statistical basis are well-complemented by questionnaire surveys, as they are able to present the underlying socio-economic processes as well.

2.4. Sipos's competitiveness factors

The greatness of Sipos's (2002) method lies in its simplicity; in his work on the comparative analysis of the microregions of Pest County, he worked with the percentage differences from the average of the values of various selected factors. The analysis was based on the following factors: business life and enterprises, tourism, unemployment, standards of living, occupational structure, infrastructure, demography, and availability.

In his analysis on competitiveness, he defined various regional types:

- Primary α region – value high above county average (above 133 %)
- Secondary α region – value above county average (111-133 %)
- αβ region – value that corresponds to the county average (91-110 %)
- Secondary β region – below county average (67-90 %)
- Primary β region – far below county average (below 67 %).

2.5. Literature review

Several authors studied regional competitiveness in the international literature (Bristow, 2005; Kitson et al., 2004; Budd and Hirmis, 2004), but in view of the present research topic, the specialties of the studied area – the Balaton Region –, and the relevance of the literature background reviewed in this paper, the main approaches prevalent in Hungary are presented. Several regional competitiveness studies have been published on Hungary (Majerova, 2018; Patay, 2018; Hoffmann, 2018; Lipták, 2019), most of which draw conclusions from statistical databases. Koltai's (2005, 2016) approach is the closest to the aims of the present research, whose studies focused on the examination of how the population evaluated settlement factors. In terms of satisfaction, Marien (2013) has conducted a similar research in the country examining the relationship between residential satisfaction and intention to stay.

3. THE AREA STUDIED

The area studied is the Balaton Region, the scope of which is determined by a government decree. Instead of being a natural spatial unit, it is considered a region from the perspective of regional development, tourism, and economic development.

According to the situation assessment (2013-2014) of BDC (Balaton Development Council), the boundary of the area is uncertain in terms of how long inhabitants form some kind of cultural entity, since the area does not only include waterfront settlements. No. 429/2016. (XII. 15.) Government decree on the definition of touristic regions and priority touristic development regions lists the settlements belonging to the Balaton Region in detail. According to the government decree, the region covers 174 settlements, which are located in three counties (Veszprém, Somogy, and Zala). (Győrffy, 2017).

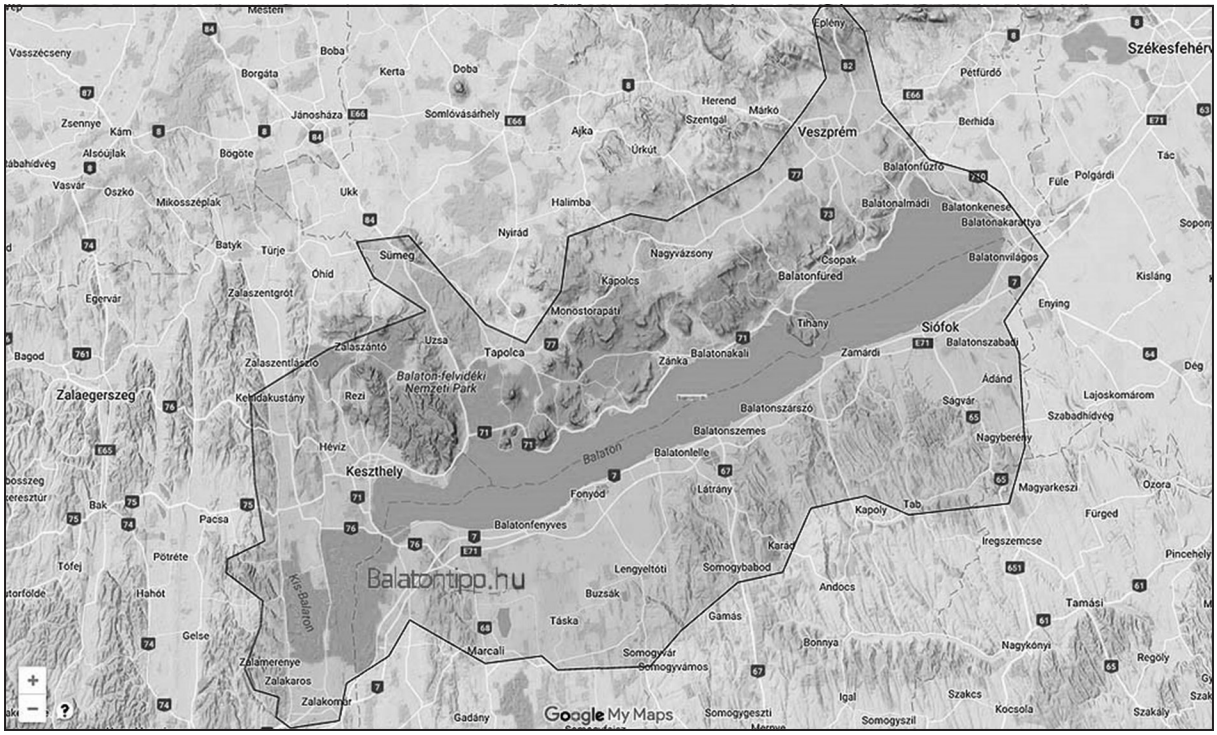

Figure 2. The scope of the Balaton Region
according to the 429/2016. (XII. 15.) Government decree
Source: Balatontipp.hu (2017)

3.1. Special characteristics of the Balaton Region

The settlements of the Balaton Region have several special characteristics. Such is the fact that the economic and social conditions of the settlements in the region are highly influenced by their geographical location, their distance from Lake Balaton. There are significant differences between waterfront and hinterland settlements, and between the northern and southern shores. The region is not only a recreational area but a number of other settlements are also organically linked to the region (BDC, 2013-2014).

According to Nemes Nagy (1998, 2016) the spatial organisation and shaping characteristics of a region can be:

- spatial unit,
- spatial characteristics (landscape-natural homogeneity),
- social-economic characteristics,
- cultural identity or ethnic, linguistic peculiarities in sociology,
- the functions of territorial administration in public administration science.

The landscape-natural homogeneity of the Balaton Region is typical rather to coastal settlements, as well as the similarity of the socio-economic characteristics, mainly due to the tourism there (BDC, 2013-2014). The Balaton Region, as defined in the government decree, is rather a scene of solutions for common spatial development, tourism, economic development and environmental protection issues, based on shared responsibility and interest, instead of being the spatial shaping characteristics suggested by Nemes Nagy.

3.2. Tourism as the most important sector of the Region

Lake Balaton, the largest lake in Central Europe, is one of the most important resources of our country. After Budapest, it is the second most visited tourist destination in Hungary, and thus a prominent player in the domestic economic scene. "*The key to the development of a given place is the existence of locally available resources and special capacities*" (Marton, 2013), the presence of which is indisputable in the case of the Balaton Region. Due to the special characteristics of the area, tourism is one of the most significant economic branches in the region, which is important as the gross added value of the accommodation and hospitality section from 2016 to 2017 (7,4 %) exceeded that of the total national economy (4 %) (CSO, 2017).

In 2017, the Balaton Tourism Region ranks:

- first with 32,5 % of the total number of tourist rooms,
- second with the 14,1 % of foreign guest nights (after Budapest – Central Danube Region, 61,8 %),
- first with 28,1 % of domestic guest nights,
- and second at national level with 21,3 % of the total number of guest nights (after Budapest – Central Danube Region, 36,7 %).

Based on the number of guest nights in the settlements registered in commercial accommodation rooms, the settlements in the Balaton Region take a prominent place in the national list: immediately after Budapest, Hévíz is ranked 2nd, 5th, 6th and 7th are Siófok, Balatonfüred and Zalakaros, and 18th is Keszthely (HTA, Hungarian Tourism Agency, 2017). The Balaton region is a unique and colourful tourist destination that includes all types of destinations according to Aubert (2011): urban, mountain, coastal, health tourism and rural.

The second busiest tourist regions in Hungary is the Balaton Region, the most significant destination for domestic tourism. The attractiveness and competitiveness of the region as a whole and its individual settlements have significant economic impacts on the national economy.

4. RESEARCH METHODOLOGY

The aim of the present research is to examine which factors of settlement competitiveness are considered important by the inhabitants of the Balaton Region and how satisfied they are with them in their settlements.

In the present research, economic indicators are not analysed together with data from "hard" databases, but through a questionnaire survey, the population's perception of certain economic factors are examined such as the cost of living, job opportunities, real estate prices, and, as for social factors, human relationships, the existence of community and the friendliness of the population.

Thus, "hard" categories (such as output, GDP, employment, productivity, and income) are not observed this time, but it should be noted that the fundament of models that are completed by these top indicators is built upon factors, the residential examination of which can yield valuable and interesting results, and their quality may contribute to the well-being experienced by the population and to the improvement of life quality, for example, infrastructure, environment, the quality of the place of residence, and of social and health care.

In the course of the empirical research, a questionnaire was compiled, which was filled in by personal questionnaire and electronically. The surveyed population in a settlement of the Balaton region:

- local residents: living and working or studying;
- local residents: living in a settlement in the region but working or studying somewhere else;
- those who have a secondary home or holiday house;
- those living elsewhere but working or studying in a settlement of the region.

The respondents were asked how important each settlement factor is to them, and how satisfied they are with each factor in their settlements. During the course of selection of the settlement factors – the variables of the questionnaire –, factors found in the literature of competitiveness provided the basis, and they were supplemented and modified taking the specifics of the Balaton Region into account.

Regarding settlement attractiveness/competitiveness, the respondents rated the following factors on a five-point Likert-type scale, in terms of importance (1=not at all important, 5=very important) and satisfaction (1=very dissatisfied, 5=very satisfied):

Table 1. Questionnaire variables

Settlement services:
• Accessibility
• Infrastructure (e.g.: gas, water, sewerage, road conditions, street lighting)
• Local public transport
• Parking facilities
• Presence of a sidewalk
• Existence of a bicycle path
• Provision of public institutions
• Health care, health services
• Quality of public safety
• Educational institutions
• Conditions of living environment (e.g.: green areas, cleanliness, tidiness)
• Calmness
Economic factors:
• Job opportunities
• Shopping facilities
• Costs of living
• Favourable real estate prices
• Continuous improvements in the settlement
Demographic factors:
• Age and ethnic composition of the population
• Human (family, friends) relationships, community
• Friendliness of the population
Factors related to leisure and tourism:
• Recreational facilities (wellness, amateur sports)
• Entertainment opportunities, night life
• Offered cultural programmes
• Number and quality of sights
• The quality of restaurants and hospitality
• Beaches
Settlement characteristics:
• Natural conditions of the settlement
• History and traditions of the settlement

Source: author's edition

As Lengyel (2003) points out the importance of regional specialisation, during the course of residential assessment of settlement factors, the undeniable fact was taken into considerations that the Balaton region – although including not only the coastal areas – is a highly tourism-specific region, thus related factors that are relevant to the quality of life of those who live there were also included in the questionnaire. (See above: factors related to leisure and tourism.)

In the reliability analysis of the internal consistency of the questionnaire, Cronbach's alpha was used, the most frequently applied internal consistency measuring index. The index expresses how consistent the statements in the scale are with the measured concept, with a minimum value of 0.6. (Sajtos - Mitev, 2007) In our questionnaire the Cronbach's alpha is 0.871, so we can say that the questionnaire is consistent, the scale measures correctly.

4.1. The question of measuring scales

The measurement level of variables in the questionnaire determines the applicable analytical methods (Molnár – Barna, 2004). Several publications have been published in literature regarding the evaluation of Likert-scale responses (Sajtos-Mitev, 2007, Zerényi, 2016, Parker et al., 2002, Chimi and Russell, 2009, Brown, 2011, Kehl, 2012). In the present study, it would be really illustrative and well-presented if we ranked the settlement factors using the average of given scores. Due to the doubts in literature, for the evaluation of questionnaires, in terms of applicable analytical methods, the strictest scale, the nominal scale, was assumed. Accordingly, the average score for each factor was not used, but their total score.

5. RESULTS OF THE QUESTIONNAIRE SURVEY

The questionnaire survey was conducted via personally in a paper-based form and with the help of the Internet. The sample collection took place in 2018, lasting for 5 months. The sample analysis was done in 2019. As a result of the questionnaire survey, 776 respondents' answers have been analysed.

5.1. Ranking of the settlement factors by importance

Not surprisingly, in terms of importance, public safety comes first, followed by the infrastructural conditions of the settlement, but the quality of the conditions of the living environment, calmness, accessibility and health services also take prominent places. Each of the first six factors belong to the settlement services variable group. Settlement development policy can affect their improvement. When considering the need for developments and improvements, it is worth taking into account how satisfied those in concern are with them. (See: next section.)

It is an interesting result that in a region with outstanding tourism, the entertainment and night-life factor takes the last place. If tourists were asked instead of local residents and workers and those with secondary homes, there would certainly be different results in this regard. This may also raise the issue of conflict between local residents and tourists. It seems that the perception of this factor can also be related to the quality of public safety, which is the number one priority for respondents in terms of importance. Here, it should be pointed out that, in terms of importance and satisfaction, the calmness factor, which can be oppositely associated to night life, takes the prominent 3rd and 4th places. As for the entertainment opportunities and night life factor, it is also interesting that it is in the penultimate position, so the respondents are not at all concerned with this factor, but at the same time, they are not satisfied with the available opportunities.

Table 2. Ranking of the settlement factors by importance

	Settlement factors	Total given score
1.	Quality of public safety	3 662
2.	Infrastructure (gas, water, sewerage, road conditions, street lighting)	3 575
3.	Conditions of living environment (e.g.: green areas, cleanliness, tidiness)	3 563
4.	Calmness	3 553
5.	Accessibility	3 508
6.	Health care, health services	3 479
7.	Costs of living	3 432
8.	Natural conditions of the settlement	3 374
9.	Human (family, friends) relationships, existence of community	3 330
10.	Friendliness of the population	3 327
11.	Continuous improvements in the settlement	3 325
12.	Recreational facilities (wellness, amateur sports)	3 283
13.	Presence of a sidewalk	3 282
14.	Shopping facilities	3 259
15.	Provision of public administration	3 236
16.	Job opportunities	3 227
17.	Quality of restaurants and hospitality	3 199
18.	Educational institutions	3 183
19.	Number and quality of sights	3 113
20.	Favourable real estate prices	3 110
21.	Offer of cultural programmes	3 086
22.	Parking facilities	3 054
23.	Existence of a bicycle path	3 016
24.	History and traditions of the settlement	2 926
25.	Local transport	2 839
26.	Age and ethnic composition of the population	2 821
27.	Entertainment opportunities, night life	2 765

Source: Author's edition

5.2. Ranking of settlement factors by satisfaction

If you look at the table of satisfaction data for settlement factors, there are several factors among the last that can influence not only the quality of life of the population but also the tourism to the region. These include entertainment opportunities and nightlife at the penultimate place (although this factor, as mentioned above, is not determining in terms of importance), or shopping facilities, parking facilities, and last but not least, health services. From the satisfaction ranking of all settlement factors, it should be highlighted the scope of settlement services, as the first six factors of importance belong to the scope of settlement services.

With the exception of the calmness and accessibility variables, all variables are significantly lower ranked by satisfaction than by importance. Out of the settlement services variables, health services, infrastructure, the conditions of living environment and the quality of public safety are the most important factors which can be influenced by development decisions, out of them, due to the large difference, health services and infrastructure need to be highlighted.

In the ranking of satisfaction, belonging to the settlement condition variable group, the natural conditions and the history and traditions of the settlement factors are in the first place (see Table 3), ahead of settlement services that comes first in order of importance. It should be noted that these factors do not take prominent places in terms of importance, especially history and traditions that are among the last. In terms of satisfaction, it is not surprising that in the case of a region with such a beautiful natural environment, the natural conditions are in the first place.

Table 3. Ranking of settlement factors by satisfaction

	Settlement factors	Total given score
1.	Natural conditions of the settlement	3 368
2.	History and traditions of the settlement	3 300
3.	Calmness	3 232
4.	Accessibility	3 192
5.	Quality of public safety	3 183
6.	Human (family, friends) relationships, community	3 153
7.	Educational institutions	3 150
8.	Provision of public administration	3 099
9.	Age and ethnic composition of the population	3 097
10.	Friendliness of the population	3 017
11.	Conditions of living environment (e.g.: green areas, cleanliness, tidiness)	3 012
12.	Number and quality of sights	2 898
13.	Local transport	2 883
14.	Quality of restaurants and hospitality	2 877
15.	Infrastructure (gas, water, sewerage, road conditions, street lighting)	2 856
16.	Job opportunities	2 837
17.	Existence of a bicycle path	2 822
18.	Offer of cultural programmes	2 816
19.	Recreational facilities (wellness, amateur sports)	2 807
20.	Costs of living	2 786
21.	Continuous improvements in the settlement	2 786
22.	Presence of a sidewalk	2 769
23.	Health care, health services	2 741
24.	Parking facilities	2 697
25.	Shopping facilities	2 660
26.	Entertainment opportunities, night life	2 627
27.	Favourable real estate prices	2 621

Source: author's edition

Table 4. Ranking of settlement services variable group by importance and satisfaction

Ranking by importance	Variables of settlement services	Ranking by satisfaction
1.	Quality of public safety	5.
2.	Infrastructure (gas, water, sewerage, road conditions, street lighting)	15.
3.	Conditions of living environment (e.g.: green areas, cleanliness, tidiness)	11.
4.	Calmness	3.
5.	Accessibility	4.
6.	Health care, health services	23.

Source: author's edition

Table 5. Factors related to leisure and tourism in terms of importance and satisfaction

Ranking by importance	Factors related to leisure and tourism	Ranking by satisfaction
12.	Recreational facilities	19.
17.	Quality of restaurants and hospitality	14.
19.	Number and quality of sights	12.
21.	Offer of cultural programmes	18.
27.	Entertainment, night life	26.

Source: author's edition

Overall, factors related to leisure and tourism were similarly ranked by satisfaction as by importance. At the same time, the importance and satisfaction differences in the variable group are noteworthy. Recreational facilities, where the opportunities for wellness and amateur sports

were ranked, were seven places lower in the satisfaction ranking, which is an interesting result due to the tourism orientation of the Balaton region.

All factors related to economy are higher ranked by importance than by satisfaction. Among them, shopping facilities and real estate prices are outstanding that come last in order of satisfaction. The provision of shopping facilities is an important issue not only to the population but also to tourism, which draws attention to local development issues.

In terms of satisfaction, real estate prices come last in the ranking. Here, it should be noted that the Balaton Region is one of the most expensive areas in Hungary, after the capital, and the growth rate of real estate prices in Veszprém and Somogy Counties is above the national average. Among the settlements in the resort area, real estates in Siófok and Balatonfüred are the most sought after and the most expensive.

5.3. Sequence differences of importance and satisfaction factors

If we examine the place of a settlement in terms of importance and satisfaction – significant differences can be found. First, those that have been ranked significantly higher by importance than by satisfaction are highlighted below:

Table 6.. Variables with the highest negative importance-satisfaction ranking difference

Settlement factors	Ranking by importance	Ranking by satisfaction
Health care, health services	6.	23.
Infrastructure	2.	15.
Costs of living	7.	20.
Shopping facilities	14.	25.
Continuous improvements in the settlement	11.	25.
Presence of a sidewalk	13.	22.
Conditions of living environment	3.	11.
Recreational facilities	12.	19.
Favourable real estate prices	20.	27.

Source: author's edition

Fortunately, however, there were not only negative differences in ranking, but there were several factors that were ranked much higher in terms of satisfaction than in terms of importance.

Table 7. Variables with the highest positive importance-satisfaction ranking difference

Settlement services	Ranking by importance	Ranking by satisfaction
History and tradition of the settlement	24.	2.
Age and ethnic composition of the settlement	26.	9.
Local transport	25.	13.
Educational institutions	18.	7.
Provision of public administration	15.	8.
Natural conditions	8.	1.
Existence of a bicycle path	23.	17.
Offer of cultural programmes	21.	18.
Quality of restaurants and hospitality	17.	14.

Source: author's edition

If we look at the table, you can see that positive differences in ranking are, unfortunately, lower ranked in terms of importance. It is interesting to notice that local transport moved from the 25th place to the 13th. It is also notable that educational institutions at the 18th place in terms of importance are ranked 7th in terms of satisfaction.

6. HEALTH CARE AND INFRASTRUCTURE

As a result of the population questionnaire survey, health care and infrastructure were the two factors with the largest difference in importance and satisfaction, so it seems these must be further analysed. In the following, some relevant indicators will be analysed that are available in the Hungarian Central Statistical Office's (HCSO) databases.

6.1. Health care, health services

Table 8 shows that the number of patients per General Practitioner (GP) is 2.8 % higher in the Balaton Region that the national average, (however, one resident appears 4.8 % less times in GP practice). The HCSO database contains indicators for permanent residents, but there is no information about the number of temporary residents and holiday home owners. In the field of general practitioners, development is recommended in the light of these results, as only the ratio of permanent residents is higher than the national average, moreover, the large number of holiday home owners and also tourists may need greater or lesser medical care, which would further increase the workload on GPs.

The situation is better in the case of working hospital beds, the number of residents per hospital bed is lower than the national average (9.9 %), but the number of actual nursing days per capita (15.9 %) is higher than the national average.

The number of residents per pharmacy is also lower than the national average (by 15.9 %). Although demand for the latter is particularly important for the evaluation of results, as holiday home owners and tourists may also demand the services of pharmacies.

Table 8. Some factors related to health care in the Balaton Region and Hungary

Factor related to health care	Balaton Region	Hungary	Population per item	
			Balaton Region	Hungary
Number of GPs and home pediatricians (person)	205	6 219	1 630	1 585
			resident/doctor	
Number of working hospital beds (pcs)	2 550	68 301	131	144
			resident/bed	
Pharmacies + branch pharmacies (pcs)	118	3 004	2 832	3 281
			resident/pharmacy	
Total number of attendances in GP and Pediatric Care (cases)	2 182 279	67 442 846	6,53	6,84
			case/resident	
Actual number of nursing days in hospital (days)	755 233	18 677 364	2,26	1,90
			day/residence	

Source: HCSO (figures for 2016), author's edition

6.2. Infrastructure

According to the results of the questionnaire, the second largest difference between importance and satisfaction was with the infrastructure variable. The questionnaire included factors such as gas, water, sewerage, road conditions and street lighting. In connection with these, on the basis of HCSO data, comparisons on the Balaton Region and the averages of Hungary were made. The results show that the Balaton Region is slightly better equipped with public utility networks than the country as a whole (drinking water pipeline, sewerage network, electricity distribution network, gas pipeline network per 1 km^2).

For the public utility supply of homes, the proportion of homes connected to the public water supply is slightly lower than the national average, presumably due to the greater presence of residential properties in the region, such as vineyards or out-of-town weekend homes, where water supply may not be available.

In terms of roads and spaces, indicators of public spaces, green areas, playgrounds, outdoor gyms, resting places, and bicycle paths are slightly better than nationally. In relation to roads and spaces, two factors should be highlighted in the region that are weaker than the national average: the length of municipal road network and public spaces and state roads per 1 km^2, and the length of municipally built sidewalk per 1 km^2. This "hard" factor is also confirmed by the results of the questionnaire survey, as out of the 27 questioned factors, the presence of a sidewalk is at the 7th place in the ranking of the negative differences of importance-satisfaction.

Table 9. Some factors related to infrastructure

Roads, spaces	Balaton Region	Hungary
Regularly cleaned public areas as % of total areas	0,13	0,10
Total green areas as % of total areas	0,08	0,07
Number of playgrounds, outdoor gyms, resting places per 1 km2	0,12	0,10
Length of built municipal roads and public spaces and state roads per 1 km^2 (km)	0,74	0,84
Length of municipally built bicycle paths, common footpaths and bicycle paths per 1 km^2 (km)	0,05	0,03
Length of municipally built sidewalk per 1 km^2 (km)	0,33	0,47

Source: HCSO, 2016, author's edition

When it comes to data from statistical databases, both for infrastructure and health care factors, it should be noted that these are quantitative indicators, not qualitative, for instance the length of roads given in kilometres does not express the quality felt by the population.

7. CONCLUSION

The presented study assessed the importance of individual settlement factors for residents, employees and students, and those with secondary homes in the Balaton Region, when considering their settlements – and how satisfied they are with these factors.

During the research, the individual settlement factors were ranked in terms of perceived importance of the surveyed population, as well as in terms of satisfaction, based on the rankings achieved and the total score.

Important conclusions can be drawn from the differences between importance and satisfaction as perceived by the respondents, as they reveal the factors that are considered important by the population in connection with a settlement, and how satisfied they are with the individual factors. The factors that are considered important, but their level is not satisfactory, may have an awareness-raising effect on regional, county- and settlement-level decision making and the distribution of development resources in terms of in which areas their inflow would increase the satisfaction of the population, and the development of which areas is expected to improve the quality of living and well-being.

Based on the results of the questionnaire survey, among the factors with the largest difference in the importance-satisfaction ranking, which may be influenced by regional or settlement-level decisions are: health care, infrastructure, shopping facilities, continuous improvements in the settlement, presence of a sidewalk, conditions of the living environment.

In terms of the two key areas, health care and infrastructure, the "hard" data from HCSO also confirmed the results of the questionnaire survey. As far as health care is concerned, GP, in terms of infrastructure, primarily the length of built pavement, and after that the length of public roads were the weakest points.

When making settlement development decisions, these factors are suggested to be treated with priority in order to increase the well-being of the population.

In the course of the questionnaire survey, based on the importance-satisfaction rankings, the factors that the population felt strong are: history and traditions of a settlement, educational institutions, number and quality of sights, natural conditions of the settlement, existence of a bicycle path, offer of cultural programmes.

These implications can be the focus areas of regional and settlement-level marketing.

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PROFITABILITY DETERMINANTS OF HOTEL INDUSTRY IN AP VOJVODINA

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Abstract: *The tourism sector in Vojvodina includes 220 hotels registered in AP Vojvodina in 45 municipalities and their performances have a significant role for development of tourism in this Province. The most hotels are concentrated in Novi Sad and Subotica, where hotels in these cities consist 40% of total hotels in AP Vojvodina. The aim of this chapter is to analyze the profitability of hotels in AP Vojvodina in terms of modelling impact of internal factors. The chapter includes multivariate analysis of variance, as well as regression models which enable identifying profitability level of hotels and how liquidity, debt, financial stability, size and sale growth affect the profitability.*

Keywords: *profitability, internal factors, hotels, AP Vojvodina.*

1. INTRODUCTION

The tourism sector represents a significant potential of any national economy where increasing growth in tourism revenue has an important role in achieving macroeconomic goals and social welfare (Milenković, Andrašić, & Kalaš, 2017).

Tourism industry in Serbia and countries in the region such as Hungary, Croatia, Slovenia and Romania manifest great interest in business tourism development. Namely, these countries continuously put new facilities on the market and compete in attracting international business events. According to Tourism Development Strategy which aims to achieve the increased competitiveness of Serbian tourism and identifies Vojvodina, Western Serbia and Easter Serbia as four major tourism clusters (Mašić, 2013). The Vojvodina Province represents an attractive location for holding business events and has a long tradition of organizing congresses and fairs (Dragićević, Jovičić, Blešić, Stankov, & Bošković, 2012). Tourism in AP Vojvodina went through very different periods. After expansion between 1960 and the mid-1980s, there was a decline in tourists number and overnight in 1990 due to political and economic conditions. Since 2000, the number of tourists and overnight has increased, mostly by foreign tourists. According to the strategy of development program of the AP Vojvodina 2014-2020, as a result of Serbia openness to Europe, percentage of foreign tourists in total number of tourists visiting Serbia is increasing. Also, due to economic globalization, the rise in the number of foreign tourists has led to positive changes in the Serbia's economy, including the increased demand for Serbian hotels and the number of foreign hotel customers (Alčaković, Pavlović, & Popesku, 2017).

The main reasons of expanding investment in the hotel industry are: a) the number of trained employees have increased, b) old hotels have been upgraded to higher standards, c) Serbia is becoming an attractive destination for the arrival of new hotel chains, d) increasing trend of

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tourism development in the country, e) low tax rates for investors and f) state support for joint ventures (Pavlović, Lazić, & Cvijanović, 2014). Poldrugovac et al. (2016) emphasize that hotels are in constant struggle to maximize their potential and finding new ways to achieve this. It means that hotel companies will have to adapt to a number of changes in order to produce and offer appropriate products (Redžić, 2018). One of the most important goals for every company, as well as, hotel is maximizing profit and controlling expense level. Analyzing profitability indicators, managers can understand whether and how a hotel generate profit, or what is their earning power (Luo, Yang, & Law, 2014). Beside profitability, economic viability is part of the sustainable development strategy of many hotels (Kapiki, Mu, & Fu, 2014), where hotel must use sustainable development principles to grow revenues and save on costs (Houdré, 2008).

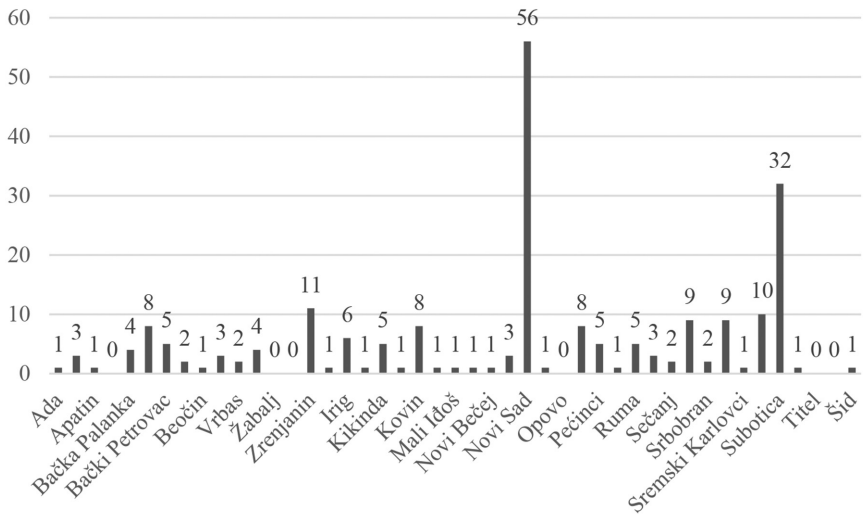

Figure 1. Hotel concentration in AP Vojvodina
Source: Authors' research

Based on Figure 1 we can notice that hotels are concentrated in several municipalities in AP Vojvodina. The highest concentration is in Novi Sad where fifty-six hotels are registered and Subotica with thirty-two hotels. It means that 40% hotels are concentrated in these cities, while other municipalities have ten or less hotel in the territory of AP Vojvodina.

The structure of this chapter is as follows. After the introduction, there is a literature review where theoretical background enables basis for model creation and definition. The third chapter includes methodology that determines variables and econometric procedures for adequately designed regression models. The fourth chapter analyses hotel profitability in terms of trend in total assets, total capital, return on assets, return on capital, total revenues, total expenses and net result. The next chapter estimates the impact of internal factors on hotels profitability in AP Vojvodina for the period 2014-2018.

2. LITERATURE REVIEW

Dimitrić et al. (2018) argue that hotel industry as well as tourism are among the most complex economic activities with a number of determinants on supply and demand sides. First, there are external determinants which include global economic trends, development in the financial sector and climate changes and cultural aspects. Second, internal determinants are those that are influenced by company and depend on the activities and quality of management as well as organ-

ization structure quality and human potential of the company. Accordingly, the dynamics of the global tourism environment is affected by external factors such as globalisation, new technology, modernisation in transport and communications systems, as well as internal factors such as new tourist demands and more flexible management (Ramón Rodríguez, 2002). Many empirical research includes the most important determinants such as company size, debt level, productivity, liquidity, solvency, profitability, investments etc. (Škuflić & Mlinarić, 2015). Also, there are empirical studies that have researched how lagged profitability and hotel size affects its profitability (G. Agiomirgianakis & Magoutas, 2012; Ben Aissa & Goaied, 2016; Claver-Cortés, Molina-Azorín, & Pereira-Moliner, 2007; Dimitrić, Tomas Žiković, & Arbula Blecich, 2019; Nunes, Serrasqueiro, & Sequeira, 2009; Schmidt, 2014; Stierwald, 2010; Tan, 2017). Empirical analysis of Agiomirgianakis et al. (2013) found that size and leverage have positive and significant impact on profitability of firms in the tourism sector. Further, Zeglat (2008) finds that profitability of hotel sector in UK is positively influenced by sales growth. Ben Aissa and Goaied (2016) identified that hotel profitability is negatively influenced by hotel size and indebtedness level.

3. METHODOLOGY AND DATA

For the purpose of research, empirical study analyzed a sample of hotels registered in AP Vojvodina for the period 2014-2018. The empirical research included 478 observations and authors collected and used data from financial statements of hotels based on Scoring.

Table 1. Review of explanatory variables

Variables	Symbol	Calculation
Dependent variable		
Return on assets	***ROA***	
Return on equity	***ROE***	
Independent variables		
Current liquidity	**CL**	Current assets/Short-term liabilities
Debt	**DBT**	
Financial stability	**FS**	
Size	**SZ**	Natural logarithm of the total assets
Sale growth	**SGR**	
Earnings before income and tax	**EBIT**	Operating revenues – Operating expenses
Lagged profitability	**LAGROA**	
Lagged profitability	LAGROE	

Source: Authors' illustration

4. PROFITABILITY ANALYSIS OF HOTELS IN AP VOJVODINA

The first part of research is based on descriptive analysis of key indicators of hotel profitability such as return on assets (ROA) and return on equity (ROE). Descriptive analysis will be conducted through tabular and graphical views for period from 2014 to 2018. After that, potential correlation character and intensity between hotel performance indicators will be measured and evaluated. The third part includes multivariate analysis variance test in order to identify are there significant differences in profitability level of hotels in AP Vojvodina for the period 2014-2018. Finally, there are multiple regression models to determine the effects of internal factors on profitability of analyzed hotels. The analysis includes internal factors such as current liquidity, debt, financial stability, hotel size, sale growth, earnings before interest and taxes and lagged profitability of analyzed hotels in AP Vojvodina.

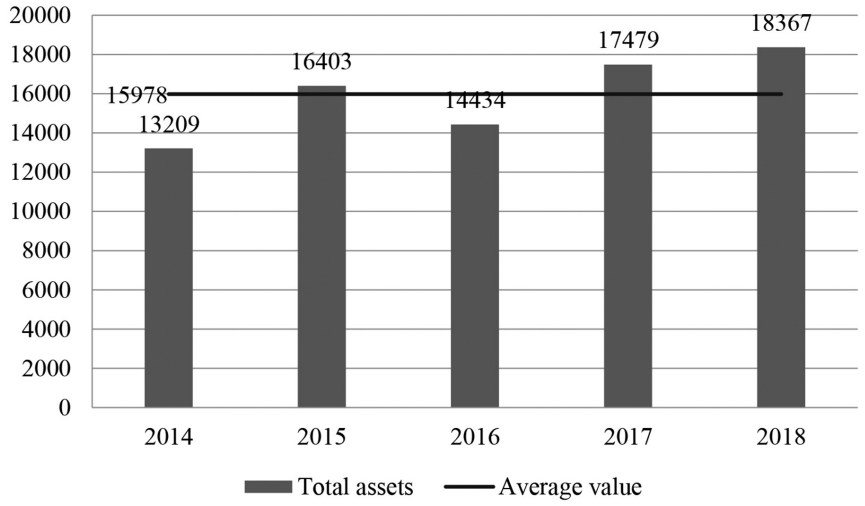

Figure 2. Total assets of hotels in AP Vojvodina (000 RSD)
Source: Authors calculation based on Scoring

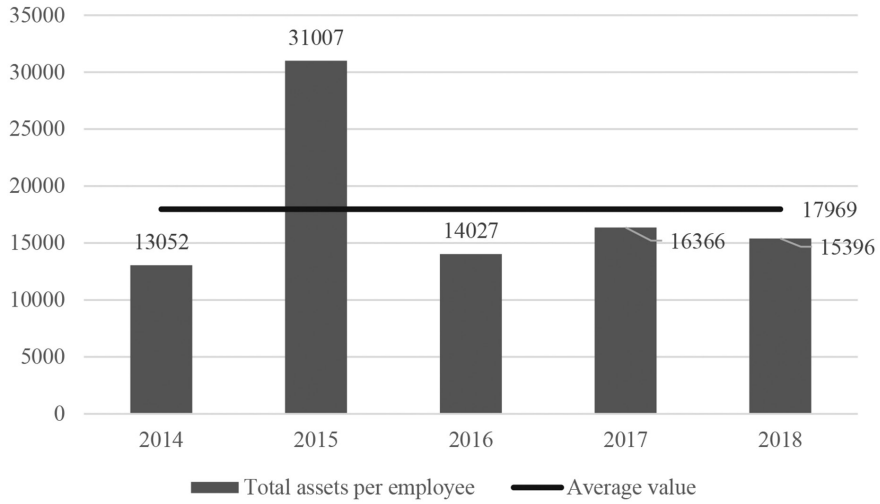

Figure 3. Total assets per employee of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

Analyzing the movement of total assets for the period 2014-2018, we can see that hotels had average value of 15.978.000 RSD. In the last two years, hotels had total assets above average value, where maximum value 18.367.000 RSD is identified in 2018. On the other hand, hotels recorded total assets value below average level in 2014 and 2016. The trend shows that total assets increased for 5.158.0000 RSD from 2014 to the end of the period.

After analyzing total assets of hotels in AP Vojvodina, figure 2 shows total assets per employee from 2014 to 2018. Namely, average total assets of hotels are 17.969 RSD where maximum value of 31.007 RSD identified in 2015. Also, hotels had the smallest total assets per employee in 2014 which is according to trend with movement of total assets and number of employees in the hotel industry.

Figure 4 manifests trend of total capital of hotels in AP Vojvodina from 2014 to 2018. Results showed that average total capital is 7.727.000 RSD where hotels recorded maximum value in

2015 and 2017. Further, the level of total capital increased for 520.000 RSD in the observed period, although in the last year total capital decreased by 1.609.000 RSD.

Analyzing total capital per employee of hotels in AP Vojvodina for the period 2014-2018, we can notice a decreasingly trend in last two years. The average total capital per employee is 8753 RSD, where maximum value is recorded in 2015 (15238 RSD), where hotels achieved below average value in 2014, 2016, 2017 and 2018.

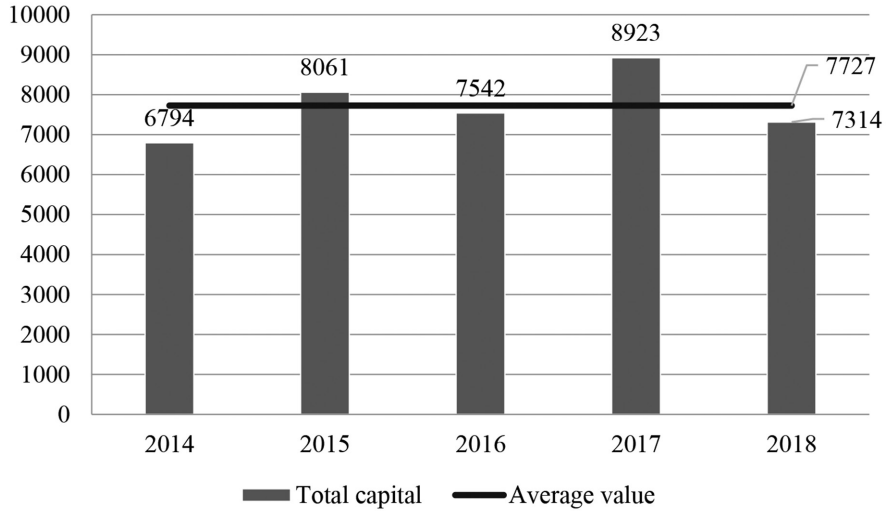

Figure 4. Total capital of hotels in AP Vojvodina (000 RSD)
Source: Authors calculation based on Scoring

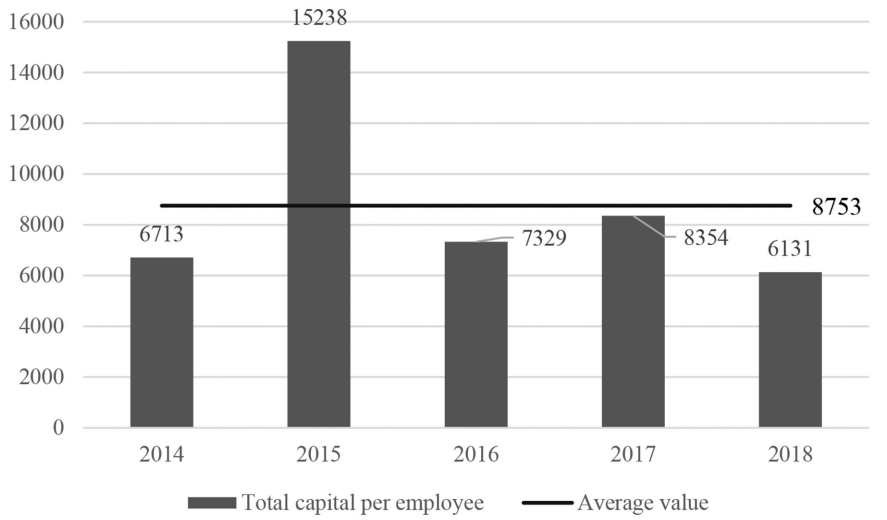

Figure 5. Total capital per employee of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

Figure 6 manifests that hotels in AP Vojvodina are profitable in the observed period measured by return on assets. The average value of ROA is 32.56% for the period 2014-2018. Specifically, this indicator is increasing until 2016 when it reaches a maximum value of 66.97% and after that there is a decrease in value of profitability and ROA is 18.12% in 2018.

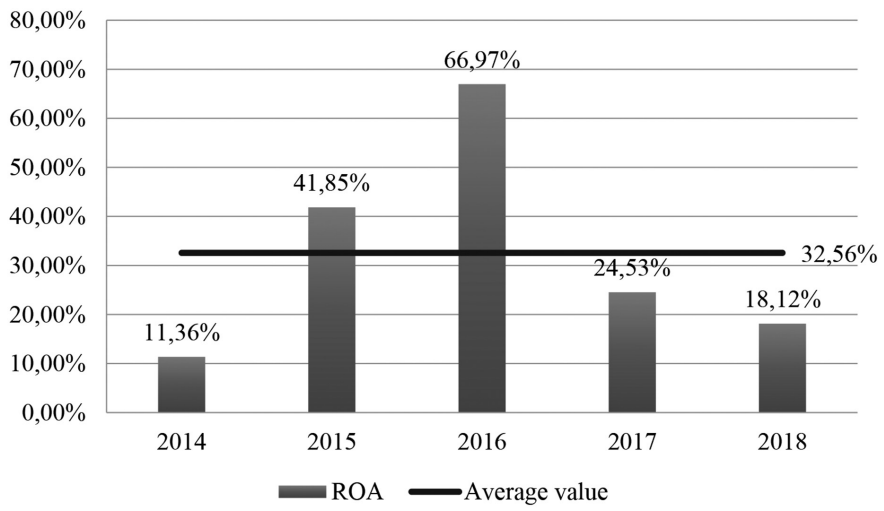

Figure 6. Return on assets of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

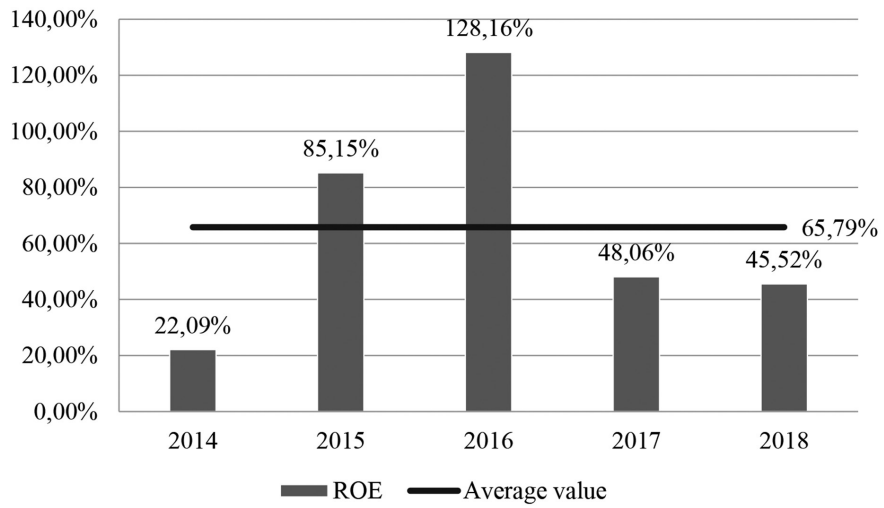

Figure 7. Return on equity of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

Based on profitability trend from figure 7, we can notice that average value of ROE is extremely high at 65.79%. In addition, the high average value of ROE can be associated with 2016 where a maximum value of this indicator was 128.16%. In last two years, the hotels achieved profitability below average level, but it is still higher than profitability at the beginning of the period. In order to identify trend of hotels profitability in AP Vojvodina for the observed period, it is necessary to analyze profitability indicators ROA and ROE through their relative change in a given period.

Dynamic changes in profitability indicators have manifested that change in ROE is more significant than a change in ROA. Namely, profitability indicator expressed through the ratio of net income to average assets for each year increased by 6.76%, while second indicator which includes the ratio of net income and average capital increased by 23.42%.

We can notice that ROE has almost four times increased compare to ROA of analyzed hotels in AP Vojvodina.

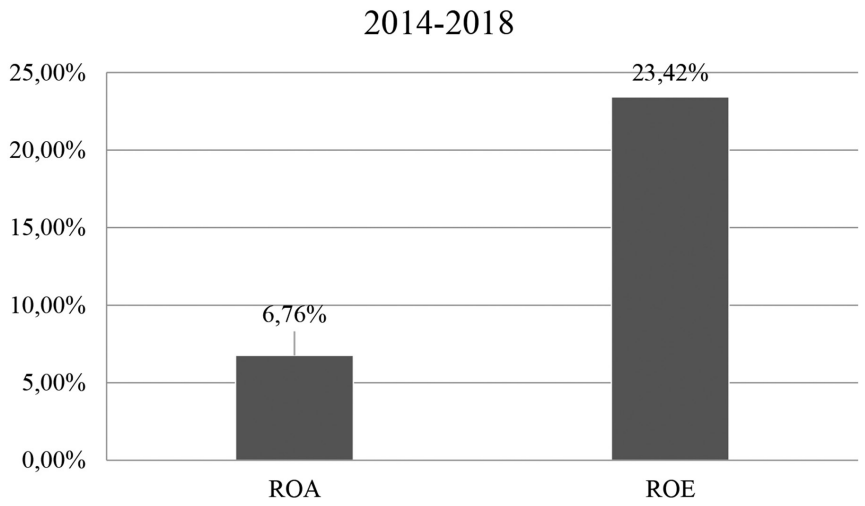

Figure 8. Dynamic changes in ROA and ROE of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

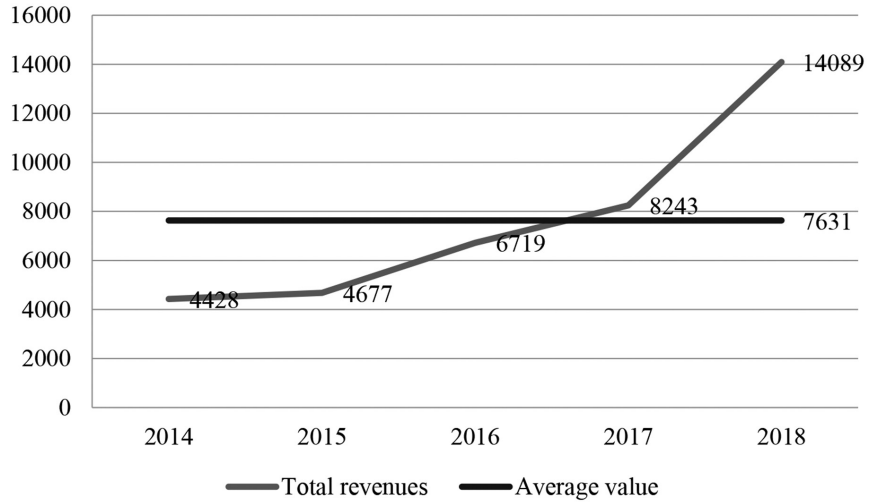

Figure 9. Total revenues of hotels in AP Vojvodina (000 RSD)
Source: Authors calculation based on Scoring

Figure 9 shows movement of total revenues of hotels in AP Vojvodina and the average level was 7.631.000 RSD from 2014 to 2018. In the first three years, total revenues are below the average value, while in 2017 and 2018 hotels recorded revenues level above average value. It is necessary to add expense movement and compare with revenue trends how we determine is current revenues levels enough for operating activities of observed hotels.

The average value of hotel expenses is 8.649.000 RSD for the period 2014-2018. Total expenses had an upward trend with stagnation periods. However, expense growth is slower than revenues growth which is positive for hotel profitability. In the first three years, total expenses are below average level with a growth slightly stagnant between 2015 and 2016.

In the last two tears, total expenses have increased above average level of observed period from 2014 to 2018.

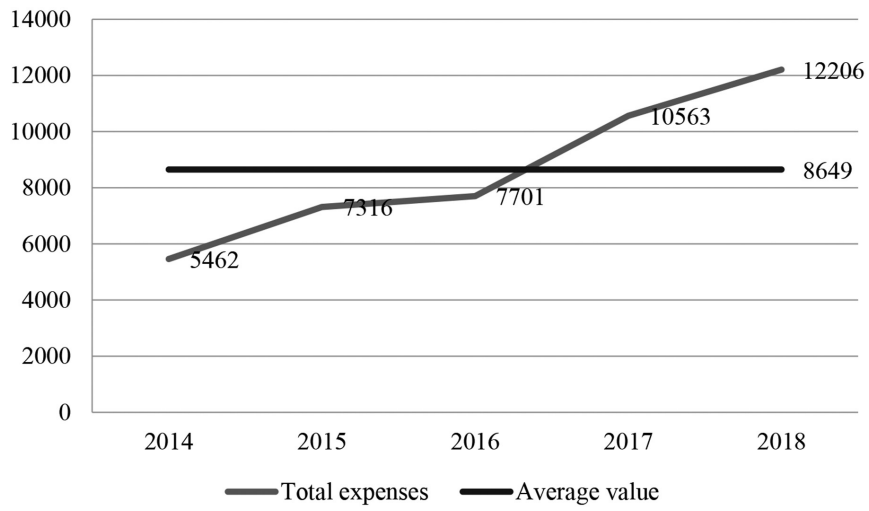

Figure 10. Total expenses of hotels in AP Vojvodina (000 RSD)
Source: Authors calculation based on Scoring

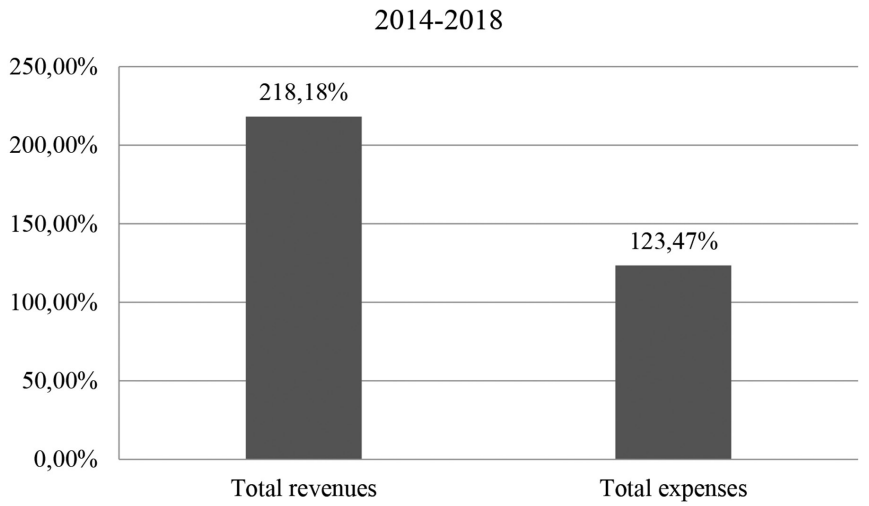

Figure 11. Dynamic changes in total revenues and total expenses of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

Figure 11 shows comparative dynamic changes in total revenues and total expenses of hotels in AP Vojvodina from 2014 to 2018. Empirical analysis reflected that total revenues increased by 218.18%, while total expenses grew by far less intensity and their growth was 123.47% for the observed period. It can be concluded that total revenues have almost doubled in relation to total expenses of analyzed hotels in AP Vojvodina and this fact can confirm that these hotels are profitable for the period 2014-2018.

Next figure shows movement of EBIT of hotels in AP Vojvodina and hotel industry achieved average EBIT of 1.239.000 RSD from 2014 to 2018. Based on presented figure, it can be concluded that hotels are not profitable at the beginning and end of analyzed period. This means that hotels are not able to cover current operating expenses from current operating income. Also, the hotels are profitable in 2015, 2016 and 2017 and this indicates that profitability is achieved by investment and financing activities and not from operating activities, since hotels did not report losses in those periods.

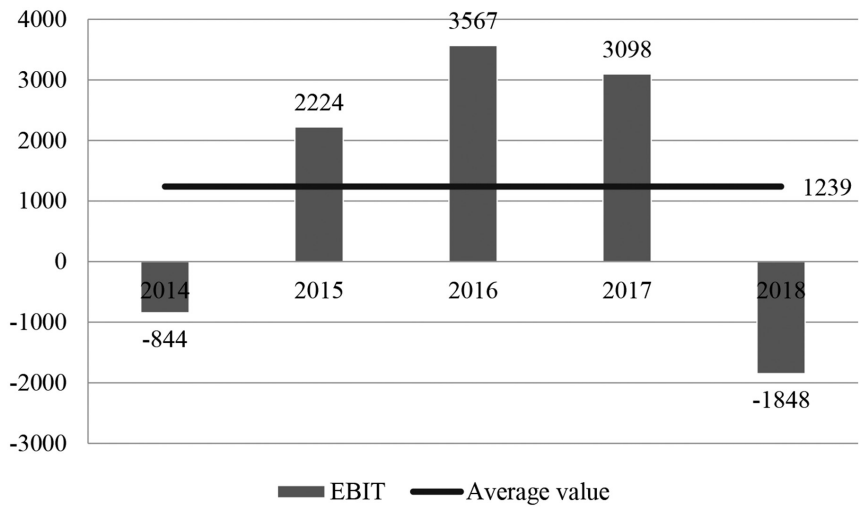

Figure 12. EBIT of hotels in AP Vojvodina (000 RSD)
Source: Authors calculation based on Scoring

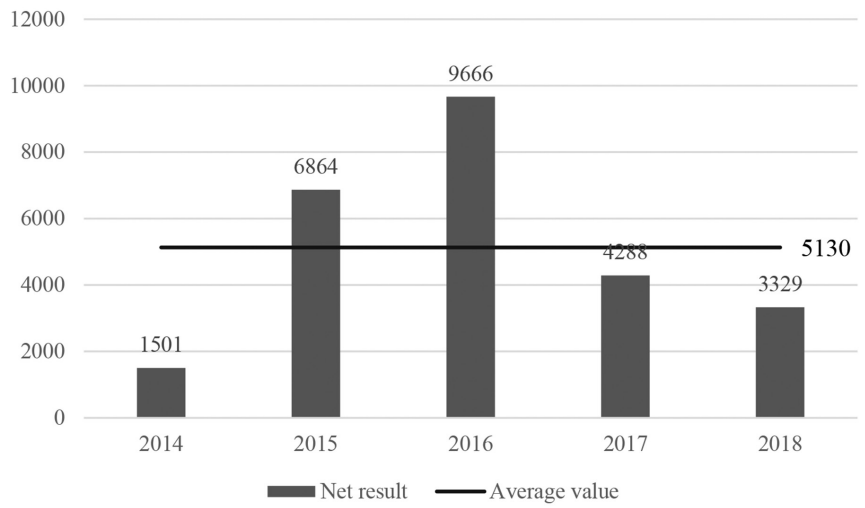

Figure 13. Net result of hotels in AP Vojvodina (000 RSD)
Source: Authors calculation based on Scoring

Figure 13 shows net result of hotels in AP Vojvodina from 2014 to 2018 where average level is 5.130.000 RSD. Bearing in mind that average net result is higher than average EBIT, it can be concluded that high profitability level in the hotel industry is largely achieved by activities of investing and financing. Until 2016 net result increased when the hotels achieved the maximum value of 9.666.000 RSD and after that net result decreased until end of the observed period.

The average value of net result per employee of analyzed hotels is 6.121 RSD. We can notice that in 2015 there was a sharp increase in net result per employee which is a result of the decrease in number of employees in hotels operating in the territory of AP Vojvodina. Observing from 2015 until the end of analyzed period, a lower net result per employee can be explained by their smaller productivity in the hotel industry.

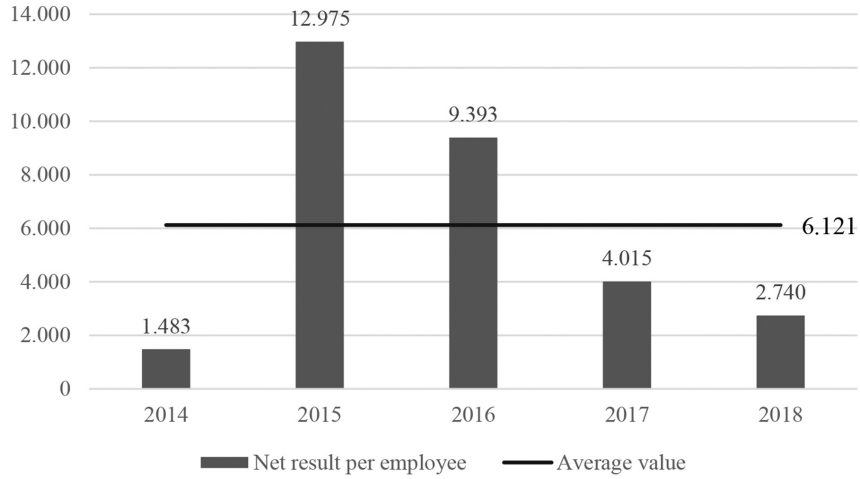

Figure 14. Net result per employee of hotels in AP Vojvodina
Source: Authors calculation based on Scoring

5. EMPIRICAL RESULTS

This chapter includes descriptive analysis of key indicators of hotel business in AP Vojvodina. After that, potential correlation character and intensity between hotel performance indicators will be measured and evaluated. The third part includes multivariate analysis variance test in order to identify are there significant differences in profitability level of hotels in AP Vojvodina for the period 2014-2018. Finally, there are multiple regression models to determine the effects of internal factors on profitability of analyzed hotels. The analysis includes internal factors such as current liquidity, debt, financial stability, hotel size, sale growth, earnings before interest and taxes and lagged profitability of analyzed hotels in AP Vojvodina.

Table 2. Descriptive statistics

Variable	Number of obs.	Mean value	Standard deviation	Minimum value	Maximum value
ROA	478	-0.5596772	6.277963	-128.6667	5.914
ROE	478	-1.421668	38.47663	-793	105.72
CL	478	19.51837	179.3555	0	2521.74
DBT	478	7.166871	85.01804	0	1792
FS	478	2.18159	13.63284	0	217.81
SIZE	478	1.636839	0.8478075	0	2.97359
SGR	478	3.521846	25.11343	-1	324.6721
EBIT	478	11.77819	90.68455	-528.653	741.4549

Source: Authors calculation

Table 2 presents descriptive analysis of hotels in AP Vojvodina in terms of mean value, standard deviation, minimum and maximum value. Based on 478 observations, the results showed positive mean values for all indicators except profitability. Also, current liquidity had the maximum value while earnings per interest and taxes was the lowest. At the same time, current liquidity has the largest standard deviation compared to other variables while on the other hand, variable size had the smallest standard deviation.

Table 3. Correlation matrix

Correlation		CL	DBT	FS	ROA	ROE	SIZE	SGR	EBIT
CL	Pearson Correlation	1	-0.008	0.034	0.009	0.004	0.071	-0.015	0.005
	Sig. (2-tailed)		0,868	0.458	0.836	0.930	0.122	0.745	0.916
	N	478	478	478	478	478	478	478	478
DBT	Pearson Correlation	-0.008	1	-0.012	**-0.248****	0.002	-0.021	-0.009	**-0.142****
	Sig. (2-tailed)	0.868		0.785	0.000	0.973	0.643	0.838	0.002
	N	478	478	478	478	478	478	478	478
FS	Pearson Correlation	0.034	-0.012	1	0.015	0.003	0.083	-0.019	0.008
	Sig. (2-tailed)	0.458	0.785		0.737	0.955	0.068	0.681	0.859
	N	478	478	478	478	478	478	478	478
ROA	Pearson Correlation	0.009	**-0.248****	0.015	1	-0.026	**-0.027****	0.002	0.007
	Sig. (2-tailed)	0.836	0.000	0.737		0.577	0.008	0.962	0.879
	N	478	478	478	478	478	478	478	478
ROE	Pearson Correlation	0.004	0.002	0.003	0.026	1	**-0.057****	0.007	**0.141****
	Sig. (2-tailed)	0.930	0.973	0.955	0.577		0.217	0.877	0.002
	N	478	478	478	478	478	478	478	478
SIZE	Pearson Correlation	0.071	-0.021	0.083	**-0.027****	**-0.057****	1	0.023	-0.082
	Sig. (2-tailed)	0.122	0.643	0.068	0.009	0.008		0.619	0.072
	N	478	478	478	478	478	478	478	478
SGR	Pearson Correlation	-0.015	-0.009	-0.019	0.002	0.007	0.023	1	-0.044
	Sig. (2-tailed)	0.745	0.838	0.681	0.962	0.877	0.619		0.342
	N	478	478	478	478	478	478	478	478
EBIT	Pearson Correlation	0.005	**-0.142****	0.008	0.007	**0.141****	-0.082	-0.044	1
	Sig. (2-tailed)	0.916	0.002	0.859	0.879	0.002	0.072	0.342	
	N	478	478	478	478	478	478	478	478

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Authors calculation

Table 3. shows correlation matrix between profitability indicators and internal factors of hotel business in AP Vojvodina from 2014 to 2018. Analyzing correlation intensity, we can notice positive correlation between ROA and CL, but not significant. On the other hand, the research showed significant and negative correlation between ROA and SIZE. Also, correlation analysis determined positive correlation between ROE and EBIT and simultaneously negative correlation between ROE and SIZE. Results have shown that hotel size is negatively related to profitability which implies that higher hotels recorded a lower profitability level and inversely.

Table 4. Multivariate analysis results – profitability level by year

Effect		Value	F	Hypothesis df	Error df	Sig.
Period	**Pillai's Trace**	0.010	2.313	2.000	472.000	0.000
	Wilks' Lambda	0.990	2.313	2.000	472.000	0.000
	Hoteling's Trace	0.010	2.313	2.000	472.000	0.000
	Roy's Largest Root	0.010	2.313	2.000	472.000	0.000

Source: Authors calculation

Considering that obtained value of Pillai's Trace 0.000 is lower than 0.05, it can be concluded that there is a significant difference in the profitability level of hotels in AP Vojvodina for every year measured by ROA and ROE.

Table 5. Multivariate analysis results – profitability level by hotel

Effect		Value	F	Hypothesis df	Error df	Sig.
Period	Pillai's Trace	0.011	1.908	2.000	351.000	0.006
	Wilks' Lambda	0.989	1.908	2.000	351.000	0.006
	Hoteling's Trace	0.011	1.908	2.000	351.000	0.006
	Roy's Largest Root	0.011	1.908	2.000	351.000	0.006

Source: Authors calculation

Further, there is a significant difference in the profitability between analyzed hotels measured by ROA and ROE for the period 2014-2018 because value of Pillai's Trace is lower than reference value of 0.05.

Table 6. Test of between-subject effects for profitability

Source	Profitability	Type III Sum of Squares	df	F	Sig.
Period	ROA	160.898	1	4,100	0.043
	ROE	180513.570	1	0.623	0.134

Source: Authors calculation

Based on Table 6 results we can notice that obtained significance result for ROA is less than 0.05 which implies there is a significant difference in this indicator realized by observed hotels in AP Vojvodina. On the other hand, there is no significant difference in the profitability level in terms of ROE, because obtained significance result is higher than 0.05.

The authors created models of profitability in two steps:

$$ROA_t=\beta_0+\beta_1CL_t+\beta_2DBT_t+\beta_3FS_t+\beta_4SZ_t+\beta_5SGR_t+\beta_6EBIT_t+\beta_7LAGROA_t \ldots e_t \quad (1)$$

$$ROE_t=\beta_0+\beta_1CL_t+\beta_2DBT_t+\beta_3FS_t+\beta_4SZ_t+\beta_5SGR_t+\beta_6EBIT_t+\beta_7LAGROE_t+\ldots e_t \quad (2)$$

where are ROA – return on assets; ROE – return on equity: CL current liquidity; DBT – debt; FS – financial stability; SGR – sale growth; EBIT – earnings before interest and taxes, LAGROA – lagged profitability; β0 - the constant term, β - the coefficient of the independent variables and e - the error term of the equation.

Table 7. Multicollinearity test

Variable	VIF	1/VIF
LAGROA	1.03	0.9748
DBT	1.02	0.9757
SIZE	1.01	0.9859
FS	1.01	0.9914
CL	1.01	0.9936
SGR	1.00	0.9936
EBIT	1.00	0.9985
Mean VIF	**1.01**	**0.9989**

Source: Authors calculation

In order to identify a potential multicollinearity between independent variables, the empirical study includes Variance Inflation Factor test. Results of VIF test confirmed that there is no high correlation between these variables where the average value is 1.01. It implies that variable selection is an appropriate and model satisfies condition of multicollinearity absence which is one of the fundamental assumptions in econometric analysis.

Table 8. Multiple regression model of profitability (ROA)

Source	**SS**	**df**	**MS**		**Number of obs.**	478
Model	1239.0101	7	177.0014		**F (8, 469)**	4.74
Residual	17560.9072	470	37.3636		**Prob > F**	0.0000
Total	18799.9173	477	39.4128		**R-squared**	0.6059
					Adj R-squared	0.5020
					Root MSE	6.1126
ROA	**Coef.**	**Std. Err.**	**T**	**P>|t|**	**[95% Conf. Interval]**	
CL	-0.0001	0.0015	-0.13	0.001	-0.0028	0.0032
DBT	-0.0188	0.0033	-5.67	0.000	-0.2544	-0.0123
FS	0.0047	0.0206	0.23	0.818	-0.0357	0.0452
SIZE	0.1749	0.3324	0.53	0.599	-0.4783	0.8282
SGR	0.0004	0.1115	0.04	0.971	-0.0215	0.0223
EBIT	0.0019	0.0030	0.65	0.518	-0.0080	0.0040
LAGROA	-0.0547	0.0452	-1.21	0.227	-0.1437	0.0341
C	-0.7322	0.6120	-1.20	0.232	-1.9349	0.4703

Source: Authors calculation

Table 8 shows the impact of internal factors such as current liquidity, debt, financial stability, hotel size, sale growth and earnings before interest and taxes on return on assets as one of the most important indicators in hotel business. Based on results of multiple regression model, the value of R-squared is 0.6059 which indicates that model explained 60.59% of independent variables' variations. Empirical results also manifest a significant impact of current liquidity (CL) and debt (DBT) on profitability, while other internal factors don't have a significant effect on return on assets of observed hotels. At the same time, current liquidity and debt negatively affect the hotels profitability where their growth of 1% decrease profitability level for 0.0001% and 0.0188% respectively.

Table 9. Multiple regression model of profitability (ROE)

Source	**SS**	**Df**	**MS**		**Number of obs.**	478
Model	13583.9291	7	1940.5613		**F (8, 469)**	1.32
Residual	692591.181	470	1473.5982		**Prob > F**	0.0242
Total	706175.11	477	1480.4509		**R-squared**	0.4912
					Adj R-squared	0.4746
					Root MSE	38.387
ROE	**Coef.**	**Std. Err.**	**T**	**P>|t|**	**[95% Conf. Interval]**	
GL	-0.0013	0.0098	-0.14	0.002	-0.0179	0.0206
DBT	-0.0002	0.0206	-0.01	0.000	-0.0409	0.0403
FS	0.0173	0.1294	0.13	0.893	-0.2370	0.2718
SIZE	-2.7029	2.0930	-1.29	0.197	-6.8158	1.4099
SGR	0.0156	0.0700	0.22	0.824	-0.1220	0.1432
EBIT	0.0503	0.0193	2.60	0.010	-0.0884	-0.0122
LAGROE	0.0424	0.0458	0.93	0.355	-0.0476	0.1324
C	3.5395	3.8501	0.92	0.358	-4.0260	11.1050

Source: Authors calculation

After measuring and evaluating the impact of internal factors on return on assets, table shows the effect of current liquidity, debt, financial stability, hotel size, sale growth and earnings before interest and taxes on return on equity of analyzed hotels. Based on results of multiple regression model, R-squared is 0.4912 which implies that model explained 49.12% of independent variables variations. The model results show a significant effect of current liquidity (CL), debt (DBT) and earnings before interest and taxes (EBIT) on profitability, while other internal factors do not have a significant impact on return on equity of observed hotels. Specifically, CL and DBT negatively affect the hotel profitability, while EBIT has positive implications for return on equity. If liquidity and debt increase by 1%, profitability of hotels will be reduced by 0.0013% and 0.0002% respectively. On the other hand, an increase in EBIT by 1% contributes to an increase ROE for 0.050%.

6. CONCLUSION

The chapter has examined the effect of internal factors on profitability of hotels in AP Vojvodina from 2014 to 2018. Empirical analysis has included multivariate analysis of variance as well as multiple regression models which has estimated the impact of current liquidity, debt, financial stability, hotel size, sale growth, earnings before interest and taxes, and lagged profitability. Results of MANOVA test have manifested a significant difference in profitability level between hotels in AP Vojvodina for the period 2014-2018. Observing by individual profitability indicators, there is a significant difference in terms of ROA, while on the other hand, there is no significant difference in terms of ROE. Results of defined models have shown that current liquidity and debt have significant impact on profitability measured by ROA. Also, these factors and EBIT significantly affect the profitability measured by ROE. Specifically, increase of current liquidity and debt declines ROA for 0.0001% and 0.0188%, as well as declines ROE for 0.0013% and 0.0002%. Likewise, EBIT positively affect the profitability where increase of this factor raise ROE for 0.050%.

The contribution of this research is quantitative measurement of internal factors on profitability of hotels in AP Vojvodina and this empirical research enables informatical support for hotel management about internal factors that are essential for profitability in the hotel industry. Results have confirmed that hotel management should establish an optimal relationship between liquidity and profitability, as well as decrease debt level in order to create positive implications on profitability level.

ACKNOWLEDGMENT

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GAMBLING REVENUES AND TAXES IN THE FINANCIAL STATEMENTS OF EUROPEAN COMPANIES

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Abstract: *Not only the operating system but the accounting method is strongly regulated in gambling companies. The accounting and tax regulations that differ by countries influence the accounting practices and so the financial statements of the companies. Revenues are one of the main indicators of the financial performance of an entity. We studied the presentation form and content of European gambling revenues using the presented financial statements of gambling companies between 2004 and 2013. We examined whether the divergent recognition and measurement methods led to a material impact on the comparability of the financial statements. Our results show that the potentially high gambling tax rate and its different accounting practice can hamper the decision making of users of these financial statements and the reliability of revenue-based indicators both on company and industry level. If specific interpretation or guidance for the gambling sector existed, financial statements provided enhanced information.*

Keywords: *Gambling Revenue, Gambling Tax, Comparability of Financial Statements.*

1. INTRODUCTION

Playing is not only part of human nature but one of the engines for human development (Brenner & Brenner, 1990). Gaming was an integral part of human culture in some ancient states and was already present in early 2000 BC (Greenlees, 2008). Conquering the world gambling has been growing in popularity. For decades, the gambling industry has attracted crowds of people looking for comfortable relaxation, fun and even family program for holidays. While the wheel revolves under the crystal chandeliers at the poker table, the odds accumulate in the inner rooms as an inexhaustible source of income, as a private and public revenue alike.

The casino gambling industry has rocketed at an incredible race. While forty years ago, casinos operating only in 13 countries and recording for less than $2 billion in annual revenues, but with a few decades later, casinos operating in more than 130 countries, multiplied their revenues exceeded $125 billion. (Siu, 2007) In the background of the legalization of gambling stand the purpose of achieving economic benefits through job creation, investment stimulation, tourism development, and urban revitalization (Eadington, 2003; Alvarez-Martinez et al., 2016). The desire to increase public revenues played another significant role in the spread of legal gambling (e.g. Smith, 2000). Most of the research on the social and economic impacts of gambling dates back only to the early 1990s. The development of this literature was largely concomitant with the introduction and growth of the casino industry in the USA (Walker & Sobel, 2016) and in Europe (Kingma, 2004).

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Studies on European gaming industry mainly focused on social and health implications (i.e. Beco, 1996, Meyer et al., 2009, Demetrovics et al., 2011, Körmendi, 2011, Planzer et al., 2014), the role and effectiveness of gambling taxes (i.e. Paton et al., 2002, Philander, 2013), meanwhile other researchers analyzed the financial performance of European casinos compared with casinos in the USA or Macau (i.e. Gu, 2002, Gu & Gao, 2006, Eadington, 2011).

While the corporate model became the normative organizational form of North America, particularly in Las Vegas, the European casinos were operated under strict state control in the form of monopolies (Thompson, 1998). At the end of the 20th century, they were mainly government-owned, and force table games at the low rate of promotion and advertisement. Gambling taxes were sometimes so high that the state can be regarded as the primary owner channelling the winning from the real and private ones (Gu, 2002). Nowadays there are a different kind of gambling operators present in Europe depending on the state regulation of gambling (Nikkinen, Egerer & Marionneau, 2018)

The regulations of gambling show considerable differences also in the European Union (Forberger & Bühriner, 2014). The EU regarded the gambling markets as a national competency, and it was not changed through the Services Directive 2006 which excluded from the scope of the Directive because of its specific nature (Kingma, 2008).

In today's world, dominated by the Internet, mobile applications and online games play an ever more significant role in the gaming sector, thereby helping to satisfy basic human needs (Demetrovics et al., 2011). Online gambling is legal in many countries and extends far across national borders. This activity is usually regulated separately from traditional (land-based) gambling activities, and regulations may either strengthen or weaken the development of online markets (European Casino Association, 2015). Some nations regulate the spread of online activity through very high taxes and the restriction of services (Finger, 2013).

The country-specific regulations by countries influence the accounting practices and the content of the disclosures in the financial statements. Of course, a company may operate in different countries, and regulations of these countries are generally different from each other. Thus, companies are also required to provide disclosures by geographical segment, and according to local regulations.

Our research focuses on the revenues of companies that operate in the same industry but under different accounting basis or accounting treatments.

Our study aims to examine whether the variations in the recognition and measurement of revenue and gambling tax might have a significant impact on the financial statements and the value of the sector's total revenue.

2. ACCOUNTING FOR GAMBLING REVENUE AND TAX IN EUROPEAN COUNTRIES

European gambling companies follow domestic accounting rules/standards or international financial reporting standards (IFRS) when they prepare financial statements. Ding and co-researchers (2007) revealed absence and divergence in recognition, measurement, and disclosure between domestic and international accounting standards: some rules are missing in the domestic accounting systems, and some rules differ from the applied ones in IFRS. These differences

may arise from their accounting basis (Langmead & Soroosh, 2009), whereas IFRS is a principles-based system, most domestic accounting regulations can be viewed as a rules-based system.

The direct and indirect presence of IFRS is very high in Europe. The European Union requires from the member states to present consolidated financial statements based on IFRS as adopted in the EU in case of companies whose securities are traded in a regulated market. Furthermore, the member states have the option to require or permit IFRS also for other companies. Despite the widespread use of IFRS, national traditions and practices, the language difficulties (Andor & Rózsa, 2013, Rózsa, 2013) and the differences between stakeholder groups and between countries (Albu et al., 2013) hamper and slow down the voluntary implementation or convergence of national regulations with IFRS.

IFRS follows principles-based accounting, whereas most European countries have rules-based accounting systems. Researchers (i.e. Armstron et al., 2007; Barth et al., 2008; Rezaee et al., 2010) consider as a key benefit in IFRS the high-level accounting quality, the comparability through eliminating accounting alternatives, and the fair value accounting. However, the lack of balance sheet and income statement formats complicates the comparability of financial statements (Hoogendoorn, 2006). Langmead & Soroosh (2009) highlight that IFRS generally formulates the standards without specific industry guidances and this flexibility can provide opportunities for different accounting treatments (Barth et al., 2008).

Ahmed, Neel, and Wang (2013) mentioned revenue recognition as an area where the lack of implementation guidance may result in different interpretations and implementations.

Revenue provides information about the realized gross earnings from companies' business activities, the size of a company; it is the basis for a large number of financial ratios in profitability analysis and the performance evaluation of the management of companies (Wagenhofer, 2014).

In the revenues of gambling companies are revenues from banked games (also called as gaming activities) and gaming-related activities. Playing banked games, both the entity and the customer have the chance to win or lose money or other items of economic value depending on the outcome of the game. By gaming-related activities, only the customer has the chance of winning or losing money; the gaming entity receives a fee for administrating the game. (AICPA, 2017)

The specific features in the gaming and gaming-related activities enable that revenues can be recognized and presented in the financial statements of gambling entities differently. It can be presented theoretically in three levels. The sales revenue can include the gross wager (the total amount of bets) and the revenues from gaming-related activities. The gross gaming revenue is the difference between the amounts received and the amounts paid back to the players as gaming wins. In the case of net gaming revenue, the gross gaming revenue is adjusted by incentives, changes in accrued jackpot liabilities, or gaming tax.

The presentation of gambling revenue depends on the accounting practice applied by the entity, and the accounting practice may differ not only on the country level but even on the company level because of lacking uniform guidance.

There is a close relationship between accounting for gaming revenues and gambling tax. Gambling markets are typically taxed differently than the other part of the economy and alter by

countries (Philander et al., 2015). The gambling taxes cannot be defined as a unique income or sales tax. Because the industry itself falls under strict state-run regulation, even if the state itself runs gambling companies as an owner, the taxation as a legal, or at least not forbidden activity, reflects its ambiguous position among the other legal income-generating activities. A unique mixture of taxation forms exists due administrative constraints; several countries levy on the taxation of the gambling companies' fixed assets or a combination of a unit and ad valorem taxes (Benar & Jenkins, 2008). Gandullia and Leporatti (2019) highlighted the need for harmonization rules of gambling taxes at European level.

In the gaming industry, three categories of tax levies exist the company income tax, the gambling tax – as an excise tax–, and personal income tax on winnings.

Regular and gambling companies also fall under the scope of company income tax, computed on their revenue mainly based on accounted profit, but the calculation of the tax base via deductions and tax rate are different (Karai et al., 2018).

Gambling, similar to the trading of tobacco or alcohol, reflects a particular objective to punish an activity characterized as socially irresponsible (Meich, 2008), so excise tax levied on activity. Personal income tax – which is mainly a tax determined in a percentage of the gross winnings- is not subject to our research.

Clotfelter (2005) incorporates the profit of government-run or government-sanctioned enterprises as an implicit tax because the net income of these companies is channelled to the state budget.

The accounting treatment of the gambling tax is different, even by IFRS companies. When gambling tax is considered a sales tax, it should be eliminated, deducted from revenue because revenue cannot contain items that are due to a third party. In other cases, a gaming tax may qualify as an expense. In this sense, users of financial statements can find two kinds of a statement concerning accounting gaming taxes.

3. METHODOLOGY AND DATA

Our research aims at investigating gambling companies in Europe for which non-consolidated financial accounts of entities were extracted from the Amadeus database, covering a period from 2004 to 2013. Our search request brought more than 19,000 results for companies operating in the gambling business from 41 European countries. This sample is believed to cover the essence of the European gambling market. Amadeus provided applicable data for all 19,000 companies regarding their size and region. For the revenue analysis, we excluded more than 8,400 companies for which data on operating revenue was not available in the period examined. Therefore, the scope of the analyses has been restricted to the dataset of 10,590 companies. Our data collection cannot be considered random, so statistically, the available sample cannot be representative either. Regarding its proportion and size, the sample itself is significant, which indicates that our assessments and conclusions can be considered well-founded.

Companies have been classified into four categories: small, medium, large, and very large. This classification is made according to the values of operating revenues and total assets and the number of employees.

In an earlier stage of the research, we analysed the structure of of the European gambling industry. Central and Eastern Europe are characterized by mid-sized and smaller companies. Southern Europe is characterized by mid-sized and larger companies, where more than half of the online companies we examined are situated. Western and Northern regions are characterized by large and very large companies, where the other half of the online companies we examined may be found (Karai, Nagy, Erdei & Lakatos, 2018).

The operating revenue also shows significant differences between countries in the course of descriptive statistic processing; at the same time, the market seemed to be strongly concentrated in terms of the operating revenue. To justify this, we have done concentration analysis, and we illustrated the results with the Lorenz curve and measured the extent of the concentration with Gini-index.

During our analysis, we filtered those companies from the pattern, of whom the operating revenue for the year 2004 and 2013 was not higher than ten thousand euros. After the filtration remained 2908 companies, these companies have been clustered based on their accounting system: whether they prepare the financial statements on IFRS or local accounting basis.

In order to assess the impact of different accounting treatments, we analyzed the income statement and the notes of published consolidated financial statements of companies with different residence countries. The notes are an obligatory part of the financial statements; we extracted further information from them to reveal the content of gaming revenue and in connection with it, in which part of the income statement is the gaming tax recognized.

We examined income statements and notes of large and very large companies from the top 10 countries to reveal the form and content of disclosures of revenue and gaming tax.

4. REVENUE OF THE GAMBLING INDUSTRY IN EUROPE

Examining the data on operating revenue, small companies represent less than 5% of the annual operating revenue, while the typical proportion of the large and very large companies is approximately 90%. It suggests that the gambling market is highly concentrated.

Illustrating the data in 2004 and 2013 on a Lorenz curve, we can see that the curve is almost the same in the two years: both of them show a very high concentration.

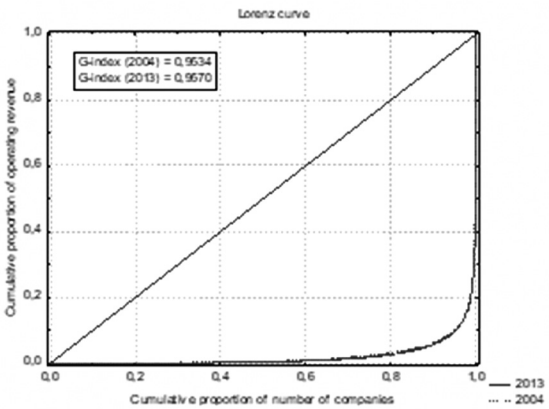

Figure 1. Lorenz curve 2013 and 2004
Source: Amadeus database, own processing

Gini indexes exceed the value of 0.95, which indicates an exceptionally high concentration. In this context, nothing has changed over the ten years: concentration has been the same year by year. For example, in 2012, nearly 50% of the operating revenue was represented by 11 companies.

The highest operating revenue through the period analyzed is generated in Western Europe, followed by the Northern region, and finally in the Central region. According to activity, analyzing the data in 2013, we found that 44% of the total revenue was represented by only 13 companies of m[5], which is almost as much as the revenue of 129 land-based companies. Filtered by country, the highest operating revenue is generated in the United Kingdom, exceeding all other countries in the period examined. Almost 50% of the total revenue in 2013 was earned by those British companies that rank first, including a mixed company, whose revenue represents 80% of British revenues.

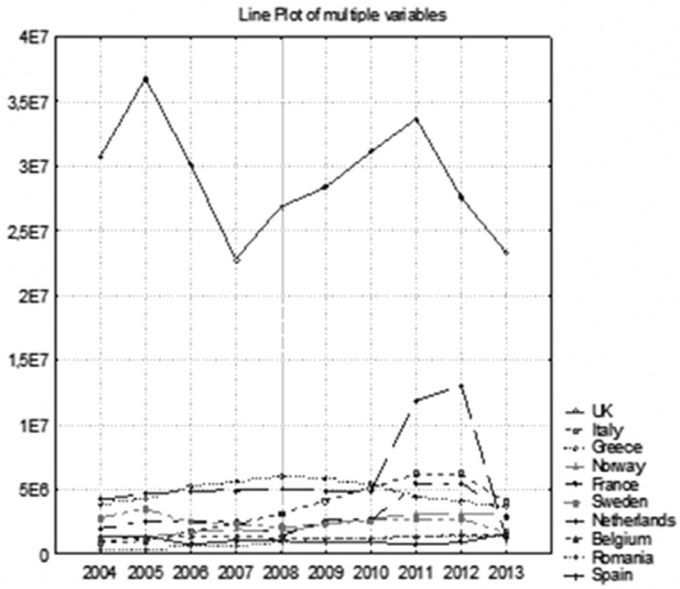

Figure 2. Top 10 countries based on operating revenue between 2004 and 2013 (in TEUR)
Source: Amadeus database, own processing

In several European countries, tourism is one of the most important drivers of economic growth, such as in Croatia (Skuflic et al., 2013), Slovenia, Spain, etc. (European Casino Association, 2015). From the sample in 2013, we can see that among the ten countries that have the highest gambling revenue (See Figure 2. Top 10 countries based on operating revenue between 2004 and 2013), six countries are listed in the top 10 tourist destinations (Eurostat, 2015).

In the concentration analysis, we have already highlighted that the total revenue is defined by the revenue of only a few companies. Thus, the revenue of the sector depends on the revenue of these companies. Following the economic crisis, in some countries, we experienced an increase, but it was due to the increase in large companies. So as to examine the revenue of the vast majority of the companies (See Figure3. Total industrial operating revenue trimmed mean 2004-2013), by calculating trimmed mean (‚middle' 90%) we eliminated the data of the dominant companies. Since 2007 the vast majority of the companies in the sector have been characterized by decreasing revenue.

In the years examined, the European gambling companies generated an average of 1 million euros in net revenue. We found some European countries where the industry shows losses in

[5] Mixed type companies operate both land-based and online gambling activities.

certain years. In the years examined, generally, one-third of the European companies reported losses, of which one half operated at a loss, while in the other half, the loss was caused by the financial activities of the companies.

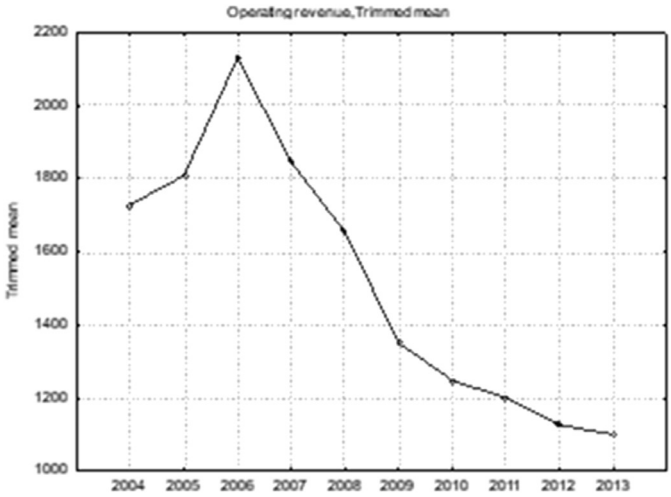

Figure 3. Total industrial operating revenue trimmed mean 2004-2013 (in TEUR)
Source: Amadeus database, own processing

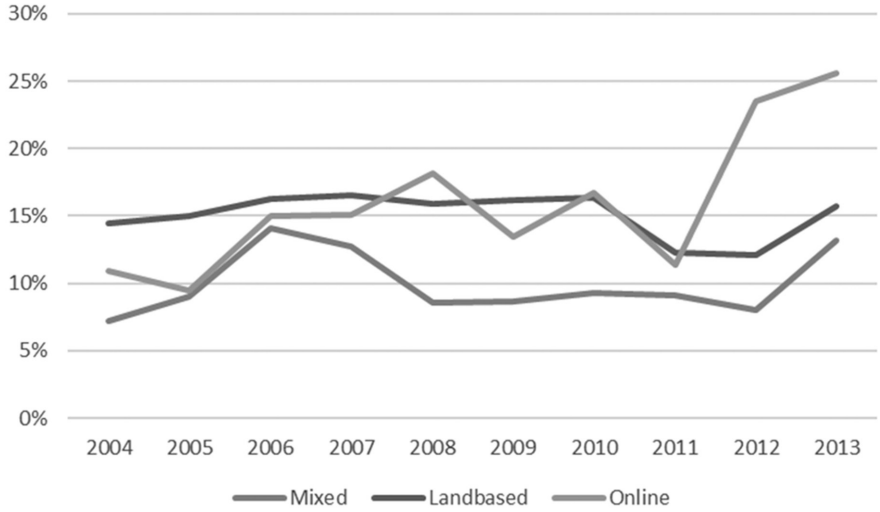

Figure 4. Profit or Loss on Operating revenue
Source: Amadeus database, own processing

The proportions of profit on the operating revenue show that the activity is profitable. The revenues of a company are the main indicators of the entity's financial performance, position, or future prospects for current and potential investors, creditors, and other financial statement users. Therefore, the content of revenue is significant to understand and compare financial statements.

5. REVENUE AND GAMING TAX RECOGNITION

The presentation of the gambling revenue in the financial statements highly depends on the definition and presentation of the gambling tax base (see Appendix). The specific features in the gaming and gaming-related activities enable that revenues can be recognized and presented in the financial statements of gambling entities differently. The sales revenue can include the gross

wager (the total amount of bets) and the revenues from gaming-related activities. If companies present only the gross wager as revenue, the gaming wins are presented as an expense. This form of revenue recognition exists only in domestic accounting systems. IFRS standards do not allow those items that belong to third parties are presented as revenue. We found gambling companies, for example, in Germany or Hungary, that present the gross wager as revenue in their income statement.

The gross gaming revenue is the difference between the amounts received and the amounts paid back to the players as gaming wins. If companies present the gross gaming revenue as revenue in the financial statements, gaming wins are not expensed but deducted from the revenue. This accounting treatment appears both in IFRS financial statements and in financial statements prepared on a domestic regulation basis.

If companies present net gaming revenue in their financial statements, the presented revenue is not only by the wins lower, but it is also adjusted by other items, like incentives, changes in accrued jackpots, or gaming tax.

In Europe, gaming taxes are generally levied progressively by ranges based on gross gaming revenue expressed by percentage, except Hungary and Poland, where we can find a fixed percentage (European Casino Association, 2015; University of Nevada Center of Gaming Research, 2015). We found countries such as Lithuania and the Republic of Estonia, where there are fixed taxes.

Concerning the form of presentation of revenue and gaming tax, empirical results show notable differences in the European domestic and IFRS statements.

Some of the companies recognize gambling tax as an expense, while other companies deduct it from their revenue. If the gambling tax is interpreted as a sales tax, the tax should be deducted from the amount of the revenue. The deduction of the revenue is applied in companies from Austria, France, Italy, and Greece. Our empirical results show that recognition of the gambling tax as an expense is applied in: UK, Spain, Switzerland, the Republic of Estonia and Hungary, although the ways of recognition are not uniform: in UK and Switzerland gambling tax is part of the cost of sales, in the Republic of Estonia, Spain and Hungary it is recognized as a separate operating expense.

Depending on the applied accounting treatment, if the gambling tax is recognized as an expense, the presented revenue is higher by the amount of the gambling tax in the financial statements. Different revenue recognition results in severe difficulties in the analysis. It is considered that the different accounting practices may distort the positions of the countries (see Figure 2) and companies significantly, thus this hierarchy may not be considered reliable for determining comparability or turnover-based market share.

Besides market share, the different accounting practices leave a question mark regarding the reliability of further comparisons, according to several other key indicators as well.

To serve as an example, we examined the consolidated data and revenue indicators of a French, a British, and a Hungarian company with similar gross gambling revenues (GGR). We chose three companies from among the largest ones, with different accounting treatment for revenue and gambling tax recognition. In the income statement of the French company, the winnings and the

gambling tax are deducted from the sales revenue. The British company presents the gross gaming revenue, while the gambling tax is expensed in the cost of sales. Hungarian firms recognize the sales revenue by calculating the winnings and gambling tax in the other operating expenses.

Because of the lower tax of the British company, we found less significant differences for them than for the other two. For the high-taxed French company, the key performance indicators duplicate. For Hungary, the table contains three columns, because the indicators show notable differences from the indicators calculated by GGR and netted GGR. It is because the indicators are revenue-based.

Table 1. Presentation of gambling revenue and gambling tax in financial statements of European gambling companies in the year 2013

Residence country	Accounting basis	Content of the presented revenue	Presentation of Winnings	Presentation of gambling taxes	Gambling tax / Sales revenue	Gambling tax / GGR
AUSTRIA	IFRS	GGR, NGR	Separate deduction line in revenues	Separate deduction line in revenues	15,52%	46,77%
CZECH REPUBLIC	IFRS	GGR	Separate deduction line in revenues	A separate line in Cost of sales	19,64%	21,04%
ESTONIA	IFRS	GGR	Netted from revenues	Other operating expense*	n.a	23,54%
FRANCE	IFRS	GGR, NGR	Netted from revenues	Separate deduction line in revenues	n.a	50,20%
GERMANY	DAS	Sales revenue	in cost of Sales	In cost of sales	n.a	28,65%
GREECE	IFRS	Sales revenue GGR NGR	Separate deduction line in revenues	Separate deduction line in revenues	9,31%	28,31%
HUNGARY	DAS	Sales revenue	in other operating expense	In other operating expense	14,52%	36,43%
ITALY	IFRS	NGR	Netted from revenue	Netted from revenue	n.a	n.a
NORWAY	DAS	Sales revenue	A separate line in operating expenses	No gaming tax	-	-
SLOVAKIA	IFRS	GGR	Separate deduction line in revenues	A separate line in operating expense	n.a	11,15%
SPAIN	IFRS	GGR	Netted from operating revenue	A separate line in operating expenses	n.a	50,21%
SWEDEN	IFRS	GGR	Netted from revenues	No gaming tax	-	-
UK	IFRS	GGR	Netted from revenues	In cost of sales	n.a	15,00%

DAS: Domestic Accounting Standards

IFRS: International Financial Reporting standards

Sales revenue: Revenue without any deductions

GGR: Sales revenue – Winnings

NGR: GGR – Gambling tax

* Netted in GGR: when tax paid on the wager and in Other operating expense: when tax paid on GGR

Table 2. Performance indicators of selected companies

	English Company		French Company		Hungarian Company		
	Based on GGR	Based on NGR	Based on GGR	Based on NGR*	Based on GGR	Based on NGR	Based on Sales
EBITDA margin	0.37	0.4	0.11	0.22	0.21	0.33	0.08
Operating margin	0.32	0.34	0.04	0.08	0.19	0.29	0.07
Net margin	0.3	0.32	0.01	0.02	0.15	0.24	0.06
Effective tax rate	8%		50%		35%		

Data source: Annual reports of companies

6. CONCLUSION

The operation of the gambling industry differs significantly from other services. The specification in the industry has become more important in both market and financial analyses and the accounting system.

The results indicate that in Europe, the gambling market is highly concentrated. Only a few companies generate a substantial part of the revenue of this sector.

The popularity of the land-based activity also derives from its positive effect on tourism. It has a positive effect on the local economy (Li et al., 2010), such as has been experienced in Korea and Singapore (ECA's European Casino, 2013; Shin & Koo, 2011).

Gambling revenues are recognized as a total amount wagered or as the difference between gaming wins and losses or as gaming revenues netted by the gambling tax. In several European countries, the gambling tax is determined based on gross gaming revenue. The tax rate may be influenced by not only the amount of revenue, but the nature of the activity as well, and may differ by country. Gu & Li (2009) explained the different tax rates adopted by gaming economies with their different market conditions such as supply market and market size.

As for European IFRS statements, empirical results show differences in the accounting of gambling tax. The gambling tax was recognized either as a revenue reduction item or as an expense, depending on the accounting practice in the country. These different recognition methods for gambling revenues and expenses made significant differences in certain rows of the statements of comprehensive income.

For the users of financial statements, revenues of a company are indicators of the financial performance and position or future prospects of an entity. The different accounting methods are important not only for the determination of the market share but for comparison with other countries' companies as well. It may be stated that in the European gambling industry, revenue-based key indicators were not comparable in the examined period.

This study calls attention to this specific service sector and to the impact of applying different accounting treatments when preparing financial statements on the different underlying assumptions. The presentation differences shadow the clearness of information used by decision-makers. If specific accounting guidance for the gambling sector existed, it would enhance the transparency and comparability of financial statements. In its absence, the quantification of an accounting value may vary from nation to nation, thus laying additional burdens on companies when preparing consolidated reports, and sometimes distorting rational decision-making of the

users relating to financial statements. The country- and company-specific differences in revenue recognition result in the lack of uniform measurement basis of the revenue in the gambling industry and hamper the reliability of revenue-based indicators.

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WELLNESS AND THERMAL TOURISM: AN INSIGHT FROM ITALY

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Abstract: *Wellness and thermal tourism is changing at national and international levels even taking in account the growth rates of, and changes in, global consumption patterns. In this context, the objective of this study is to track a view on thermal tourism in Italy, focusing on a case study in the Apulia region. The primary function is therefore to establish important territorial safeguards aimed at satisfying the health demands of the population, while complying with the principles of therapeutic appropriateness and managerial efficiency. The analysis highlights the need to continue developing knowledge in a sector with great growth potential, especially in European countries.*

Keywords: *Health Tourism, Apulia Region, Case study, Thermalism.*

1. INTRODUCTION AND BACKGROUND

Recently wellbeing, wellness and relaxation are among the many concepts to become associated with tourism and have become the focus for a number of tourism studies, which highlight the analysis of wellness tourism as a phenomenon. The concept of wellbeing, for example, especially the subjective wellbeing of those who travel, has received empirical attention (Nawijn, 2011). It has been defined as, "a broad category of phenomena that includes people's emotional responses, domain satisfactions and global judgments of life satisfaction" (Diener et al., 1999, p. 277). Wellbeing includes a mix of factors: the relative absence of anxiety and depression, frequent and intense positive affective states, and global life satisfaction (Diener et al., 1999). Wellbeing and health are one of the themes of the new millennium; the tendency of individuals to be concerned with their body and good physical fitness reflects the necessity we have of being healthy and even staying young, permanently searching for a better quality of life (Ramos, Santos, 2002).

What does the term wellness mean and how can we define it? The Global Wellness Institute (GWI) defines wellness as a continuous activity consisting of several activities, choices and lifestyles that lead to a holistic state of health (GWI, 2018).

For some, this can mean connecting with nature and the environment and for others, wellness means spending time in a pleasant and relaxing atmosphere. Regardless of the way you use it, it is certain that for most of us, wellness means connecting with yourself to feel better and restore your health, both physical and spiritual.

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If we are still talking about connection, it is worth mentioning that in the last decades the connection between people has been replaced by the connection from the point of view of technology, this being more and more present in our lives as time goes by.

Although the main mission of the technological interconnection is to significantly improve the lives of people, through processors, gadgets, applications and programs based on AI (the artificial intellect) the most precious good that a person can have, that is, time, began to be stolen even by the above- mentioned elements. We all started to be locked in a kind of bubble, that space - called in modern word "privacy", which we all hold so much. As we are increasingly bombarded with messages, emails and different news that must be interesting from the point of view of the computing algorithms used by different companies and commercial.

Travelling for health purposes is a global tourism trend. Health tourism is very popular around the world, from America to Malaysia, the number of interested people is growing year on year and the forecast is that it will continue on this upward path. This is of great importance in terms of attracting tourists, in both high and low seasons. Numerous countries have identified health, medical and wellness tourism as a key development area. The wellness tourism economy was worth 639 billion USD in 2017 (GWI, 2018). All tourism sectors will continue to add more wellness elements, and wellness tourism experiences will become more sophisticated. The wellness movement has become mainstream, both at the individual and the corporate levels, and the healthcare industry is considered to be of strategic interest. Various social, political, and economic factors, as well as technological innovations, shape this demand, as well as the supply of wellness and medical services (UNWTO, 2019). To this concept of wellbeing is linked thermal tourism, in a new version of wellness, based on a new concept of experience, including wellness tourism, which is different to health tourism. In fact, Ramos and Santos (2002, p. 3) affirm that thermalism includes "immediately to indication and using of thermal water with illness treatment recognized virtues", so thermal tourism implies pleasure with this kind of activity in specific centers or institutes, but it is also associated with a healthier life, where sometimes it is applied without a specific illness, but is preventative, playful and focused on wellbeing. Spas are defined by the GWI (2018, p. 11) as, "establishments that promote wellness through the provision of therapeutic and other professional services, animating and renewing the body, mind and spirit". Spas are often mentioned in tandem with wellness but they are a means of engaging in wellness and they have a strong appeal to visitors. Spas and wellness together promote health and wellbeing and, as a tourism product, also have a significant impact on the visitor economy, local communities, and the natural resources of touristic destinations.

Across the world, Europe remains the destination for the highest number of wellness trips (Figure 1). North America continues to lead in wellness tourism expenditure because the average spending per trip is higher. In the past five years, Asia has made the most gains in the number of wellness trips and wellness tourism expenditure, with demand stimulated by strong economies and an expanding middle class.

Italy is a European country with numerous thermal establishments, due to its particular geological conformation, rich in volcanic rock and sulphured water springs. Italy has already earned some popularity as a tourist destination in this regard. According to Federterme (2018), in Italy, there are 323 thermal establishments with accreditation by the National Health Service, with about 65,000 employees, distributed across all regions of the country (except Molise) but concentrated in the Veneto region (28.2%) and in Campania (23.8%), regions rich in mineral

water sources: then comes Tuscany (6.2%), Emilia-Romagna (7.1%), Lazio (4%), and Lombardy (3.7%) (www.federterme.it). The distribution is influenced by the incidence of traditional establishments or new resorts with wellness services (Rocca, 2014) close to thermal water springs. Each resort has its own purpose and every water is used to treat different diseases. In 2018, the total revenues of the sector were close to € 760 million (provisional data of Ebiterme, 2019), divided between €118,9 millions of affiliated spa treatments and € 639,5 million of additional services, such as accommodation, cosmetic medicine, fitness, etc.

In the new version of wellness and thermal services, the role of internet is critical for thermal destinations, where a smart tourist destination promotes its image with a 'intelligent' presence on the web, and creates virtual heritage, generating and promoting creative and cultural activities that enrich and consequently qualify the urban region (Privitera, 2017, p. 24). Specifically, in the area of wellbeing, sports and health technology are increasingly being used to inform people about health and sports activities, or just knowledge of the health and therapeutic services offered. Thermal tourism destinations are a consumption point of complex activities that comprise the tourism experience and the internet provide a virtual journey. Health and thermal resorts and spas have the capacity to meet leisure, tourism and healthcare needs in one place (Tabacchi, 2010). It is worth highlighting the capacity of these centers to achieve the development of the region and the local economy in which they operate (generally located in rural areas), creating employment and generating income (Quintela, Costa, 2015).

This study provides a profile of the thermal sector in Italy, highlights the potential regarding the development of wellness tourism linked to thermal tourism, and the factors that attract and motivate this alternative form of tourism in the Apulia region (in the south of Italy), where it can contribute to the socio-economic development of the region, through investments and rapid results.

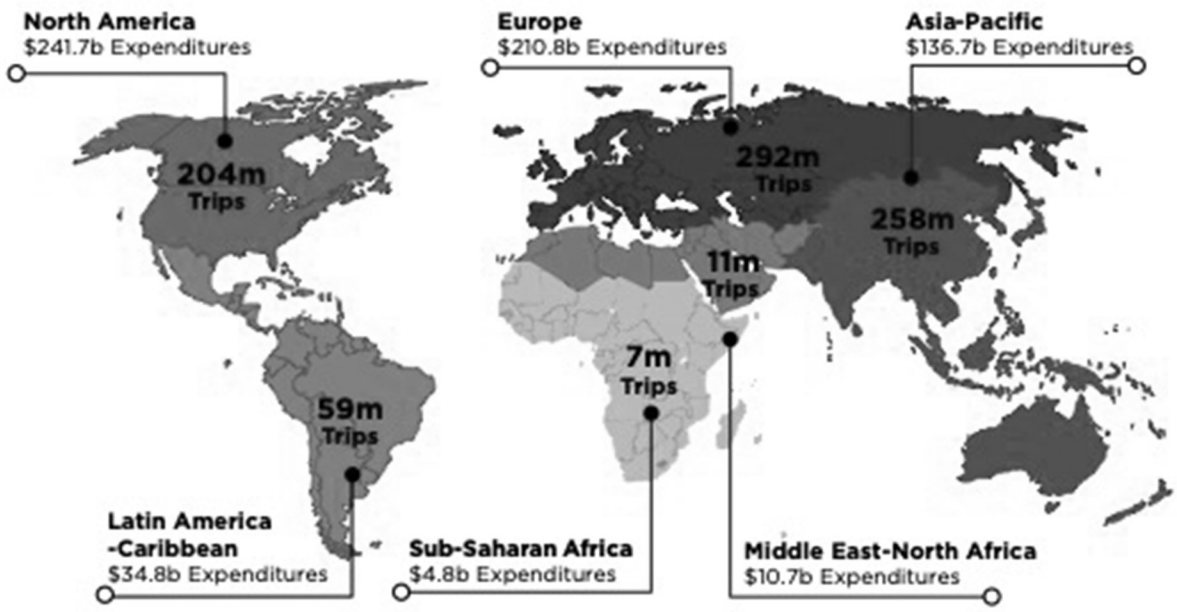

Figure 1. Wellness tourism by region, 2017. Number of wellness tourism trips and expenditures (inbound and domestic)

Source: GWI, 2018, p. 11

2. RECENT CHANGES IN THERMAL TOURISM IN ITALY

In Italy, thermal tourism, an ancient form of health tourism, is going through a phase of transformation that describes rather varied scenarios in the landscape of enjoyment and facilities management (Rocca, 2014). The final product is a composite of the components of care, a wellness region, with tourism creating a "wellness industry" (Gregori, Cardinali, 2012, p. 17) where traditional structures have been called on to implement digital transformation.

The terms 'wellness', 'care' and 'thermal' are sometimes used as synonyms, creating confusion among operators, users, institutions, and tourists. Italian Law 323 of 2000 on the "reorganisation of the thermal system", defines the terms "care" and "wellness", in addition to regulating the supply of spa services and introducing provisions on the promotion and upgrading of hydrothermal heritage in relation to the enhancement of the natural and cultural resources of spa regions. This is linked to what is contained in the following law on the reform of the national legislation on tourism of 29 March 2001 n. 135, which sought to highlight the role of local institutions in the management and development of spa resources. Thermal baths have become an integral part of a region, in which the spatial relations, even those of hierarchical type, play a central role. It is necessary to say that there are many categories and types of thermal and mineral springs establishments in the world, as GWI (2018) highlights (Figure 2).

<table>
<tr><th>Primarily Recreational</th><th>Primarily Wellness</th><th>Primarily Therapeutic or Curative</th></tr>
<tr><td>Thermal/mineral water swimming pool facilities</td><td>Thermal/mineral water bathing facilities</td><td rowspan="2">Health resorts and sanatoria that use thermal/mineral waters for treatments</td></tr>
<tr><td>Thermal/mineral water-based waterparks</td><td>Thermal/mineral water-based spas</td></tr>
<tr><td>Hotels/resorts with thermal/ mineral water swimming pools</td><td colspan="2">Thalassotherapy spas and resorts</td></tr>
<tr><td colspan="2">Thermal or hot springs resorts</td><td></td></tr>
</table>

Figure 2. Types of thermal/mineral springs establishments
Source: GWI, 2018, p. 13

In Italy, the sector is characterized by an increasingly integrated trend: a continuous reduction in traditional performance and an increase in wellbeing. It is called the 'sixth generation' of thermal activity, where aesthetic treatments are added, and fitness and tourist services are increasingly linked to the regional offer in terms of cultural and gastronomy trips.

More recently, spas and wellness centers have tended to apply a wellbeing-oriented approach to the whole operation and differently for separate markets or countries (Puczkó, Smith, 2018). Usually, wellness and spa services are more convenient in markets where there is a significant supply of spa facilities, mainly based on natural resources. One example is Japan, the country with the largest number of thermal establishments, where there has been an improvement in the health system with the integration of traditional medical centers using thermal spas. These centers not only help to meet current needs and maintain the tradition and culture of the population, but have also contributed to the development of the regions through the commercialization of rural areas with the climatic and

geographical conditions that allow the creation of commercial resources and therefore economic diversification of these areas (Tabayashi, 2010, p.121). In fact, spas and wellness help the local community, may bring meaningful employment to them, and create spin-off economic opportunities for items such as wellness souvenir production and supplying treatment supplies to the spa. An example where the growing demand of spas benefits entrepreneurs financially is jasmine massage oil processing in Thailand and Bali (Lo, 2019).

Another example is Turkey, where the development of thermal tourism has prehistoric origins and lifestyle and traditional uses (the famous Turkish baths). Since 2007/08, following major investments in modern renovation of traditional treatment rooms (hotel and/or resort versions) joined by the offer of medical therapies, Turkey has become one of the world's leading countries in terms of health and wellness tourism (Kervankiran, 2016, p. 116).

In Italy, thermal structures are not necessarily connected to accommodation units but many of them tend to be an autonomous activity, redeveloped for the supply of therapeutic diagnostic services where prevention (rather than rehabilitation) is the stimulus for wellbeing (Dai Prà, 2013, p. 8). Recently, many success stories have come from resorts exclusively oriented to wellness tourism; other centers have evolved with the integration of spa treatments, rehabilitation, and healthcare, leading to a clear distinction between residential services (e.g., wellness farms) and non-residential services (day spas, thermal baths, fitness/wellness centers).

There are markets in different countries where wellness and spa facilities are positioned predominantly in the upmarket and luxury brackets but markets show a high degree of differentiation in terms of target segments. However, in recent times the preferred target audience for wellness and spa services appears to be young couples and groups of friends, while adults and the elderly (52% of the total) is oriented to traditional spa facilities (Puczkó, Smith, 2018, p. 16). In fact, wellness and spa operators need to pay more attention to those guests who may not be core wellness guests, but show a growing interest in, and demand for, healthy options at a hotel, resort, spa, or baths. The Virtuoso Luxe Report identified services for wellness to be massage and other physical treatments, fitness lessons, beauty with use of natural products, combined with healthy cuisine (Virtuoso Life, 2017). Today more than ever, wellbeing as such incorporates the integration of mind, body and soul. In fact, the hospitality industry is continuing to explore ways to capitalize on the wellness trend, and most are looking in the spa and healthy dining directions. To this end, and with the younger generations increasingly wanting relaxation and wellness while travelling, the spa and fitness center has become a major selling feature for hotels. However, the wellness center not only represents a place for bodily improvement but also one for meeting new people and positive interactions.

Data on expenditure on the demand for wellness and spa services confirm that, compared to traditional services, it is relatively high (Table 1). In Italy, spas are not luxurious, only in a few cases are they associated with high-class resorts; therefore, they are generally more affordable. In comparison with wellness services, spa treatments are an offer of democratized wellness, as they are accessible to most market segments, following agreements with Italy's National Health Service. The most popular services in spa centers, namely health-oriented treatments, are positioned in the mature phase in the life cycle of wellness products, and need to be revitalized or added to in order to create more revenue. Health treatment options at spas and wellness facilities, as well as in hotels, can create additional demand from health-conscious market segments, but not necessarily tourism. Not surprisingly, the international demand for wellness and spa services during a tourist trip, combined with the enjoyment of cultural activities, represents the highest spending segment.

Table 1. Guest spending for wellness/spa/thermal services, 2018 (euro/person)

	Wellness/spa Services			Thermal Trattament
Users	World	Europe	Italy	
International	161	127	163	75
National	145	99	163	58
Local	91	42	83	12

Source: Puczkó, Smith, 2018, p. 28-29

The spa tourism sector is also positively affected by the use of technology and services offered in the virtual world. The sector recognizes the value of web marketing, equal to at least 1% of turnover, and the digital transformation is most evident in accommodation facilities (67.2% of firms or hotels), where the take-up rate of digital tools is high for both promotional (89%) and booking activities (ISTAT, 2017). Technological changes and the implications for spa tourism are highlighted in the growing use of online platforms or applications, where it is possible to promote, highlight and differentiate the products offered, not only as a characteristic and distinctive feature of business opportunities for operators but also as social interactions with potential customers. In fact, the use of smart technologies for experiential and interactive tourist enjoyment is preferred and profitable in the case of wellness routes. Specifically, applications for mobile devices link and underlie positioning and georeferencing technologies, leading to a textured story of the geographical space, in which images are combined and re-combined, increasing real and illusory information by providing access to ever-increasing amounts of visual information (Thielmann, 2010, p. 7).

3. A CASE STUDY: THE IMPORTANCE OF THERMAL TOURISM IN APULIA REGION

3.1 The Apulian Tourism Context

Tourism in Apulia has undergone positive changes in recent years; in 2019 the internationalization rate reached 28% for arrivals and 25% for presences / overnight stays. Compared to 2015, the internationalization rate of incoming has increased by 7 percentage points (Figure 3). The foreign presence is more evident in the summer and, in particular, in July (18% of the annual total) and September (17%). In the other months the presence is generally constant, with a few peaks or at particular events or during the holidays (at Christmas and especially at Easter). In 2019 the months with the highest increases were August (60 thousand more arrivals, + 8% on 2018), October (+ 30 thousand, + 11%), April (+ 20 thousand, + 7%) and May (+ 18 thousand, + 5%).

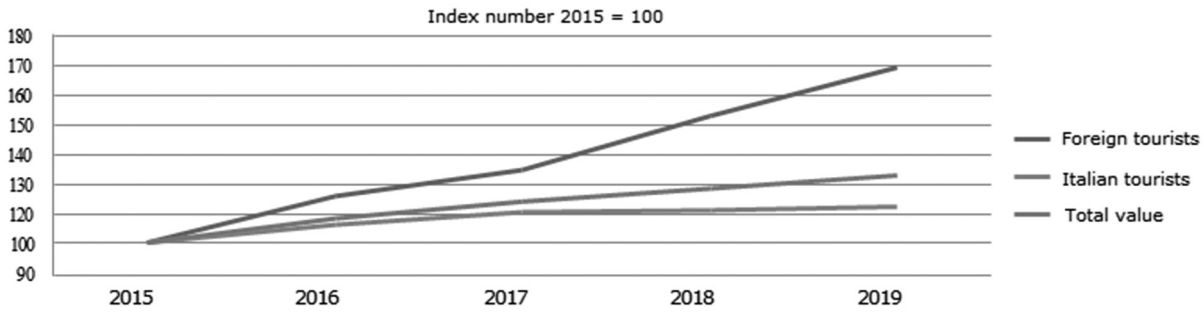

Figure 3. Trend of arrivals in Apulia region

Source: Authors on data of the Puglia System for the Tourist Observatory and ISTAT 2019

The biggest increase, in the last two years, of tourists by nationality is registered from Russia (+ 47%), Romania (+ 25%), Poland and Brazil (+23%), Netherlands (+ 17%), and Australia (+ 16%). The increase concerned both the number of arrivals and overnight stays.

An analysis of the data divided by the six Apulian provinces shows that the main destination for tourist incoming (arrivals) in 2019 is the province of Bari with a percentage share of the total of 28%. The two main tourist centers for the number of overnight stays remain Gargano (north of the province of Foggia) and Salento (the southern part of the province of Lecce), with a territorial share of 28% and 31% respectively.

Compared to the other Italian regions, Puglia is in eighth place in terms of overall attendance with a share of 3.54% of the national total, after Veneto, Trentino Alto Adige, Tuscany, Emilia Romagna, Lombardy, Lazio and Campania.

Although the number of non-hotel structures in Apulia is growing at a rapid speed (+ 46% compared to 2015), the accommodation capacity of the region has remained almost unchanged over the years (284,250 total beds in 2019 with a variation of + 3% compared to 2015). In 2019, 7,950 accommodations were registered in Puglia, of which 13% in the hotel category (38% of regional beds). The overall increase in the number of facilities was of + 40% from 2015 to today.

In short, the tourism sector is currently fundamental for the entire regional economy as can be deduced from the comparison of the regional GDP with that deriving from tourism activities (Figure 4).

The value of tourism in Puglia is around 6.5 billion (12.3% of total consumption). The estimated added value is 9 billion (13.6% of the total). The data on the companies are also very significant: a total of 52,000 companies are involved in the sector (38% of the total) with 135,000 employees (15.4% of the total) directly and indirectly involved. According to Bankitalia, international tourist spending in Apulia increased by + 3% from January to September 2019.

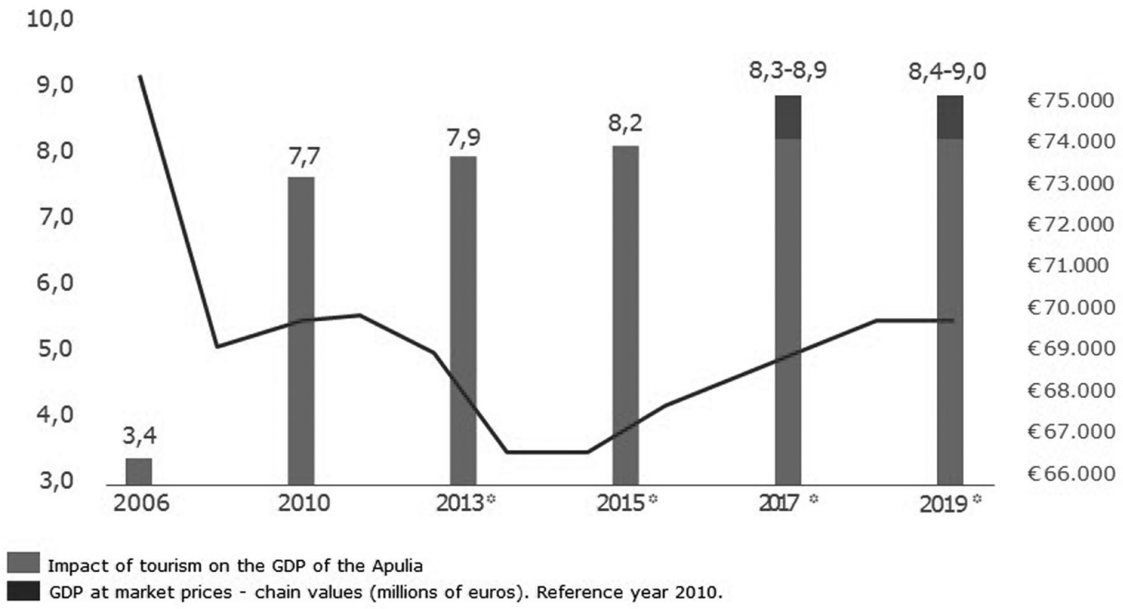

Figure 4. The incidence of tourist GDP of the Apulia
Source: Puglia Promozione, 2019, adapted

Based on an analysis of the tourism market in Puglia, it emerges how the thermal sector represents an important market niche in the region. Despite the marginal weight on the tourism economy, the wellness product nevertheless presents interesting average growth rates as it is linked to the seaside sector. This type of tourism, once linked to the concept of health, is now evolving from the traditional thermal level to that of well-being that integrates with body treatments and psycho-physical regeneration, nature, artistic and food and wine beauties of a territory.

3.2. Thermalism from an Italian Regional Perspective

According to the latest Ebiterme (2018) surveys, at the end of 2017, there were 321 hydroponic and hydrotherapy establishments in operation in Italy, 90% of which carried out their activity under the accreditation regime of the National Health Service (Figure 5). This means that Italian operations not only use mineral water that is effective in treating various chronic diseases and enable functional rehabilitation, but also meet the structural, organizational and professional requirements necessary to be able to operate on behalf of public health (adequacy of facilities, availability of personnel with specialized skills, accessibility and quality of care, compliance with health and hygiene regulations, etc.). Their primary function is, therefore, to establish important safeguards aimed at satisfying the health demand of the population, in compliance with the principles of therapeutic appropriateness and managerial efficiency.

The spas are located in 153 municipalities and consist of 62 spa resorts, 22 seaside locations, 13 heritage cities, 12 mountain resorts, six hill towns, five lake resorts, and 34 other types of locations. Excluding the three urban cities equipped with thermal centers (Naples, Genoa and Bologna), the locations in question are generally characterized by their reduced demographic density, with about 10,000 inhabitants in the north, about 13,000 in the central area, and about 15,000 in the south. The locations of the hydrotherapy establishments show a marked capacity for accommodation, bearing in mind that they have 5,346 hotels with over 401,000 beds (compared to 2,248,000 thousand hotel beds surveyed by ISTAT at the national level). Naturally, the share of beds in seaside resorts with establishments (equal to 55.5%) exceeds that of spa resorts (27.3%) and other tourist sites (17.2%).

The hotels owned by the spa companies, often called 'hotel Therme', have a total of around 30,000 beds, corresponding on average to just over 100 beds for each structure. This is an appreciable figure especially considering two circumstances. Firstly, some large parks and spas do not have their own accommodation facilities and make use of agreements with adjacent facilities. Secondly, almost all the accommodation capacity is accounted for by the superior category hotels, equipped with comfortable rooms, sports facilities, wellness centers and, where space allows, large halls for so-called congress tourism (i.e., exhibitions, conferences, seminars, conferences, workshops, etc.). However, in general, the hospitality establishments located in the spa resorts are characterized by high quality standards, not just the hotels owned by the spas. In fact, in spa resorts, the share of hotel accommodation is 72% and that of non-hotel facilities is 28%, against a national average of 45% and 55%, respectively. In the locations in question, the hotels with at least three stars represent almost 90% of the total, against a national average of less than 80%.

Taking into account the marked geographical concentration of entrepreneurial activities (Figure 1), it is possible to divide the entire national territory into four areas: the first comprising the first-ranked regions, which are at the top of the ranking by number of spas, namely Campania (96), Veneto (92), Emilia Romagna (23), and Tuscany (21); the second includes the regions that are posi-

tioned immediately after the leading group, namely Lazio (15), Lombardy (14), Piedmont (10), and Trentino-Alto Adige (9); the third includes the regions that are located in an intermediate position, namely Marche (8), Calabria (6), Sardinia (6), and Sicily (5), and finally, the fourth includes the regions that are located at the bottom of the ranking in question, namely Friuli-Venezia Giulia (3), Abruzzo (3), Puglia (3), Valle d'Aosta (2), Umbria (2), Basilicata (2), and Liguria (1) (Figure 6).

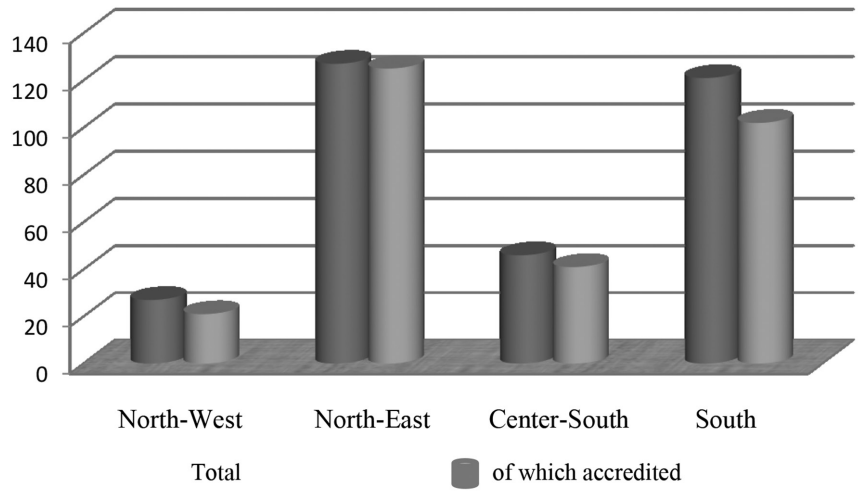

Figure 5. Number of thermal establishments for territorial districts in Italy
Source: Ebiterme, 2018

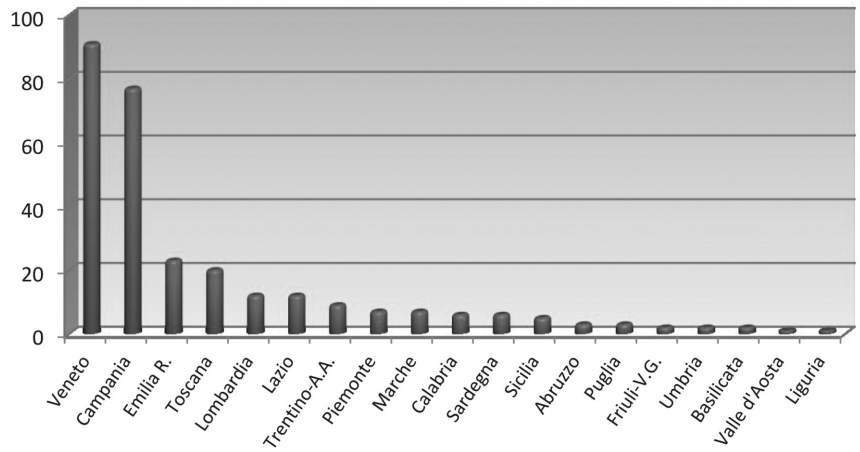

Figure 6. Ranking of regions by number of accredited spas in Italy
Source: Ebiterme, 2018

The four spas in Apulia (Figure 7) are the Terme di Castelnuovo della Daunia in the province of Foggia; the Terme di Margherita Savoia (Barletta-Andria-Trani); the Terme di Torre Canne in the province of Brindisi and the Baths of Santa Cesarea (Lecce). The second represents a particularly interesting case study due to its geographical location and the related tourist implications. The history of Margherita di Savoia is the story of its primary resource: the sea. The city has always lived in perfect symbiosis with the history of its 'Salina' (it's made up of a vast expanse of still water divided into pools for the production of sea salt), which determined its current economic and social situation. Over time, the socio-economic dichotomy between the city and the Salina has turned into multipolarity: the Salina, the baths, the reserve, the inhabited center. The territory of Margherita di Savoia covers an area of 360,000 hectares, of which almost 400 constitute the inhabited center and the remaining part is occupied by the Salina.

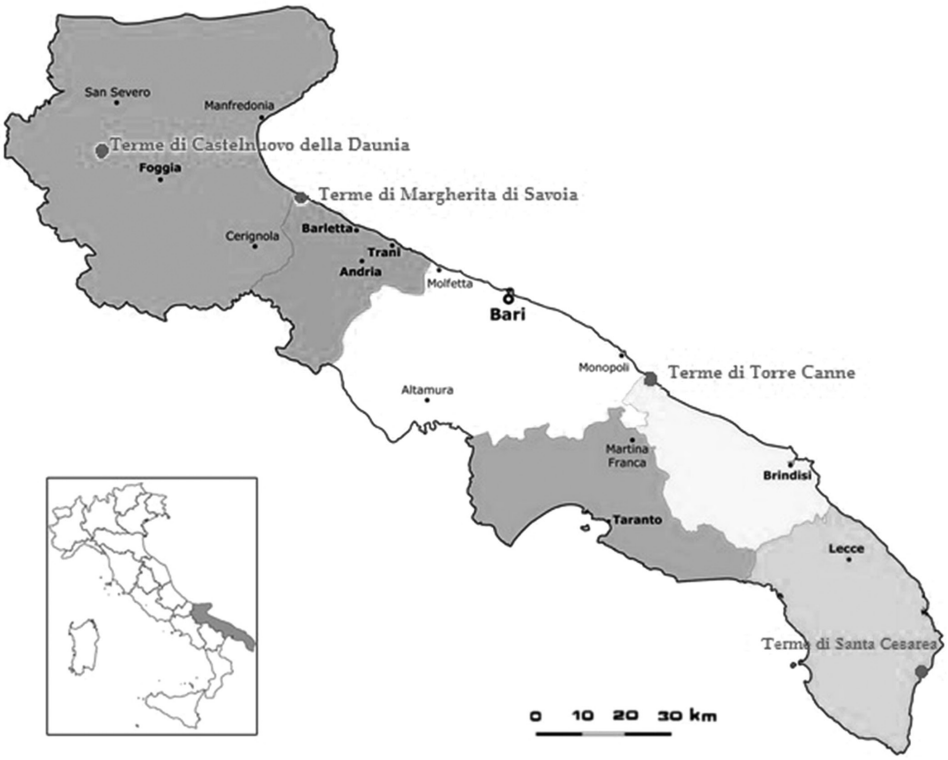

Figure 7. Spas in Apulia, Italy
Source: Ivona, 2019

The population is 11,885 inhabitants (2018 data of Italian Institute of National Statistic), with a decrease recorded in the last 15 years of almost 8% (12,677 inhabitants in 2002) and a population density of 329.74 per square kilometer. Unlike the remaining Tavoliere and, more generally, the Province of Foggia to which Margherita belonged until 10 years ago (whose climate is warm temperate with tendencies to continentality, due to the protection of the Apennines to the west, the Gargano Promontory to the north and the Murge to the south, and to the rebalancing effect of the Adriatic Sea), the coastal plain represents a climatic island with particular peculiarities especially as regards rainfall. The annual rainfall is between 450–500mm. Average monthly temperatures are between 8.8°C in February and 26.9°C in July; the average is around 17.6°C. Evaporation is 340mm in July and 90mm in the December-January period; in total the year shows values higher than 2,300mm (Palmisciano et al., 2000).

The aforementioned climatic conditions (low rainfall and high salinity conditions) and the particular morphology (a flat space with depressions that allow the entry of sea water into the evaporation tanks due to a natural gradient) of this part of the Apulian territory are among the factors that favored the initial location of the Salina and later induced their greater transformation and enhancement.

It could be said that the life of the Margheritans has always been linked to that of the Salina, so much so that, in some official documents of the past, the name of the inhabitants was Salinars. The increasing mechanization introduced in the salt production cycle obviously had negative consequences on employment within the Salina. Over the years, employment has shrunk dramatically; from the approximately 660 employees of the beginning of the 1980s to the current 130. The greatest contraction of jobs has concerned, above all, the workers but the reduction over the years in the number employed among administrative and managerial staff has been less drastic but constant.

These data, then, appear even more negative if we consider the amount of employment in the 1960s and 1970s, when manual and annual harvesting employed around 500 permanent and 2,000 seasonal workers, who together accounted for 15% of the Margheritan population of that period (almost 13,000 inhabitants). The number of available jobs was so high that it was necessary to resort to workers from other municipalities. Although the prevailing activities were fishing and agriculture, the months of seasonal work at the Salina represented a source of income supplementation of considerable value for the entire Margheritan community. The Salina of Margherita di Savoia is the most important and extensive saline of marine origin in Europe. It extends for 20km along the Adriatic coast and covers an area of 4,500 hectares, of which 3,500 hectares is evaporating pools, 500 hectares is saline basins, with an annual production of about 500,000 tons of salt.

Currently the main activity connected to the Salina is that of the Baths that use the mother water and the mud of the Saline. In 1991, the agreement with the National Health Service ceased to exist and this has led to a considerable decrease in attendance at the spa; despite this, the average attendance recorded in the six months of opening (from May to October) is around 30,000, with an average annual increase of 3%. La Salina, whose origins date back to 200 BC, is also declared a Wetland of international importance, pursuant to the Ramsar Convention; it is the largest animal population natural reserve in Central-Southern Italy, where between 20,000 and 50,000 species of fish and birds coexist. With its 3,871 hectares of surface, the Salina represents the largest regional extension (71%) of humid environments with shallow waters and mud expanses. Over the years, however, the 'City of Salt' has turned into something else, into something not well-defined in the awareness, and in the behaviors, of its inhabitants and of the leading groups of the community. In terms of income, there is no doubt that tourism in its many forms (seaside, thermal, cultural) is, and must be, the driving force of the local economy, as has happened in other salt cities. The first spa with modern criteria was built in 1930 and was owned by the municipality, while in 1947 the privately managed thermal baths were built and, in 1988, they were modernized and brought up to European standards.

The center uses the mother water and the mud contained in the basins for the extraction of the salt. The sludge is mineralized in contact with the mother water. They are also enriched, always in a natural way, by the organic components provided by the microalgae and by the small crustaceans contained in the basins. Given the size of the Salina, the supply of sludge to the spa is constant. The empirical use of mother water for healing purposes is confused with the evolution of the municipality itself, so much so that its use can be traced back to Hannibal himself in 210 BC. Until the opening of the thermal establishment, and even in the following years, many people used to dive in drains with a muddy bottom of the residual waters, without any medical supervision. In thermal waters it is, instead, expected that the mother water is diluted with water heated to this gradation, in such a way as to allow a more rational therapeutic use. This is because temperature, degree of concentration, and immersion times are different according to the pathologies considered. The same procedure is also applied to the sludge, which is deposited in special tanks and mixed there. The current and modern facilities cover an area of 15,000 square meters. Numerous departments are provided for various types of care.

The economic development of Margherita di Savoia until the 1970s was positively influenced by the thermal activity; subsequently, seaside and second-home tourism developed considerably. At the beginning of the new millennium, in addition to tourists mainly of local origin, tourists of international origin also visited, with a constant rate of increase. Some analyses carried out

(Rinella, 2019) testify to the importance that thermal activity has played in the birth and development of this locality and how much it has been able to actualize this attractive heritage, placing it at the center of its development strategies, considering it as a structural invariant that is an "essential component of the territory around which individual and collective initiatives are developed, and from which all local development strategies depart" (Rinella, 2019, p. 52), and striving to make the tourism product recognizable through the strengthening of the virtual image, now considered essential to "improve the effectiveness of tourism communication and strategies for commercial penetration on the main markets for irradiation of demand" (Rinella, 2019, p. 53). Today, more than ever, spa resorts it is essential, beyond the integration with the wellness sector, to take a further step aimed at creating a more meaningful connection with the surrounding locality: the competitive challenge can only be won based on the organizational ability of the tourist space as a whole, as it is precisely the changes that have occurred in the overall scenario that make it necessary to formulate strategic responses that are not only functional, but regional, in order to transform the Baths of Margherita di Savoia into a lasting opportunity for local regional development.

To complete the summary of the Apulian spas, a brief mention of the other centers. The thermal baths of Castelnuovo della Daunia use the mineral water from the "La Cavallina" spring. Hydropinic treatments are carried out for diseases of the digestive system. The entire complex is in the process of being completely renovated to expand the services offered also through new soil perforations which will allow greater extraction of water from the underground source. The others two spas, Torre Canne e Santa Cesarea are located in the southern part of Apulia in the sub-region of Salento which, in recent years, has recorded the highest number of tourists. The Baths of Torre Canne are affiliated with the National Health Service and classified as the first 'super' level; they offer treatments for respiratory tract and ear, for rheumatic and orthopedic diseases (mud-balneotherapy), for vascular diseases (walkways), physiotherapy and rehabilitation, and beauty treatments. The knowledge of the therapeutic virtues of the waters of Torre Canne goes back over a century. At the Terme di Torre Canne there are 11 pools coming from underground waterways and two of these have been particularly studied on the physical-chemical and therapeutic side: the number 11 pool, named Torricella, and the number three pool, named Antesana, have been recognized as having important properties for the health and well-being of the body. In the drainage channel and in the ponds originating from the springs there is a mud deposit formed by millennia that, thanks to the maturation in the thermal waters, has valid therapeutic properties. It is natural mud composed mainly of calcium alumina silicate and iron. Further south, on the coast between Otranto and Santa Maria di Leuca, are the Baths of Santa Cesarea. The origin of the thermal springs of Santa Cesarea dates back to the 16th century when the healing properties of the waters of Santa Cesarea were attested, but it was not until the end of the 19th century that their exploitation became systematic, thus beginning the tradition of the Baths of Santa Cesarea. The thermal waters of this area gush out within four coastal caves, at a temperature of about 30°C. They are particularly indicated for the treatment of dermatological, gynecological and respiratory diseases.

4. CONCLUSION

Thermal tourism could be an interesting development tool for some regions and countries, if based on themed, resource-based, co-creation opportunities, presented in an appealing format, together with wellness tourism. In fact, there are revenue-earning business establishments associated with the wellness, recreational, and therapeutic uses of waters with special properties.

Italy has a particular quality, which is important for health tourism, namely the availability of natural potential for the development in any direction in this field. Thermal tourism in Italy was not established with that purpose, and it requires a sound knowledge of the market to successfully cater to market segments that are interested in the experience. Heterogeneity in demand and distinct economic potentialities may be relevant to determining the most important target markets and corresponding positioning and product development. In fact, in the spa resorts, a higher share of the accommodation capacity is absorbed by the hotels, especially those in a higher quality category, is one of the reasons that evidences the greater economic impact of wellness tourism compared with the other components of tourism.

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MANAGING THE RECOGNITION OF BULGARIA AS A SPA AND WELLNESS DESTINATION

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Abstract: *Developing the country image as a tourist destination should be reviewed carefully so the positions on the competitive markets can be developed successfully. The process of organizing, management and monitoring the image of a tourist destination is way more complex compared to that of individual companies of the market. That way the building of a brand of the tourist destination cannot be compared with branding strategies of traditional goods and services. That's why the managers of Bulgaria as a spa and wellness tourist destination should be aware of the situation inside the country – of the strengths and the weaknesses, as well as of the situation outside, including possible opportunities and threats. The whole strategy for developing the destination and the image strategy should be harmonized with the vision of the government, the local people and of all stakeholders in the first of spa and wellness tourism. The aim in this chapter is to outline some key steps for building a unique image and brand of the destination by using the chosen tools for interaction and methods for developing spa and wellness products in order to achieve an identical distinctive image.*

Keywords: *Bulgaria, Spa and Wellness Destination, Distinctive Image, Planning, Monitoring, Improving.*

1. INTRODUCTION

Destinations most commonly have two channels that work simultaneously to develop their image and brand. On one hand, there are the oral recommendations „word of mouth" and the opinions of people who have already visited the destination. This channel is getting more and more influential because of the huge role of social media. On the other hand, there are the official advertisements that include different advertisement channels, marketing campaigns, direct promotional activities, internet presence, printed informational materials and PR campaigns, as the requirement is the strategies of the destinations to be harmonized during the delivering.

Each culture is different and so the advertisement and the marketing of the tourist destination on an international scale are influenced by it. The tourist managers of the destination should be aware of the already existing image of the country that is in the mind of every tourist and also in companies all over the world. This is an important base for developing a strong brand of the destination and this itself will make it into an attractive and successful destination. These days managers have a large variety of marketing instruments for generating a distinctive image. In spite of that, the pride of the people that work for a certain organization and of the local people as well are some of the most valuable means for taking an outstanding position on the competitive markets, especially through employees that directly communicate with tourists and are involved in satisfying the needs and the expectations of the spa and wellness tourists. Therefore, being proud of the country one lives in, of the organization where they work for or of one's own cultural history is not only a strong emotional expression, but also a part of everyday motivation. Besides pride, the team work and also increasing the engagement of every single person can also be strengthened.

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Developing a positive distinctive image of the destination should start with the people who live and work there. Local culture, traditions and beliefs, the organic image, should be a base for development and advertisement of the tourist destination. In addition to that, the managers of the destination should be aware that the models of intercultural communication can totally differ from each other and in some cases, they might not be understood in terms of contents or appearance (facial expressions, body language) which is owed to the lack of intercultural knowledge. That way the branding of the destination in reality leads to developing a brand by people who live or work in the said destination. These people are responsible for creating the image of the tourist destination and symbolize that. It is not about where the destination is geographically located but is more about the local people who make the difference and highlight the uniqueness of their own country and the tourist place. That way the cultural environment of the country plays a vital role in developing a branding strategy and creating an image of the destination.

A poorly developed strategy as well as using an inconsistent image can influence the choice of the tourists in a negative way. After the image of the country as a tourist destination has received a negative overtone, the managers of the destination should present the negative image in a more positive light which includes the development of innovative, powerful and positive associations with it instead of wasting effort defending the negative image. The cause of the problem should be analyzed in order to move forward with a successful transfer of the image of the destination in the long term.

In the contemporary conditions the managers of a tourist destination should take action at the earliest stage possible especially if the tourist destination and its image and brand require an innovative approach. However, it should be kept in mind that the managers of a tourist destination don't have full control over the existing information, communication and publicity about the image of their own destination. The reason for that is the exceptionally various and accessible information sources all over the world, including the experience of relatives, friends, colleagues, the public media and printed campaigns (tourist leaflets, books), as well as the entertainment fields that include movies and celebrities. In spite of that, tourist managers should be able to control the media in the range of their competence, including using independently developed advertisement and marketing campaigns. It's necessary for these messages to appear on the market in a consistent way and to guide to the right image of the destination and the services it provides. If the transferred image is not realistic, the expectations of the clients cannot be fulfilled.

The advertisement of a certain destination is meant to create a space of positive images and ideas which will attract tourists. It naturally uses USP (unique selling proposition) – the unique sights of the destination that represent the tourist interest and that allow them to be connected in a united complex. Images of "unknown places at the destination", "a mysterious world", "other cultures" and so on that are formed as a result of individual or collective representations, symbolically wrapped and presented to the tourist as a kind of "warranty card" that is issued for the local sights and expected experiences that await the tourists there. In other words, this is an image strategy which from the point of view of the communication system includes messages for the image that were created with a certain goal.

2. PLANNING AND ORGANIZING THE ACTIVITIES FOR BUILDING AND MAINTAINING A DISTINCTIVE IMAGE

Bulgaria as a tourist destination and its promotional values often do not succeed to uniquely represent its strengths, for example, mineral springs, rich culture or positive lifestyle. Therefore, the coordinated advertisement and marketing activities that include materials and additional advertisement activities for the destination are important for developing and maintaining not only for the attractive image but also for reaching stronger positions of the tourist market.

Four strategies can be offered for building a positive attitude towards the Bulgarian spa and wellness destination depending on two factors (level of involvement and motives that drive the decision for a purchase).

- Strategies for decisions with a low degree of involvement and informational motives – the highlighting of one single profit that is clearly presented and easy to remember is enough and is aimed at creating trust. That's why traditional advertisement communications with the addition of PR techniques and demonstrations of spa and wellness products can be used;
- Strategies for decisions with a low degree of involvement and transformational motives – the goal is to get a positive emotional response. We can bet on a unique vision and feelings as well as on the attractiveness of the message so it can be liked right away and for it to be able to create positive emotions, even though it might not assure in the truthfulness of the statements;
- Strategies for decisions with a high degree of involvement and informational motives – it should be taken in account that here it's not enough to only attract attention and to give knowledge through the message but it's necessary for the message to be received. That's why it's important to be familiar with the attitudes on the target markets towards the spa and wellness tourist product and towards Bulgaria as a destination. Ensuring enough time for receiving and processing the message and creating trust in the source are key factors here. That's why it's suitable to use printed ads instead of electronic media and the authority of celebrities as a PR tool. The goal is to convince the public in the benefits and the advantages of the offered spa and wellness product and to accept it as a whole with the destination.
- Strategies for decisions with a high degree of involvement and transformational motives – the message should accentuate on the emotional authenticity, on creating a personal experience which will be strictly individual and appropriate to the wishes and the needs of every spa and wellness tourist. The goal is to achieve identification with the advertised image.

When choosing the tools for the realization of the different strategies it should have in mind that one tool or media can be suitable for informing but not suitable for creating an attitude.

Another important aspect that should be kept in mind is the financial one. Different resources are needed to create and maintain the different strategies of the destination. These means can be split into financial and organizational and also include the time factor. Accentuating only on the financial component by comparing the annual budget of the destination with those of other tourist destinations would be an obstacle. It's true that tourist destinations that have a larger amount of financial means are more likely to be successful when an attractive positive image and brand are being developed. But elements such as historical heritage, local people, celebrities

from the said country, the condition of the country as a whole, or worldwide known celebrities can have a positive impact.

Except for being troubled by limited financial resources, there can be additional challenges which destination managers should face, for example political conditions inside and outside the destinations, economic crisis and terrorist attacks as well as natural catastrophes. Some more special challenges are those that have to do with terrorism, political conditions and possible negative announcement in the media which can be the reasons for the negative image of the destination and can damage it beyond repair.

Different strategies can be used for *strengthening the recognition of the image*:

- Theming – a thematic accent from the field of the worldwide image of the spa and wellness products is put or it's accentuated on the regional and the local specifications and traditions;
- Regionalizing – it's accentuated on the unique image of the spa and wellness products by a clear relation with the regional specifications;
- Personalizing – the huge popularity of celebrities is used for getting to know the individual characteristics of the destination;
- Connecting – building networks on a regional, national and international level between spa and wellness centers with the goal of mutual advertisement at specialized fairs and markets as well as for increasing the activity of the products offered;
- Limiting – in the contemporary heavily competitive environment, spa and wellness tourists can choose a destination depending on their needs and financial means. That's why specialized products should be offered for a limited time and to a limited number of tourists so they can become even more attractive to them;
- Finalizing – using already standardized brands (for example Turkish baths, Finish sauna, Thai massage and etc.) with the goal of tourists to receive the needed security for the quality;

Quality strategy – ensuring quality spa and wellness services depends on the availability of the necessary natural resources, the good specialized infrastructure, the well-trained personnel, the good research of the penetrated and the potential markets. The successful use of this strategy leads to creating satisfaction from the products and loyalty towards the destination.

The development of a successful and attractive distinctive image of the destination has three stages*:*

- Image of the destination as a whole – it's a construction which consists of subjective and personal information about it, which is different for each person;
- Branding of the destination – it plays a vital role in the building of the emotional side of the image of the destination and can be categorized as unavoidable;
- Individuality of the brand – the human part of the process. This step is the main drive of the created image of the destination as different characteristics such as uniqueness or excitement are being used or the destination being positioned as a family-friendly destination.
- Based on this procedure and on the results from the analysis and the assessment of the image of Bulgaria as a spa and wellness destination *a plan for organizing the activities for building and maintaining its distinctive image* has been developed. This includes:

1. **Carrying out an active campaign for introducing the unique natural resources and specialized infrastructure for spa a wellness tourism through:**
   - Realizing advertisement campaigns that accentuate on the riches and the diversity of the mineral springs and the qualities of mineral waters for specialized therapies which makes it stand out among the other competitors;
   - Organizing introductory trips for representatives of foreign travel agencies with the goal of getting to know the conditions that the spa and wellness centers the medical spa centers and the thalassotherapeutic centers offer;
   - Organizing training courses for specialization and additional qualifications of the people working in the field of spa and wellness tourism.

2. **Coordination between the stakeholders in spa and wellness tourism and improving the communication policies for popularizing Bulgaria as a destination with a distinctive image for spa and wellness tourism through:**
   - Coordinating the actions of all stakeholders for the production and the offering of those specialized products;
   - An opportunity for carrying out collaborative events such as conferences, round tables, attracting Bulgarian and foreign experts for popularizing spa and wellness tourism;
   - Participation of stakeholders of all levels at international tourist markets and specialized fairs for spa and wellness tourism;
   - Carrying out advertisement campaigns for Bulgarian spa and wellness tourism at a local, regional, national and international level;
   - Synchronizing the efforts for preserving traditional and culinary practices that are included in Bulgarian spa and wellness tourism.

3. **Expansion of tourist supply by introducing cultural events that influence the choice of Bulgarian spa and wellness tourist product by creating destination networks with thematically connected:**
   - Annual festivals, concerts and so on;
   - Annual trade exhibitions, fairs, tourist markets;
   - Annual events that have to do with the local lifestyle and ethnic groups;
   - Annual international cultural events;
   - Annual events that have to do with traditional production (production of rose oil, wine and so on).

4. **Building and maintaining a distinctive image of Bulgaria through launching PR campaigns:**
   - Popularizing it as a secure, calm and safe destination;
   - Perceiving the destination as well-known and prestigious for spa and wellness tourism by celebrities;
   - Advertising it an as exotic and authentic destination for spa and wellness tourism;
   - Carrying out regular surveys among the producers and the consumers of those specialized tourist products.

3. MONITORING THE STABILITY OF THE IMAGE

The image of the spa and wellness destination Bulgaria is a result of an endless thought process in which two different main forces function – a controllable and an uncontrollable force and that's why it is different at different times.

- The first one is about the efforts spent on promoting, the ways of access and the tourist infrastructure that were build and prepared by the stakeholders and the traders for stimulating tourists to visit their destination.
- The second one is about those forces which are out of the control of the stakeholders or of the marketing that derive from the social and the psychological characteristics of tourists such as an experience from a previous trip, motivation, the local people and the attitudes of the providers of services towards tourist activities and the interaction between tourists at a foreign destination.

Both forces influence the sources of information, which influence tourists to build a construction in their minds that leads to the formation of an induced and limited image and they let tourists to create and structure the perception of the stimulus. After that, the image of the destination is formed as a result of the tourist's knowledge that was obtained for the occasion (cognitive component), the feelings and the attraction towards the destination (affectional component) and their intentions or behaviors in future (conative component). After that the functional and the psychological characteristics of the general image of the destination are created by tourists.

The creation of a full image of the destination allows the tourists to narrow down the potential vacation options to one or more previously selected destinations so that in some moment in the future the process of making a decision is made based on a precursory image that can go through future changes depending on time and distance.

The image of the destination also affects the expectations of tourists before the experience and of the generated expectations during the experience at the destination (image of the place). A new image of the destination can be created after the tourist comes home and revises and assesses everything (follow-up image). Also, if the assessment is positive (satisfaction) it can lead to an intention for another visit of the destination or it can be recommended to friends and family. But if the assessment is negative (dissatisfaction), this can lead to a negative word-of-mouth advertisement and to no intentions for a following visit.

Regardless of the fact that managers cannot have full control over all communication channels, they should undertake all measures possible to guarantee a consistent and positive image. It is also important for them to react immediately to a negative image or communication in order to avoid the destruction of the brand. The key to success is constant monitoring and control of the messages transferred, as well as always being prepared for changes in the brand of the tourist destination if they are necessary. However, any change that needs to be made, should be done in a coordinated way.

Therefore, in order to be a successful spa and wellness destination, Bulgaria should know what exactly to offer on the market and should be clear with the expectations and the requirements of the individual tourists. The successful image of the destination should not only be liked as truthful but also to be suitable for the local conditions in the country. That's why there is a need from carrying out a monitoring, the main goals of which is to ensure the synchronization and

the mutual help during realizing the activities. The goal is to set up management results that affect the promotion and the positioning of the tourist destination. One of the most important challenges of promoting is to recognize their strengths and weaknesses. The structured technique that is used in the work (the multi-attributive approach for assessing the nature of the image of the destination) is a very useful tool for getting information on both aspects. Later on, promoters should use various activities to maintain the strengths and to improve the qualities where weaknesses are found. That can be done through the mass media or by improving strategies for the natural and the cultural resources. In addition, structured methodology allows us to understand whether the image perceived coincides with the planned or the promoted image. If they differ, it means that the destination is not well-positioned. In this case it's needed to redefine the communication for the destination in order to improve the perceived image on the target markets.

As tourists use cognitive and affective dimensions to form an image of the destination, in the positioning promoters should not only highlight the physical characteristics but also the mix of emotions or feelings that the destination will wake in the tourists' minds. In the first case the individual beliefs should be strengthened and in the second – the tourist advertisement should be aimed at the emotional or sentimental component. If the ad (the promotion) is done right, the tourist destination will have a privileged position for the individuals in the process of making a decision.

It should be kept in mind that individuals with different motivations and cultural values perceive a tourist destination in different ways. Based on the positioning of the destination as a whole, promoters should segment the market and find a specific way of communication with each group of tourists. It is necessary to find a way of communication that does not wake all emotions but just the ones that are related to the psychological motives of each group of tourists. A better affective image will be achieved as a result. At the same time, more effort should be put into increasing the trust in the destination in tourists with different cultural values. One of the most important goals of the advertisement is to decrease the distrust in the destination before it being visited. If this is achieved, it will be perceived as more familiar and attractive for the target markets compared to its competitors.

In terms of monitoring the stability of the image build in the context of branding, the brand can be viewed as the most powerful element in the advertisement of the tourist destination and the most valuable element for a brand is uniqueness. While monitoring strategies for imposing the brand, four aspects should be kept in mind.

- Recognizability – the general presentation or the slogan of the destination should be strong, unique, clearly defined and differentiable. Even if the name of the destination isn't included, it should be recognizable for potential consumers.
- Uniqueness – if the destination is trying to attract every target group, this will not only cause confusion in the minds of the potential tourists but will also lead to a complicated process of image development. That's why the tourist destination should clearly define its target groups to position itself properly on the market.
- Acceptance is the third element and it's about the level of approval not only from the tourists but also from the local people. Local people should support and be in harmony with the basic strategies of the destination. Otherwise, there can be a difference between the prior ideas and reality and so the image of the destination will differ.
- Translatability – the positioning as a whole should be coordinated with the values of the parties which should be clearly understood and applied from the stakeholders in spa and wellness tourism.

In the process of monitoring the stability of the image we should keep track if the requirements for the created innovative tourist product are being followed in terms of:

- Standardization – whether the requirements of Regulation № 2 from 29 January 2016 (in force since 9 February 2016) for the conditions and the procedure of certification of balneo-healing (medical spa) center, spa center, wellness center and thalassotherapeuthic center" are observed and if the services offered live up to the compulsory standards. The goal is to create a unified tourist register. 128 centres have been certified until this moment;
- Specialization – whether the requirements for it are observed based on the quality of the available natural factors (mineral waters, healing mud, sea water and so on), the qualifications of the personnel and the therapeutic programs in the specially equipped rooms;
- Authenticity – whether the offered spa and wellness products are appropriate to the place and the region in terms of Bulgarian culinary traditions, the use of wines of authentic Bulgarian types, the influence of the enological and gourmet culture, the use of local bio products and superfoods. The introduction of a certificate for a guaranteed origin for a certain specialized product become attractive on its own by presenting the identity, the cultural and historical traditions that are typical for the region and has a positive effect on the tourists' perception as it coincides with the image of tourism in the destination.
- Simulation – whether the requirements for including programs and scenarios from the cultural heritage in the spa and wellness therapies that date back from the Roman Empire, for including tourists in characteristic customs and rituals during therapies and for the possibilities for participation of tourists in production that is traditional for Bulgaria (rose oil, wine, milk, honey and others) as a part of the spa and wellness experience;
- Complexity – whether spa and wellness tourism is included in "destination networks" with other types of tourism for receiving a more complex product and fullness of the experience during the vacation;
- Richness - whether the requirements for competence, fullness and fantasy in the spa and wellness tourist products are observed so they can offer original, captivating and attractive offers;
- Whether the spa and tourist products create the necessary conditions for the orientation of the spa and wellness products towards the local people;
- Whether the requirements for moderation of the usage of the tourist potential are observed for its preservation. Whether the measures for managing tourists are observed (measures for managing the access, measures for optimizing the access to the specialized infrastructure) for their spatial and quality distribution in order to ensure their safety, reduce the negative influences in the busiest spa and wellness centers and redirecting some of the tourist flow to other centers so all capacities of the specialized facilities are in use.
- Coordinating and synchronizing the efforts of the stakeholders – whether optimal coordination is realized through harmonizing the actions of all stakeholders for the production and the supply of those specialized products, carrying out mutual events such as conferences, round tables, attracting Bulgarian and foreign experts for popularization of spa and wellness tourism, whether the participation of the stakeholders on all levers in tourist markets and specialized fairs for spa and wellness tourism are effective, as well as control over the efficiency of the carried advertisement campaigns of Bulgarian spa and wellness tourism on local, national and international level.
- Monitoring the stability of the competitive strengths of Bulgaria as a spa and wellness destination from the point of view of the USP through regular research on the tourists for overlapping the expectations with the results in terms of gaining a feeling of unique-

ness, of receiving a specific profit from practicing spa and wellness tourism in Bulgaria and in terms of the degree of conviction of the supply.

- A possibility for formulating USP is the highlighted "democratism" which exists in Bulgarian spa and wellness hotel complexes in terms of guaranteeing a certain minimal access of tourists and visitors to use mineral waters and the spa and wellness services that are related to them. Such distinguishing trait cannot be found in most spa and wellness centers that are municipal or state property in France, Spain or Portugal.

A main task of monitoring is observing and measuring the achievement of the set goals and of their efficiency in the process of their realization. As a result of its realization, corrections and updates can be made in the way of execution. The current monitoring has a particularly important role in long-term planning which is realized in a few phases. This requires coming up with a system for current monitoring and periodic assessment of the state and the dynamics of the development of spa and wellness tourism. This approach allows to assess the results from the undertaken measures and the set goals and tasks for the development of Bulgaria, to identify the main problems and to make recommendations for change and development of policies, programs and initiatives from the strategy. As getting an assessment based on the expected and the achieved results is an important moment from the realization of the strategy, the influence and the satisfaction in the current study, this assessment for the Bulgaria spa and wellness destination was made based on specially collected and analyzed information that was executed based on explicitly defined criteria and standards for adequacy, efficiency, stability, justice.

Sticking with the chosen strategy for spa and wellness tourism will lead to increasing the competitiveness of Bulgaria as a tourist destination. This means not only increasing the number of tourists in limited number of resorts but balancing the visits in all spa and wellness centers in the country and throughout the whole year, increasing the average stay of tourists and increasing the revenues from tourist visits in the country. Bulgaria will become more competitive on the tourist market not by offering the lowest prices for a part of the tourist industry but through using suitable prices in terms of the quality of spa and wellness tourism which include smart profit and allow investment in the development of tourism in the country. The increasing of the competitiveness of Bulgaria as a tourist destination means achieving economic growth through tourism aimed towards improving the quality of life in the country, preserving the natural and cultural diversity for the future generations.

4. THE DISTINCTIVE IMAGE OF BULGARIA AS A SPA AND WELLNESS DESTINATION - RECOMMENDATIONS FOR IMPROVEMENT

Building a distinctive image of the destination usually starts with a precise positioning and defining the target groups, the recipients towards who the advertisement impact or propaganda will be aimed at. The image is not a constant, it should be always maintained, corrected and renewed. Constructing the image should match the stereotypes of social views and behaviors and should take in account the expectations of the community, the national and cultural specifications and the level of education.

Positioning is also about the competitors as consumers often compare how the destination is similar to or different from other competitors. That's why the goal is to come up with a position that takes in account not only our own strengths and weaknesses but also the weaknesses of the competitors.

Product positioning starts with the tourist product – the image of the product is positioned in the minds of the consumers. It isn't of great importance whether this image will express its essential aspects or some insignificant characteristics. According to Wind (1980) the important part is the selected target group to perceive the product with a clearly distinguishable image and disposition compared to its competitors.

So, positioning should not only depend on the image but it can also create an emotional connection between the destination and the potential visitor. The process of positioning includes not only the products and the services but also the way they are announced at the target market. It's also important to maintain a narrow focus and to not create a diluted image of the destination while aiming at broader markets.

The important in the communication activity is not the image of the destination but the emotions which it triggers. If they are strong, then the audience will assess the image well. People get a feeling of surprise and joy when they experience something new. Therefore, the attention in communication programs is concentrated on what's non-standard, the unusual, the original and the unique or whatever can conquer the soul and evoke feelings. The image isn't just the face of a destination, it's also connected to those cognitive processes in the minds of the audience with the help of which it recognized the destination as one-of-a-kind and unique.

In other words, real positioning is with a market oriented and inspired differentiation compared to the technologically oriented and inspired. According to Zhelev (2010) with the first one, the idea of positioning stands at the beginning of the project while with the second one – at its end: what should be suggested as an advantage to the consumers for the already created and introduced image on the market.

That's why the process of positioning includes different approaches which are needed to come up with an effective strategy. Efficient positioning is based on the market principles which products and services use for solving the problems of the clients – to satisfy their needs and to give the profits promised. At the best circumstances the decision should be different and better that what is offered by the competitors.

Positioning on the market is a process of defining and choosing marked segments. Those should be the existing visitors of the destination or new ones. It's based on the knowledge about the needs, the wishes and the perceptions of the target market as well as the advantages the destination has to offer.

Psychological positioning uses communication to recreate the identity and the image of Bulgaria as a destination on the target markets. It converts the needs of the clients into images and positions of the destination in the mind of the visitor. Psychological positioning is a strategy that aims to create a unique image of the tourist product with the goal of sparking interest and attracting visitors. Positioning can be objective and subjective. The objective one has the goal of creating an image of the destination that reflects its physical characteristics, what actually is the destination and what's in there. If the destination has some unique function, it can be used for objective positioning to create an image which will make it stand out from the competitors. Positioning is less successful if this function isn't exceptional. Uniqueness is one of the first rules of objective positioning. Subjective positioning reflects not the image of the physical aspects but what is perceived by the tourists based on their experience.

The first step needed for a successful change of the image of the destination is a careful study of the existing image among the target audience as this is the image that ensures the base on which the campaign will be built. Destinations with a positive image should create campaigns that strengthen this image while destinations with a negative image should create campaigns that improve and contradict the existing image. Destinations with a weak image should focus their campaign first on increasing the awareness for them and to construct the image desired only after that.

The change of the symbols and the signs for destinations like Bulgaria is an important component of marketing campaigns. Logos and slogans are effective methods for delivering messages. That's why Bulgaria should take measures to change its logos which will give off a contemporary spirit that will encourage tourism and will improve the overall image of the country.

The change of the target audience is an additional strategy that can be used by the ones who make decisions for changes in the image of the destination. The image of the destination among a certain target audience can be so problematic (for example with the so-called "alcohol or party tourism") that overcoming it is almost impossible at that part. The campaign for creating a distinctive positive image is particularly hard when the destination is often presented negatively in international media (for example Bulgaria in British media). It's important how widely the negative image has spread among the target audience and if it's actually possible to change that image. If the image is not exceptionally unfavorable, isn't very wide-spread and it can be easily changed, the best strategy is to ignore it.

Another solution for this situation is to partially change the target audience or the type of tourism offered. We should start concentrating on a different market segment which is less affected by the problems depicted in the negative announcements. As a result, from the damage caused by the mass youth summer tourism, advertisement campaigns should focus on spa and wellness tourists from Western Europe with the suggestion that this type of tourists will be less sensitive to the problems with the youngsters.

Communication campaigns are a limited tool that can have a short-term success but absolutely can't replace a long-term and consistent government policies. Even if it's correctly done, the work on the media aspects is important, but just one advertisement campaign isn't enough to lead to a significant change the activities should be realized in different channels that complete each other. For example, members of the Ministry of Tourism should use media advertisement but at the same time they should have also started a broad campaign for sales at tourist fairs all over the world and constantly meet with tourist agents and tour operators. In other words, a few techniques should be used in harmony with the goal of achieving the desired final result: advertisement, public relations, promotions, direct mailing and marketing. In addition to the need to use all techniques, it is important that all players, all stakeholders: the locals, the tourist sector, the local authorities, the national government, local media, public relations as well as advertisers.

The image of Bulgaria abroad, falls behind and the world often doesn't know what's going on here or learns the details late. The film about Bulgaria with popular Hollywood celebrities was prepared and is shown during international forums and is also accessible on online; we're looking for lobbies around the world that will stand up for our cause; there are webpages about the country on the internet. Or in other words, all the projects are in the field of advertisement and informational activity. They are not only doubtful but they most likely won't have any lasting

effect if we have in mind the complicated situation and the complexity of the problem. The effect will be temporary but after all, this is a beginning. Marinov (2010, p. 10) affirms that endless efforts are needed to change the attitudes of outsider audiences and at the same time, changing the context and modifying the communication field inside the country itself. There isn't a more convincing advertisement for a country than the joy and the enthusiasm with which its citizens speak about it. Because the image of a country depends very much on its population.

Without the motivation of the insider audiences which have a key role in the positioning of Bulgaria as a really interesting, hospitable and changing destination and without the informed and benevolent outsider audiences, the country won't have a visible and successful brand. Advertisement campaigns with no exact recipients, multidirectional informational messages and unpresentable participation on prestigious tourist fairs aren't a sufficient condition for presence and recognition on the international market that is becoming more and more complex (Alexieva & Temelkova, 2013).

Among the choices that set the need for a new understanding of positioning of Bulgaria as a distinctive spa and wellness tourist destination are positioning that is based on strategical management of the messages that are appropriate for a certain target group of consumers; creating an overall strategy for the image of Bulgaria that is coordinated and realized mutually with all stakeholders (government institutions, civil, cultural and educational organizations, society, private organizations and others); as well as effective control and public assessment about the results. According to Alexieva & Temelkova (2013) the image of the country is not static but it rather changes all the time under the influence of numerous inner and outer factors which have a direct or indirect influence on the created and the imposed image.

The building of all images needs active construction that is done by the PRs, as well as taking in account the expectations and the preferences of the audiences. Because of the dynamic nature of the target audiences, the maintenance of the image and enriching it with new desired elements is an intensive process which shouldn't stop. According to Popova (2012, p. 2) building the image of country is realized on different levels. Its PRs are the state authorities, business organizations and companies as well as every single person that is connected with this country no matter if it's their birth land or not.

Specialists also use *the theory of balance* according to which when the perceptions are balanced, it's likely for the attitudes to be stable. It's useful for explaining the large use of celebrities for advertising products as marketers hope that the popularity of the star will be transferred to the product. In contemporary conditions, in the era of personalization, celebrities are very often used for improving the reputation, for creating and introducing a distinctive image of the destination but they shouldn't be ones the target markets are impressed by and are trying to imitate. People who are sensitive to social acceptance and the opinions of others, for example, are more convinced by an attractive source, while those who are strongly oriented inwards are captivated by a reliable expert source. At the same time, the perception for deserving trust even from a reliable source can diminish if it advertises too many products.

Propaganda campaigns of different types have been a part of the historical development of nations from the very beginning. Their success is owed not only to the quality of the campaigns but to many other factors. There are many studies how advertisement campaigns convince people, especially when people don't fight against established stereotypes. They are as well much more likely to believe media messages when they don't have alternative sources of information.

Petrova (1999) found that *"the effect of trust"* is very important and in advertisement it has the meaning of trust towards the ad as a whole. The recipient perceives the nature of the advertisement as a way of influence because of which the perceived information is defined more as an unreliable source. The conclusion that should be made is that the positive effect of getting informed from the advertisement will come right after its airing and its perceiving by the recipient – later, after the second or the third week. The "unwillingness" of recipients to be manipulated and perceiving the advertisement as something with exactly such goals can give the advertisement specialist additional hardships. That's why it's important how the opinion will be presented – straight-forwardly or indirectly. The direct presentation of the opinion is seen as more aggressive, as an aspiration to force someone else's opinion and this can lead to the opposite effect (the boomerang effect).

The reliability of the source is about perceiving the expert knowledge, the objectivity or whether the source is trustworthy. This dimension is related to the convictions of the consumers that the communicator is competitive and is ready to ensure the needed information so competing products can be assessed adequately. A reliable source can be especially convincing when the consumer hasn't learned a lot about the product yet and hasn't formed an opinion about it. Statistically, the influence on the returns of advertisement by celebrities or experts is so positive that it compensates the expenditures for hiring them.

Even though usually positive sources strengthen the change of attitudes, "the rule of the sleeping effect" has its exceptions. Sometimes the source can be unpleasant and not liked and in spite of that, it might manage to be effective in passing on the message of the product. In some cases, the differences in the changes of the attitudes between the positive and the not-so-positive sources are erased with time and it seems like people forget the negative source and change their attitudes.

Different methods can be used for improving the image of the destination. Choosing them depends on the goals of the campaign and the time, on the economic situation at the destination and its competitors, on the budget available and so on.

There are three categories of tools for image communication:

- Slogans, themes, positions – The choice of the slogan "Bulgaria. A Discovery to Share" shows that Bulgaria is an unknown destination and its discovery is a challenge that needs to be shared. "Bulgaria is a personal discovery that needs to be shared." The discovery has no value if it is not shared with someone. The theme is to encourage tourists to think over and tell about their personal discoveries that are important to them (Temelkova, 2013). Another tool is positioning the image of the destination in regional, national and inner-regional conditions as a place for a specific type of activities or where it has an important role (for example, Varna – European Youth Capital 2017).
- Visual symbols – many destinations have signature iconic places but it's a must that the visual image coincides with the slogan, the theme of the place and so on. There are four main visual strategies – diversity (Sofia: not just a business center), humor (Gabrovo is presented as the capital of humor of Bulgaria), disproving, denying (for example, the lack of ethnic tolerance by presenting a video in which there are tourists of different ethnic groups and nationalities) and compatibility (to connect different elements of a certain destination).
- Events and activities – the use of celebrities and important events (sports, cultural, political) to help creating and introducing a positive image of the destination.

The institutions and the organizations that are responsible for the development of tourist products at a certain destination, have a rich arsenal of instruments for creating a positive image. Forming a vision and introducing it to the tourists happens in the process of communication between the ones creating the image and the recipients of the information. Promotion is a form of communication. According to Stavrev (2008, p. 100) it is a form of investment in confirming the positive idea about a certain tourist destination. Promoting a destination includes the re-assessment and the representation of the destination by creating and introducing a new image on the market for improving its competitiveness that is aimed at attracting and keeping certain resources.

5. FUTURE RESEARCH DIRECTIONS

The "image" category is closely related to another term from the field of psychology - position. The nature and the development of the process of a person's actions that lead to satisfying one's needs, is also determined by one's hierarchy of values as well as by one's expressed emotional positions which are a durable structure of the cognitive processes of the behavioral tendencies. Positions that are formed based on generalized opinions of the consumers that stem from previous experiences, acquired knowledge and received information lead to relatively consistent behaviors of people towards similar objects and phenomena. They can be defined as a thought shortening that saves up time and energy for "unnecessary" thinking. From this point of view, changing them is hard. However, when there is a need of change in the position, it would be a must to reach to the opinions and the beliefs about that certain object and preformatting them, or changing the ideas about a certain topic.

We should distinguish the attempts for changing the image of the destination while its reality is actually changing and the attempts for changing image without making any changes. The change should happen at stages:

- The first stage is diagnosis;
- Building a strategic vision;
- Planning the steps that are needed for creating a certain vision.

The effect of redefinition happens when the information is interpreted as different from the one that has defined the existing image of the destination, as not matching the destination which the recipient had built in their own world before. If the recipient interprets a certain message in a way that shows them a certain aspect of his view of reality is incomplete, invalid or incorrectly defined, then they will define the image of their reality again.

Kennet Bowlding outlines three ways by which a certain message can cause a new definition of the image for the recipient: when they add, reorganize and fully clarify (Robert, 1992, pp. 98-99). For Bulgaria as a spa and wellness destination *these certain actions can be applied to improve the recognition of its image:*

- First, new elements can be added to the image. This happens when the recipient interprets information about certain aspects of their surroundings which they haven't organized before or new information for a previously organized aspect of the surroundings which is in conflict with the existing organization. When something new is learnt about a certain destination, it's not needed to make any general changes in the existing structures, the image is just defined anew by adding new information.
- Second, the structure of the existing aspects of the image can be organized again. This type of redefinition is for when a certain message is interpreted as if it shows that some

part of the surroundings has changed or that some part of the surroundings is organized incorrectly. The effect on the image of the recipient is an effect of reorganization, of creating new relations and new meanings.

- Third, the message might help clarify some of the dimensions of the image. Communications which neither add something new to the image, nor lead to reorganization but which in all cases start off some changes by reducing uncertainty can be received.

The message can strengthen its credibility if the recipients perceive the qualification of the source as relevant to the product which is advertised. The attractiveness of the source is about its perceived social value. That's why those suggestions are aimed at all stakeholders that have to do with creating and imposing a stable distinctive image of Bulgaria as a spa and wellness destination.

The distinctive image is in fact specifying the strategic behavior that is harmonized with the business philosophy. According to some authors, it should also contain the goals of the marketing policies such as the desired market share, the popularity of the brand and the image in relation with the chosen target groups and deadlines for achieving the said goals.

6. CONCLUSION

The results of measuring the image of Bulgaria as a spa and wellness destination show that there are 5 main criteria that should be taken in account during its development as a whole. First, the available, accessible and suitable natural resources, the local population and the specialized infrastructure should be used for creating tourist attractions. The next step is to create communicational policies to make the destination popular. The third element is the availability of a well-functioning communication network between the stakeholders. The fourth criterion is matching the cultural events in Bulgaria that can influence the choice of the Bulgarian tourist product. The fifth element includes the whole development of the spa and wellness tourist destination in a full view, including the durability factor and performance that is appropriate to the changing market conditions in the long term. These elements are closely related to each other and to the image of every single tourist, including the individual basic needs with their emotional foundation.

The development of the successful spa and wellness tourist destination, of its brand and of the transferred image and reputation is a prolonged and long-term process. If the brand of the tourist destination is well-managed and maintained, it can lead to enormous success and profits. One of the most important aspects for the image of the destination is to show not only the possibilities for receiving a spa and wellness tourist product but also the tourist experience as a whole. The brand of a successful tourist destination usually consists of a constant, meaningful and attractive advertisement campaign that contains the main values and has potential to develop an exceptionally innovative and pioneering brand. As an instrument, branding not only gives the possibility to create a brand that is fully loaded with emotions but can also be viewed as a tool for developing the loyalty of clients towards the destination and to influence its individual image among potential tourists. This once again proves that the general strategy for branding Bulgaria as a spa and wellness tourist destination should be according to the requirements of the stakeholders.

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METHODICAL APPROACHES TO ASSESSMENT OF FACTORS OF TOURISM COMPETITIVENESS OF THE REPUBLIC OF BELARUS

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Abstract: *In the chapter the basic European and international standards of the assessment of a national tourism product are considered. The key components of the Travel & Tourism Competitiveness Index are analysed with a view to identifying specific factors which determine the competitive advantages of the country in the tourism market. In accordance with the World Economic Forum methodology, the assessment of the quantitative and qualitative indicators forming the competitiveness of the national tourism product of the Republic of Belarus is carried out. On the basis of the calculated subindices, SWOT-Clock analysis, and Competitive Advantages Profile the tourism competitiveness of the Republic of Belarus is estimated. The principal competitive advantages of the national tourism product are revealed with a view to improving the national tourism policy. A special algorithm for the elaboration of the tourism destination development strategy for any destination is compiled on the basis of the research.*

Keywords: *Tourism Competitiveness, Tourism Product, Competitiveness Assessment, Competitive Advantages, Tourism Destination Competitiveness Strategy, Travel & Tourism Competitiveness Index, Republic of Belarus.*

1. INTRODUCTION

The assessment of the tourism product competitiveness becomes a key objective for the business entities of all the economic levels from microeconomy to macroeconomy. Firms at the microlevel are eager to gain more customers and profit than their competitors, while policy makers at the macrolevel strive for a bigger market share of the travel and tourism industry in the country's economy. Destination competitiveness as well as the factors that determine it has attracted considerable attention in the tourism researches, since it is regarded as a crucial factor for the success of tourism destinations. While there seems to be an agreement among the researchers on the main objectives and importance of competitiveness, there are many ways of measuring it.

Considering the fact that competitiveness is a complex concept embracing various elements, researchers have not agreed on one definition of the destination competitiveness. An attempt to develop a single definition that includes all aspects of the was made by Ritchie & Crouch (2003): "what makes a tourism destination truly competitive is its ability to increase tourism expend-

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iture, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations" (p. 2).

In spite of the lack of agreement on the destination competitiveness definition, all the researchers admit that competitiveness and its factors couldn't be assessed only on the basis of either quantitative or qualitative parameters. It's a complex economic category and hence the process of the tourism product or destination competitiveness assessment is supposed to include several stages with evaluation of various indicators and subindices, which subsequently form an overall index. The assessment of the destination competitiveness is a much more challenging task, because it includes evaluation of the quantitative and qualitative parameters from two types of economic spheres (the sphere of tourism and other spheres which enable the tourism industry development).

Numerous researches in the tourism industry provide their models of the destination competitiveness assessment. However, it is argued whether all of them can be used for a comprehensive assessment of the destination competitiveness. For example, some of the researches (Ritchie & Crouch 1993, 2000, 2003; Dwyer & Kim 2003; Gomezelj & Mihalič 2008) include various indicators and determinants combined in groups, but it is assumed that these models do not cover all the aspects of the destination competitiveness.

All the modern models of the destination competitiveness assessment can be distinguished in accordance with various dimensions, as it is stated by numerous scholars (Popesku & Pavlović 2015; Goffi & Cucculelli 2016). One of them concerns the type of the indicators used in the research. Some of them can be based on objectively measured variables (or quantitative indicators), while others are based on the subjectively measured variables (or qualitative indicators). Such studies as Mazanec, Wober & Zins (2007); Cracolici, Nijkamp & Rietveld (2008) employ at their researches secondary data published by the international organisations in different spheres. In these studies, particular attention was paid to the quantitative parameters because they are usually seen as more precise and provide a higher level of objectivism.

However, according to many scholars it is highly unlikely to carry a fair assessment of the destination competitiveness using only quantitative indicators, as service industries (including tourism industry) are characterized by intangibility and invisibility of the service provided for consumers. For example, according to Ritchie & Crouch (2010) there are several factors that reduce the quality of models when using quantitative data. Among them are the extremely wide range of indicators needed to create a high-quality model, the difficulty of finding statistical data for each of the aspects of competitiveness, and the abstractness and inaccuracy of some data sources.

Another type of the models is based on the subjectively measured variables or so-called 'soft measures'. In different approaches these qualitative indicators can be gathered either by asking tourists' opinions or tourism stakeholders' opinions. In their research Enright & Newton (2004) claim that tourists can possibly evaluate the external components of the destination attractiveness (i.e. aspects of the destination competitiveness which are connected with the final product, but not with initial resources and conditions). Such researches were conducted by Kozak & Rimmington (2000), Bahar & Kozak (2007), Cracolici, Nijkamp, & Rietveld (2008). At the same time, in order to assess the internal factors that influence and determine the competitive

position of a tourist destination, one is supposed to gather opinions of the people who have some significant knowledge of what makes a tourism destination competitive. Such evaluation of subjective indicators of the destination competitiveness was carried out by such researchers as Enright & Newton (2004, 2005); Gomezelj & Mihalič (2008); Ritchie & Crouch (2010).

A group of approaches to the assessment of the destination competitiveness is based on the implementation of the benchmarking tool. In this case such researchers as Reshetnikov (2004), Gračan, Milojica & Zubovič (2008), Kapiki (2012) were not trying to quantify some indicators of the destination competitiveness. Instead, they base the analysis on the comparison of the tourism destinations within region.

2. METHODOLOGY

As an example of one of the most advanced solutions to the problem of the assessment of the national tourism product competitiveness, we can mention the methodology of the World Economic Forum (WEF). In the researches conducted by this organisation, both quantitative and qualitative parameters are considered.

Published biennially by the WEF, the Travel and Tourism Competitiveness Report benchmarks the Travel & Tourism competitiveness of 140 economies and measures the set of factors and policies that enable the sustainable development of the Travel & Tourism sector, which in turn, contributes to the development and competitiveness of a country.

The Travel & Tourism Competitiveness Index assessed in the Report comprises of 4 subindices (Enabling Environment, Travel & Tourism Policy and Enabling Conditions, Infrastructure, Natural and Cultural Resources) that are formed by 14 pillars. Each pillar represents an un-weighted average of various quantitative and qualitative indicators (total of 90 indicators in 14 pillars). The full list of indicators and their distribution among pillars is represented in Appendix C 'Data Definitions and Sources' of the Travel & Tourism Competitiveness Report 2019.

The Enabling Environment subindex describes the general conditions necessary for operating in a country and includes five pillars. These are:

Pillar 1: 'Business Environment';
Pillar 2: 'Safety and Security';
Pillar 3: 'Health and Hygiene';
Pillar 4: 'Human Resources and Labour Market';
Pillar 5: 'ICT Readiness'.

The Travel & Tourism Policy and Enabling Conditions subindex captures specific policies or strategic aspects that affect the Travel & Tourism industry more directly and includes four pillars:

Pillar 6: 'Prioritization of Travel & Tourism';
Pillar 7: 'International Openness';
Pillar 8: 'Price Competitiveness';
Pillar 9: 'Environmental Sustainability'.

The Infrastructure subindex captures the availability and quality of physical infrastructure of each country and includes three pillars, which represent the key components of the enabling infrastructure for the tourism industry. Among them:

Pillar 10: 'Air Transport Infrastructure';
Pillar 11: 'Ground and Port Infrastructure';
Pillar 12: 'Tourist Service Infrastructure'.

The Natural and Cultural Resources subindex captures the principal recreational resources and includes two pillars, which enable the development of tourism in a particular country:
Pillar 13: 'Natural Resources';
Pillar 14: 'Cultural Resources and Business Travel'.

The assessment of these four subindices is carried out by the experts of the WEF through evaluation of 90 qualitative and quantitative parameters. The qualitative survey data is received from responses to the World Economic Forum's Executive Opinion Survey and ranges in value from 1 (worst) to 7 (best). The quantitative indicators used in the Travel & Tourism Competitiveness Index are normalized to a 1-to-7 scale in order to align them with the Executive Opinion Survey's results.

This normalization is done using Formula 1 in case the higher value of the indicator is a positive factor in the tourism development (number of countries residents of which can arrive in a country for tourism purposes without obtaining visa; government expenditure on travel & tourism development; number of World Heritage natural sites etc.) or using Formula 2 in case the lower value of the indicator has a positive impact on the tourism development (price level of hotel services; number of malaria incidences; time to start a business):

$$Yi = 6 \times (Xi - MIN) / (MAX - MIN) + 1 \quad (1)$$

$$Yi = -6 \times (Xi - MIN) / (MAX - MIN) + 7 \quad (2)$$

Where:
Yi – Quantitative indicator score for a country, score (from 1 to 7);
Xi – Quantitative indicator value for a country, value;
MIN – Minimum value of this quantitative indicator among countries, value;
MAX – Maximum value of this quantitative indicator among countries, value.

One of the notes to mention is that the range of values of some indicators are large enough for different countries. With a view to handling this problem some adjustments were made in the calculations of the WEF to account for extreme outliers in the data. For this reason, in some cases normalized values of the indicators were used instead of the minimum and maximum values of the quantitative indicator among countries.

The Travel & Tourism Competitiveness Index is calculated as an average (arithmetic mean) of the four component subindices, which are themselves calculated as averages (arithmetic means) of their pillars. Each of the pillars is calculated as an un-weighted average of the individual component indicators. The number of pillars per subindex decreases as the subindex becomes more directly linked to tourism sphere. As a result, the pillar weight increases.

For example, Natural Resources (pillar 13) has a higher weight than ICT Readiness (pillar 5) because the recreational resources play an important role in the development of a destination and are more relevant to the tourism industry; while the data captured in the ICT Readiness pillar repre-

sents a broader set of various factors which don't influence the national tourism product directly, but have an indirect impact on the Enabling Environment for doing any business in the country.

With a view to visualizing the factors of the tourism destination competitiveness, as well as to identify its strengths and weaknesses, it is essential to build a competitive advantages profile, which could also clearly demonstrate the key directions of the destination development. While managing a destination, it is necessary to perform this stage regularly in order to trace the success of the tourism policy implementation and make necessary changes.

In order to expand the range of the methodical approaches to the assessment of the tourism destination competitiveness factors, the possibility of using other tools of the competitiveness evaluation was analysed. As a result, SWOT-Clock was proposed for the next stage of the assessment process. In addition, this tool enables the transition from the assessment of the competitiveness factors to the elaboration the tourism destination development strategy.

In the process of SWOT-Clock analysis on the basis of the conducted opinion survey, all the factors of tourism destination competitiveness are divided into four groups (Strengths and Weaknesses, Opportunities and Threats) depending on their impact on the country's competitive position. For each of these four groups of factors, an overall score is determined, which is then shown on the graph. After that, components on the same axis, i.e. strengths and weaknesses, as well as opportunities and threats, are added to find the point to which the strategy marker will be directed. Based on the calculated marker, it is possible to determine which type of strategy can be best applied to the destination: leverage, growth, response or survival strategy.

All the previous stages allowed gathering a large amount of information on the factors of the destination competitiveness and potential directions of its development. At this stage, the issue of applying all these data becomes particularly relevant, because the competitiveness assessment is usually not an objective of a study, but just a research tool. In this regard, the authors suggest that within the framework of the competitiveness assessment model a transition to the system of destination management should be made. Under the destination management one should understand the consistent and interconnected management of all the components (tangible and intangible) that form a destination, such as attractions, facilities, access, pricing, advertising, etc.

In this way destination management concept can be seen as a consecutive stage of the strategic planning. From the authors' point of view, this approach allows:

1. to elaborate the key development objectives of the tourism destination development strategy based on its strengths and weaknesses, opportunities and threats;
2. to introduce the subindices and pillars of the Travel & Tourism Competitiveness Index as the key factors of the tourism development control;
3. to establish a system of monitoring the implementation of the tourism destination development strategy based on the key factors;
4. (in the long-term period) to carry out the transformation of the destination in accordance with the new balance system, in which a balance between impact and response exists.

For the successful implementation of the model, the processes of competitiveness assessment and strategy performance analysis should be executed continuously. In the framework of the

model, the set of indicators used for the assessment of competitiveness is being constantly improved and a monitoring system is being developed, which allows collecting accurate data on the selected indicators.

In order to systematise the process of the assessment of the tourism destination competitiveness factors, the authors developed an algorithm, which can be used for the elaboration of the tourism destination development strategy for any destination (Figure 1). The algorithm is based on the classic models of strategic management which using the original data, can help develop a strategy, establish the management system, and define control mechanism.

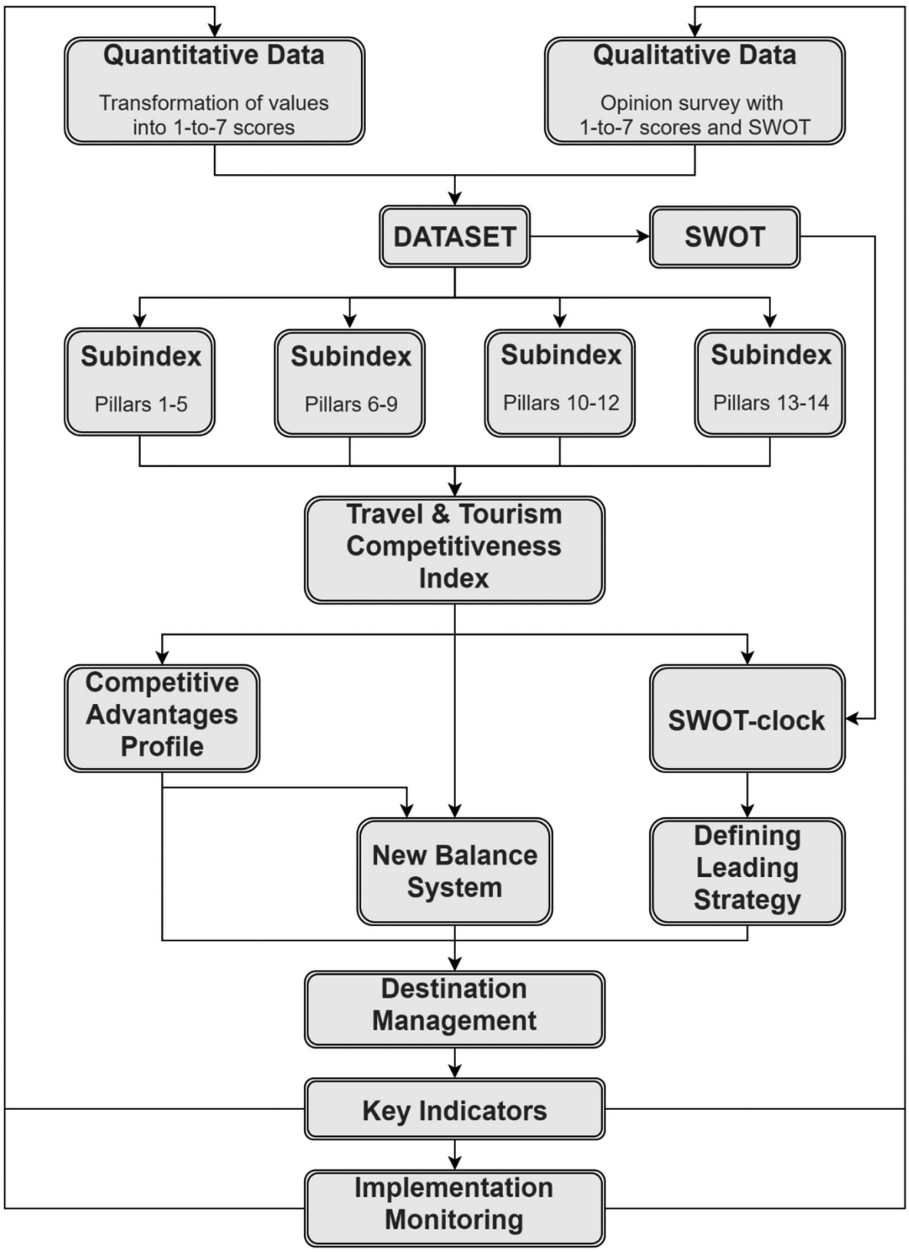

Figure 1. Algorithm of the Assessment of Tourism Destination Competitiveness Factors for the Purpose of the Elaboration of Tourism Destination Strategy

Source: Research Results, 2019

As one of the future research directions, the authors consider the extension of one of the steps of the algorithm using the 'new balance system' at the stage of the strategy development. The principles underlying this model were first introduced by Kaplan, Norton (1992) in the study of business strategies under the term 'balanced scorecard'. However, at the modern stage of digitalisation of economy, this model is relevant for all the spheres, as it focuses on a well-balanced development of all the elements of complex systems.

In the tourism sphere this approach implies the establishment of a well-balanced destination. This equilibrium can occur between various factors. For example, in combination of public and private economic entities (including through the implementation of public-private partnership), in combination of infrastructure development with a focus on environment protection, in combination of soft and hard approaches in the process of destination management and other balanced combinations with a view to achieving equilibrium between inputs and outcomes within system.

3. RESEARCH RESULTS OVERVIEW

With a view to assessing the national tourism product competitiveness of the Republic of Belarus all the parameters, which are recommended in the methodology of the WEF, were evaluated. The data used in the research includes the assessments derived from the opinion survey as well as statistical data from the credible international and national organisations.

In order to assess the values of the required quantitative indicators, the researchers used credible sources recommended by the WEF in Appendix C 'Data Definitions and Sources' of the Travel & Tourism Competitiveness Report 2019 *(*some of them include *The World Bank: Doing Business 2019: Training for Reform, World Development Indicators Database; National Consortium for the Study of Terrorism and Responses to Terrorism (START): Global Terrorism Database; World Health Organization: Global Health Observatory Data Repository, World Malaria Report, 2018; Joint United Nations Programme on HIV and AIDS (UNAIDS): AIDSINFO Database; UNESCO: Institute for Statistics, Data Centre, World Heritage List; International Labour Organization: ILOSTAT database; International Telecommunication Union: World Telecommunication Indicators 2018; World Tourism Organization: UNWTO Database; Bloom Consulting: Country Brand Ranking, Tourism Edition; World Trade Organization: Regional Trade Agreements Information System (RTA-IS); International Air Transport Association: SRS Analyser; Yale Center for Environmental Law & Policy: Wendling, Z.A., J.W. Emerson, D.C. Esty, M.A. Levy, A. de Sherbinin, et al., 2018 Environmental Performance Index. New Haven, CT: Yale Center for Environmental Law & Policy, 2018; The International Union for Conservation of Nature (IUCN): Red List of Threatened Species 2018, etc.)*. In cases when no international statistics for a certain indicator were provided for the Republic of Belarus, the data of the *National Statistical Committee of the Republic of Belarus* was used.

The aforementioned opinion survey was conducted among university professors of the Faculty of International Relations of the Belarusian State University (Minsk, Belarus). The survey form consisted of 33 questions in which participants had a chance to evaluate each of the qualitative indicators on a scale from 1 to 7. In order to introduce an element of benchmarking into the search it was decided to provide the respondents with the information about level of the same indicators in Poland and Russian Federation (these values were captured from the Travel & Tourism Competitiveness Report 2019).

Respondents were also asked to assess whether the evaluated indicator is a strength, weakness, opportunity or threat for the development of the Republic of Belarus as a tourism destination on the international level. This information was used in the analysis using the SWOT-Clock model.

Calculated values of the Travel & Tourism Competitiveness Index, its subindices and pillars can be perceived as sufficiently reliable for the benchmarking and identifying of competitive advantages, because all the standards proposed by the Methodology of the WEF were respected and all the normalizations were done.

To perform a basic comparative analysis the figures of the global median (from 1 to 7 points) are represented in the Table 1. The decision to choose the global median instead of the global average is explained by the aforementioned fact of presence of extreme outliers in the data. The calculated subindices and the overall Travel & Tourism Competitiveness Index are represented in Table 1.

Table 1. Assessed Travel & Tourism Competitiveness Index and Its Subindices and Pillars for the Republic of Belarus, 2019

Component	Assessment for the Republic of Belarus, points from 1 to 7 (best)	Global median, points from 1 to 7 (best)
Enabling Environment	**5.56**	**5.30**
1. Business Environment	4.69	5.41
2. Safety and Security	5.65	5.78
3. Health and Hygiene	6.87	5.63
4. Human Resources and Labour Market	5.20	4.74
5. ICT readiness	5.38	4.93
Travel & Tourism Policy and Enabling Conditions	**4.50**	**4.64**
6. Prioritization of Travel & Tourism	4.40	6.08
7. International Openness	3.10	3.58
8. Price Competitiveness	5.84	4.63
9. Environmental Sustainability	4.68	4.26
Infrastructure	**3.01**	**4.27**
10. Air Transport Infrastructure	1.77	3.20
11. Ground and Port Infrastructure	3.34	4.64
12. Tourist Service Infrastructure	3.94	4.97
Natural and Cultural Resources	**2.57**	**1.83**
13. Natural Resources	2.93	2.35
14. Cultural Resources	2.21	1.32
Travel & Tourism Competitiveness Index	**3.91**	**3.80**

Source: Research Results, 2019

4. DISCUSSION

The Travel & Tourism Competitiveness Index value of 3.91 places the Republic of Belarus in the middle of the list of 140 countries (around 64th place). It's worth mentioning that some components are at a higher level than the global median. Among them Health and Hygiene, Human Resources and Labour Market, ICT Readiness, Price Competitiveness, Environmental Sustainability, Natural and Cultural Resources. The points above the global median in these subindices mean that these factors contribute to the competitive position of the national tourism product of the Republic of Belarus on the international scale. Despite the fact that some of them are at

a relatively low level in numerical terms (for example, the assessment of Cultural Resources is only 2.13 points from 7), they all represent competitive advantages of the Belarusian tourism product, because they are higher than the global median (Figure 2). Generally low value of a subindex could be explained by some imperfections in the selected indicators or calculation method.

At the same time, a lot of attention should be paid to the subindices which are significantly lower than the world level. Such factors as Prioritization of Travel & Tourism (by public authorities), International Openness, and all types of Infrastructure nowadays represent serious weaknesses and reduce the overall Travel & Tourism Competitiveness Index which aggravates the competitive position of the Belarusian product on the tourism market (Figure 2).

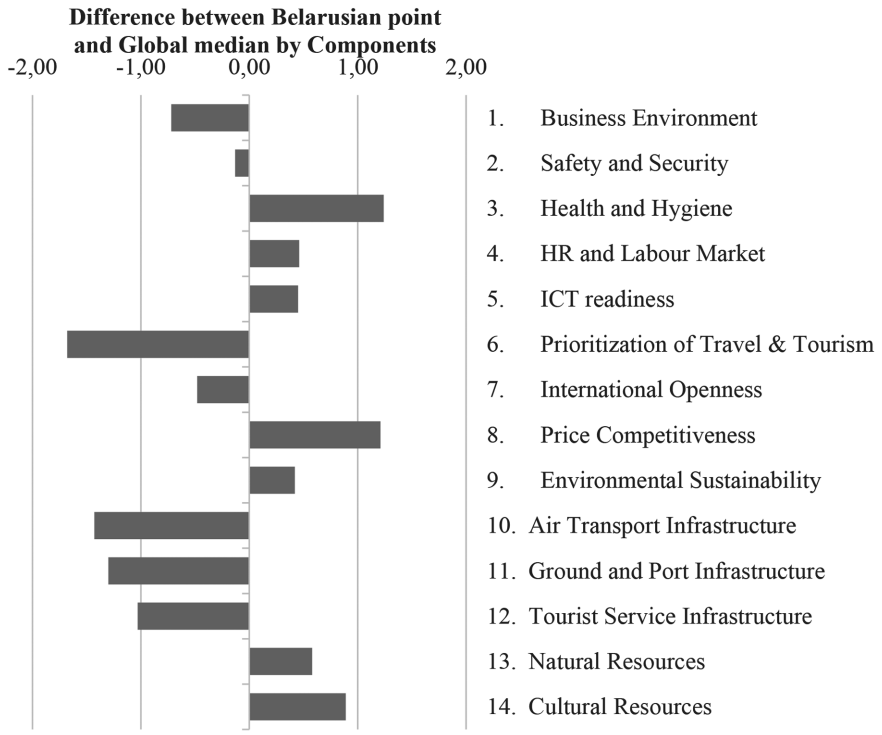

Figure 2. Competitive Advantages Profile of the National Tourism Product of the Republic of Belarus

Source: Research Results, 2019

The authors suggest that, whether the indicator is an advantage or disadvantage according to the assessment made, a more thorough analysis (including for each indicator) should be conducted at the stage of the strategy development in order to identify the reasons influencing the scores for each indicator. Moreover, this analysis can reveal some features that may have an impact on the development of a tourism destination strategy. Special attention should be paid to the comparison not only with the global median, but also with regional competitors.

As a part of the research, all the factors were divided into four groups (Strengths and Weaknesses, Opportunities and Threats) according to the respondents' opinion. The total weighted score for each group was calculated by summing up all the weighted scores for each factor included into the group (Table 2).

Table 2. Competitiveness Factors Assessed in SWOT-Clock Analysis Groups, 2019

Strengths	Weaknesses	Opportunities	Threats
1375	1175	1125	825

Source: Research Results, 2019

Strategic analytical tool SWOT-Clock used by the authors made it possible to identify the key development directions for the Republic of Belarus as a tourism destination. The study revealed that the intensity of Opportunities is greater than the intensity of Threats, while the intensity of Strengths is greater than the intensity of Weaknesses. It means that the Republic of Belarus has only recently passed from the group of leverage strategies to the group of growth strategies (Figure 3). Nowadays the position of the country on the tourism market of Central and Eastern Europe is consistent with growth strategy. This strategy involves a synergistic process of growth and expansion. According to the approaches adopted in strategic management this strategy can be applied in the forms of developing new tourism products, vertical or horizontal integration between countries, and diversification. The strategy also implies an increase in the volume of investments in infrastructure and the creation of favourable conditions for the activities of business units operating in the market.

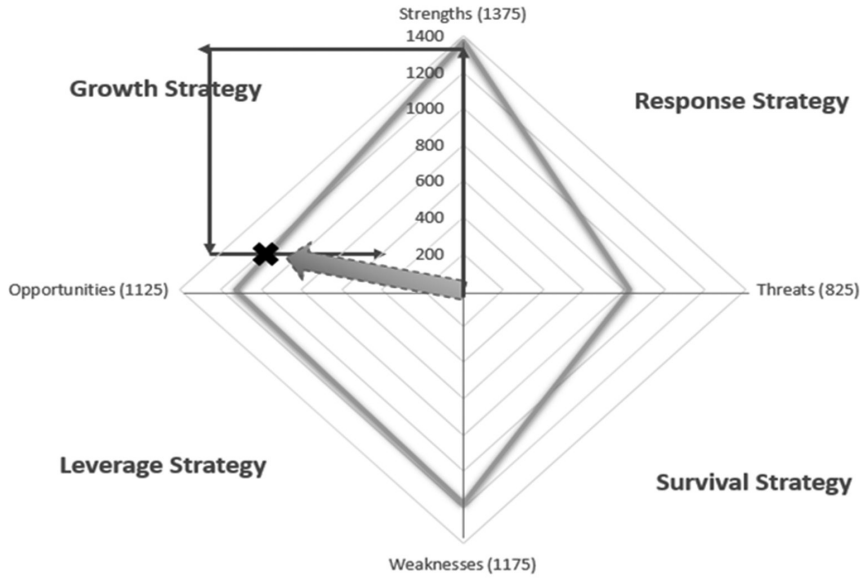

Figure 3. SWOT-Clock Diamond Behaviour Model for the Republic of Belarus as a Tourism Destination

Source: Research Results, 2019

5. FUTURE RESEARCH DIRECTIONS

As one of the future research directions, the authors consider the possibility of implementation of this model for the development of the national tourism strategy of the Republic of Belarus. There is also an opportunity to examine aforementioned algorithm in a new sphere or location.

Moreover, one of the main objectives of the further studies is the development of the 'new balance system', which was introduced in this chapter as a means of development of tourism destination strategy. It is assumed that this model can enable authorities and other stakeholders to develop the strategy more effectively on the basis of the equilibrium between all factors in system.

6. CONCLUSION

Thus, it can be noted that the calculation of the Travel & Tourism Competitiveness Index on the basis of the international standards opens a wide scope for further researches based on benchmarking, comparative analysis, and other tools. Further, the understanding of the country's competitiveness factors and of its position on the international stage serves as a platform for stakeholders' dialogue, which enables them to understand and anticipate emerging trends and risks in global travel and tourism, to adapt their policies, practices and investment decisions, and to accelerate new models that ensure the longevity of this important sector.

As a result of the assessment, it was found out that the level of the tourism product competitiveness in the Republic of Belarus generally corresponds to the global median and global average. But in a number of the analysed indicators the country already has competitive advantage (for example, Human Resources, Price Competitiveness, Natural and Cultural Resources). In order to further improve the country's competitiveness position, develop the tourism sphere, and enhance the country's image on the international arena, it is necessary to focus on the factors that are nowadays below the average. Among them Prioritization of Travel & Tourism, International Openness, and all the types of the Infrastructure required for the development of the tourism sector.

With a view to formulating tourism development strategy for the Republic of Belarus the SWOT-Clock analysis was conducted. As a result, the authors concluded that Belarus as a tourism destination just recently entered the stage, where growth strategy can be applied, and hence such strategies as market penetration, market expansion, product expansion, and diversification can be implemented for further development and competitiveness increase.

The achievement of progress in competitiveness improvement depends on the implementation of numerous effective solutions. According to authors' opinion, the whole set of activities and measures can be better formulated with the help of 'new balance system'. This model can stimulate well-balanced development of a destination on the basis of realisation of a stable public-private partnership, improvement of the infrastructure with a focus on environment protection or other measures.

In the long-term period, the entire algorithm of destination management and strategy elaboration can be applied to the development of destination. The implementation of this approach will not only allow to assess the competitiveness more effectively, but also to employ various factors in determining the competitive advantages of destination and elaboration of the main development areas.

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HOTEL SPECIFIC DETERMINANTS OF LIQUIDITY-EVIDENCE FROM THE HOTELS IN AP VOJVODINA

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Abstract: *The aim of this chapter is to analyze the tourism sector in Vojvodina in terms of business liquidity of the hotels registered on the territory of the Province. The AP Vojvodina consists of 45 municipalities in which there are 220 hotels registered. The liquidity of the hotel industry depends on external and internal factors. In this research internal factors were considered in order to determine the reasons of the liquidity of the hotels in AP Vojvodina in the period of 2014-2018. The empirical studies include multivariate analysis of variances, as well as multiple regression models which enable identifying liquidity levels of hotels and how these internal factors affect the liquidity. The liquidity is measured by current liquidity ratio in the first model and quick liquidity ratio in the second model. The results of the empirical studies have shown that the impact of the indebtedness and sales growth is more intense on current liquidity than the quick liquidity ratio.*

Keywords: *liquidity, internal factors, hotels, AP Vojvodina.*

1. INTRODUCTION

The tourism sector is of great importance to any national economy, because "in the last thirty years, tourism and the hospitality industry within it have grown enormously and are now one of the most significant service sectors, accounting for more than 11% of world GDP and employing more than 10% of the workforce worldwide"(Milenković, Andrašić, & Kalaš, 2017, p. 198). Considering the complexity of this sector, it can be concluded that a large number of factors affect its development, from infrastructural factors, through the quality of the offered services, to the natural resources that a country possesses (Dimitrić, Tomas Žiković, & Matejčić, 2018). Some of these factors depend on the human component and the degree of development of an economy, while some depend solely on the geographical location and natural resources of the country and cannot be affected. This research discusses the factors that can be influenced and which are related to micro level determinants, concretely at the hotel level.

The region covered in this research is the region of AP Vojvodina. According to the Tourism Development Strategy (Ministry of Trade Tourism and Telecommunication, 2016), the region of Vojvodina stands out as one of the tourism clusters, among Belgrade, Eastern and Western Serbia, which should be the growth carrier of the tourism sector of the Republic of Serbia. As the tourism sector covers a wide range of activities and services (Ministry of Trade Tourism and Telecommunications, 2019), the subject of analysis in this research is the hospitality industry, more precisely within the sector the hotels operating in it. Hotels are considered as a part of the hospitality industry, which provides domestic and foreign tourists with accommodation services and other services related to accommodation. Hotels imply a higher level of comfort and quality of service than other type of

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accommodations (Barjaktarović, 2013). Due to their importance and position in relation to other accommodation capacities, this research they will serve as the subjects of research and analysis.

Lately, the AP Vojvodina is offering countryside tourism, business tourism in order to attract more tourists. The number of tourists in this Province is in increase, which can be seen on the Figure 1.

The concentration of the hotels in the Province is uneven so that they are mainly located in bigger cities like Novi Sad 25.5% (56 of 220), Subotica 14.5% (32 of 220), Zrenjanin 5% (11 of 220). On the other hand, there are other accommodation facilities in small cities but they are not registered as hotels, some of them are countryside houses, villas, hostels etc.

It is noteworthy, according to Vojvodina's Tourist Organization, that the number of foreign tourists' overnight stays increased by as much as 22% (243,139 nights) in the first half of 2018 compared to the same period in 2017. The increase in the number of overnight stays of domestic tourists is 11.6% (339,467 nights). Novi Sad had the largest share in the number of overnight stays in the first half of 2018, with a 29.3% increase in the total number of overnight stays (203,437 nights), compared to 2017.

The aim of this chapter is to point out on the importance of the liquidity of the hotels in AP Vojvodina in the considered period of time from 2014 till 2018. The liquidity of the hotels is important from the perspective of long-term stable operations and raising the quality of the services in the hotel sector in Vojvodina. In order to assure the quality of the services, hotels cannot struggle with liquidity. On the other side, the expenses cannot be reduced on the behalf of the service quality. In the hospitality sector the non-financial indicators are sometimes more important than the financial once, especially when it comes to hotels survival (Gémar, Moniche, & Morales, 2016). Non-financial and financial indicators in this specific industry should be considered simultaneous in order to achieve the best performances (Elbanna, Eid, & Kamel, 2015).

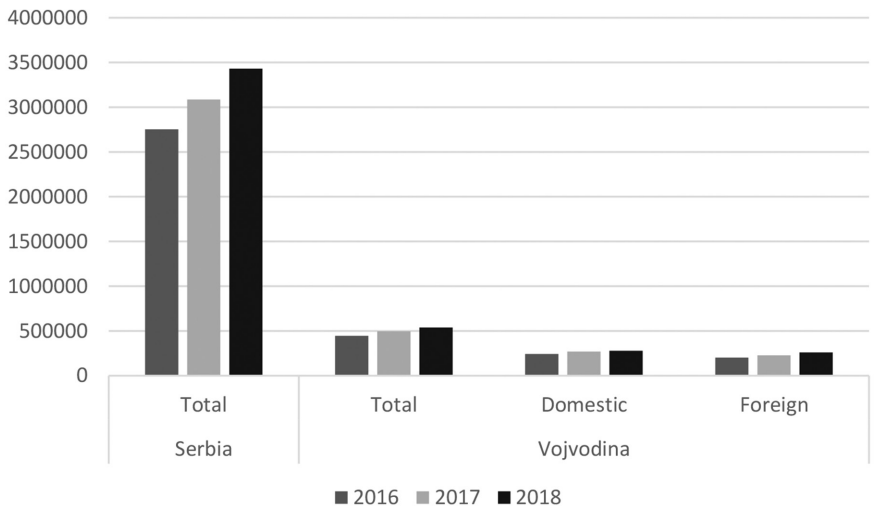

Figure 1. Number of tourists in AP Vojvodina
Source: Based on Statistical Office of the Republic of Serbia data

This research is structured as follows. The first part is representing the Introduction, this section explains the basic goals and reasons for the research. The second part deals with the Literature review, which represents the theoretical background of the research, presenting the results of the

earlier undertaken researches regarding the liquidity, and liquidity determinants. This section forms the basis for defining regression models. The third part is about explaining the research methodology and the used data, along with explaining the indicators. The fourth part analyses by figures the hotel sector of Vojvodina in the five-year period in terms of the business indicators and liquidity ratios. The fifth part represents the results of the research, i.e. the impact of the defined determinants on the liquidity ratios in AP Vojvodina for the period 2014-2018. The last part Conclusion explains the results of the research and suggests further research.

2. LITERATURE REVIEW

The most important component for the operational performance of entities, as well as their value, is the working capital management (Heryán, 2018). Cash flow intensity positively impacts the technical efficiency in the hotel industry (Yuan, Li, & Zeng, 2018). The available literature and articles are mainly based on an analysis of the hotels' profitability, cost reduction and long-term business analysis, while the liquidity analysis of the business is neglected. The contribution of this research is certainly that it addresses the topic that is not enough mentioned in the literature, although it is a daily problem faced by hotels.

The literature has dealt with liquidity issues in different ways. One approach is analyzing the length of the period during which receivables from customers are collected or the length of the loans taken from the financial institutions, and in that way this approach is dealing with the reason why some liquidity indicator is high or low. The other approach is on the contrary dealing with other determinants, which can be external or internal, that might had affected the liquidity ratios. The approach taken by the authors in treating liquidity issues by analyzing the influencing factors which might have affected the liquidity ratios.

Some of the authors who have treated the issue as described above is among others Kruse (2002), who analyzed the impact of debt ratio, profitability ratio among other variables, on the liquidity and that way also on the decision of the management to asset sales. Kim, Mauer & Sherman (1998) investigated the impact of debt ratio, sales, size and profitability on firms liquidity, and they found a negative relationship of these determinants with firms liquidity. When it comes to the relationship between earnings, debt and liquidity Huberman (1984) came to the results that low earnings are associated with low liquidity, and external financing is negatively influencing the liquidity. The determinant used in this research match up with the determinants used by Soo Cheong, Chun-Hung & Ming-Hsiang (2008)this study used canonical correlation analyses by examining the interrelationships between cross-balance-sheet accounts of hotel companies. The study confirmed that hotel companies followed the four common practices about the cross-balance-sheet interdependencies identified in the other industries. This study also discovered a few unique financing features of the hotel industry: (1, who were investigating the financial behaviour in the hotel industry. Authors dealing with the same issue of determinants of liquidity and the trade-off between liquidity and profitability were also Elbanna et al. (2015), Mun & Jang (2015), Škuflić & Mlinarić (2015).

Based on the findings of the study undertaken by Elbanna et al. (2015) the authors of this research base they regression models as well as using the analogy between the determinants that affect profitability (G. M. Agiomirgianakis, Magoutas, & Sfakianakis, 2013; G. Agiomirgianakis & Magoutas, 2012; Dimitrić, Tomas Žiković, & Arbula Blecich, 2019; Dimitrić et al., 2018; Nunes, Serrasqueiro, & Sequeira, 2009; Tan, 2017) the same way as they impact the liquidity.

3. DATA AND METHODOLOGY

In order to complete the research a sample of hotels registered on the territory of AP Vojvodina was taken. There are 45 municipalities in the territory of AP Vojvodina, and under the classification of activities which refers to 551-hotels other entities there are 220 hotels registered for the five-year period from 2014-2018. This is to be considered as the population of the hotels in Vojvodina, because subjects with incomplete data were excluded from the population, the sample was reduced to 478 observations. In this research secondary data was used which was obtained from Scoring ("Scoring," 2019). Scoring is a data base that aggregates all available data from financial statements of all business entities registered in Serbia.

Table 1. Review of the explanatory variables

Symbol	Variable	Description	Source
Dependent variable			
CL	Current liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Authors calculation based on the financial statement's data
QL	Quick liquidity ratio	$\frac{\text{Current assets - inventory}}{\text{Current liabilities}}$	Authors calculation based on the financial statement's data
Independent variable			
ROA	Return on asset	Net income to total asset ratio	Authors calculation based on the financial statement's data
ROE	Return on equity	Net income to total equity ratio	Authors calculation based on the financial statement's data
SZ	Size	Natural logarithm of the total assets	Authors calculation based on the financial statement's data
GRTH	Growth	$\frac{\text{Salest - Sales}_{t-1}}{\text{Sales}_{t-1}}$	Authors calculation based on the financial statement's data
DBT	Debt	(Total Debt) / (Total Assets)	Authors calculation based on the financial statement's data
LAGCL	Lagged Current liquidity ratio	CL_{t-1}	Authors calculation based on the financial statement's data
LAGQL	Lagged Quick liquidity ratio	QL_{t-1}	Authors calculation based on the financial statement's data
EBIT	Earnings before interest and tax	Operating revenues - Operating expenses	Authors calculation based on the financial statement's data
FS	Financial Stability	Long term assets to long term debt	Authors calculation based on the financial statement's data

Source: Authors' illustration

The empirical analysis of hotel performance was performed from the aspect of liquidity, whereby the effects of internal business factors on the performance of the hotel business were measured. The first part of the research is based on a descriptive analysis of key hotel performance indicators such as general liquidity ratios, accelerated liquidity ratios, leverage, including hotel size. Descriptive analysis was conducted through tables and Figures for the defined period of time. The second part of the research is focused on measuring and evaluating the character and intensity of the potential correlation between hotel performance indicators. As part of this empirical analysis, a multivariate analysis of the hotel was conducted to determine if there were significant differences in the level of key hotel performance indicators for the 2014-2018 time period. The last part of the empirical research involves the creation of multiple regression models to identify the effects of internal business factors on the liquidity ratios of the observed hotels.

4. BUSINESS INDICATORS AND LIQUIDITY ANALYSIS OF HOTELS IN AP VOJVODINA

This part of the research analyses the important facts related to the liquidity of the hotels in AP Vojvodina for the period of 2014-2018. Among figures about facts considering the business activity of the hotel sector in Vojvodina, hereby will be yearly data about the liquidity ratios provided.

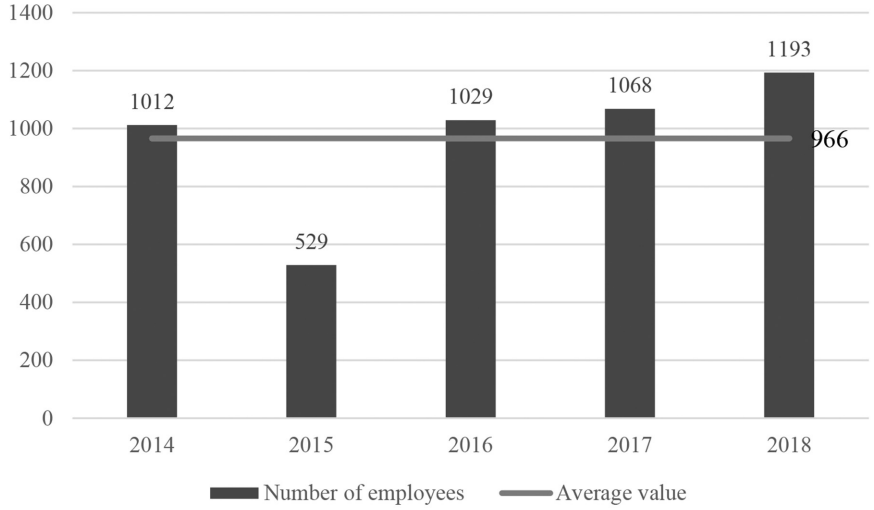

Figure 2. Number of employees in hotels in AP Vojvodina
Source: Authors' based on Scoring data

Figure 2 shows the movement of the number of employees in relation to the average value of the number of employees for the period 2014-2018. The average value is 966 employees. It can be noticed that the number of employees in hotels in the territory of AP Vojvodina increased from 2016-2018. In 2015, there was a large decrease in the number of employees compared to 2014. In 2018, 1193 workers were employed in hotels on the territory of AP Vojvodina.

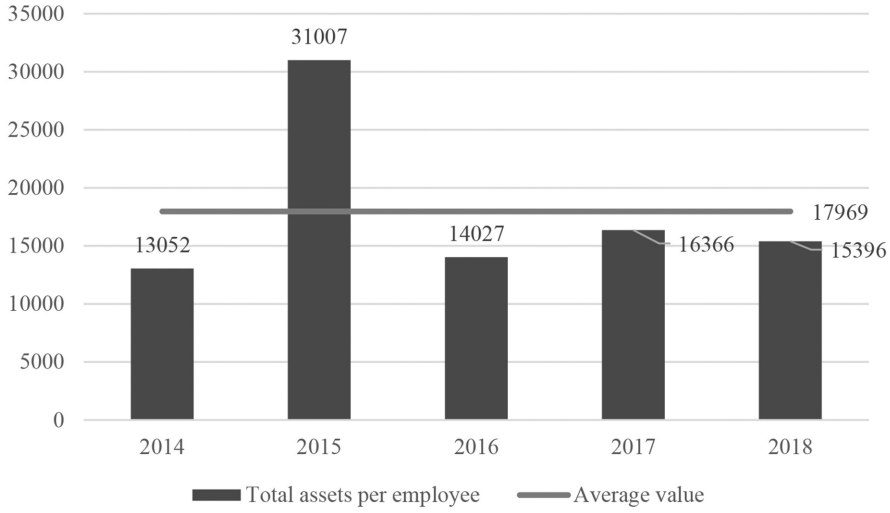

Figure 3. Total assets per employee of hotel in AP Vojvodina (in 000 RSD)
Source: Authors' based on Scoring data

Figure 3 shows the movement of total assets per hotel employee in the territory of AP Vojvodina. The average value of total assets per employee during the analyzed period is RSD 17,969,000.00. Based on the shown data, it can be concluded that only in 2015 the value of total assets per employee was higher than the average value. In the remaining years, the value of assets per employee was lower than the average value for the period. The highest value of total assets per employee was realized in 2015 and it was amounted to RSD 31,007,000.00, while in 2014 the lowest value of assets per employee was amounted to RSD 13,052,000.00.

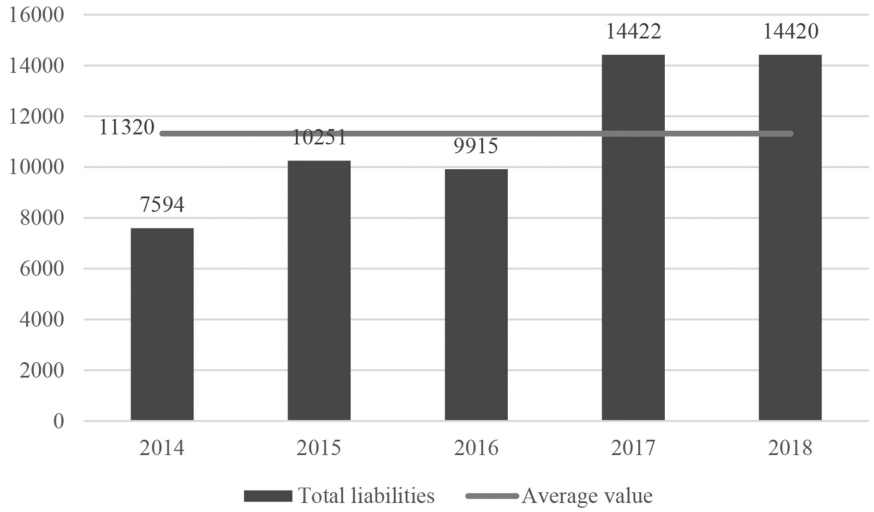

Figure 4. Total liabilities of hotels in AP Vojvodina (in 000 RSD)
Source: Authors' based on Scoring data

Figure 4 shows the trend of total hotel obligations in the territory of AP Vojvodina in the period 2014-2018. The average value of total liabilities in the analyzed period is 11,320. It can be observed that total liabilities have trended upwards from 2016 to 2018. In the period 2014-2016. The total liabilities were lower than the average value. In 2017, there is a sharp increase in total liabilities compared to 2016. In 2017 and 2018, total liabilities were significantly higher than the average.

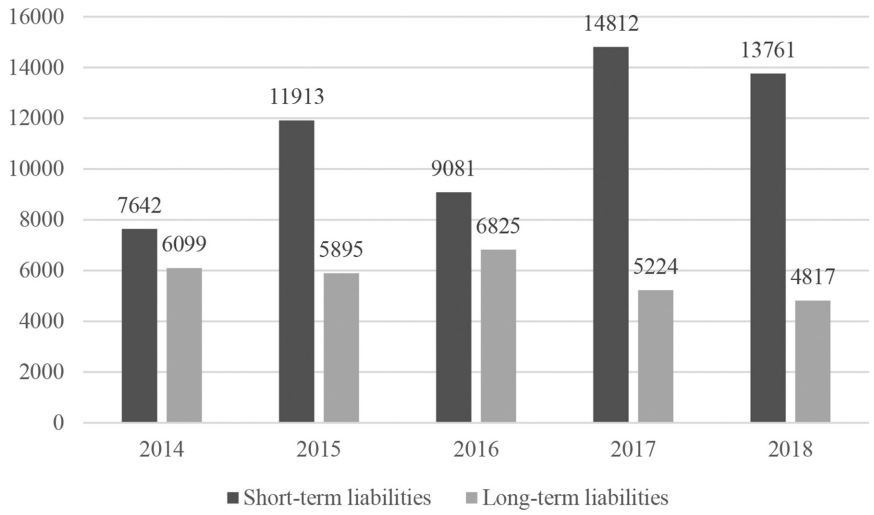

Figure 5. Short-term and long-term liabilities of hotels in AP Vojvodina (in 000 RSD)
Source: Authors' based on Scoring data

Figure 5 shows the structure of total hotel obligations on the territory of AP Vojvodina in the period 2014-2018. It can be observed that in the analyzed period, short-term liabilities had a higher share than long-term liabilities in the total amount of the liabilities. It can also be observed that in the period 2016-2018, the structure of liabilities has moved further in favor of short-term liabilities, the reason for that was the increase in short-term liabilities and a decrease in long-term liabilities in the structure of the total liabilities. Short-term liabilities reached their highest value in 2017.

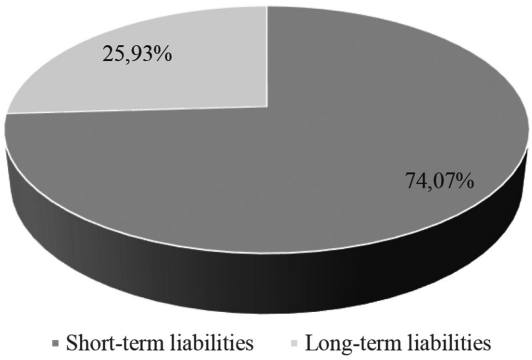

Figure 6. Structure of the total liabilities of the hotels in AP Vojvodina in 2018.
Source: Authors' based on Scoring data

According to the above shown Figure it can be observed that in 2018, the share of short-term liabilities was 74.07%, of the total liabilities while the share of long-term liabilities was 25.93%. Since the subjects of the research are hotels, it is common that working capital is dominant in the structure of total assets, and that they choose short termed loans as financing sources.

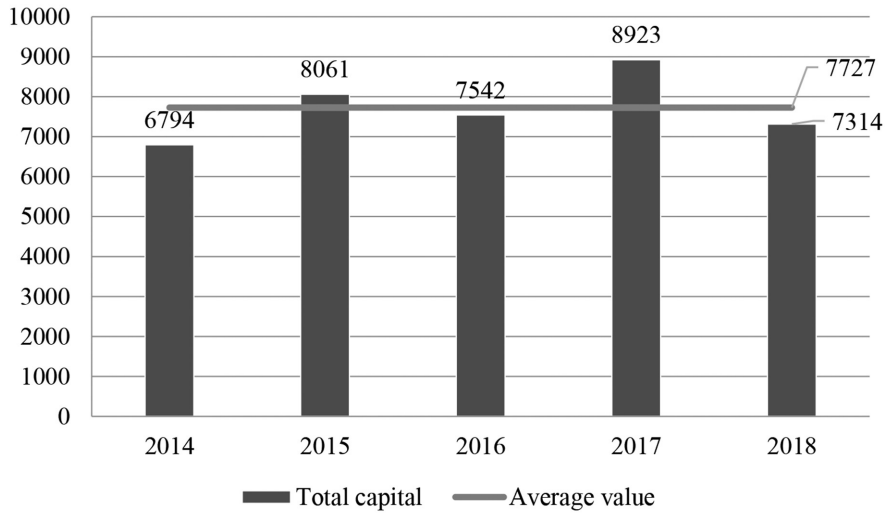

Figure 7. Total capital number of hotels in AP Vojvodina (in 000 RSD)
Source: Authors' based on Scoring data

As it can be seen on Figure the average value for the analyzed period is 7,727,000.00. It can be observed that in 2015 and 2017, higher values of total capital were achieved compared to the average value. Throughout the observed period, small fluctuations in the movement of total capital are present, and thus a slight deviation to higher or lower relative to the average value. The lowest value of total capital was present in 2014 and amounted to 6,794,000.00, while the highest value of total capital was present in 2017, and it amounted to 8,923,000.00.

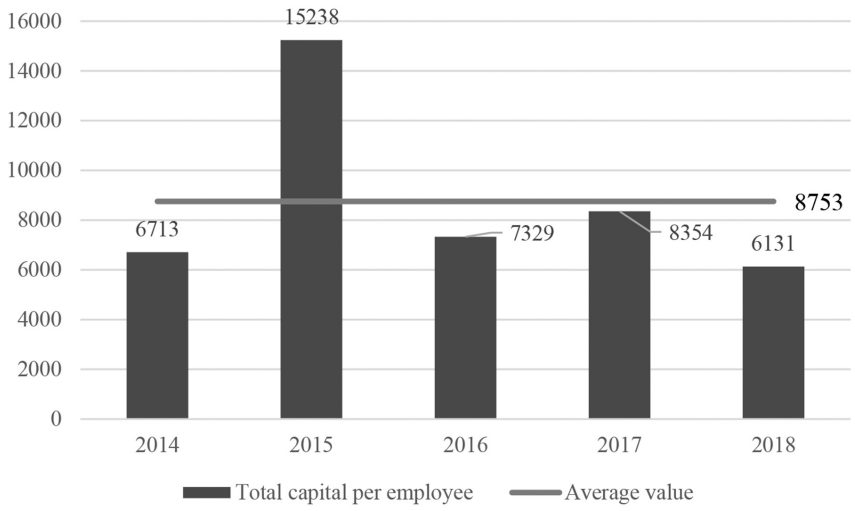

Figure 8. Total capital per hotel employee in AP Vojvodina (in 000 RSD)
Source: Authors' based on Scoring data

Figure 8 shows the movement of total capital per employee employed on the territory of AP Vojvodina in the considered five-year period. The average value of total capital per employee during the analyzed period is 8,753,000.00 RSD. It can be concluded that only in 2015, the total value of total capital per employee was higher than the average value. The reason for this increase was the decline in the number of employees in the hotel sector in the Province. In 2014, 2016, 2017 and 2018, a lower value of capital per employee was achieved compared to the average value.

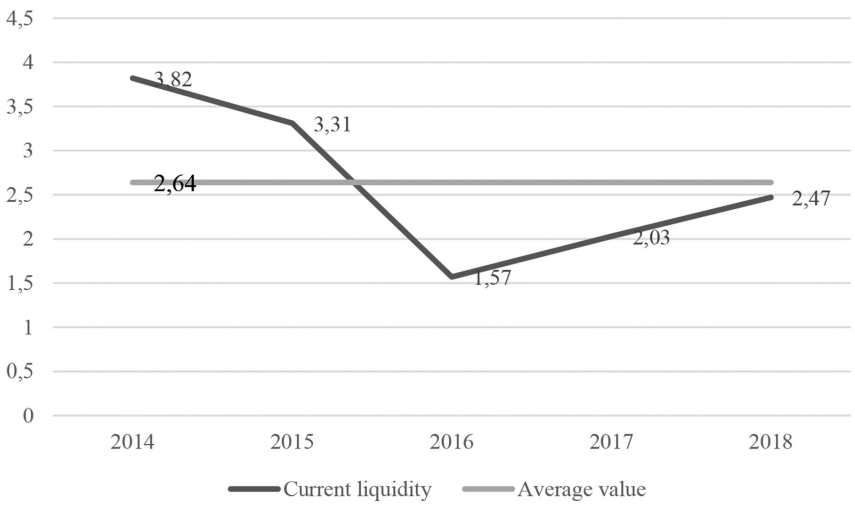

Figure 9. Current liquidity ratio of the hotels in AP Vojvodina
Source: Authors' based on Scoring data

As one of the dependent variables, current liquidity ratio is defined as the ability of an entity to settle its due liabilities using current assets. The referent value of this ratio is 2 or more than 2 (Mirović et al., 2019). This ratio does not take into account the liquidity of individual parts of current assets and is a rough measure of liquidity.

Figure 9 shows the trend of current liquidity ratios of hotels in the territory of AP Vojvodina in the period 2014-2018. The average value of this indicator is 2.64. It can be observed that the low-

er value of the general liquidity ratio was achieved in 2016 and amounts to 1.57. In other years of the analyzed period, the movement of the general liquidity ratio was above the reference value of 2. The highest value of the general liquidity ratio was achieved in 2014 and was amounted to 3.82, which is considered to be a very high liquidity indicator. In 2014 and 2015, the movement of current liquidity ratios was above average, while from 2016-2018 the ratio of was below average. It can be concluded that in the first three years there is a declining trend in the current ratio liquidity, and in the last two years of the observed period there is an increasing trend.

The quick liquidity ratio, commonly known also as acid test, represents a much more accurate measure of liquidity because it excludes inventories as the most illiquid component of working capital. The referent value for this ratio is 1 or more than 1 (Mirović et al., 2019).

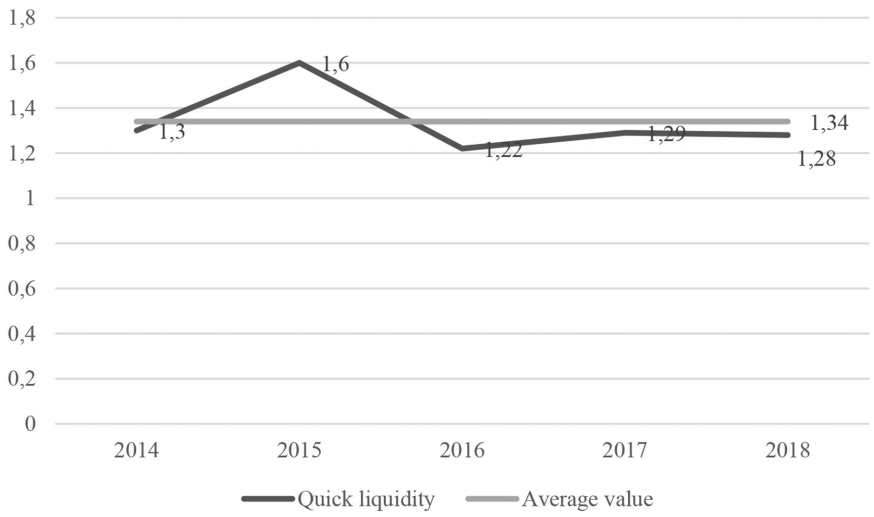

Figure 10. Quick liquidity ratio of the hotels in AP Vojvodina
Source: Authors' based on Scoring data

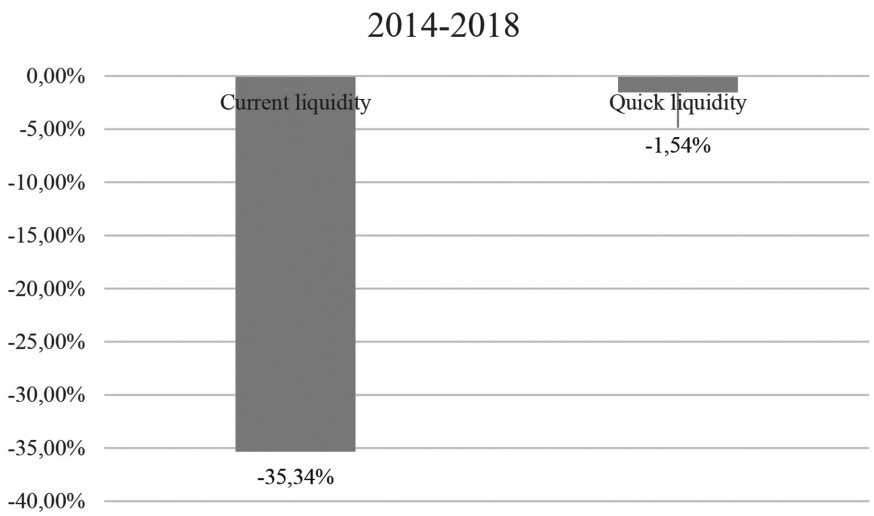

Figure 11. Comparative trend of hotel liquidity ratios in AP Vojvodina
Source: Authors' based on Scoring data

Figure 10 shows the trend of quick liquidity ratio of hotels on the territory of AP Vojvodina in the period 2014-2018. The average value of this indicator is 1.34. It can be observed that during

the analyzed period, the value of the quick liquidity ratio was above the reference value of 1. The highest value of the quick liquidity ratio was achieved in 2015 and was amounted to 1.6, and this value was above the average value for the period. In all other years of the observed period the value of the ratio was below the average value of this indicator.

Figure 11 shows the trend of the current and quick liquidity ratios by comparing the first and the last year of the analyzed period. Based on this overview, it can be concluded that there has been a significant decrease in current liquidity ratio in 2018 compared to 2014, while the quick liquidity ratio has slightly decreased in 2018 compared to 2014. The reason for such a significant decrease in current liquidity ratios is the increase of the short-term liabilities in the structure of the total liabilities of the hotels on the territory of AP Vojvodina.

5. EMPIRICAL RESULTS

After a detailed analysis of the movement of indicators by years, the collected data will be summarized by descriptive statistics. After that follows a multivariate analysis variance test in order to identify if there are significant differences in liquidity levels of hotels in AP Vojvodina for the period 2014-2018. At the end of the empirical research part two multiple regression models will be defined in order to determine the effects of the internal determinants on the analyzed hotels liquidity.

Table 2. Descriptive statistics

Variable	Number of obs.	Mean value	Standard deviation	Minimum value	Maximum value
CL	478	19.51837	179.3555	0	2521.74
QL	478	18.42157	178.6187	0	2521.73
ROA	478	-0.5596772	6.277963	-128.6667	5.914
ROE	478	-1.421668	38.47663	-793	105.72
DBT	478	7.166871	85.01804	0	1792
FS	478	2.18159	13.63284	0	217.81
SIZE	478	1.636839	0.8478075	0	2.97359
SGR	478	3.521846	25.11343	-1	324.6721
EBIT	478	11.77819	90.68455	-528.653	741.4549

Source: Authors' calculation

Table 3. Multicollinearity test

Variable	VIF	1/VIF
ROA	1.07	0.936408
DBT	1.07	0.937941
ROE	1.02	0.981984
EBIT	1.02	0.984400
SIZE	1.01	0.987921
FS	1.01	0.991368
SGR	1.00	0.998575
LAGGL	1.00	0.998679
Mean VIF	**1.01**	

Source: Authors' calculation

The presented descriptive analysis of hotels in AP Vojvodina shows the mean value, standard deviation, minimum and maximum value of the collected research data. Based on 478 observa-

tions, the results showed positive mean values for all indicators except profitability. Maximum value for the variable was observed by the variable current liquidity while the minimum value was spotted by the variable earnings before interest and taxes. At the same time, the variable current liquidity has the largest standard deviation compared to other variables while the variable size has had the smallest standard deviation.

In order to identify a potential multicollinearity between independent variables, the empirical study includes Variance Inflation Factor test. Results of VIF test confirmed that there is no high correlation between these variables where the average value is 1.01. It implies that variable selection is an appropriate and model satisfies condition of multicollinearity absence which is one of the fundamental assumptions in econometric analysis.

Table 4. Multivariate analysis results – liquidity level by year

Effect		Value	F	Hypothesis df	Error df	Sig.
Period	Pillai's Trace	0.021	4.971	2.000	472.000	0.007
	Wilks' Lambda	0.979	4.971	2.000	472.000	0.007
	Hotelling's Trace	0.021	4.971	2.000	472.000	0.007
	Roy's Largest Root	0.021	4.971	2.000	472.000	0.007

Source: Authors' calculation

By analyzing the level of liquidity of hotels in AP Vojvodina, it can be concluded that there are significant differences for each year of observation, because the value of Pillai's Trace test is 0.007, which is less than the reference value of 0.05.

Table 5. Multivariate analysis results – liquidity level by hotel

Effect		Value	F	Hypothesis df	Error df	Sig.
Hotel	Pillai's Trace	0.037	6.473	2.000	351.000	0.004
	Wilks' Lambda	0.963	6.473	2.000	351.000	0.004
	Hotelling's Trace	0.038	6.743	2.000	351.000	0.004
	Roy's Largest Root	0.038	6.743	2.000	351.000	0.004

Source: Authors' calculation

Also, there are significant differences in the level of liquidity between hotels in AP Vojvodina for the observed period 2014-2018, as the value of Pillai's Trace test is 0.004, which is less than the reference value of 0.05.

Table 6. Test of between-subject effects for liquidity

Source	Liquidity	Type III Sum of Squares	df	F	Sig.
Period	Current liquidity ratio	200337.309	1	6,198	0.013
	Quick liquidity ratio (acid test)	180513.570	1	5.631	0.018

Source: Authors' calculation

Based on the results from the table above, it is noticeable that the level of significance of current liquidity ratio as well as quick liquidity ratio does not exceed the reference value of 0.05 indicating that there are significant differences in the level of liquidity of the observed hotels in AP Vojvodina in the period 2014-2018.

In order to analyse the impact of the variables mentioned in the data and methodology part, the authors created two models as follows:

Current liquidity ratio model

$$CL_t=\beta_0+\beta_1DBT_t+\beta_2FS_t+\beta_3ROA_t+\beta_4ROE_t+\beta_5SIZE_t+\beta_6SGR_t+\beta_7EBIT_t+\beta_8LAGCL_t+\ldots e_t \quad (1)$$

where are CL current liquidity; DBT – debt; FS – financial stability; ROA – return on assets; ROE – return on equity; SIZE – hotel size; SGR – sale growth; EBIT – earnings before interest and taxes; LAGCL – lagged current liquidity; β0 - the constant term, β - the coefficient of the independent variables and e - the error term of the equation.

Table 7. Multiple regression model – current liquidity ratio

Source	**SS**	**df**	**MS**		**Number of obs.**	478
Model	4661722.88	8	582715.36		**F (8, 469)**	25.58
Residual	10682608	469	22777.4162		**Prob > F**	0.0000
Total	15344331.1	477	32168.4089		**R-squared**	0.5038
					Adj R-squared	0.4919
					Root MSE	150.92
CL	**Coef.**	**Std. Err.**	**t**	**P>|t|**	**[95% Conf. Interval]**	
DBT	-0.0037864	0.0839255	-0.05	0.006	-0.168703	0.1611303
FS	0.169096	0.509084	0.33	0.740	-0.8312718	1.169464
ROA	0.0289223	1.137475	0.03	0.980	-2.206255	2.2641
ROE	0.200999	0.1812357	0.11	0.912	-0.3360346	0.3762344
SIZE	13.34169	8.200394	1.63	0.104	-2.772368	29.45575
SGR	0.0774639	0.2753573	0.28	0.009	-0.6185507	0.4636228
EBIT	-0.015452	0.0768022	-0.20	0.843	-0.1661643	0.1356739
LAGCL	0.5456992	0.0385536	14.15	0.000	0.46994	0.6214584
C	-12.81529	15.12323	-0.85	0.397	-42.53296	16.90238

Source: Authors' calculation

The table shows the impact of indebtedness indicator, financial stability, hotel size, sales growth and operating profit on current liquidity ratio as a general measure of a hotel's short-term ability to settle its liabilities in the short term. Based on the results of the multiple regression model, the coefficient of determination is 0.5038, which confirms that the model explained 50.38% of the variations in the independent variables. The model results show a significant impact of debt and sales revenue growth on liquidity, while other internal factors do not have a significant impact on the current liquidity ratio of the analyzed hotels. Specifically, indebtedness adversely affects hotel liquidity, with a 1% increase implying a decrease in current liquidity by 0.0037%. On the other hand, the growth of sales revenue has a positive effect on the liquidity of the hotel, where a 1% increase contributes to 0.0775% liquidity growth.

After measuring and evaluating the impact of internal factors on current liquidity, a regression model aimed to measure the same on the quick liquidity ratio of the hotels is presented as follows:

Quick liquidity ratio (acid test) model

$$QL_t=\beta_0+\beta_1DBT_t+\beta_2FS_t+\beta_3ROA_t+\beta_4ROE_t+\beta_5SIZE_t+\beta_6SGR_t+\beta_7EBIT_t+\beta_8LAGQL_t+\ldots e_t \quad (1)$$

where are QL – quick liquidity ratio; DBT – debt; FS – financial stability; ROA – return on assets; ROE – return on equity; SIZE – hotel size; SGR – sale growth; EBIT – earnings before interest and taxes; LAGQL – lagged quick liquidity ratio; β0 - the constant term, β - the coefficient of the independent variables and e - the error term of the equation.

Table 8. Multiple regression model – quick liquidity ratio

Source	**SS**	**df**	**MS**		**Number of obs.**	478
Model	4709882.48	8	588735.31		**F (8, 469)**	26.28
Residual	10508634	469	22406.4698		**Prob > F**	0.0000
Total	15218516.8	477	31904.6475		**R-squared**	0.3095
					Adj R-squared	0.2977
					Root MSE	149.69
QL	**Coef.**	**Std. Err.**	**t**	**P>|t|**	**[95% Conf. Interval]**	
DBT	-0.0030069	0.0832393	-0.04	0.001	-0.166575	0.1605612
FS	0.205158	0.5048586	0.41	0.685	-0.7869068	1.197223
ROA	0.0253741	1.128168	0.02	0.982	-2.191515	2.242263
ROE	0.0210054	0.1797536	0.12	0.907	-0.3322168	0.3742276
SIZE	14.2758	8.133209	1.76	0.080	-1.706241	30.25784
SGR	0.0715786	0.273107	-0.26	0.003	-0.6082434	0.4660862
EBIT	-0.0147383	0.0761742	-0.19	0.847	-0.1644234	0.1349467
LAGQL	0.5503114	0.03839	14.33	0.000	0.4748738	0.625749
C	-15.03921	14.99909	-1.01	0.317	-44.51295	14.43453

Source: Authors' calculation

The table shows the results of the multiple regression model using quick liquidity ratio as the dependent variable. The use of accelerated liquidity ratio is a more rigorous approach to measuring liquidity because it looks at the most liquid assets. This ratio excludes from the numerator of the ratio inventories as the least liquid item of current assets. The model results confirm the significant impact of debt and sales growth indicators, whereby debt is having a negative impact on the quick liquidity ratio, while sales growth is having a positive impact on accelerated hotel liquidity. This implies that a 1% increase in indebtedness contributes to a decrease in accelerated liquidity by 0.003%, while, on the other hand, an increase in sales revenue enhances accelerated liquidity by 0.0716%. As it can be observed, the impact of indebtedness and sales growth is more intense on current liquidity than on the quick liquidity indicator. This means that a change in these two indicators (debt and sales growth) results in a more pronounced change in the current liquidity ratio of the observed hotels.

6. CONCLUSION

The aim of this research was to examine the effect of the hotel specific determinants on the liquidity of the hotel sector in AP Vojvodina from 2014 to 2018. Empirical analysis has included multivariate analysis of variance as well as multiple regression models which has estimated the impact of debt, financial stability, hotel size, sale growth, earnings before interest and taxes, and lagged liquidity on the liquidity ratios defined as current liquidity and quick liquidity ratios.

Results of MANOVA test have shown a significant difference in liquidity levels between hotels in AP Vojvodina and also for the period 2014-2018. Results of the defined regression models have shown that indebtedness and sale growth have significant impact on liquidity ratios measured by current liquidity ratio and quick liquidity ratio. Although the impact of indebtedness and sales growth is more intense on current liquidity than on the quick liquidity indicator.

The results of the regression models suggest that management should take counter-measures to increase sales revenue rather than focusing on cost reductions to provide liquidity. Cost reductions can lead to a decline in service quality, which can put the hotel business in the long run.

Another influential factor that has a significant impact on liquidity is debt. Although it has a negative impact on liquidity, in the observed period the level of indebtedness of the hotel did not endanger the liquidity. Managers have to examine the real costs and risk of financing long-term assets with short-term liabilities, because about 74% of the loans are short-termed. The short-term liabilities might appear as a good financing solution because of the low interest rates, but the frequent use of short-termed loans, i.e. the mismatching practice, could lead to higher cost, long term instability and at the end it could increase of financial risk and jeopardize the hotels business. Recommendation for further research would be to extend the research on the analyses of the factors influencing the hotels indebtedness and to include external factors to the analyses.

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AGROTOURISM – LEGAL PROBLEMS AND IT PERSPECTIVES

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Abstract: *The challenge we tried to address in this paper included the consideration of the current state of agritourism in the Republic of Serbia, as well as the possibilities for the improvement of this branch of tourism using information and communication technologies. The current status of agritourism is viewed from two aspects. The first aspect is the application of IT technologies in order to promote the tourist offer, while the second aspect is oriented towards legal norms governing the protection of intellectual property as well as the tourist protection. With the application of IT technologies, individual accommodation establishments that feature agritourism can be presented to a wider range of potential tourists. A better presentation of the existing possibilities undoubtedly leads to an increased number of visits. At the same time, it is necessary to regulate the protection of digital multimedia content created by tourists, as well as the possibility of their usage in promotion of accommodation capacities and tourist offer.*

Keywords: *Digitalization, Web presentations, Cloud, Intellectual property.*

1. INTRODUCTION

Tourism, as an economy branch, cannot be seen as a separate phenomenon, nor as a combination of different economic fields. In general, tourism is a human activity that encompasses human behavior, the exploitation of natural resources, as well as the connection between people, the economy and the environment (Bull, 2002). The tourist offer of each region has developed over the years and is based on the historical, cultural and artistic sights of the place as well as the natural beauties. Recently, a completely new area of tourism has emerged, an area that is mostly based on the combination of natural beauty, traditional agricultural, traditional nutrition and accommodation authentic to the area in which they are located. Agritourism as a new area of tourism is recognized and developed by individual farms trying to find a new source of income, offering different services. Agritourism, village or rural tourism is a type of tourism where tourists go to villages or farms to experience rural life. The terms agritourism, farm and rural tourism are often mixed although they have different meanings. For example, farm tourism includes the participation of tourists in rural activities such as caring for animals and crops, cooking and cleaning, crafts and entertainment.

All three forms of tourism have common characteristics that are reflected in the attempt to bring tourists closer to farm or rural lifestyles. Also, in most cases, the tourists' diet is based on products grown on farmers' own plantations. Organic agricultural products are often used to supplement the enjoyment of life in a healthy environment. Identifying or differentiating be-

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tween rural and agritourism varies considerably between countries. In the US, the terms rural and agritourism are almost identical and both refer to vast rural areas with ranches and farms. In the countries of the European Union, differences in rural and agritourism are significant because rural areas have pronounced non-agricultural functions (forestry, hunting and fishing species, catering, crafts and more are developing). Rural tourism represents farm tourism in the broad sense, and agritourism represents farm tourism in the narrow sense. Farm tourism can be defined as a set of relationships and phenomena arising from the travel and stay of tourists in rural areas. Rural tourism is tourism that takes place in a rural area.

The rapid development of information and communication technologies (ICT) and the dynamic development of tourism have been correlated for years. Since the late 1980s, software applications and solutions have been created for tourism purposes, often referred to as e-tourism. Information technologies enhance the process of linking tourism supply and tourism demand in the market, thus giving a whole new dimension to the distribution of package deals. The global tourism market entails expanding its business to a global level, and thus establishing wider distribution channels to enable more efficient product placement (Viduka et al., 2013, p.79). There are a growing number of services provided to tourists in the tourism industry, based on the use of the Internet as the main communication channel. The use of specialized software applications compatible with modern electronic devices, as well as the interaction between tourists and tourist destinations, opens up a new dimension in tourism. In order to provide interaction with tourists and tourist destinations, a number of different applications are in use. Considered in the field of agritourism, since these are places that do not represent widely known tourist destinations and attractions, the use of information and communication techniques should enable the contents of this type of tourism to be offered to potential tourists.

The promotion of the tourist offers in general, as well as the offer given by the accommodation facilities belonging to the agritourism, are complemented by photographs and multimedia content created by satisfied visitors. It is for these reasons that it is necessary to legally regulate the protection of such media by intellectual property rights, since very often a large number of digital contents is taken over by tourism organizations in order to promote and make money. Agritourism, especially organized on rural households, also offers the possibility of actively involving tourists in the process of agricultural production. In most cases, tourists are not used to or familiar with agricultural production. Such organized activity can be particularly pleasant for tourists. However, it is necessary to take care of their safety during the activities. It is for these reasons that the participation of tourists in agricultural activities must be regulated.

The paper is organized as follows. The second part of the paper gives an overview of the development of agritourism, similarities and differences with the traditional concept of tourism in the world and in the Republic of Serbia. The third part of the paper presents a description of potential information and communication technologies that can be applied in order to improve promotion of the agritourism offer. The fourth part of the paper gives an overview of the legal norms applicable in the field of protection of digital works created during the stay of tourists with intellectual property rights, as well as legal norms in the field of occupational safety. The fifth part of the paper summarizes the availability of information on agritourism offer in the Republic of Serbia, as well as the degree of digitization of individual accommodation capacities. The sixth part gives the most important conclusions regarding the promotion of the agritourism position in the Republic of Serbia, as well as ideas for future work.

2. AGROTOURISM DEVELOPMENT

Agritourism can be seen as one of the special forms of tourism that originates from the 19th century. Although it is not easy to define the bare beginning of agritourism, the numerous tourists who started visiting farm and rural areas during the 19th century defined the basis for the its beginning. The exact starting point of the emergence of agritourism cannot be determined precisely as people have always visited rural areas during their holidays. This applies to people who have had to migrate to urban areas for work, but spend vacations in the countryside. Viewed from the angle of accommodation capacities, summer houses, cottages and similar buildings are included in the list of objects intended for holidays on their own properties.

The development of agritourism from the domain of people's residence on their own estates to the domain of building more accommodation capacities and creating offers for domestic and foreign tourists began by recognizing such potentials. Small farmers or landowners have recognized the possibility of an additional income by providing catering services to visitors on their properties. In this way, they have established a link between agricultural production and the provision of services to visitors who wish to return to nature, to become familiar with the traditional way of farming, and to possibly participate in agricultural activities. This relationship has become particularly popular in areas where farming is done in the traditional way, without the use of pesticides and supplements (Karagiannis & Stavroulakis, 2011, p. 299). Furthermore, the combination of farming and tourism brings even more visitors to farms and properties.

As stated earlier, agritourism can be defined in different ways. More specifically, the concept of agritourism around the world is accepted in its narrower or broader sense. In some cases, such a term refers to farm stay, farm visit, or visits to the properties where residents are involved in different types of farming. For example, this is the case with agritourism in Italy. Across the globe, agritourism activities include, for example, buying agricultural products directly from farms, participating in agricultural activities such as picking fruit, feeding animals, or lodging in traditionally furnished country houses on a bed and breakfast basis. Agritourism accommodation offers visitors the opportunity to feel the taste of local traditional cuisine. Visitors can also try natural medical products and get acquainted with the customs of the area that are often forgotten by people living in the cities (Exarhos & Karagiannis, 2004).

In addition to activities that are strictly related to everyday life, visitors can experience various other types of recreation and entertainment. For example, agritourism is often complemented by cycling, hiking, mountaineering, horseback riding or swimming. Such additional facilities, which relate primarily to the exploitation of natural resources, are of particular importance to rural tourism. People's interest in holidaying in rural areas is increasing, mostly because of urban problems, which are reflected in overpopulation, air pollution, increased noise and distance from nature. Families with young children are increasingly turning to vacations in rural areas, so as to provide children with stay in nature. The increase in interest in the benefits of rural tourism was first recorded in the lands of Western Europe, then in North America and finally in other countries of Central and Eastern Europe (Vukovic, 2017, p. 53).

Depending on the way of realization, agritourism can be considered as eco-tourism. More specifically, eco-tourism can be considered as a tourist offer in the context of rural environments, with special emphasis on the natural environment as a tourist attraction, as well as on educating tourists on preserving the environment in which they are located. Ecotourism promotes the

quality and regional development as well as the preservation of cultural heritage by educating visitors and minimizing their impact on the environment they are in (Arabatzis & Grigoroudis, 2010, p.163).

Agritourism in all its forms has proven to be a powerful tool in the field of reactivation and revival of abandoned areas. In addition to accommodation fee, catering and entertainment activities, and the direct sale of local products and crafts, agritourism brings other beneficial effects, such as the restoration of architectural and cultural heritage. This is the case with certain Canaries areas. In addition to revitalizing forgotten gems of natural beauty, agritourism greatly contributes to improving the position of women in rural areas, opening up the opportunity for expression and advancement through the entrepreneurial spirit. Thus, in certain areas of Canaries and Greece, the possibility of improving the position of women by actively involving them in the process of preparing traditional dishes as well as home-made products has opened up.

Viewed from a farmer's perspective, the involvement of tourists in the process of agricultural production improved the social status of farmers in society. Surveys have shown that after active participation in agricultural activities, the beneficiaries of the agritourism offer offered by farms acquire a different opinion in agricultural producers and view them not only as farmers, but as canons and people who create healthier food through their work. In this way, the agrarian is no longer only a supplier of tangible, but also of intangible goods, especially those associated with culture, education, gastronomy, landscape and environment. The development of agritourism and its popularization have opened up a whole range of innovative activities. These activities do not relate very much to the service economy. The activities created in this way indirectly stimulated new types of employment. The very development of new activities and new jobs causes the development of special types of training as well as the fulfillment of the technical conditions (Lopez & Garcia, 2006, p. 85).

In addition to all of the above, the importance of agritourism is reflected in the great contribution to the development of the local community. Opening new accommodation facilities, local cuisine restaurants, as well as completing the tourist offer for example with riding lessons, nature walks and many other activities undoubtedly means more working positions. The beginnings of the development of agritourism are usually oriented towards the employment of family members who started the business. However, the increase in supply unquestionably requires the recruitment of additional labor force, especially considering that agritourism almost always goes hand in hand with agricultural activities. It is for these reasons that the development of agritourism is an additional profit for the rural sector in which a specific tourist offer is established. New jobs and the revitalization of the rural area reduce the displacement of the population from the rural area to cities. The effect that the development of agritourism has on the stay of young people in the countryside is also very evident. In a sense, young people are crucial for the development of agritourism, because they are the source of new ideas for complementing and expanding the tourist offer. On the one hand, the life of young people is not only based on agricultural production, but largely agritourism gives the opportunity for the development of entrepreneurial spirit and contact with other people of the same or different culture, which influences the decision of young people to stay in the countryside. On the other hand, the development of agritourism is based on the enrichment of the tourist offer, the mutual association in order to create different tourist tours or connect a number of regions with similar cultural and agro-ecological characteristics, which is a credit to young entrepreneurs.

The development of agritourism within rural areas, on the basis of all of the above, has a great tendency and influence on the development and revival of social life within remote mountain villages, which very often represents an urgent need for residents of such settlements. It is a well-known fact that the inhabitants of such revived settlements in which, until the beginning of agritourism, the main occupation was agriculture, a certain part of the money earned from agritourism invests in agriculture and its modernization.

Probably the most famous example of using rural tourism as a „tool" in the function of rural development is Austria. Despite the underdeveloped communal and transport infrastructure of the Alpine countryside in the 1950s, as well as stagnant agricultural production, by introducing agritourism Austria has become one of the leading European countries in the field of preserving rural households and families in mountain areas. The beginning of the policy that will enable such agritourism development is the „eco-social model" introduced by the Austrian Ministry of Agriculture in 1988. Farm tourism accounts for 1/6 of Austria's total overnight stays. Tourism organized in this way is characterized by a low price per night, which with a large number of nights brings a turnover of about 25000 euros per farm per year. About 15,500 rural households are engaged in agritourism services (Grgic et al., 2015, p. 61). Associations within unique organizations as well as promotions through the unique internet portal of each of the organizations for Austrian farmers meant 25% more revenue compared to farms operating individually.

The organized development of agritourism on the territory of Italy began in the 1970s. The significance of agritourism is reflected in the fact that in 1981 the Agritourism Act was adopted, which classifies Italy as the only European Union country with agritourism law, while other countries apply the general provisions of the agritourism law to the agritourism domain. Research shows that at the beginning of the 21st century, there were about 9314 farm households registered in Italy with over 135000 beds. One of the most famous agritourism regions in Italy is certainly Tuscany with 32% of all accommodation units in agritourism in Italy. Accommodation varies from a relatively small family farm or larger farms to twenty or thirty people. Many farmhouses also offer numerous activities for their guests: horseback riding, mountain biking and information on local hiking trails, Tuscan cuisine courses and wine tastings. This type of vacation can even include family lunches with the host family, grape or olive harvesting, or just simply enjoying a peaceful, intimate stay in nature. This means that friendly hosts open the doors to their homes and offer a rustic yet elegant accommodation. Tuscany is rich in agritourism that has significant historical value. Many of these places are old fortifications reminiscent of the battles between Florence and Siena hundreds of years ago. Many of these once elegant old villas belonged to aristocratic families.

Agritourism in the area of Greece, for example, has great competition in the other far more popular form of tourism. However, the first steps in establishing agritourism began after 1970. Greece is also among the few countries that use agritourism as the backbone of the social policy of promoting women in rural areas. Also, the reduced tax rate has significantly influenced the development of agritourism in rural areas. Greece has launched a number of projects over the years to coordinate activities related to the development of agritourism, as well as in the area of standardization and association. However, the projects designed in this way did not produce the expected results; tourism entrepreneurs have independently organized themselves and established a non-profit organization whose sole and primary goal is to coordinate activities, jointly enter the market and solve problems of each of its members.

The large number of rural areas in the territory of the Republic of Serbia as well as the traditional farming are good preconditions for the development of agritourism. About half of the population of the Republic of Serbia lives in rural areas, while the largest number is those belonging to the group of small agricultural holdings with a country ownership of about 3.5 ha. However, the development of agritourism and the population of rural areas of the Republic of Serbia started not too long ago. The reason for this was the inactivity of the public sector, which considered small rural areas a problem rather than a resource that could be exploited, and consequently, for many years the subsidies were oriented towards large landowners, while small farmers were deprived of them. In addition, the centralization of jobs in large factory facilities is locally oriented towards cities, which, as a consequence, leads to the migration of rural population to cities. The newly created employment policy, fueled by heavy subsidies to the foreign industrial sector, is reopening factory plants within cities. The workers of such factories mostly consist of people from rural areas who go daily to work and return home by organized transport. Such job creation combined with poor agricultural policy of the Government of the Republic of Serbia and low prices of agricultural products leads to the abandonment of rural estates and the cessation of farming (Rodriguez, 2011).

Dealing with agritourism as an additional form of income in the Republic of Serbia can certainly be a chance to revive rural households. Compared to the neighbors as well as the EU countries, the number of rural households engaged in tourism as an additional form of income is far smaller and according to the data of the tourist organization of the Republic of Serbia it is slightly over 200. The activities of the Chamber of Commerce of Serbia, which adopted in 2017 a proposal to launch an initiative for granting registered agricultural holdings the right to collect and issue invoices for catering services provided, indicate that the number of households is actively increasing. However, registered agricultural holdings engaged in tourism are currently not entitled to charge for their services independently, but most often do so through tourism organizations, which significantly complicates business. At the session, a proposal was adopted to launch the initiative that registered agricultural holdings engaged in tourism, i.e. agritourism, remain under the direct competence of the Ministry of Agriculture, Forestry and Water Management, as is the case in Slovenia. A Panacomp organization was created as a kind of hospitality network. This network covers over 300 selected rural households and represents the realization of residence and tourist arrangements in rural households in the villages of Serbia with uniquely designed contents and special activities - picking fruits, vegetables and herbs, mowing, hay collecting, donkey or wild horse races, mountain bikes rides, colorful events and traditional festivals, tractor races, traditional culinary courses, bread mixing in the traditional way, home-baked bread dough, folklore schools and folk dance lessons, ancient traditions and workshops of handicrafts and old crafts, getting to know the rich cultural heritage, a bed and breakfast, half board or full board basis, made from exclusively local, locally produced ingredients and products.

In document "the Strategy of development tourism in the Republic of Serbia it is anticipated that rural tourism in 2015 will comprise 6.6% of the total number of tourist nights, with an estimated market potential of one million overnight stays and the participation of foreign tourists from 15% of the total number of overnight stays, which makes about 150 000 (Vukovic, 2017, p. 53). However, practice has shown that the results today are still lower. In fact, due to the lack of a unique database of accommodation capacities of rural tourism, monitoring of the number of tourist arrivals and overnight stays was difficult.

3. ADVANTAGES OF USING IT TECHNOLOGIES IN PROMOTION OF AGRITOURISM

Attracting potential visitors and tourists within rural areas in order to increase the number of visits and promote agritourism is not an easy task. In order to generate additional income in addition to farming and therefore to ensure a better quality of life, the hosts on the farms must pay particular attention to the quality of the holiday they provide to tourists. Also, as these are individual accommodations away from popular tourist destinations and hotel complexes, special attention should be paid to promoting the content and accessibility of information to a wider group of potential visitors. One way for global promotion is certainly to create websites for each of the households involved in the business of running agritourism. In this way, potential tourists can search according to a specific criterion or relevant area and, as a result, obtain useful information about the accommodation capacities or benefits that available (Andreopoulou et al., 2006).

The agrotourist product has to be based on an interactive presentation of data, so that the prospective visitor will be capable of finding relevant information about the region and its infrastructures (Papastavrou et al, 2005). In this context, people of the countryside are the protagonists of the endeavor for the formation and development of agrotourism. Their task is to motivate tired city people so that they spend their holidays in a meaningful and healthy way of life. By establishing creative websites, local people are capable of showing-up the natural and cultural elements of their community, thus attracting visitors for time intervals longer than 24 hours, and leading them to extend their vacation time in the area (Andreopoulou et al., 2006, p. 8). They may offer high-quality tourist products to people who wish to pass-by even for one day, or for the weekend, in order to win their gratitude and make them come again for longer. Purpose of the website is to offer a wide range of information, to develop an interactive data base about the locality and to promote local agrotourist activities.

Creating a website for the purpose of describing the activities that the household is engaged in as well as for the purpose of promoting the tourist offer can have a greater effect with mutual association. The greater availability of information can certainly be achieved through the participation of the state administration, local self-government and tourism organizations in order to promote the accommodation capacities of agritourism of the region as well as their offer. Practically after the accommodation establish web sites within which they present their offer, the web sites created in this way can be linked from the official web-sites of the local self-government on whose territory the person engaged in agritourism is located. Also, links to accommodation facilities can be added to the site of a tourist organization of a specific municipality or region in the country, as well as to the site of a tourist organization of the country itself. In this way, a potential tourist can search the potential location for their vacation from a tourist organization website, a website of a tourist organization of the city or a website of local self-government, and from these websites further obtain the desired information about tourist activities of the specific area and the accommodation capacities. This kind of organization is especially important when it comes to foreign tourists, especially those who want to visit a country, region or specific location for the first time. It is common practice that tourists first start their search by browsing a country's overall tourism offer in the hope of finding the desired information and tips. The web portal of both official organizations and the state administration and individual service providers should be full of information as well as multimedia contents that will show both the natural beauty and the participation of visitors in the activities offered by the accommodation units of the agritourism.

Also, these web portals should contain detailed instructions on how to get to the desired location for both those arriving on their own transport and those arriving using public transport. Information as well as multimedia must be kept up-to-date in order to always be accurate and to best reflect the tourist offer.

Interconnection with the participation of state authorities through the implementation of projects for the digitization of agrotourism offers can also be done by creating a cloud within which to contain relevant information. Cloud computing is a set of standardized IT performance, delivered to customers online, on a self-service and pay-per-use basis. Cloud allows its users to use different applications without first installing them on computers, as well as accessing data from anywhere and any computer. For many users, cloud computing is a way to increase the capacity and performance of their own infrastructures without the initial investment and at low cost. Global trends show that more and more companies are opting for the introduction of some form of cloud computing (Viduka et al., 2013, p. 80). Based on the host location, cloud computing can be classified into four models: shared cloud, public cloud, private cloud and hybrid cloud. These four models share certain characteristics, but also completely different key characteristics.

The cloud-based agritourism e-services thus created offer information sharing opportunities between tourists, government and private travel agencies, hotels, insurance companies, etc. One of the uses of cloud tourism can be mobile applications for sharing information about tourist destinations. For example, a system can be based on the use of public cloud. The cloud infrastructure itself is accessed through one of the electronic devices (mobile phones, tablets, PCs) for the purpose of transmitting information to the cloud. The service can be organized so that users add information about the location they are in, such as the name of the location, food and drink information, the various activities the site offers, events and their impressions. The information can be in the form of multimedia messages, pictures and sound. Notification of newly added information is forwarded by the cloud service to all users of this service. After receiving a notification for new information, the user can view all the details using the downloaded application on their device. By analyzing the data sent within this service, state agencies for controlling the work of travel agencies, carriers and accommodation facilities can get more information about possible problems. For this reason, travel agencies should also be users of this service. Travel agencies can add to the cloud information for new tourists in the form of selected carrier, accommodation, as well as daily planned activities. Such information is forwarded to carriers, accommodation establishments and travel guides who, based on this information, can further organize their activities in order to provide the best possible service.

Using cloud computing in conjunction with tools based on GIS (Geographic Information System) and web services can be another way of promoting tourism potential so as to increase the number of tourists. This is how the GISCloud platform is created, which is actually a WebGis service that provides tourists with free information about a particular area or tourist destination. Services like these, base their information on the private data of Internet users who have voluntarily made them public. The general idea of such a service is to make it more accessible to everyday users of web technologies (Ilic & Spalevic, 2017, p. 342). For this reason, the service can be linked to various social networks (Facebook, Twiter), image sharing platforms (FlickR, Panoramio) and video sharing platforms (Youtube, Vimeo).

There are two types of users within such services. The first type of users are tourists using the service themselves to get information about a locality or agritourism offer of a place. The second group of users includes all those users who supply the service with information about a place. Each

user who delivers content to the service is given the opportunity to, in addition to sharing their impressions in the form of comments, pictures and videos, link specific content with an interactive map of the area or specific object (hotels, restaurants, attractions) to which the facilities are related. For example, the owners of facilities intended for accommodation of visitors can advertise their facilities through such a service. The power of such services is based on the availability of spatial data and the information they carry. Spatial data sharing by system users is a major feature that can improve their quantity and quality. The organization of data within a web portal or blog should also be of the highest quality so that users can easily find the information they need. The information can be divided into groups, for example: 1) tourist facilities, restaurants and hotels; 2) places to visit; 3) transportation; 4) cultural heritage; 5) site maps. In addition to searching and reviewing information, one of the quality features that a portal should have is a site-specific tour plan. A plan like this should offer the user an interactive map of sightseeing, places of interest, and attractions. The service could create plans based on user-selected parameters. Some of the parameters may be the duration of the visit, the time of day, etc. It is very important that the initiative to create such services should come from the tourism organizations of the place as well as from the Ministry of Trade, Tourism and Telecommunications of each of the countries with tourist potentials. In order to achieve the best possible implementation, a large number of organizations (IT experts, geographers, tourism scientists, local government) and individuals should take part.

Popular accommodation search services available worldwide are able to filter their offer based on a variety of criteria. Some of the criteria are precisely related to the type of accommodation, so objects belonging to the agritourism domain can be selected as a search criterion. This kind of opportunity should be exploited by the owners of the facility who are categorized as agritourism offer. Practically, in order to bring their contents closer to more potential tourists, property owners should open orders and place advertising on such services. Web services designed in this way enable the connection between the owner of the property and the tourists themselves. Tourists, using such services, have a certain degree of security when it comes to booking accommodation. Accommodation owners are responsible for the validity of the advertising content as well as the validity of the description of possible activities that are dusty to visitors during their stay in their accommodation.

4. LEGAL ASPECTS OF AGROTURISM DEVELOPMENT

Easier access to information is certainly one of the main consequences of the development of the Internet, but it has also brought simpler ways of infringing intellectual property rights. Lawmakers are failing to keep up with the dynamics of the development of the Internet, so today there is no effective enough mechanism to adequately address the amount of IPR infringement on the global network. Whether an infringement of a right has been committed on the Internet does not in itself change the method of protection, which is irrespective of the form of the infringement. Protecting against these types of violations requires a lot of work ‚on the ground', with many obstacles, because the Internet is an undefined expanse, without state borders. There is no specific type of protection for intellectual property rights when the infringement is committed on the Internet. In Serbia, the Intellectual Property Office is in charge of this area. Regarding the regulation, Serbia monitors the world and European intellectual property protection streams and regulates in a comprehensive manner all the areas that belong to it, and one of the laws regulating this area is the Law on Copyright and Related Rights[4]. The issue of

[4] Law on Copyright and Related Rights, „*Official Gazette RS*", no. 104/2009, 99/2011, 119/2012, 29/2016 - decision US and 66/2019

the application of the law is a matter of case law, it requires a more extensive analysis and it is thankless to give a general and an objective assessment. One part of the region is already in the EU and another is aligning its legislation with a view to accession. The EU attaches great importance to this issue and is constantly improving regulation; however, infringement cases involving multiple jurisdictions is something that is not easy to resolve. With the development of the Internet, a large number of blogs, information portals and other sites have appeared, and with them the problem of publishing and downloading content in digital format without citing sources / authors.

Digital content acquisition should also be regulated when it comes to content posted by tourists as well as by owners of accommodation facilities. Practically, if the tourist has posted travel photos showing the accommodation facility, as well as the activities that the visitor had during the trip, the question is whether the owner of the facility is allowed to take those same photos without the tourists' consent and place them on his site as a form of advertising. A similar situation occurs when photos from the site of the owner of the property are taken by travel agencies or sub-agents for the purpose of promoting and selling accommodation facilities. In such a case, even if a tourist agrees to post their photos on the site of the accommodation owner, he certainly could not know that they would be taken over by an agency, and therefore did not give such consent. Not too often agencies do photo correction, which is unauthorized alteration. The Law on Copyright and Related Rights, as well as the applicable pavilions of the Republic of Serbia, do not clearly define whether or not the download of published photographs is a violation of intellectual property. If the photographs obtained in this way are used as advertising through a medium, the consequences can be far more serious. Due to the use of photographs without permission and payment, in recent years photographers have been increasingly suing the media in Serbia. The penalties are too high and call into question the survival of the media, especially the local ones, which barely survive without them (Urosevic, 2017). The court equally looks at the value of a photograph, for example, of a meal or tourist attraction and a criminal suspect. However, the fact that intellectual property is one of the chapters in Serbia's negotiations with the European Union, as one of the important areas whose legal regulation needs to be harmonized with European standards, especially in the light of changes that brought a digital age with almost innumerable opportunities for abuse. Serbia has made progress in this area, as the European Commission's 2014 report shows, but there is more work to do to reach EU standards.

Agritourism from the perspective of travel and health insurance of travelers and tourists is a special form of tourism. As one of the forms of visitors' interest in active involvement in the process of agricultural production, each visitor should have a travel and health insurance policy for the period of stay in the rural area. Also, if visitors are involved, for example, in the process of harvesting raspberries, feeding animals or working on farms, the hosts should take all necessary measures to protect them in accordance with the law on safety and health at work[5].

The development of tourism in rural areas and therefore agritourism as a strategic goal of the Republic of Serbia is defined by the adoption of a series of legal documents, starting with the Law on Tourism[6] to the National Rural Development Program from 2018 to 2020. The Law on Tourism defines the conditions and manner of planning and development of tourism, tourism organizations for promotion of tourism, tourist agencies, services in tourism, the Register of Tourism and other issues of importance for the development and promotion of tourism. The

[5] Law on Safety and Health at Work, „*Official Gazette RS", no. 101/2005, 91/2015 and 113/2017 – other laws.*

[6] Law on Tourism, „*Official Gazette RS", no. 17/2019.*

National Rural Development Program 2018 to 2020 sets out the medium-term directions for rural development and describes in more detail the ways in which rural development measures are implemented for the 2018-2020 programming period. At the same time, this document is also in line with the strategic framework of the Common Agricultural Policy of the European Union for the period 2014-2020, taking into account the specific needs and priorities of the development of agriculture and rural areas of the Republic of Serbia. The adoption of the National Rural Development Plan was preceded by the adoption of a series of laws and sub legal acts. For example, the Law on Agriculture and Rural Development[7] is the legal basis for the adoption of multi-annual planning documents in the field of agriculture and rural development. The aforementioned law prescribes the adoption of the National Rural Development Program for a programming period which may not exceed seven years, for the purpose of achieving the strategic goals prescribed by the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014 - 2024[8].

Italy is the only country within the European Union with specific laws regulating agritourism. It is specific that on the basis of the law, agrotourism is considered as an agricultural activity. In Italy first modern agritourism activities appeared in 1960. At the beginning there were a number of problems. The problems encountered were conditioned by the lack formal regulations and the consequent struggles with the local branches of the Ministry of Interiors, the Ministry of Finances, and with the Health Ministry. Practically the fight between these ministries was fought at the level of insurance of tourists and payment of taxes. Based on this Ministry of Interiors was in charge of monitoring the movements of tourists. In the same time the Ministry of Finances advocated the introduction of taxes on persons providing services in the field of agritourism. At first, these taxes went beyond the possibilities of small hoteliers. Health Ministry was responsible for the health of the tourists. This ministry called for the adoption of legal frameworks for adequate health care for all persons residing in the accommodation capacities of facilities belonging to rural tourism. This was especially important because of the participation of tourists in activities on the farm or on agricultural land. The continuous pressure by the agricultural sector finally has led the National Parliament to issue the Law 730/1985. Six years after its adoption, this law was amended by the Law no. 06. This new Law recognized that agritourism is an agricultural activity, regulated for the value-added taxation and for income taxation purposes by the same rules that supervise all other agricultural activities. The law also introduced some restrictions on the view of number of rooms in accommodation objects, number of beds, number of seats at the restaurant, source of ingredients for the meals, etc.

It is also specific to the Italian territory that to the each of the 19 regions was given the opportunity to create its own legal norms based on the aforementioned law. In the process of adoption of legal norms, the possibility of minor deviations from the law was given, based on specificities of local agriculture, culture and traditions. Nowadays within the Rural Development Plans several actions for the expansion and improvement of agritourism have been co-financed by the European Union to local authorities, to groups and even to individual farmers. Funding covers feasibility studies, training courses and extension activities, rural museums, territorial promotion, etc. Thus, created legal frameworks and funding have facilitated the synergies between public and private actors (Santucci, 2013, p. 190). With the adoption of the Tourism Law new institute named farm holiday was created. This new institute combines traditional agricultural activities

7 Law on Agriculture and Rural Development, „*Official Gazette RS*“, no. 41/2009, 10/2013 - other law and 101/2016

8 Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014 - 2024, „*Official Gazette RS*“, *no*. 85/2014

with tourism, expanding the offer and conciliating the tourist activities with nature. Article 1 of Tourism Law defines agritourism as follows: "Agritourism activities are the reception and hospitality activities carried out by the agricultural entrepreneurs referred to in Article 2135 of the Italian Civil Code, including in the form of capital companies or persons, or associated with each other, through the use of their own business in connection with the farming, forestry and animal breeding activities" [9].

Agrotourism in Greece, as it is mentioned above, has a relatively short history. Its roots can be found in various forms of rural tourism that are common in Greece and take place on religious holidays, and at weekends. "Farmers and agrotourism" was initiative that was also launched in the mid-1980s as a type of tourism for mountainous and less favoured areas. As in the case of Italy, the Ministry of Agriculture had a great influence on the development of agritourism. With the agrotourism development plan provided by the Greek Ministry of Agriculture priority of development was given to areas with declining economies or population, and to border and peripheral areas and those with little or no mass tourism.

Financial aid was provided by European Union measures, namely Regulation 797/85 for structural investments in agricultural holdings and the LEADER initiative. The financial support thus defined included farmers who wanted to develop agrotourism activities and met some standards. Based on adopted regulations farmers who live in mountain areas and islands (excluding areas with massive tourist sectors) can achieve greater financial subsidies. This supportive practice continued with Regulations 2328/91, 950/97 and 1257/99, which were subsequently replaced by 797/85 and the LEADER II and LEADER PLUS initiatives with minor changes. The decision from 2019. enacted by the Tourism Ministry and the Rural Development and Food Ministry introduces the requirements for the Special Agrotourism Seal (ESA in Greek) which is mandatory. So as to ensure regulated business activity, professionals in the sector demand activity codes from all agrotourism enterprises across the country.

As highlighted in the announcement of tourism ministry, agrotourism businesses in Greece belong to a sub-category of tourist enterprises and operate with a ministry-approved special seal. According to the decision, all agrotourism-oriented facilities including but not limited to farms and ranches offering such services are required, to take the necessary actions to obtain the seal. Furthermore, in order to set up an agrotourism enterprise, interested parties must be signed up in the Greek farmers' registry and be able to offer accommodation of up to 40 beds on or off farm or agricultural locations (Kizos & Iosifides, 2007).

Throughout Greece, there are Regional Tourism Services managed by The Greek National Tourism Organisation whose major competences are: granting the special license of operation, keeping the pertinent tourism business register, inspecting/auditing tourism businesses and imposing sanctions in cases where there is a violation of the tourism legislation in force. The Special Agency of Culture and Tourism (organisational unit of the former Ministry of Culture and Tourism) is in authority for planning, coordinating, managing and monitoring the implementation of the National Development Plan of the Ministry of Culture and Tourism and its supervised bodies. In order to implement the national strategy for tourism, the Ministry cooperates with the competent bodies (e.g. Ministries of Infrastructure and Transport, Environment and

[9] Franceschelli, V. From Tourism to Sustainable Tourism An Italian Perspective, Retrieved 20.02.2020. From: https://www.researchgate.net/publication/328561356_From_Tourism_to_Sustainable_Tourism_An_Italian_Perspective.

Energy, Hellenic Statistical Authority, Local Government Organizations, etc.) and coordinates the operation of the supervised entities (mainly the services of the Greek National Tourism Organisation and of the Hellenic Chamber of Hotels)[10]. The latest scheme in the field of unification of legal norms governing tourism in Greece is the codification of all laws and their digitization. All laws that fall under the responsibility of the ministry of Tourism — including rules involving hotels, travel agencies, tourist coaches, tourism education and special forms of tourism — are now gathered in a database and will be available online through an efficient platform that will be accessible through the tourism ministry's website. Through the new platform, interested parties, including Greek tourism enterprises and professionals, co-competent ministries, chambers, regions, local authorities and civilians, will be able to access the legislation without the need to refer to older laws and anachronistic provisions. The systematization of Greek tourism laws is projected to be particularly useful for potential investors.

The enacted laws and regulations, as well as the strategies for the development of rural areas all over the world encompassed the development of agritourism as a kind of compound with agricultural production. The laws and legal regulations introduced in this way provide the legal basis for the development of tourist offer in rural areas.

5. RESULTS OF RESEARCH AND DISCUSSION

The current state of agritourism in the Republic of Serbia as part of the research was examined from the aspect of promotion of tourist potentials using electronic services. It is known that in the Republic of Serbia there are 328000 rural households that have up to 3 ha of land and are engaged in agriculture, which makes up 56% of the total number of rural households. Such households are the right candidates to engage in agritourism as a supplementary activity of agricultural production with the aim of higher income and raising the quality of life. In order to determine the number of those engaged in agritourism, a survey was launched to guide potential tourists, which is an overview of the tourist offer of the Republic of Serbia and an overview of the offer of accommodation capacities using electronic search services in booking accommodation.

By browsing the web portal of the Tourist Organization of Serbia, it is very easy to find a list of households that deal with tourism in addition to agriculture. For each of these households, a brief description of the activities, accommodation capacities, as well as instructions on how to reach the household itself is given. The description of each household also contains the contact information of the owner in the form of his first and last name and telephone number. In order to see how many of the total number of households a web portal has been created and therefore better-quality information with its accommodation capacities and activities it offers, an analysis of these households was carried out. A comparison of the number of households with and without their own web sites by regions of Serbia is given in Table 1. Summarizing the results, it is concluded that the tourism organization of Serbia publishes 219 households dealing with agritourism. The total number of those who have their own website is 82, which makes 37.44% of the total.

Table 1. Comparison of rural households with and without web sites by region of Serbia

	Central Serbia	Western Serbia	Vojvodina	Eastern Serbia
# of objects with web sites	22	24	27	9
Total # of objects	88	44	51	36

[10] Division of Power, Greece – Tourism, Retrieved 20.02.2020. from https://portal.cor.europa.eu/division-powers/ Pages/Greece-Tourism.aspx

In addition to the web portal of the Tourist Organization of Serbia, and in accordance with the tourist practice of finding accommodation using one of the most popular electronic services booking.com, as part of the research, the service was searched according to various criteria that match agritourism. The results obtained by type of accommodation facilities are shown in Table 2. Comparing the results obtained by searching the website of the tourist organization, as well as the site booking.com, it can be concluded that the approximate number of households is present on both portals. The number of households that have their own website linked to the web site of the tourist organization of Serbia is far less than the number of those who decided to use booking.com to promote their offer.

Table 2. Number of accommodations by type on booking.com

	Vocation home	Home stays	Country houses	Farm stays	Resort villages
Total # of objects	103	29	28	10	1

A good example of quality promotion of agritourism is certainly the portal village.co.rs. The portal offers accommodation in Zlatibor, accommodation in Tara, Fruska Gora, Divcibare, Kopaonik and many other mountains of Serbia. Also, here you can find ideas for farm holidays. In the spring days and during the summer, rest and enjoyment through this portal can be sought at numerous accommodations on the Drina. The portal was awarded the Merit in the domain of promotion of the offer by the Tourist Organization of Serbia, which awarded to the Rural Tourism of Serbia the Tourist Flower - the largest national recognition in tourism - in the category Promotion of Serbia in the electronic and print media. Thanks to the results of Selo.co.rs, the National Association of Rural Tourism of Serbia is a member and active representative of Serbia in the European Federation for the Development of Rural Tourism EUROGITES. EUROGITES is a gathering of 28 professional organizations from 25 countries of the world that provide the opportunity to inform and choose an authentic rural holiday. Selecting Serbia as one of the Member States gives you an interactive map and a brief description of the following content, „Holidays on a farm in Serbia - an unforgettable experience. Spend your vacation in close contact with nature in the homey and hospitable surroundings of one of the tourist farms. The countryside offers ideal opportunities for sports and farms as well as excellent starting points for excursions around the country. Enjoy the specialties from the traditional cuisines of Serbia accompanied by excellent wines". Active membership of Serbia in such an organization increases the visibility of agricultural tourism capacities to foreign tourists. Therefore, it is realistic to expect an increase in the number of tourists located within the facility located in a rural area. Increasing the number of visitors as well as the income received by both domestic and foreign tourists will contribute to the development of awareness of rural households in the area of inclusion in the process of adaptation and construction of accommodation capacities and agrotourism.

6. CONCLUSION

Decades of migration from rural areas to cities for employment and livelihoods have led to a decrease in rural population and the abandonment of fertile land. The rest of the population, in order to provide better living conditions in addition to farming, and in line with the increasingly popular trend of holidays in nature and rural areas, began to deal with tourism. Agritourism, as a kind of combination of tourism and agriculture in this way, has found a significant place in the life of both the people in the countryside and the tourists seeking escape from the urban hustle and bustle in these environments.

Significant potentials for the development of agritourism in the Republic of Serbia can be said to have been used to a small extent. The number of holdings in the territory of the Republic of Serbia engaged in this type of tourism has not changed significantly in recent years. The promotion of the farms included in the tourist offer is largely well organized by the Tourist Organization of Serbia. The disadvantages of the current promotion are reflected in the small number of households that own their own web portals, where they publish all relevant information regarding their offer. Also, a small percentage of local government web portals contain a section listing accommodation in their territory.

By adopting a series of legal regulations, as well as national rural development strategies, the Republic of Serbia is actively working on the development of these areas as well as on the development of tourism within these areas. Practice shows, however, that the adopted standards do not apply to the intended extent. Confirmation of the non-implementation of the activity plan is reflected in the lack of interest of state authorities in investing in rural infrastructure. For example, it is not uncommon for rural areas located only two to three kilometers from the center of the nearest town to have a restricted water supply system, a sewer system, and no sheltered infrastructure. These are the basic shortcomings of further development as well as the main reasons why tourists avoid coming to these areas, and therefore do not increase the number of tourists in such environments.

The potential of the Republic of Serbia in terms of natural beauties, healthy environment and the production of healthy agricultural products can be used as a basis for improving tourism offer and rural life. The active involvement of homeowners with regard to better promotion through the use of information and communication technologies, as well as with the state authorities in terms of creating better quality infrastructure, can significantly improve this tourism sector.

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UNDERSTANDING THE RELATIONSHIP BETWEEN PUSH AND PULL TRAVEL MOTIVATIONS AND DESTINATION BRAND IMAGE

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Abstract: *Branding is the soul of marketing. The destination brand image increases the acknowledgement and feelings of the individual toward the destination and provided tourism services. The specialized and positive brand image of the destination absolutely motivate the individual to awaken the travel desires and to start searching for the internal and external information sources. Owing to the developments in communication and technology in the contemporary era, the individual reaches the information so readily that has let many marketers to realize and focus on the importance of the brand image as it is the picture of the destination in the individual's mind based on what they hear and see from the information sources including social media platforms. Additionally, the picture of the destination in the individual's mind is formed after the visiting experience as well. If that picture of the destination matches with the individual's motivations, the destination has a great power in the evaluation stage of the decision process of the individual. At this point, understanding the travel motivations of the individual has a substantial role in building a destination brand image. In this study, the authors aim to develop a brand image model that will trigger the individual to take travel decision and maximize the value match between the projected image and the perceived image of the destination through linking the cognitive, affective, unique image components with the push and pull travel motivations. Recommendations will be offered how a destination brand image should be built regarding the destination brand image model of the study. With that model, it is expected to guide the destination marketing organisations and the marketing managers in terms of building brand a destination brand image.*

Keywords: *Brand Image Model, Destination Image, Travel Motivations.*

1. INTRODUCTION

Destination branding is one of the important tools that the destination marketing managers build a destination brand in order to differentiate the destination from its competitors; gain competitive advantage; attract more visitors, and investment opportunities to the region. Through branding, firstly it is aimed to make the individuals aware of the destination and then to build the desirable connotations for that destination. The main goal of destination branding is to create a destination image that will positively affect the decision process stages of the individuals. From the individual's point of view, the decision process of the destination requires subjective judgement rather than objective measurements as that destination cannot be experienced prior to travel. Therefore, the destination image that the individuals create in their mind based on the limited information plays a significant role in choosing the destination.

Destination branding covers all marketing activities carried out to create a destination image that will trigger the travel desires of the individual. Afterwards, the destination image needs to be as powerful as in order that the individual who recognize the need of travel should start taking action

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to follow through the desires. In other words, creating a strong and positive destination image in the mind of the individual constitutes the main purpose of destination branding. Therefore, in order for the destination branding process to succeed, it is substantial to understand the structure of the destination image; its formation process; and the factors affecting the destination image.

In this study, destination brand image, its components and travel motivations will be discussed through secondary research in order to grasp the essence of the topics, that will help to develop a brand image model of this study. The brand image model is built in order to increase the value match between the projected image and the perceived image of the destination based on the cognitive image composed of pull motivations, the affective image composed of push and pull motivations and the unique image composed of push and pull motivations.

1.1. Literature Review

Destination image researches are considered to be the precursor to successful destination marketing strategies. Discovering visitors' differences in perceptions, images and motivations toward a destination is essential to comprehend and predict tourism demand and its impact on the tourism location. Indeed, this understanding of destination image and visitors' perceptions is critical to a destination and provides the basis for more effective and efficient future strategic planning of the destination (Di Marino, 2008, p. 1). The perceived destination image, formed by the combination of visitor expectations, personal interpretation of the travel experience and the identity characteristics of the visitor, influences the visitor's decision to choose destination and level of satisfaction. At the decision process, the destination with the favourite image is more likely to be chosen by visitors (Komppula and Laukkanen, 2016, p. 45).

The destination image is the sum of a visitor's impressions of a particular place, or the visitor's general perception of that place. Destination image is more about the perception of the relationship between the individual and the destination than the objective perception of the destination because the visitors' individual interpretations of reality are personal fictions. Crompton (1979) and Reilly (1990) see the image in terms of a picture in the mind; they suggest that destination image is the sum of all those emotional qualities like experiences, beliefs, ideas, recollections and impressions that a person has of a destination (Di Marino, 2008, p.2). Therefore, destination image is unique and the factors affecting image formation are very diverse and the process of formation is complex (Jenkins, 1999, p. 2). Individuals who recognize their desire for travelling benefits from many internal and external sources. Those information sources are promotional literature (travel brochures, posters), the opinions of other experienced visitors (family and friends, travel agents) and the general media (newspapers, magazines, television, books, movies); additionally, the destination image will be affected and modified regarding the first visiting experience (Echtner and Ritchie, 2003, p. 38). Considering the developments in the communication sources in the contemporary era, social media platforms have a great influence on the travel decisions of individuals; for this reason, social media platforms should be taken into consideration regarding the external information sources during the formation of image process. Basically, individuals create images in their mind through the available information of the destinations from various sources over time; and that information become a mental construct which is noteworthy to individuals (Komppula and Laukkanen, 2016, p. 45).

Due to its ambiguous, subjective and abstract features, destination image is difficult to define; besides, it is composed of numerous components (Fakeye and Crompton, 1991, p. 10). In general,

while many studies agree that the destination image is a general impression and multidimensional, there is no consensus on what dimensions make up this general impression. Baloglu and McCleary (1999) state that considering the rationality and sensuality of individuals destinations image is developed and consists of a combination of two basic dimensions; cognitive and affective (Kim and Chen, 2015, p. 2). From another point of view, Gartner (1994) suggests that the destination image is composed of three dimensions which are distinct but hierarchically related; cognitive, affective and behavioural (p. 193). However, Echtner and Ritchie (2003) suggest that destination image components should include holistic and unique images addition to individual destination attributes (p. 40).

The cognitive image associated with the characteristics of destination, which is developed in an intellectual way. "The cognitive component may be viewed as the sum of beliefs and attitudes of an object leading to some internally accepted picture of its attributes. The number of external stimuli received about an object is instrumental in forming a cognitive image" (Gartner, 1994, p. 193). Ultimately, the tourism consumer must have at least a little knowledge in order for the image of a destination to be formed. Many of the destination image studies focus on the physical, concrete characteristics of the destination, analysing the cognitive perceptions of consumers. The image of the destination should be examined on the basis of the characteristics and attractiveness of its resources, which leads the tourist towards visiting that destination. When the studies of destination image are examined, many attributions such as climate, accommodation, shopping opportunities, landscape, night life, safety, transportation facilities are commonly used; whereas, some attributions such as originality, social interaction, service quality appear less in the research topics. However, it is observed that the list of attributions varies according to the characteristics of the destination, and the purpose of research.

The affective image depends on the visitors' feelings towards the destination. Affect stands for an individual's feelings toward an object, that will be favourable, unfavourable or neutral (Fishbein, cited in Pike and Ryan, 2004, p. 5). According to Gartner (1994), the affective component relating the value that individuals attribute to the destination in line with their motives becomes operational when the evaluation stage of decision process begins (Gartner, 1994, p. 196). Individuals make affective assessments after hearing about destinations therefore the cognitive image has a significant impact on the affective image, and that cognitive image precedes affective elements. In tourism destination image studies, it has been observed that the affective component, which was often neglected, has been taken into account in recent years. Pike (2002) analyses 142 destination image studies published during the period of 1973-2000 that only six of them show an explicit interest in affective images (Pike and Ryan, 2004, p. 6).

The conative image component is analogous to behaviour because it is the action component that after all internal and external information is processed, a decision is made. The conative component's relationship to the other components is direct and depends on the images developed during the cognitive stage and evaluated during the affective stage. (Gartner, 1994, p. 196). "Conation may be considered as the likelihood of visiting a destination within a certain time period" (Pike and Ryan, 2004, p. 7).

The holistic image or general image is composed of general impressions about the destination (Echtner and Ritchie, 2003, p. 43). Um and Crompton (1990) also state that the image of the destination consists of holistic impressions of visitors. "The image of a place as a pleasure travel destination is a gestalt. It is a holistic construct which, to a greater or lesser extent, is derived from attitudes towards the destination's perceived tourism attributes" (Um and Crompton, 1990, p. 432).

The unique image consists of unique attributes which should distinguish the destination from its competitors (Echtner and Ritchie, 2003, p. 43). Sometimes, it is not enough to choose a destination that is among the various destinations that offer similar features such as quality accommodation or natural landscapes. Therefore, in order for the destination to be the final decision, it must be unique and different from the alternatives that the consumer evaluates. Unique functional attributes can be the icons and special events, such as the Sydney Harbour Bridge or the Glastonbury music festival (Jenkins, 1999, p. 5).

Besides the destination brand image, it is important to examine travel motivation, to highlight the most important reasons that lead tourists to travel, and to identify the characteristics that attract tourists to certain destinations. Motivation is described as a state of necessity which pushes the individual to act in order to reach a certain level of satisfaction; and also, it is a key factor affecting the decision process of possible visitors (Beerli-Palacio and Martín-Santana, 2017).

Dann (1997) introduces the push and pull motivations theory that is widely accepted by the authors; "push factors can, at the most basic level, be explained as intrinsic factors or internal drives that urge individuals to travel" (Yousaf and Amin, 2018, p. 202). The pull motivations are the attributes of the destinations' overall attractiveness (such as beautiful landscapes, cultural attractions, beaches, historical sites, etc.); accordingly, the push and pull motivations work together that the destination attributes can trigger the internal drives (Cassidy, 2005, p. 6).

1.2. Destination Image Model of the Study

The image of destination can be defined as follows; if the mind of the person is considered as a canvas, all kinds of push and pull travel motivations that influence the visitor can be a touch and a point to that canvas. The projected destination image which the destination marketers build and the perceived destination image which is formed by the combination of visitor expectations, personal interpretation of the travel experience and the characteristics of visitor are very important for strategic destination marketing planning as both impact the individual's decision process and the level of satisfaction. Destination image plays a substantial role in the potential visitor's travel behaviours and decisions and suggest that destinations with a strong, positive image are probably more considered and selected during travel decision process.

The destination image representing all the individual's knowledge about the destination and one's feelings towards the destination is a general impression of the destination. In other words, the image of destination encompasses all connotations in the form of all kinds of thoughts, beliefs, feelings and attitudes that destination evokes and associates with the individual. However, the destination image is more related to the perception of the relationship between the individual and the destination than to the objective perception of the destination as the visitor's individual interpretation of reality is a personal fiction.

From the individual's point of view, travel decisions require subjective judgment rather than objective measurements, as the tourism product cannot be experienced prior to travel. Yet potential visitors have often secondary knowledge about a destination as they have not visited the destination before. Therefore, the projected destination image in the visitor' mind about that destination is very effective in the decision process; and the perceived image is very substantial as the experienced visitors can impact the potential visitors' decisions with their opinions and sharing on the social media platforms.

For destination marketers, destination image is important because its projected and perceived images affect the behaviours, attitudes and tendencies of the visitors, and the main competition takes place between the competitive destinations in order to gain a positive place in the mind of visitors. In this context, the value match between the perceived destination image of the visitors and the projected destination brand image during the branding process indicates that realistic and consistent expectations are created and that these expectations are met.

The individual compares the information s/he faces under the destination brand with the typical images s/he has in her/his minds. Potential visitor can adapt the information s/he faces with a particular destination by matching it with the existing destination image s/he has. The destination image in the mind of the individual becomes more realistic, complex and differentiated after visiting the destination. If the visitor thinks that there is a value match between what s/he expect and what s/he finds, it can be said that the destination has a strong image.

Moreover, the travel motivations play a significant role in the stages of decision process as the travel motivations are the main factor which persuades the individual to take travel decision. Pull motivations relating the destination attributes push the individual to act in a certain way and trigger off the individual's inner motivations so called push motivations. If an individual prefers to have romantic memories, s/he will look for destinations which has a romantic image. On the other hand, the romantic image of the destination can also provoke one's push motivations that the individual starts considering the trip to that destination. Additionally, for the individuals who like being physically active prefer destinations which provide an opportunity to do a certain type of an activity the cognitive image of the destination plays a substantial role as it is related to the attractiveness of the destination. Accordingly, one can consider the push and pull travel motivations as an integral part of destination image components during the process of building a destination brand image.

The image formation in the visitors' mind is based on the information sources and push and pull travel motivations; however, elaboration of this process will be useful for a better understanding of the subject. It is seen that there is a need for a model which combines the push and pull travel motivations with destination image components that will lead the individual to take travel decision and increase the value match between the projected image and the perceived image. That is why, the authors develop a triangular prism destination brand image model that will link the push and pull motivations with three image components which are cognitive image, affective image and unique image of the destination in order to make the destination more attractive and to ensure the value match.

The model is designed in the form of a triangular prism created by using Corel Draw and Adobe Photoshop programs. The main idea behind using the triangular prism as a model is to show that all these elements depend one another that any communication mistake or misunderstanding can lead to a negative destination image.

The two triangular bases are composed of the projected image and the perceived image, that stands for the effect of puzzle. It is not a secret anymore that in the contemporary the individual can easily reach the information; furthermore, the impact of social media platforms is undeniable. The individuals who have not visited the destination are increasingly affected by internal and external information sources. Those information sources are ways of introducing the projected image of the destination. Furthermore, the opinions of experienced visitors are highly important in the travel decisions of the individuals. That is why, the destination should meet the

expectations of the visitors. At this point, it is important to understand the push and pull travel motivations of the tourist in order that the destination attributes can be improved based on that importance; and, the destination brand image should include the important travel motivations as well. If the destination image provokes the push and pull travel motivations of the individual, the possibility of the visit intention increases and s/he can take the travel decision. When the individual visits the destination, if the projected image is realistic and the destination matches with her/his travel motivations, s/he identifies herself/himself with the destination. In that way, a strong value match will be generated between the projected image and the perceived image. Thanks to this value match, the revisit intention of the experienced visitors will be positively affected and also, they can recommend the destination to the other possible visitors; share positive posts on social media; personalize the website of the destination with positive comments as well. Accordingly, the value match between the projected image and the perceived image will positively affect the stages of decision process of the individual. The projected image should be strengthened by three lateral faces which are the combinations of three destination image components with push and pull motivations. As previously discussed, the importance of the push and pull motivations influence the decisions of the individuals that is why the three-image components should be constructed considering the push and pull motivations.

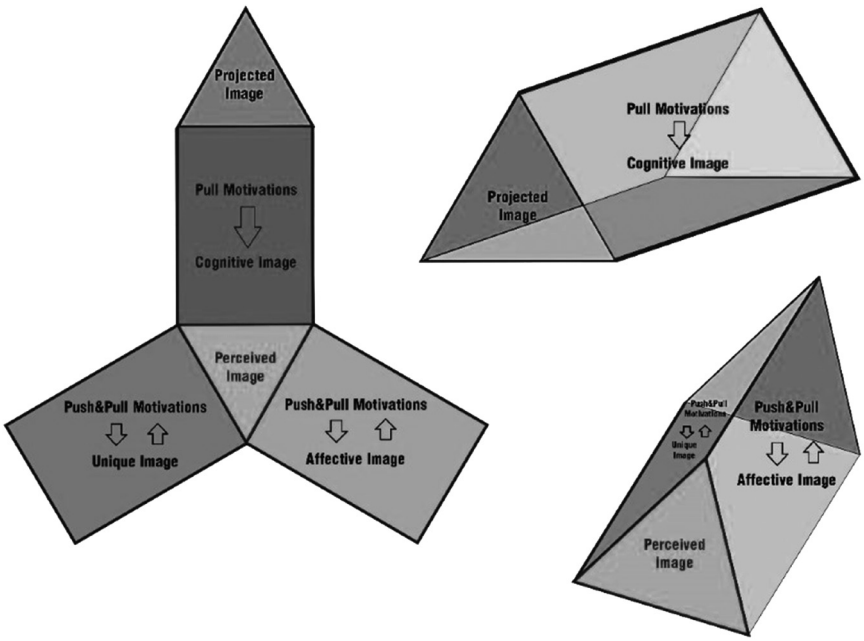

Figure 1. The triangular prism of destination image
Source: Own source

There is no precise model regarding the destination image components; however, five destination image components (cognitive, holistic, unique, affective, conative) are given in the literature review. In this triangular prism of destination image model, three components (cognitive, affective, unique) are decided to be used because the holistic image represents overall image that one can call it as the general destination image including three mentioned components. The conative image is described as the likelihood of travel to the destination; therefore, one can see it as a purchase stage of the decision process.

The cognitive image is set as a base of three lateral faces, because it motives the possible visitors of the destination to follow their travel desires and creates the unique image as well. In other

words, the cognitive image pushes the visitors to take travel decisions. In the model, pull motivations which contribute to the attractiveness of the destinations constitute the cognitive image. Therefore, when building a destination image, the marketers should emphasize the certain destination attributes which are the pull motivations of the individuals. Besides, the affective image comprises of push and pull motivations that any push motivation factor can also relates to the affective image; and, any certain type of activity related to the attributes of the destination can develop strong emotional connections with the visitor. Also, the unique image consists of push and pull motivations that any landscape, cycle road, restaurant, culture, etc. can be very special and unique for the visitors; and also, any place can be very unique with the sentimental moments or memories or experiences.

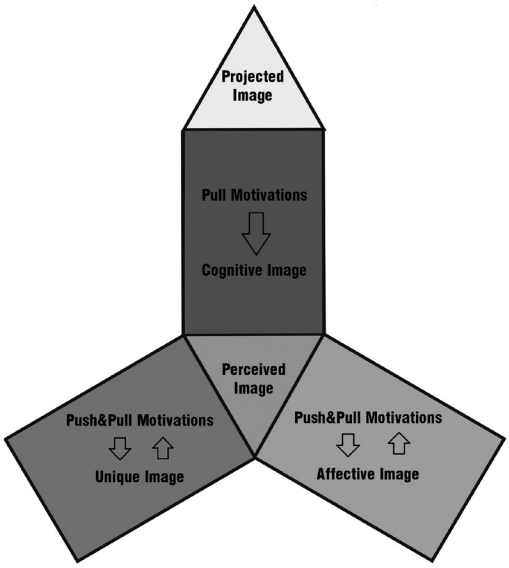

Figure 2. Surface area of the triangular prism of destination image

Source: Own source

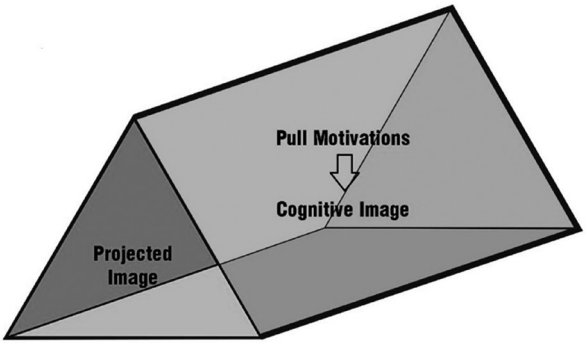

Figure 3. Base aspect of the triangular prism of destination image

Source: Own source

As it is shown in the figure 3, the base of the model is the cognitive image composed of the pull motivations. The figure 4 shows the outlook of the triangular prism of destination image that one can see the other two lateral faces; the affective and unique images which should be constructed considering the push and pull travel motivations of the target group. The triangular bases have the same significance with the other. However, in the model it is preferred that the perceived image is seen in the front part of the triangular prism, because the perceived image is last one which stays in the visitors' mind even though there is a circle between the projected image and the perceived image.

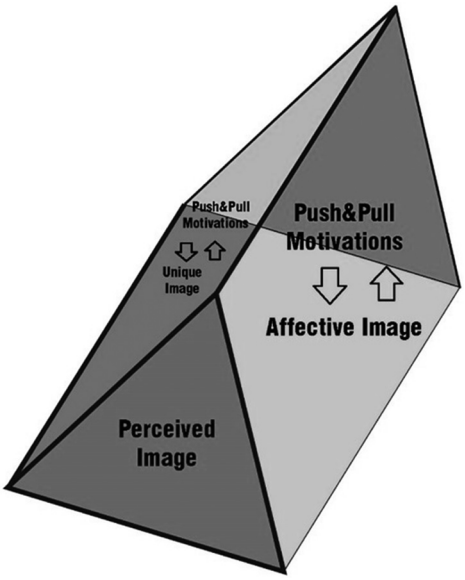

Figure 4. Outlook of the triangular prism of destination image
Source: Own source

The cognitive, affective, unique images should be enough persuasive to affect the travel motivations of the individuals. That is why, when building a destination image, the travel motivations of the individuals (target group) should be examined firstly then the three image components must be projected taking into consideration the most important travel motivations of the individuals in order that those images provoke the travel motivations of the individuals that also provokes the travel decisions of the individuals.

Furthermore, it is important to maximize the value match between the projected image and perceived image in the light of the brand image model of the study. In order to increase the level of value match, a realistic picture should be created. The local stakeholders, governors, private investors should also focus on improving the attributes of the destination which are important motivation sources for the individuals.

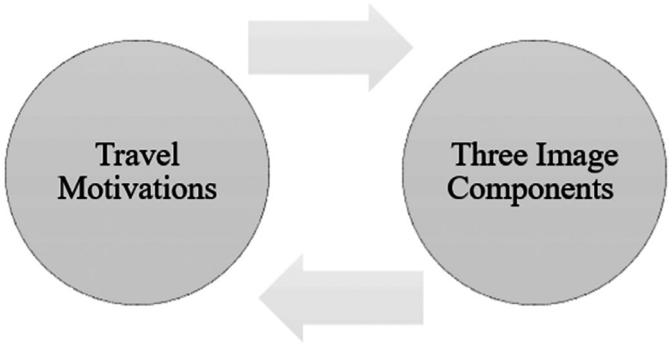

Figure 5. The relationship between the travel motivations and three image components
Source: Own Source

1.3. Case Study

In this case study, the authors aim to build the brand image of a rural development project according to the destination brand image model. It is clear that the push and pull travel motivations have a major impact on the travel decisions of the individuals. However, the new developments

in the destinations might not be the most important pull motivations of the individuals. At this point it is important to trigger the push motivations of the individuals by the help of the attractiveness of the new developments. That is why the authors chose a rural development project which is still ongoing in order to demonstrate an example of how to construct the destination brand image regarding the new developments.

As many countries, Hungary focuses on activating the potential of rural regions in order to increase the competitiveness of the destinations. The Minister of Rural Development of Hungary highlighted the significance of Lake Tisza Complex Project, which intends to attract more tourists to the region during his visit to Lake Tisza Expo in May 2014. It is still progressing. The Lake Tisza Complex Projects is composed of several sub projects which are as follows: increasing the number of marinas along the river Tisza; import of 20 canal boats for holiday rentals; reconstruction of the cycle and walking paths; fishing pass which is an ecological project to restore the fish migration roads in Danube; cleaning of the Tisza lake and river which is an ecological project.

The brand image of the holiday boat rental will be focused in this part. There will be 12 mooring points in the river Tisza including 2 marinas in Lake Tisza. The figure 6 shows those mooring points in the region. The new boats will be located at Kisköre and Tokaj marinas. Furthermore, there will be no required license and previous boating experience in order to rent those canal boat.

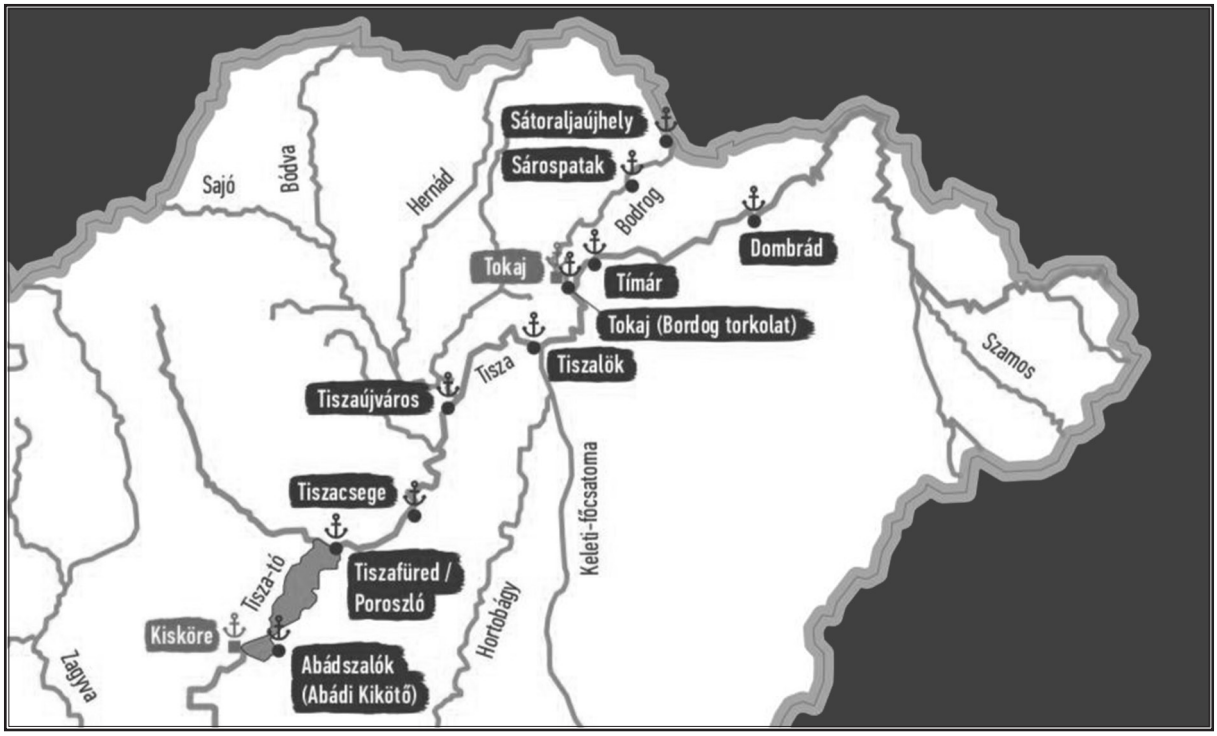

Figure 6. Map of the developing marinas in the region
Source: Nicols Company, 2019

The understanding of push motivations of the domestic tourists in Hungary plays an important role in building the brand image of the concept of holiday boat rental as it is a new attraction. The target group constitutes domestic tourists because at the beginning of introducing a new development in a particular rural destination domestic tourists' demands are much higher comparing the international tourists. In order to examine the push motivations of the domestic tourists in Hungary an online questionnaire used as a qualitative method.

The questionnaire consists of three main parts. The first part contains 8 multiple choice questions about the demographic characteristics of the respondents. The questions are formed to understand their gender, age, education, marital status, employed status, household income status; and to determine which city they live in, and how many children/grandchildren they have under 18 if they have any. The second part composed of 5 questions is associated with the respondents' travel behaviours. The aim of the questions is to understand how often they travel in general and to countryside; whether they have any cottage in the countryside or not; how long their countryside trips are; who their travel mates are. The third part of the questionnaire consists of 9 questions about the push travel motivations of the respondents. The questions are also developed in terms of the literature review. The respondents are asked to rate their push motivations on a 5-Likert scale that how important these 9 factors are as 1=not at all important, 2= less important, 3= neutral, 4=important, 5=very important.

At the final stage, a pilot application is made to test the intelligibility of the survey form by sending 5 people who has different backgrounds. The survey form was shared on the social platforms between 25th of October and 5th of November, 2019 after giving its final shape in terms of design and verbal expression. The language of the questionnaire is English that is an important limitation of the study.

123 valid answers are gathered and results are analysed using different statistical methods. Based on results major characteristics of the respondents are demonstrated in the following lines. The of woman respondents are 49,59% of the sample group and man respondents represent 50,41%. Most of the respondents are 25-34 old years old and consist of 54,47% of the total respondents. 57,72% of the respondents live in Budapest. 39,84% the respondents have bachelor's degree while 36,59% of the respondents have master degree. 42,28% of the respondents are single, and 35,77% of the respondents have a relationship. 21,95% of the respondents are married. 86,18% of the respondent do not have any child. 43,90% of the respondents are full-time employed. 65,04% of the respondents have medium income level.

The findings of the respondents' travel behaviours are summarized in the figure 7.

33.33% of the sample group travel monthly, and 53,66% of the respondents travel a few times a year. On the other hand, 26,83% of the respondents travel to the countryside monthly, 43,09% of respondents travel to the countryside a few times a year. 78,05% of the respondents do not have any cottage in the countryside.

Frequency of travelling	**Number of Respondents**	**%**
Weekly	5	4,07%
Monthly	41	33,33%
A few times a year	66	53,66%
Occasionally	11	8,94%
Frequency of countryside trips	**Number of Respondents**	**%**
Weekly	8	6,50%
Monthly	33	26,83%
A few times a year	53	43,09%
Occasionally	29	23,58%
Having a cottage in the countryside	**Number of Respondents**	**%**
Yes	27	21,95%
No	96	78,05%

Figure 7. Travel behaviour of the respondents

Source: Own Source

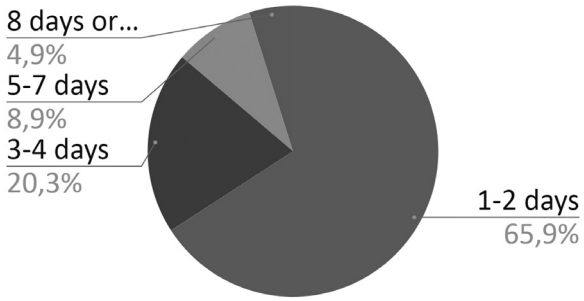

Figure 8. Length of stay of the respondents
Source: Own Source

Additionally, 65,9% of the respondents prefer 1-2 days countryside trips; however, 20,3% of the respondents prefer 3-4 days countryside trips. It is observed that there is not too much demand for long countryside trips as 8,9% of the respondents do 5-7 days trips and 4,9% of the respondents do 8 days or longer trips.

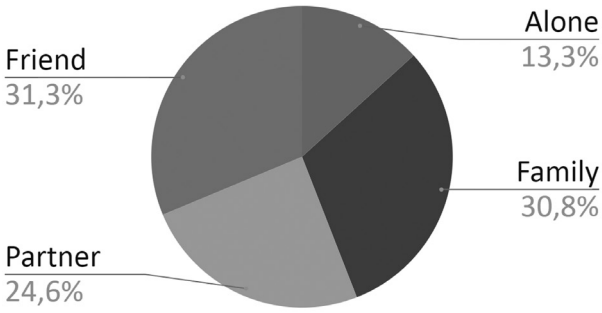

Figure 9. Travel mates of the respondents
Source: Own Source

31,3% of the respondents prefer travelling with friends, 30,8% of the respondents' travel mates are friends. Additionally, 24,6% of the respondents travel with their partners. 13,3% of the respondents constitutes solo travellers.

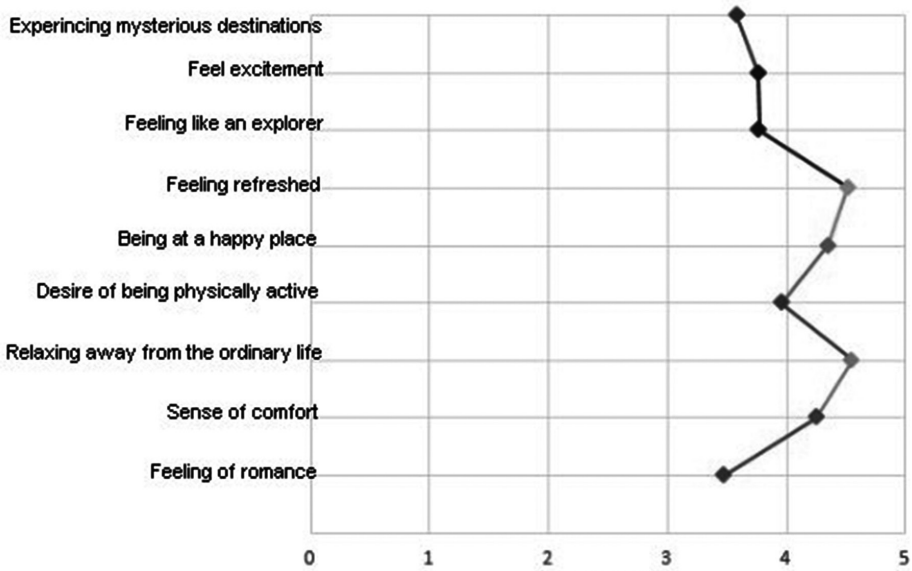

Figure 10. Mean calculations of the push motivations
Source: Own Source

Regarding the push motivations of the sample group, it is seen that relaxing away from the ordinary life is the most encouraging push motivation that for %67,5 of respondents mark it as very important. Additionally, feeling refreshed is very close to the relaxing away from the ordinary life. Consequently, it can be said that in the contemporary technology era, people are generally looking forward to escaping from the daily routine and its stress.

The other push motivations which are important are being at a happy place and sense of comfort. Addition to this, desire of being physically active, feeling like an explorer, feeling excitement about the destination, and feeling romance have relatively importance.

Push Motivations	Mean	Percent of respondents voted for '5'	Percent of respondents voted for '4'
Relaxing away from the ordinary life	4,5528	%67,5	%22
Feeling refreshed	4,5203	%64,2	%26
Being at a happy place	4,3496	%52	%34,1
Sense of comfort	4,252	%46,3	%37,4
Desire of being physically active	3,9593	%35	%35
Feeling like an explorer	3,7724	%25,9	%29,3
Feeling excitement about the destination	3,7642	%29,3	%32,5
Experiencing mysterious destinations	3,5854	%22,8	%31,7
Feeling of romance	3,4715	%17,9	%34,1

Figure 11. Mean calculations of the push motivations-2

Source: Own Source

It can be concluded that for domestic tourists in Hungary relaxing away from the ordinary life, feeling refreshed, being at a happy place and sense of comfort are triggering factors. Therefore, those factors must show up in the brand image of the holiday boat rental in the region. The commercials regarding this project should spread that the canal boat for holiday helps to escape from daily life and provides the feeling of refreshed. Additionally, the commercials must show a happy atmosphere with family, friends and partners; give the sense of comfort. The canal boats and the development of marinas will bring a new soul to there. That is why the projected image of the holiday boat rental must be very positive to impact the decisions of the individuals through effecting the push motivations of them. On the other hand, the expectations of the individuals what are created by the commercials should be met in order to maximize the value match between the projected image and the perceived image.

2. CONCLUSION

Today, competition is not only between products or companies, but also between destinations. When one looks at this framework, destinations which want to gain an advantage in competition need to determine the characteristics that will enable them to be a brand and go on the way to benefit from them. In fact, every destination is a brand, because each destination has distinctive features and differences from another destination. However, every destination brand does not have the same value. Some destination brands are considered more valuable by their target visitors, while others are seen as less valuable. At this point, it is important to understand how those destination brands are perceived from the individuals. That is why, it is also important to project a destination brand image which has a superior place in the individuals' mind and improve the tourism services to meet the expectations of the individuals in order to be a favourable destination at the decision process of the individuals.

Destination brand image is the sum of one's impressions, feelings, thoughts, beliefs and connotations regarding the destination. Destination brand image can also be defined as the picture that individuals creates in their mind according to what they perceive in terms of the destination or as the sum of what individuals understand from the destination. Brand image is the result of the individuals' impressions about a brand from various sources. A destination brand image is a collection of often controllable perceptions of that destination, such as its strengths and weaknesses, its positive and negative sides.

Like company brand images, destination brand images must be managed as well. Destination brand images that are not properly managed will change or be harmed in an unintended direction. Due to improved communication opportunities, negative information about the destination can be spread over a wide area in a very short time. The brand image of the destination, which has been created in a long time and with large investments, can be badly damaged by the negative impacts like domino stones. Therefore, it is important to maintain the destination brand image as much as creating a positive image.

For a successful and positive destination image, the right strategies should be chosen. A strong destination brand image can differentiate itself from its competitors, minimize perceived risk of the travel decision by the possible individuals, and emerge as a high quality in the individuals' perspective. The destination brand image planned by the marketers should definitely match the perceived image of the destination by the tourists as this value match will positively affect their revisit intention and the possible tourists' travel decisions.

If a destination brand image contains certain assets that the individuals is able to integrate with their own motivations, the priority of that destination will be higher and the destination can be easily recognized by the individuals because the individuals' motivations will be triggered by the destination image. In line with these explanations, it is clear that the commitment and preference criteria of the individuals will be positively affected by the destination brand image thanks to the correlation of their motivations and the destination image.

When individuals decide where to travel, they evaluate the information collected through the internal and external information sources. One of the evaluation steps is the comparison of self-image and perceived brand image. Individuals tend to choose brands whose perceived image provoked by their motivations. Changes in the perceived brand image can lead to changes in brand preferences. An important consideration is that the impact of the change in image characteristics should be kept in mind when creating new marketing strategies.

This study develops a brand image model which is called as triangular prism of destination image in order to push the individuals to travel the destination and to maximize the value match between the projected image and the perceived image. The triangular bases consist of the projected image and the perceived image, while three lateral faces consist of the cognitive image composed of the pull motivations, the affective image composed of push and pull motivations, the unique image composed of also push and pull motivation. The model suggest that the cognitive image need to be formed by the important pull motivations of the tourists; the affective image and the unique image should be formed based on the important push and pull motivations. In other words, the cognitive image should be enough strong to push the tourists to take travel decisions. All these elements create a complete triangle prism and any quake among them will lead fail of the triangular prism.

The destination image built based on the push and pull travel motivations brings along the recognition of travel desire of the individuals and play an effective role in the evaluation of the destinations if the individuals identify themselves with the projected image of the destination. Furthermore, the destination image which triggers the travel motivations of the individual leads them to take travel decisions. If the destination meets the expectations (motivations) of the individuals, the value match will be created between the projected image and the perceived image. There is a circle also between these steps mentioned. If there is a value match between the projected image and the perceived image, the revisit intention will be positively affected; and the satisfied visitors' recommendations will be also an information source that will affect other possible visitors' decisions. In this way, the value match will result in another individuals' recognitions in terms of their travel wishes.

For the future researches, the authors aim to improve the triangular prism of destination image model through multi-case study that will focus several destinations that will be critically chosen. Additionally, the impact of social media on the destination image will be measured by conducting a case study. The authors aim to generate social media strategies for the destinations to have a competitive advantage and positive brand image.

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WHAT IS THE IMPACT OF PRICE FACTORS ON SUSTAINABLE TOURISM COMPETITIVENESS?

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Abstract: *The purpose of this paper is to evaluate the connection between price competitiveness and overall tourism competitiveness of the Balkans and Eastern Europe Countries. By comparing the selected economic variables, a comparative analysis of the price competitiveness in tourism for this group of countries in the period from 2007 to 2018 was carried out. The empirical research was designed to test whether the Balkans and Eastern Europe countries which are more competitive in tourism simultaneously have lower price competitiveness. The hypothesis has been tested by using modern statistical software. The significance of this research arises from the current debate whether the price factors of competitiveness in tourism are sustainable in long run. Taking into account the specificities of the tourism sector in different countries, and combining observations and suggestions, the paper could give significant contribution to understanding the trends, issues and policies in this area.*

Keywords: *Price Competitiveness, Tourism Competitiveness, Sustainable Development, Balkans and Eastern Europe Countries.*

1. INTRODUCTION

Tourism is one of the most growing industries and engine of the national economies (Galovski, 2018). In recent decades, tourism has taken on the form of the most massive socioeconomic phenomenon in the world, and has become one of the most dynamic segments of the service sector, whose share in the creation of GDP in the developed market economies has grown steadily. As a propulsive economic activity characterized by a heterogeneous structure, tourism is an important strategic element for the development of many developing countries and regions, and the mechanism for narrowing the growing economic gap between the developed and developing countries (Harrison, 2001; Sharpley & Telfer, 2008, Mowforth & Munt, 2009).

Tourism as an economic activity is directly exposed to continuous changes. Most recently, there has been a trend towards increasing the spatial diversification, which has an impact on increasing international tourism flows and improving competitiveness. This trend has also been reflected in the increasing consumption per visitor to the destination. New tourism markets and proactive tourism development policies in the receiving countries will be the primary development drivers (Kester & Croce, 2011). Economies in which tourism participates with the highest percentage in GDP and whose growth depends on the tourism industry have been forced to strengthen their competitive advantages in conditions of severe competition in the international market. Economies which depend on the tourism industry have chance to make their destinations competitive if they meet the tourists needs (Gooroochurn & Sugiyarto, 2005).

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The country's competitiveness as a tourist destination depends on the number of attracted tourists and spent money in the tourist destination country, which contributes to the increase in GDP of the selected country. That's the reason why each country competes to attract as many tourists as possible (Dwyer et al., 2000).

The tourism competitiveness models evolved from the simple models that put an emphasis on proper marketing position as the most important to achieve the destination's competitiveness, up to very complex competitiveness models that respect numerous competitiveness factors, examine their interconnection or deal with the prediction of the competitive position of the destination in future.

Since 2007, the Travel & Tourism Competitiveness Index (TTCI) of the World Economic Forum becomes a generally accepted indicator for the tourism sector competitiveness at the national level. The main goal of this methodology is to quantify the impact of factors and policies that affect the attractiveness and development of the tourism sector in different countries (WEF, 2017). According to the Reports on the Competitiveness of Tourism and Travel in 2015 and 2017 (WEF, 2015, 2017), the main sub-indices are: 1) Enabling Environment; 2) T & T Policy and Enabling Conditions; 3) Infrastructure; and 4) Natural and Cultural Resources. In the framework of the T & T Policy and Enabling Conditions sub index and creation of conditions for its realization, besides giving priority to tourism and travel, and openness to the international market, the third pillar is Price competitiveness. The airport taxes, hotel prices, purchasing parity power, and fuel price level have great importance for higher level of price competitiveness.

The paper is structured as follows. After the introduction and literature review, the third part of papers presents applied research methodology and the underline hypothesis. After that part research results and their discussion are given, followed by concluding findings in the final part of the paper.

2. LITERATURE REVIEW

Issues and problems from the domain of improving the tourism competitiveness have recently been the subject of the constant interest of numerous researchers (Ritchie & Crouch 2003; Enright & Newton 2004; Crouch 2011; WEF, 2011). According to Petrović et al. (2017), researches dealing with different aspects of tourism or the destinations competitiveness can be divided into those that are aimed at the general models and destination competitiveness theories development, those that are aimed at diagnosing the particular destination competitive position, and those that are focused at certain aspects of the destination competitiveness. Over the years, various studies have used different competitiveness indicators depending on specific tourism factors and general business factors, which included micro and macro environment (Kayar & Kozak, 2007; Ivanov & Webster, 2013; Krstic et al., 2016).

The tourism demand determinants have been occupying the attention of numerous theoreticians from various disciplines for long time (Li et al., 2005; Divisekera & Kulendran, 2006; Song & Li, 2008). Understanding the tourism demand determinants has great importance for determining the key competitive advantages of each country in order to improve the tourism competitiveness. Tourism demand includes the measurement of using goods and services by visitors (Frechtling, 2001).

The tourism demand is influenced by a large number of factors. However, most econometric studies mainly focus on economic factors. According to Lipsey (2009) the price is main determinant of demand. Economic theory also suggests that the price of tourism products/services is negatively linked to tourism demand. The price variables should include the prices of the goods and services related to both the destination and substitute destinations. Additionally, marketing expenditure, consumer tastes, consumer expectations, habit persistence, origin population and one-off events are all potentially important factors that could be incorporated into the tourism demand model (Song & Witt, 2000). In various models of prices in tourism, the formation of flavours and income from the origin country are the most important determinants of international tourism demand (Muchapondwa & Pimhidzai, 2011). Price factors as the most important tourism demand determinants include the costs of transport services and the costs of ground content (Dwyer et al. 2000, p. 9). The competitiveness of a tourist destination is a concept that includes price differences that correspond to exchange rate movements, the productivity level of various components in the tourism industry and other qualitative factors that affect the attractiveness of the tourist destination (Forsyth & Dwyer, 2009). Price competitiveness is the main component of the overall competitiveness of the tourist destination. Total tourist costs include transport costs to and from the tourist destination, as well as the amount spent during at a tourist destination, including accommodation, tour packages services, food and beverages, entertainment, etc. The total price determines the tourist's decision for travelling to a particular destination (Dwyer et al., 2000).

Tourist competitiveness is fundamentally linked to the tourist's consumption. Ritchie and Crouch (2003) claim that the tourist destination becomes competitive if there are the opportunities to increase the costs of tourists and attract as many tourists as possible, which will increase the earnings of tourism foreign exchange. However, the low-price level is not a guarantee for higher incomes of a tourist destination. If demand is inelastic to price, then the price reduction strategy will not be able to increase foreign exchange earnings of the destination. Therefore, the approach of price elasticity is used to measure the tourism competitiveness in terms of prices.

In some research the focus was on determining destination price competitiveness. The variations in the tourism destination cost generate important economic impact on destination shares of total travel abroad (Dwyer et al., 2000, p. 9). The analysis of price competitiveness as an important determinant of the tourism sector competitiveness was carried out in the study of Dwyer et al. (2002). However, they did not analyse how price competitiveness affects the spending in a tourist destination.

Several studies that contain research models are the studies of Cortez-Jimenez et al. (2009), Li et al. (2004), and Mangion et al. (2005). These studies have applied the AIDS demand system model for the tourism demand analysis in Europe and the results have shown that foreign tourism demand is price sensitive, but the level of their sensitivity varies depending on the country origin and tourist destination.

In the latest research (Plessis & Saayman, 2018) on the example of South Africa as a tourist destination, by using a structured questionnaire, it was found that more than half of the respondents consider that price increase has a significant effect on tourism sales. The main price components of the tourism products and services (fuel prices, inflation, exchange rate, electricity cost and labour costs) have the greatest impact on the competitiveness of the destination.

However, Lim (2006) comes to the conclusion that the price increase of a particular tourist destination turns the decision of potential tourists towards alternative destinations. Such tourists' behaviour can be explained in two ways. First, the substitution of destinations can be determined by specifying the tourists' cost and if the alternative destination is more expensive than the tourist chooses the origin country (Song et al., 2000). Second, the substitution of destinations can be determined by comparing the visiting cost of an alternative destination with weighted average cost of visits in different competing destinations, adjusted by the relevant exchange rates (Song & Turner 2006).

Measuring the price of goods and services in a destination implies a complex procedure. It is necessary to calculate the tourist price for a package of goods and services used by representative tourist in the destination. In this way, composite prices are constructed in the form of a price coefficient in the destination and price in origin countries (Li et al., 2005). Relative prices converted into local currency are called the tourism price index. Construction of tourism price indices is often complicated by the lack of data on real goods and services consumed by tourists and their prices (Dwyer et al., 2000; Forsyth & Dwyer, 2009; Dwyer & Forsyth, 2011). The real exchange rate is presented as an adequate approximation of changes in the relative prices that tourists face. The real exchange rate is most often used to display prices in tourist demand models (Song & Li, 2008). Studies, such as Halicioglu (2010) and Seo et al. (2009) provide evidence of a strong link between outbound tourism and real exchange rate.

Competitiveness indices were not widely used as price variable in tourism demand analysis, but they are starting to be applied (Athanasopoulos et al., 2014; Etzo et al., 2014). The price competitiveness index (PCI) measures the relative price competitiveness of the destination, uses the World Bank data, and it can monitor the relative price competitiveness of the destination and its change in time, as well as it can assess the price demand elasticity in tourism. The application of PCI for tourism demand modelling can be found in Athanasopoulos et al. (2014) and Etzo et al. (2014). Calculating this index takes into account the relative purchasing power parity (PPP) at the destination.

3. RESEARCH METHODOLOGY AND HYPOTHESIS

In this paper, TTCI is applied. This index is based on the theory of economic productivity and consists of three outputs (tourism receipt per arrival, tourism added value ration of GDP, growth rate of tourism receipts), so each show different aspects of industry productivity (Croes, 2010).

The subject of the analysis in this paper is the relationship between price competitiveness, as a pillar of the TTCI, and the overall tourist competitiveness of the EECs (Hungary, Slovenia, Poland, Moldova, Bulgaria, Slovakia, Romania) and WBCs (Serbia, Montenegro, Bosnia and Herzegovina, North Macedonia, Albania). A comparative analysis of the price competitiveness pillar for these two groups of countries was carried out. The classification of countries into selected groups was taken from the World Economic Forum and from the TTCI report for 2017. Empirical research tests the following hypothesis:

***Hypothesis 1*:** The WBCs are more competitive than the EECs.

***Hypothesis 2*:** The EECs will more concentrate their tourism competitiveness towards price factors.

Considering the structure of TTCI, in particular pillar price competitiveness, one of the main aims of the paper is to determine the impact of the individual components of pillar price competitiveness on its total value. This means that the paper highlights the impact of each price competitiveness pillar component on overall tourism competitiveness, and stands out components that need to be improved in order to increase tourism competitiveness. In addition, the paper estimates the sustainability of the achieved price competitiveness.

In this paper were used methods of statistical analysis. Special attention is on the correlation and regression analysis. With these methods, it is possible to determine the character of connectivity, the significance of the connection and the influence of certain parameters from the TTCI structure on price competitiveness. In addition, the forecasting method, based on the intensity trend of the selected variable, was used.

The information basis of this research related to the World Economic Forum. Methodological explanations were based on the data from the Reports on Competitiveness of Travel and Tourism for the period from 2007 to 2017. One of the limitations during the research is the fact that the methodology of calculating TTCI over the years has changed in terms of considering the various components in the structure of the index, i.e. the pillar.

In this paper was primarily conducted the analyses of the TTCI values for selected group of countries. A special attention is devoted on the values of the pillar price competitiveness and its components for each country. The correlation between pillar price competitiveness and its components was determined separately for two groups of countries. Regression analysis was used in order to examine the influence of the price competitiveness pillar components on its overall value, for both groups of countries. The cluster analysis was carried out in order to classify all countries into homogeneous groups according to the value of the pillar price competitiveness. Finally, the future values of pillar price competitiveness are projected for the two coming periods.

4. RESEARCH RESULTS AND DISCUSSION

For research purposes, the data were taken from the Travel and Tourism Competitiveness Reports for 2007, 2008, 2009, 2011, 2013, 2015 and 2017. Depending on the year, the number of covered countries is different, so in 2007, 124 countries were included; 130 countries were analyzed in 2008; 133 countries in 2011; 139 countries in 2011; 140 countries in 2013; 141 countries in 2015, and 136 countries around the world in 2017. Serbia and Montenegro are viewed as one country in the 2007. By applying a comparative analysis, each country is compared with other countries in the analysed period of time.

According to the TTCI ranking within the observed group of countries in 2007, the Slovak Republic, Hungary and Slovenia have the highest values of TTCI. These are, at the same time, high-ranking countries and within the 130 countries discussed in the Travel and Tourism Competitiveness Report for that year. Based on the Report from 2007, Bulgaria occupies a 54th place, followed by Serbia and Montenegro (61st), Poland (63rd) and Romania (76th). North Macedonia (83rd), Albania (90th), Moldova (95th) and Bosnia and Herzegovina (104th) were ranked worst in 2007. The positioning of the observed countries in the next year (2008) is similar to the previous year, but with the TTCI values slightly lower than in 2007. TTCI values range from 4.60 to 3.45 in the group of countries in 2008. Oscillatory movement of TTCI values is also characteristic for 2009, but half of the observed countries recorded better positions on the

ranking list due to higher values of the indicator. The declining trend, characterized in 2009, was interrupted in 2011, and higher TTCI values were recorded in all countries. Slovenia (33rd) had the highest-ranking position from the observed group of countries, while Moldova (98th) had the lowest position.

According to the Reports, Serbia has improved position based on TTCI values. There was a decrease in TTCI values for WBCs from 2009 to 2017, which inherently reduces their ranking in the list of all countries. Montenegro has recorded the most significant decrease in the TTCI value from the group of WBCs, which dropped from the 36th position in 2011 to 72rd in 2017. Similarly, the group EECs has also fallen on the world ranking according to the level of tourism competitiveness. Slovenia is still high on the list (41st in 2017). The most pronounced drop in TTCI value, observing the change from 2007 to 2017, was recorded in Slovak Republic (from 4.68 to 3.90), which also affected the change in ranking position (from 37th place in 2007 to 59th place 2017). The minimal change in TTCI values has observed in Poland and Bulgaria, which have been on the same positions throughout the analysed years.

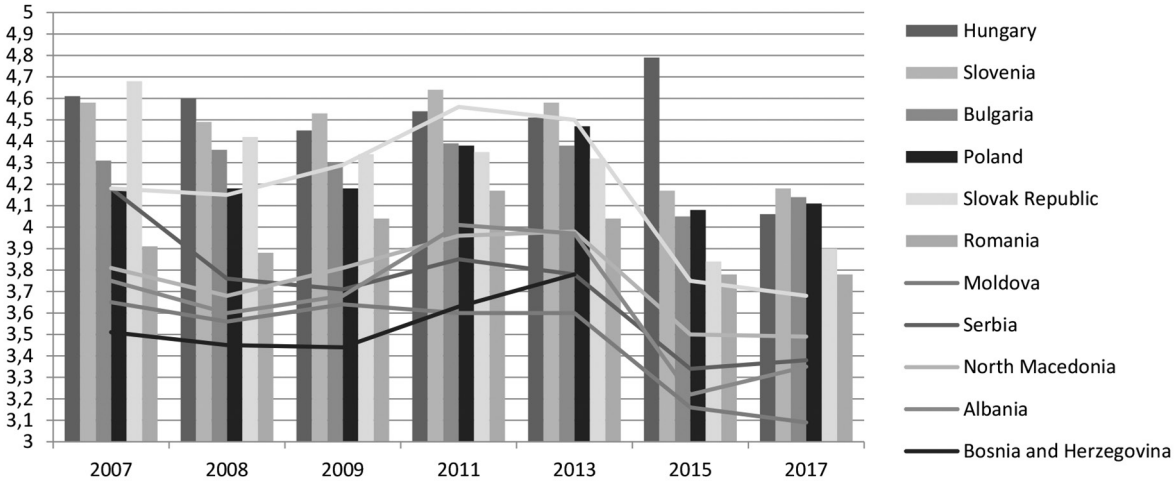

Figure 1. The achieved level of tourism competitiveness in WBCs and EECs according to TTCI (2007-2017)

Source: Authors' presentation based on the data from the WEF's Travel & Tourism competitiveness Reports.

The aggregate indicator (value of TTCI) does not have a great analytical value, so the deeper analysis focuses on the pillar Price competitiveness. However, the structure of this pillar was not the same throughout all analysed years. In 2007, this pillar consists of the following four components: Ticket taxes and airport charges, Purchasing power parity, Extent and effect of taxation, Fuel price levels, and since 2008 a component Hotel Price Index has been added. The change in methodology regarding the components comes in 2015, when the component Extent and effect of taxation is removed from the structure. The component Ticket taxes and airport charges measure the relative cost of using international air traffic services based on the level of airport taxes, tax on tickets and value added tax. It reflects the costs arising from the using air traffic lines upon arrival and the departure of a large number of passengers at international airports in each country. Purchasing power parity is a factor of conversion of purchasing power parity to the official exchange rate. Extent and effect of taxation show the influence of the level of taxes for stimulating work and investing. A fuel price level is an indicator that shows the price of the best-selling diesel fuel expressed in US cents per litre. Hotel Price Index measures the average

price, expressed in US dollars, for the first-class accommodation in each country. The index is calculated according to the average rate of overnight stays achieved in first class hotels in each country for the period of 12 months in order to avoid seasonal fluctuations.

Table 1. Price competitiveness pillar's values for the EECs and WBCs (2007-2017)

Category/ Country	PC2007	PC2008	PC2009	PC2011	PC2013	PC2015	PC2017	Change 2007=100
Hungary	4.07	4.43	3.90	4.40	4.29	4.60	4.70	115
Slovenia	3.87	4.21	4.20	4.30	4.00	4.34	4.60	119
Bulgaria	4.63	4.62	4.60	4.80	4.77	5.08	5.30	114
Poland	4.24	4.36	4.10	4.50	4.61	4.94	5.50	130
Slovak Republic	4.66	4.38	4.30	4.20	4.43	4.51	5.00	107
Romania	4.19	4.10	4.00	4.50	4.41	4.89	4.70	112
Moldova	4.62	4.83	5.30	4.80	4.84	4.80	5.40	117
Serbia	4.16	4.40	4.30	4.00	3.77	4.56	4.80	115
North Macedonia	4.55	4.59	4.80	4.80	4.79	4.55	5.20	114
Albania	4.31	4.33	4.40	4.30	4.60	4.387	4.70	109
Bosnia and Herzegovina	4.14	4.13	4.20	4.20	4.06		4.30	104
Montenegro	4.16	3.40	4.20	4.80	4.61	4.48	4.80	115

Source: Authors' systematization and presentation based on the data from the WEF's Travel & Tourism competitiveness Reports.

In the framework of Price competitiveness pillar, constituent components values were observed. For all analyzed countries, the values of the pillar Price competitiveness ranged from 3.87 to 5.5 in the period from 2007 to 2017 (*Table 1*). Slovenia was the lowest price competitive in 2007, while other countries had the values of indicator over 4 and thus occupied approximate ranking positions on the world list. In contrast to Slovenia, Slovak Republic recorded high value which indicates that its tourist competitiveness was mainly based on price factors. In the next years, the value of pillar Price competitiveness for all countries was characterized by variable movement, i.e. slight growth and decrease in values depending on the country and the time period. According to the latest report, Poland is the most price competitive, with a score of 5.5, which shows that it is seeking to attract tourists based on lower prices as the most important factor for tourism. Then follow Moldova and Bulgaria. The highest prices of the observed components in 2017 were recorded in Bosnia and Herzegovina, which makes this country, if judged by price factors, as low price competitive in tourism. At the same time, during the observed period, this country also recorded the smallest increase in the value of pillar Price competitiveness. Poland has made the biggest step forward in terms of price competitiveness in tourism in 2017 compared to 2007. As the overall country competitiveness depends on price and non-price factors, and having in mind the evidence of the price sensitivity of travel demand, countries should strive to achieve price differentiation compared to the other and thus achieve better visibility and attractiveness for tourists.

By using the statistical technique for investigating the relationship between variables, correlations, the relationship between pillar price competitiveness and its components (Ticket taxes and airport charges, Purchasing power parity, Hotel price index, Fuel price levels) for the observed groups of countries in 2015 and 2017 was investigated (*Table 2*).

Table 2. Correlation between Price competitiveness pillar and its components for EECs

Correlations					
		EE_tt15	EE_hp15	EE_ppp15	EE_fp15
EE_pc15	Pearson Correlation	,542	-,527	-,868*	-,571
	Sig. (2-tailed)	,209	,283	,011	,181
	N	7	6	7	7
		EE_tt17	EE_hp17	EE_ppp17	EE_fp17
EE_pc17	Pearson Correlation	,855*	-,864*	-,464	-,849*
	Sig. (2-tailed)	,014	,026	,294	,016
	N	7	6	7	7
* Correlation is significant at the 0.05 level (2-tailed).					

Source: Prepared by the authors (SPSS 22.0).

By calculating the Pearson coefficient for pillar Price competitiveness and its components in 2015 for the EECs, it can be concluded that there is a medium to strong correlation between them. The negative correlation exists between Price competitiveness and Hotel price index, Price competitiveness and Purchasing power parity, as well as Price competitiveness and Fuel price levels, while there is the positive correlation between Price competitiveness and Ticket taxes. The correlation between these variables in 2017 is predominantly negative with a strong intensity. In addition, the correlation coefficient is statistically significant for the most observed variables. The value of the correlation coefficient is above 0.8 except for the Purchasing power parity component.

Table 3. Correlation between Price competitiveness pillar and its components for WBCs

Correlations					
		WB_tt15	WB_hp15	WB_ppp15	WB_fp15
WB_pc15	Pearson Correlation	,404	.a	,383	-,711
	Sig. (2-tailed)	,596	.	,617	,289
	N	4	1	4	4
		WB_tt17	WB_hp17	WB_ppp17	WB_fp17
WB_pc17	Pearson Correlation	,842	.a	-,766	-,571
	Sig. (2-tailed)	,073	.	,131	,315
	N	5	1	5	5
a. Cannot be computed because at least one of the variables is constant.					

Source: Prepared by the authors (SPSS 22.0).

Medium strong to strong correlation between Price competitiveness and its components in 2015 and 2017 is characterized for the WBCs (*Table 3*). The strongest direct link exists between Price competitiveness and Ticket taxes in 2017 (0.842), while the weakest direct intensity is observed between Price competitiveness and Purchasing power parity in 2015 (0.383). Based on the results of the correlation analysis given in Table 3, there is negative quantitative agreement between Price competitiveness and Fuel price levels in both observed years. In contrast, positive quantitative agreement is expressed in relation to Price competitiveness and Ticket taxes for both years.

The impact of the components values on the total value of the Price competitiveness was examined by applying the multiple regression analysis. Taking into account methodological changes, the analysis covers the last two years (2015 and 2017). Also, the selected group of countries is divided into the WBCs and EECs. For the analysed years, the values of determination coefficient indicate that the models are statistically representative (0.88-1). Multiple regression models

for both groups show that the unit increase in Ticket taxes affects the increase in the value of the Price competitiveness in the interval from 0.23 to 0.61, depending on the observed year. The unit increase in the components Hotel price index, Purchasing power parity and Fuel price levels, cause decrease in Price competitiveness for 0.3, considering the EECs. In the WBCs, the opposite trends have been recorded in 2015 compared to 2017. More specifically, the Purchasing Power Parity component leads to an increase in the value of Price competitiveness by about 0.5 in 2015, while reducing the value of Price competitiveness for the same amount in 2017. The Fuel Price component has reacted in a similar way.

In order to classify European countries into homogeneous groups based on pillar Price competitiveness in 2017, we have chosen hierarchical (agglomerative) grouping according to Ward method (method of variance). As a measure of similarity/distance between countries, the Euclidean distance is used (Euclidean distance, square root of the sum of squared differences in values of Price competitiveness). Decision on the number of clusters relies on meaningfulness, as the main criterion in the analysis. According to the values of Price competitiveness, classification is performed in two clusters.

Table 4. Schedule of selected European countries by clusters according to the value of pillar price competitiveness (2017)

Cluster	N	Mean	Minimum	Maximum	Country
1	8	4,70	4,30	5,00	Hungary, Slovenia, Serbia, Albania, Bosnia and Herzegovina, Montenegro, Slovakia, Romania
2	4	5,35	5,20	5,50	Bulgaria, North Macedonia, Poland, Moldova
Total	12	4,92	4,30	5,50	

Source: Prepared by the authors (SPSS 22.0).

The *Table 4* shows the classification of selected European countries by clusters. According to the values of Price competitiveness, it can be noted that the first cluster is more numerous and contains countries whose tourism competitiveness is mainly based on non-price factors. The second cluster consists of four countries which have higher value of pillar Price competitiveness. Hence, it indicates that Bulgaria, North Macedonia, Poland and Moldova are trying to achieve tourism competitiveness on the basis of price components. The countries in the second cluster are more competitive and therefore more attractive and suitable. For the further interpretation of clusters, the statistical technique ANOVA was used to check the statistical significance of the differences between the average values of variable between the clusters. Statistically significant differences between the group average values for the observed variable were determined by the homogeneity test of the variance. The results of the Levene test for equality of variances has verified the homogeneity of the variance of the groups and since significance is greater than 0.05 and amount to 0.757, it can be stated that the condition for the implementation of the ANOVA technique is confirmed.

Table 5. Results of ANOVA procedure for variable price competitiveness

ANOVA					
pc2017					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1,127	1	1,127	34,141	,000
Within Groups	,330	10	,033		
Total	1,457	11			

Source: Prepared by the authors (SPSS 22.0).

Based on the value of F test and its significance (Sig.) which is less than 0.05, there are statistically significant differences between groups (*Table 5*). The observed difference suggests that different countries' pretensions for improvement tourism competitiveness are based on (non) price factors. According to conducted empirical research, price components are important for improving the tourism competitiveness, but they are not the only influential factor on general tourism competitiveness, but also non-price factors should be considered which are not taken into account in this paper.

In the following analysis, forecasting of the price competitiveness values for 2018 and 2020 was performed for both groups of countries. Prediction of future price competitiveness values was done according to the average values in the period 2007-2017.

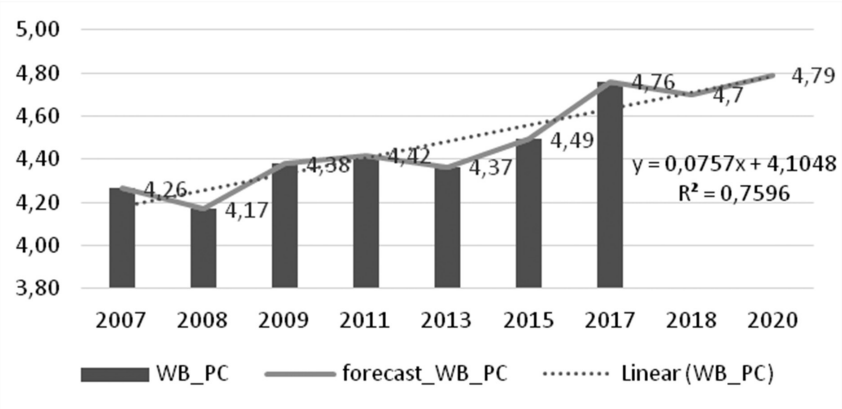

Figure 2. Real and projected values of the pillar Price competitiveness for the WBCs (2007-2020)

Source: Authors' presentation and calculation based on the data from the WEF's Travel & Tourism competitiveness Reports.

The oscillatory trend of the price competitiveness with a pronounced peak in 2017 is characterized for the WBCs. The projected values of the price competitiveness component will continue to oscillate around the value of 4.7. The expected value of this indicator for 2020 is 4.79. This indicates that the WBCs will, on average, be more price competitive in the upcoming period given the increase in values over time.

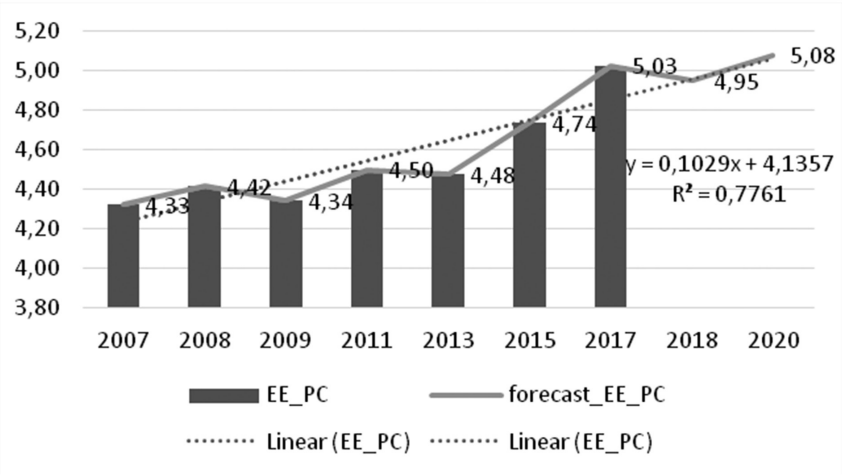

Figure 3. Real and projected values of the pillar Price competitiveness for EECs (2007-2020)

Source: Authors' presentation and calculation based on the data from the WEF's Travel & Tourism competitiveness Reports.

On the other hand, the obtained results suggest that the EECs are, on average, more price competitive compared to the WBCs, given the higher value of the selected indicator. The projected values for price competitiveness for the period up to 2020 indicate a less pronounced increase in price competitiveness in 2020 compared to level that was achieved in 2017 compared to the previous year.

5. FUTURE RESEARCH DIRECTIONS

The future research directions will be the relationship between tourism price competitiveness and tourist arrivals and tourism receipts, due to the price of goods and services represents an important factor of attracting tourists and improving destination competitiveness. The empirical research will test the following hypothesis: whether lower prices in tourism contribute to a greater number of tourist arrivals and higher tourism receipts.

6. CONCLUSION

The paper examines the impact of price competitiveness on the overall tourism competitiveness in the EECs (Hungary, Slovenia, Poland, Moldova, Bulgaria, Slovakia, and Romania) and WBCs (Serbia, Montenegro, Bosnia and Herzegovina, North Macedonia, and Albania) in the period from 2007 to 2017. The results of the conducted TTCI analysis for the selected countries indicate that in the period from 2009 to 2017, there was a significant decline in the rank for WBCs, stating that similar trend is registered in the EECs. The most pronounced drop in TTCI, among WBCs, recorded in Montenegro (followed by a decline from the 36th position in 2011 to 72th in 2017), while among the EECs, this decrease is evident in the case of the Slovak Republic (decrease from 37th place in 2007 to 59th place in 2017). In addition, it was found that the value of pillar Price competitiveness in the period from 2007 to 2017 ranged from 3.87 to 5.5 in both groups of countries. According to this indicator, Poland is the leader among all the observed countries, since it is the most price competitive according to the latest report, while the lowest increase in the value of pillar price competitiveness recorded in Bosnia and Herzegovina.

The results of the correlation analysis, which was applied for determining the link between pillar Price competitiveness and its components do not fully, confirmed the first hypothesis. Namely, it has been found that there is a medium strong to strong correlation between the variables for 2015 and 2017 for the EECs and the WBCs, and a positive link is present between pillar price competitiveness and Ticket Taxes.

In order to examine the influence of the pillar price competitiveness components, on its total value, multiple regression analysis was applied. It has been confirmed for both groups of countries, that the unit increase in Ticket taxes affects the increase in the value of price competitiveness pillar in the range of 0.23 to 0.61, depending on the observed year. In the EECs, the unit increase in the Hotel price index, Purchasing power parity and Fuel price levels causes a decline in the value of price competitiveness pillar by about 0.3. In the case of the WBCs, component Purchasing power parity leads to an increase value of pillar for 0.5 in 2015, while in 2017 it reduces the value of pillar for the same amount. Similar behaviour was recorded for the component Fuel price levels.

The results of cluster analysis suggest that Bulgaria, North Macedonia, Poland and Moldova are in the second smaller cluster, which consists of countries that based their tourism com-

petitiveness primarily on price factors. This statement was further confirmed by the results of the ANOVA procedure for variable price competitiveness: there are statistically significant differences between groups regarding the importance of price factors for improving tourism competitiveness.

The results of this research provide the relevant theoretical and practical evidence about the impact of price factors on tourism competitiveness. The paper present good basis for concluding that the WBCs are not more price competitive than the EECs, which rejects the second hypothesis. Namely, throughout the observed period (2007-2017), the values of pillar Price competitiveness for the WBCs are lower compared to the EECs, although the projection of price competitiveness values for 2018 and 2020 suggest that it will continue the upward trend. In addition, the projected future values of Price competitiveness pillar for the EECs fully confirm the third hypothesis: these countries will continue to build tourism competitiveness on price factors in the coming period.

Given that the price represents one of the main determinants of tourism demand, this paper carries one important recommendation to the economic policy makers in the EECs, and particularly in the WBCs. They should pay more attention to price factors in the following period in order to improve the price competitiveness of countries, as one of the important strategies for improving the level of tourism competitiveness.

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A PRELIMINARY EVALUATION OF THE IMPACT OF GRANT POLICIES IN APULIA IN FAVOUR OF OPERATORS IN THE TOURISM SECTOR

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Abstract: *Tourism represents a continuously growing sector of the economy and is often considered as a partial solution to the economic problems existing in a territory, and as a tool to increase the employment levels of a given area. These are some of the reasons why the tourism sector has been the subject of government grants.*

The aim of this chapter is to realize a preliminary evaluation of the impact, in economic-social terms, of grant policies in Apulia in favour of operators in the tourism sector.

In particular, the analysis focuses on the effects deriving from the implementation, in the 2014-2020 period, of the financial instrument called Title II Tourism Sector, by the Apulian regional system through the regional in-house agency Puglia Sviluppo.

Keywords: *Tourism Financing, Regional Policy, Government Grants.*

1. INTRODUCTION

In the new millennium tourism has undergone a profound change: globalisation processes, coupled with various anthropological and cultural changes, have led travellers to be increasingly demanding in satisfying their need for a vacation. In a society affected by a frantic pace, the management of free time, leisure and rest is of great importance in order to recover physical as well as mental energy (CISET & Banca d'Italia, 2019). A vacation turns into a life experience and represents a moment of personal enrichment under a social, cultural and environmental point of view. Tourists are looking for a direct relationship with the places they visit, along with the local identities and the typical traditions of the territory. Tourist destinations take advantage of tourist flows to increase their turnover and number of jobs.

Worldwide, tourism has been characterized by a remarkable growth since the mid-1980s, due to the reduction in travel costs and to the growth in global demand. In the 2018 worldwide scenario, Italy ranks fifth for the international arrivals of tourists travelling on holiday (with just over 62 million arrivals) and it ranks sixth for tourism revenues, with 49 billion dollars according to the estimates of the UNWTO (2019), mainly due to its unique historical, artistic and cultural riches, but also due to other assets like the quality of food and the excellence of "made in Italy" products.

Tourism represents an important driving force in the economy of Apulia and the levels of growth, both qualitative and quantitative achieved in the last decade, appear to be prodromal

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to further development of the sector in the coming years. The Apulian territory has elements of great attraction from a cultural, artistic and food and wine point of view and this makes it a place with a high tourist vocation. The Apulia region has sought to exploit this potential through the provision of public grants, which allow it to support operators in the tourism sector and increase the employment levels of certain areas. The research, starting from an analysis of the tourist phenomenon, has the objective of assessing the preliminary impact, in economic and social terms, of grant policies in Apulia in favour of tourism actors. In particular, the analysis focuses on the effects deriving from the implementation, in the period 2014-2020, of the financial instrument called Tourism sector title II, by the Apulian regional system through the regional in-house agency Puglia Sviluppo.

Among the Italian regions, Apulia has experienced a growth in the number of arrivals and stays of travellers in the last few years, acquiring an increasingly broad competitive advantage in the context of national tourist destinations (ISTAT, 2019; A.A.V.V., 2019). Its geographical position as a bridge between the West and the East and its coasts that stretch for many kilometres lead tourists to choose this region as a destination for their holidays, in order to experience forms of tourism which range from the seaside and cultural to the religious, food and wine and rural vacation (Loiodice, 2015; Del Vecchio & Passiante, 2017).

Tourism represents a continuously growing sector of the economy and is often considered as a partial solution to the economic problems existing in a territory and as a tool to increase the employment levels of a given area. These are some of the reasons why the tourism sector has been the subject of government grants.

The intervention of public administrations in favour of enterprises is commonly based on the presence of disequilibria in the market where those very enterprises operate. The economic analysis shows that contributions to enterprises are justified only when markets cannot achieve socially desirable goals (Giavazzi et al., 2012), or in the presence of the so-called market failures (Stiglitz, 2000).

The evaluation of the effects and of the economic and social effects of incentive policies for enterprises by public administrations has been widely discussed over the two last decades on both a national and an international level (Dessalvi et al., 2017).

Lacking negative consequences for enterprises, the effectiveness of public interventions can be achieved when the contribution either brings about additional activities or does not finance activities that a firm would perform regardless.

With reference to the study of the role of public administrations and of the reasons underlying the grant of public contributions to the tourist sector operators, many scientific contributions are available (Hardin, 1968; Hughes, 1986; Smeral, 1998; van Beers & de Moor, 2001; Aquino et al., 2003, Durbarry, 2004; Shubert & Brida, 2009). The scientific production about the relation between public contributions to the tourist sector and the performance of the territorial context of reference, on the other hand, is less abundant and its results are not equally univocal (Fleischer & Felsenstein, 2000; Aiello & Pupo, 2005; Cassar & Creaco, 2012).

The gap pertaining the analysis of the effects resulting from the grant of contributions to individual tourist enterprises, on the other hand, appears to be decidedly significant. As a matter

of fact, such a gap is beginning to be filled, thanks to the recent and excellent work carried out by Dessalvi et al. (2017), who, investigate on the effects of public contribution policies on beneficiary enterprises, in terms of both economic and social impact, and carry out an assessment in terms of effectiveness and efficiency in the use of public resources in the tourist-receptive sector.

The chapter is organized as follows. In Paragraphs 2 and 3, the general aspects of the tourist phenomenon and of the dynamics of tourism (in the World, in Italy and in Apulia) are revised. The Paragraph 4 presents a systematic review of literature of the reasons underlying the intervention of public administrations, through public contributions (par. 4.1) and of the mechanisms for evaluating the degree of effectiveness of business-supporting measures in economic and social terms (par. 4.2), with particular reference to enterprises operating in the sector of tourism (par. 4.3). Section 5 presents a description of policy instrument analysed and a highlighting the first results achieved following its implementation, while Paragraph 6 draws some conclusions, discusses the limitations of the analysis and point out some directions for future research.

2. THE TOURIST PHENOMENON: GENERAL ASPECTS

The tourist phenomenon has been the subject of an important social evolution. The first examples of travel that can be assimilated to the way of understanding them today date back to the seventeenth century and appear to be connected with the Industrial Revolution. With it, the physical separation between place of production and place of residence also led to the distinction between working time and that of rest; and it is precisely with the birth of free time that tourism in the modern sense is conceived.

In the seventeenth century long-distance travels spread, such as the Grand Tour that touched the major European cities (Scotto Di Luzio, 2005). An educational requirement for all wealthy young European people was an obligation, with a total duration of at least two years and had the objective of allowing them to see and learn as much as possible from the places they visited.

As a consequence, it was an activity for a few elected, typical of the upper classes and aristocracy. It wasn't before the second half of the twentieth century that the phrase "mass tourism" was known as a growing number of people not following individual choices, but standardized paths: all in the same places, in the same period, to do the same things.

The tourist experience, which well-to-do subjects considered "well-voluptuous", has gradually become "a primary expense element in consumer baskets, at least in the capitalist markets of the West" (Madonna, 2001, p.3).

The Manila Declaration on world tourism in 1980 underlines the fundamental importance of social factors in tourism development. As a matter of fact, tourism is an essential activity for the life of nations, since it produces direct effects in the social, educational and economic sectors of national societies and on international relations all over the world. Man's opportunity to experience leisure time and the granting for workers to get paid leaves have contributed to the transition from a limited level of elitist leisure to the general level of social and economic life.

Peroni himself (1994) emphasizes on how the tourist experience has attracted the attention of the community over time due to its social value. Tourist activity involves the transfer of people

into space and this generates dynamic relationships both with other people and with the environment. For this reason, the tourism sector is characterized by heterogeneity, as a set of economic activities, interconnected and interrelated, and at the same time different.

It is quite common to think of tourism as a complex phenomenon characterized by varieties due to different variables such as space, time and motivation, and all the activities related, having as a common element the movement of people from their homes.

It would seem now more appropriate to speak about "tourisms" to highlight the differences between the ways of working that are no longer comparable. The World Tourism Organization (UNWTO, 1994) has defined tourism as the set of all the activities of people who travel and stay temporarily in a different place from their own residence, for no more than a year, for leisure, business or other reasons, different from any work or paid activity.

It is difficult to distinguish travellers according to the reasons that determine their movements, though there are also analyses that try to identify them. Cross-border workers who live in a country but work daily in a neighbouring country, nomads, migrants and refugees who travel for over a year are excluded from tourism statistics; passengers in transit, who have no reasons other than the transit itself; the armed forces and diplomats.

Cooper (2008), based on the Leiper model (1995), defines tourism as a combination of individuals, enterprises, organizations and places that produces a travel experience. In this sense, it should be interpreted as a multi-dimensional and multi-faceted activity that embraces different aspects of social life and many economic activities.

"Tourist activity is not a uniquely identifiable production activity with a representative enterprise: tourism is a complex of activities ranging from the operation of a hotel, to the management of a restaurant, to the maintenance of a museum, to the network of collective transports. [...] The tourist activity is not attributable to the receptive structures and enterprises that produce the receptive service. The tourism sector is a collection of heterogeneous multi-sectoral activities" (D'Antonio, 1990, pp. 22-23).

Rispoli & Tamma (1996) ignore the unitary character of the tourist phenomenon. In recent years tourism scholars have been more inclined to consider the sector as a set of multiple sub-systems, homogeneous within them and closely related, operating in a very permeable environment, characterized and influenced by economic, social, cultural and political and technological variables. This approach shows tourism as an open system that adapts to various changes in a dynamic perspective and that, therefore, fits perfectly into the combination of territory and environment (Romei, 2016).

The increasing number of moving people links cultures, habits and heterogeneous identities in both international and domestic tourism. At the same time these relationships favour or should favour traveller and host's intellectual growth. Furthermore, in a society conditioned by frenetic rhythms, the idea that spare time and leisure time should offer a chance to recover physical and mental energies, takes on great importance.

Tourism involves not only accommodation and catering but also activities aimed to satisfy the psychological need to live an experience in a location other than one's usual residence (Ejarque, 2003;

Peroni, 2008; Cooper, 2008; Della Corte, 2009; Franch, 2010). The traveller, tourist or hiker, brings with him a "human burden" of needs and needs linked to his state of health and his system of relationships that directly affect many aspects of the destination, from mobility, to health, to social relations, to consumption (Della Corte, 2009, p.24; Franch 2010). The trend in tourism demand is influenced by several factors: the price of the requested good / service, the per capita income, seasonality, climate, the political and economic stability of the region where the destination is located, advertising and fashion. Tourist demand is usually considered elastic because it changes according to these factors but considering that the need for tourism grows and becomes primary for millions of people, tourist demand tends to a semi-rigidity. It is also cyclical, because it tends to repeat itself periodically and with the same cadences and concentrated in time and space since the large tourist flows occur in specific periods and often concern the same geographical areas.

In recent years, the demand has become particularly differentiated and this has led to a diversification of the offer and a classification of types of tourism. The most important distinction is between "leisure tourism" and "business tourism". The first groups together forms of leisure holidays both in an organized way, when using specialized firms, and personal research, when travel companies are not used or are asked for individual services.

The second is very dynamic and interesting from an economic point of view, to the point that specialized travel companies known as MICE (Meeting, Incentive, Conference and Exhibition) have emerged. Within the segment there are the corporate travel, the organized trips for the firm employees; the corporate meeting, trips to participate in events and conferences promoted by firms and institutions; incentives, travel for those employees who have achieved positive results for the firm, rewarded with premium holidays; individual customers, such as managers, consultants and freelancers.

The tourist offer is the combination of goods and services offered by a specific tourist destination to meet the needs of tourists. Among its features there are: natural resources, historical-artistic, cultural, structures and infrastructures. The offer is also affected by seasonality. It is also rigid since its products cannot be immediately adapted to the variations in demand, and it is non-transferable, since the tourist facilities are fixed.

Tourism also plays an important role in the process of redistribution of wealth, since tourists' movement proceeds from economically strong areas to highly attractive regions, which in certain cases are more disadvantaged. This allows the development of new forms of tourism, such as the rural one with the spread of the hospitality model of the widespread hotel, theorized by Dall'Ara (2015). Unknown destinations are attractive for this type of tourism. The common feature is a high-quality landscape with a strong synergy between local actors and history and local traditions that shape these areas as cultural districts (Gazzola et al., 2018).

On the other hand, the World Tourism Organization shows how the tourist phenomenon at present is becoming "overtourism", as the number of tourists is growing so much as to put many host areas in crisis, failing to reduce the impact on natural resources, on socio-cultural factors, infrastructures and mobility. In this case, it possible to speak about "passive tourism", which, while bringing positive effects with an increase in wealth and employment in the area, has negative consequences on the natural and social environment, damaging local identities. Tourism must, therefore, be framed in the perspective of local development, for its effects on the territory, on populations and on economic activity in a broad sense (Dallari, 2007; Martini, 2015; Palumbo,

2015). It is essential to consider the approach to sustainability, which introduces the fundamental dimensions of the limit and the trade-offs between the various components that come into play in defining the long-term outcomes (Fusco & Nijkamp, 2016; Coroş et al., 2017; Martini, 2017).

In the latest years of the twentieth century there was a shift from "mass tourism" to "global tourism". The economic stagnation of Western countries, the flexibility of work, the need for travel as an escape, the advent of the Internet modifies the way of holidaying. Even if the threat of wars and terrorism affect the choices regarding travel arrangements and destinations, do not reduce the demand. According to Boccagna (2010) the destination is a concept that has changed over time and is now interpreted subjectively by tourists, based on their cultural background, the purpose of the visit, the level of education and experience.

What has enormously affected the tourist phenomenon is instead technology, both because it has favoured the growth of the sector in quantitative terms, and because it has changed the tourist's attitudes before, during and after the holiday. In the latest thirty years, tourism firms with the advent of the Internet "have been able to redefine not only their organizational structure, but also the structure of relations with partner organizations, thus succeeding in the dual objective of optimizing management costs, from one side, and to increase the ability to generate value for the customer, on the other" (Martini, 2000, p.1).

Technological changes play a strategic role both in guiding consumer choices and in enhancing the industry's ability to respond to customer needs. In tourism, the role of the technology revolution is disruptive and affects costs, profits, and productivity of tourism and accommodation. From a supply point of view, a progressive increase in the number of operators using the network was conceived as a means of making their offer of accommodation linked to travel known. Nowadays, tourists use smart phones, PCs and tablets to plan their vacation and gather as much information as possible about tourist destinations of their interest, comparing the different proposals in quantitative and qualitative terms, browsing on search engines and tourist portals.

A survey by the Google Travel Study (2014) showed that 45% of tourists' searches take place via smartphones and not just computers, and that the Internet is the main source of inspiration for travel planning. The market logic has forced companies dedicated to travel and tourism to significantly modify their way of operating and being present on the market. The phenomenon of digital tourism growth has affected the leisure sector as well as the business sector (Olietti & Musso, 2018). The key factor in changing the tourist market is linked to customers' comments who have already used the facilities. Word of mouth remains the most widely used form of tourist product consumers and also the one that most easily influences customer decisions. Social travel, such as TripAdvisor, Trivago, Zoover, along with social networks, such as Facebook, Twitter, Instagram, LinkedIn collect comments from tourists that influence the choices, reward or reject those firms that do not keep their promises, whose quality compared to the price does not fully meet expectations.

The tourist chain evolves according to a network model of subjects and companies. The consumer / tourist has an active role in the supply chain, he can create his own sales and distribution channel and, therefore, he becomes an organizer of himself. With new technologies, tour operators can sell directly to end consumers bypassing middlemen and classic distributors. The same travel agencies have transformed themselves from retailers to organizers, basing their offer on an ever-increasing personalization and specialization.

The most recent definition of tourism is the "experiential" one, linked to the experience that the tourist performs by visiting a destination, actively participating in the activities that take place there. The latest evolution of tourism sector is the Airbnb phenomenon, an online platform born in 2008 that allows those who have an available room at home or have a free apartment, to rent it to people looking for a short-term accommodation. It is a sharing economy portal for experiential tourism. Guests have the opportunity to share experiences of daily life with local people, detaching themselves from products offered by mass tourism. An important service is the rating both of the host and of the hosted, through a written review or with images, punctually verified by Airbnb. The considerable number of digital tracks that every user leaves daily on the network (big data), are becoming valuable sources for understanding phenomena in all fields, including travel, essential for defining demand and forecasting future trends.

3. THE DYNAMICS OF TOURISM IN THE WORLD, IN ITALY, IN APULIA

3.1. World

Tourism has been characterized by strong growth with a positive outlook worldwide since the mid-1980s. The reason for this expansion can be identified both in the reduction of travel costs, after the liberalization of the transport sector and the entry of new digital technologies, and in the growth of world demand, which is also affecting the emerging countries, where an increasing number of people register a net increase in disposable income (OECD 2018). Based on the data released annually by the OMT (UNWTO, 2019) the first six months of 2019 confirm the growth trend of international tourist arrivals, with an increase of 4% compared to the same period of the previous year. The results are in line with historical trends.

Growth was driven by the Middle East (+8%) and Asia and the Pacific (+6%), followed by Europe (+4%). Africa (+3%) and the Americas (+2%) recorded more moderate growth in the first half of 2019. The expectation on global tourist performance, according to the latest UNWTO confidence index, remains positive but cautious considering the weaker economic indicators, the prolonged uncertainty on Brexit, the commercial and technological tensions and the growing geopolitical challenges.

On UNWTO final data at the end of 2018, international tourist arrivals worldwide increased by 6% and reached the threshold of 1.4 billion (Figure 1), based on data reported by destinations worldwide, with two years ahead of UNWTO's long-term forecasts released in 2010.

The Russian Federation (+16%), France (+10%) and Australia (+9%) recorded the highest increase in spending in the first nine or eleven months of 2018. Similarly, the United States (+7%) and the Republic of Korea (+6%) showed increasing spending figures, also fuelling inbound growth in their respective regions. According to the World Travel & Tourism Council's 2011 World Travel & Tourism Impact report, the travel and tourism sector constitutes 10.4% of world GDP (+0.2% compared to 2017), for a total of around 8,811 billions of dollars, with an expectation of growth of 3.6% in 2019 and 3.7% in 2029 (+11.5% of world GDP with 13.085 billion dollars). On a global level, in the tourism sector about 319 million people were employed in 2018, accounting for 10% of the total number of workers, with estimates of growth of 2.9% for 2019 (more than 328 million people) and of 2,5% in 2029 (almost 421 million which would represent 11.7% of total employment).

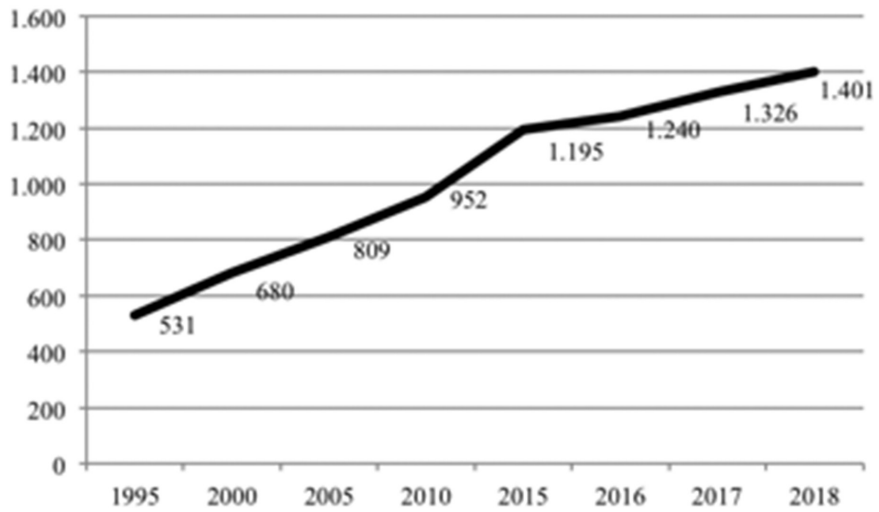

Figure 1. Trend of international tourist arrivals (millions)
Source: Own creation inspirated by UNWTO, 2019

3.2. Italy

In 2018, according to UNWTO data, Italy ranked fifth in the world for international tourist arrivals on holiday (with just over 62 million arrivals) and, compared to 2017, lost a position with the inclusion of China in fourth place (almost 63 million). France (89 million), Spain (83 million) and the United States (80 million) are confirmed in the first three positions (Figure 2). It seems remarkable the increase in 2017 when Italy, with a +7% was the country with the highest growth rate among the first five mentioned, since the increase fluctuates between 1% and 4%.

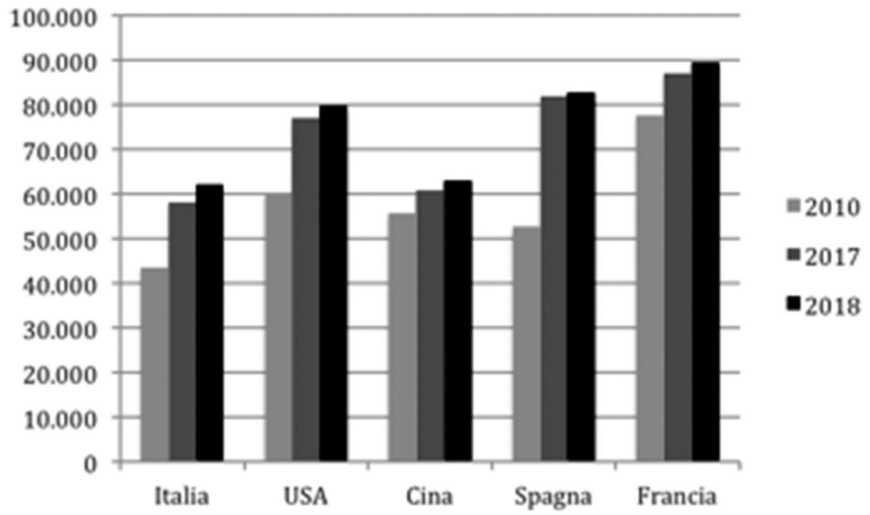

Figure 2. International tourist arrivals by country of destination (millions)
Source: Own creation inspirated by UNWTO, 2019

In 2018 Italy ranked sixth in the world in terms of turnover from tourism with 49 billion dollars according to UNWTO estimates, with an increase of 7% compared to the previous year (Figure 3). Also, in this case this rate is the highest compared to the first five (USA, Spain, France, Thailand, United Kingdom), which fluctuate between 2% and 6%.

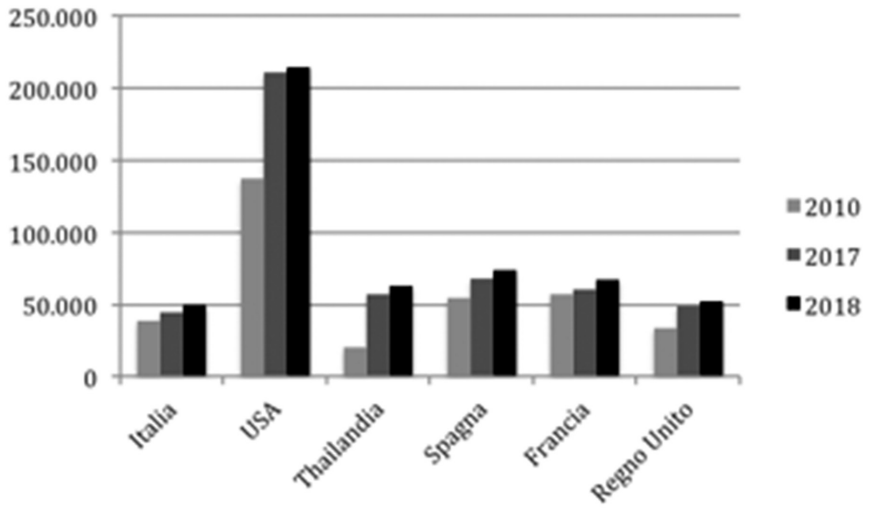

Figure 3. International tourism receipts by country of destination
Source: Own creation inspirated by UNWTO, 2019

ISTAT data state that in 2018 Italian hospitality establishments recorded about 428.8 million presences and 128.1 million arrivals, numbers that represent a new historical peak, surpassing the peak already reached in 2017. Italy is the third Country in Europe for the number of presences in hospitality establishments 13.6% of the total of the EU28, after Spain and France. Domestic demand for tourism shows an increase in both arrivals (+3.6%) and presences (+1.1%) of customers living in Italy. The increase in resident customers has mainly affected presences in non-hotel structures (+1.7% compared to 2017). The survey reveals that 36.2% of tourists prefer historical-artistic towns, 21.2% seaside resorts, 10% mountain resorts.

Germans remain the first to choose Italy as a holiday destination; in 2018 they reached almost 59 million nights spent in the hospitality complex (27.1% of the total number of non-resident tourists). Followed by tourists from the United States, France and the United Kingdom and around 5%, those coming from the Netherlands, Switzerland, Liechtenstein and Austria. The most visited Italian cities are Rome with about 29 million presences (6.8% of the national total; 4.1% of the national clientele and 9.4% of the foreign one), Venice which joins Milan in second place (both with about 12,1 million presences, equal to 2.8% of shares of the national total).

ENIT survey carried out in 2018 involved 137 Tour Operators (88 in Europe and 49 in the rest of the world) and showed that, besides tourism in seaside and mountain resorts, the most requested tourist products for the Italian destination are art cities, food and wine tourism, cycling tourism, shopping tourism and outdoor tourism. The Italian cultural heritage is unique in its kind, also thanks to other contents such as the quality of the cuisine and the excellence of Made in Italy (AA.VV., 2019). It is particularly appreciated by travellers coming from the most distant countries, those who come back after previous holidays, people who visit Italy for the first time and from young tourists (Filippone et al., 2019).

In 2017, the "2017-2022 strategic tourism development plan" was defined by the Ministry of Cultural Heritage and Activities and Tourism (MIBACT, 2017) and contains the objectives of innovating, specializing and integrating the national offer; increase the competitiveness of the tourism system; develop effective and innovative marketing; implement efficient and participatory governance in the process of drawing up and defining the Plan and tourism policies.

3.3. Apulia

Apulia boasts a prestigious historical, artistic and cultural heritage and this gives it an important competitive advantage in the panorama of national tourist destinations. Its strength lies in regional and religious tourism, food and wine and the rural landscapes. The geographical position as a crossroads between the West and the East and the many kilometres of coastline are other elements that tempt tourists to choose the region as a holiday destination. The ISTAT/SPOT data (Apulia System for the Tourist Observatory) confirm a growth of the sector in the first half of 2019: +2% arrivals and presences from January to June compared to the same period of the previous year (1.6 million of arrivals and 4.4 million admissions/overnight stays). From 2013 to 2018, arrivals and presences in the region increased by +27.5% and +14%; growth from abroad was +71% and +45% and involved travellers from Germany, France, USA, Australia, Russia, Spain, Southeast Asia, Romania, Turkey, Ireland, Canada and Brazil.

An outstanding feature is that in Apulia, as well as in other countries, there has been a strong growth in the Airbnb phenomenon. According to the analysis of New Mercury Consulting on ISTAT data and Inside Airbnb (2018) by Pugliapromozione, Apulia is in fifth place (after Lombardy, Lazio, Sicily and Tuscany) with more than 36 thousand active ads on online portals. The number of beds surveyed by ISTAT is 278,170 while those not officially recorded are 110,361 (almost a third of the total accommodation offer). Airbnb beds are respectively distributed in the provinces: 60.1% Lecce, 14.3% Brindisi, 10.7% Bari, 7.7% Taranto, 5.8% Foggia, 1.4% BAT.

Based on data published by the Bank of Italy on international tourism, in relation to the second quarter of 2019, it emerges that the total expense of foreigners in Apulia was 195 million euros (-5.8% compared to the same period in 2018); the number of travellers was 771,000 (+13%); the number of overnight stays was 4,039,000 (-11.4%).

The three giants of global publishing National Geographic, Lonely Planet and New York Time have awarded Apulia with the recognition of the most beautiful region in the world in 2016 (for the second time since 2014) thanks to the Baroque architecture, to the extraordinary historical monuments, to the evocative Greek and Neolithic archaeological sites, to the most beautiful beaches in Italy, to the cliffs overlooking the sea, to the caves of Castellana, to amazing Polignano a Mare, to the pleasant towns such as Ostuni and Locorotondo. Another award was given by Lonely Planet to the city of Bari, as the fifth best European destination for summer 2019 and the only Italian destination, appreciating its historic centre, good food and culture.

In 2018 Travel Appeal analysed the offer, the reputation of the territory and the satisfaction of travellers in Apulia; the result was that online reviews have increased by 46% and traveller satisfaction is over 86% of positive sentiment, (+1.3% compared to 2017). The French are the main reviewers in Apulia (16% of the total reviews) and the Americans are the most satisfied (87.5%). In the analysis, the very positive comment (94.5%) on the reception, on the appreciation of the structures position (94.2%) and on the quality of the internal catering (85.9%) is of great importance. There are aspects to improve about the quality of the Internet connection, the accommodation facilities, the quality/price ratio and the quality of the rooms. Travellers' general satisfaction about Apulian museums and attractions is high, equal to 88.4% of the reviews.

4. PUBLIC CONTRIBUTIONS TO ENTERPRISES OPERATING IN THE SECTOR OF TOURISM, WITH PARTICULAR REFERENCE TO THE APULIAN REGIONAL CONTEXT

In the first place, this paragraph presents a systematic review of the reasons underlying the intervention of public administrations, through public contributions, in the economy. In the second place, the mechanisms for evaluating the degree of effectiveness of business-supporting measures in economic and social terms are described, with particular reference to enterprises operating in the sector of tourism.

4.1. The intervention of public operators in economy through public contributions and the economic and social effects of incentive policies for enterprises

The intervention of public administrations in favour of enterprises is commonly based on the presence of disequilibria in the market where those very enterprises operate. The economic analysis shows that contributions to enterprises are justified only when markets cannot achieve socially desirable goals (David et al., 2000; Doraszelski, 2008; Giavazzi et al., 2012; Malavasi & Vallascas, 2006), or in the presence of the so-called market failures (Stiglitz, 2000). In other words, in those situations where economy produces a sub-optimal quantity of a given good, a public contribution might help to restore a socially optimal production level (Giavazzi et al., 2012).

Theoretically, six causes have been detected, due to which the market mechanism cannot give rise to an efficient allocation of resources, namely: competition inadequacy; public goods; externalities; incomplete markets; lack of information; unemployment.

In practice, however, although the various contributions to enterprises show different elements of heterogeneity, there are three main hypotheses of market failures, such as negative externalities, information asymmetries that bring about financial constraints and the support to economic activities in underdeveloped areas (Giavazzi et al., 2012), which justify the intervention of public administrations. However, the presence of one or more causes of market failure is a necessary – albeit not sufficient – condition to justify public intervention and to guarantee its effectiveness.

Moreover, in the face of the potential benefits it may entail, public intervention can be a harbinger of negative effects for enterprises, namely: regulatory uncertainty, distortions induced by the political market, sustaining access and administration costs of contributions.

4.2. The evaluation of the economic and social effects of incentive policies for enterprises by public administrations, with particular reference to the Italian context

The evaluation of the effects and of the economic and social effects of incentive policies for enterprises by public administrations has been widely discussed over the two last decades on both a national and an international level (Dessalvi et al., 2017).

Lacking negative consequences for enterprises, the effectiveness of public interventions can be achieved when the contribution either brings about additional activities or does not finance activities that a firm would perform regardless.

Many studies can be found at an international level on the degree of effectiveness of the various support measures to enterprises (Girma et al., 2007; Harris. 1991; Tzelepis & Skura, 2006). However, considering that incentive policies show many differences in terms of time, sector and country system, it is almost impossible to define an overall assessment of those very policies. Such a characterization surfaces in particular with reference to the incentives granted within regional or local policies, whose evaluation derives from the structure of the programme under analysis and from the features of the individual country or regional context.

With reference to the Italian context, despite the long tradition of public incentive policies to enterprises promoted with the aim of favouring the economic development of some underutilized areas of the Country, the analysis of literature shows that only during the last twenty years the topic of impact assessment of the above-mentioned policies has become the focus of the academic and political debate (Pierleoni, 2012).

In particular, in the present economic and social context, understanding the level of success of a given incentive measure for enterprises in terms of effectiveness and efficiency becomes more and more necessary (Sisti, 2007), given the dual need of public administrations to operate with ever-decreasing public resources and to avoid mistakes (Martini & Trivellato, 2011).

The evaluation of the economic and social performance of public contributions to enterprises, with regards to the territorial context of reference, concerns the capability of those very enterprises to distribute the benefits deriving from their activity on the territory, in terms of increase in the level of investments, employment and in the additionality rate of investments.

With regards to the three above-mentioned variables, the study by Guelfi & Ercoli (2008), integrated by our own review of the analyses published from 2008 onwards, contributes to carrying out a systemization of the evidence emerging from the most important research carried out over the two last decades, with reference to the Italian context.

First of all, as far as the investment variable is concerned and with reference to many measures analyzed (law 488/92; tax credit for investments and regional laws), no univocal results are found (Bagella et al., 2004; Bronzini & de Blasio, 2006; Bronzini et al., 2007; Capuano et al., 2002; Gabriele et al., 2007).

Second, as far as the employment variable is concerned, different positions are found. Results are generally positive with regards to the evaluation of law 488/92 (Adorno et al., 2007; Bernini et al., 2006; Bia & Mattei, 2007; Carlucci et al., 2001; De Castris & Pellegrini, 2006; De Castris & Pellegrini, 2005; Pellegrini & Carlucci, 2004; Pellegrini & Carlucci, 2003) and to programme contracts (D'Amico & Biscotti, 2011), whereas they are not significant for all the other incentive measures under analysis, such as tax credit for new employees, European Structural Funds and training courses (Bondonio & Greenbaum, 2006; Cipollone & Guelfi, 2006; Montanino, 1999).

Finally, as far as the incentives' additional effects are concerned, particularly in the field of activities of research and development, contribution policies to enterprises do not seem to have caused any such effect (Danielis, 2006; Merito et al., 2007).

4.3. The evaluation of the economic and social effects of incentive policies for enterprises by public administrations, with particular reference to the sector of tourism

With reference to the study of the role of public administrations and of the reasons underlying the grant of public contributions to the tourist sector operators, many scientific contributions are available (Hardin, 1968; Hughes, 1986; Smeral, 1998; van Beers & de Moor, 2001; Aquino et al., 2003; Durbarry, 2004; Shubert & Brida, 2008). The scientific production about the relation between public contributions to the tourist sector and the performance of the territorial context of reference, on the other hand, is less abundant and its results are not equally univocal (Fleischer & Felsenstein, 2000; Aiello & Pupo, 2005; Cassar & Creaco, 2012).

The gap pertaining the analysis of the effects resulting from the grant of contributions to individual tourist enterprises, on the other hand, appears to be decidedly significant. As a matter of fact, such a gap is beginning to be filled, thanks to the recent and excellent work carried out by Dessalvi et al. (2017), who, through the research method of the multiple case study conducted on five Sardinian hotel enterprises benefiting from regional subsidies, focus their analysis on two questions, that is to say, whether: 1) obtaining such contributions brings about an increase in the economic and social performance of the enterprises operating in the tourist-receptive sector; 2) public contributions appear as effective and adequate for the tourist-receptive sector. These scholars investigate on the effects of public contribution policies on beneficiary enterprises, in terms of both economic and social impact, and carry out an assessment in terms of effectiveness and efficiency in the use of public resources in the tourist-receptive sector.

5. THE FINANCING OF THE SECTOR OF TOURISM BY THE REGIONAL GOVERNMENT OF APULIA THROUGH THE SO-CALLED "TITLE II TOURISM SECTOR 2014-2020"

As previously stated, the aim of this work is to assess the economic and social performance of the public contributions allocated to the enterprises operating in the sector of tourism in Apulia through the financing tool called "Title II Tourism Sector" within the 2014-2020 Regional Operational Plan.

In other words, this work tries to highlight the ability of the Apulian enterprises operating in the tourism sector and beneficiaries of a public contribution granted by the Title II Tourism Sector to spread the benefits deriving from their own activity in the regional context of reference, in terms of impact on economic and social well-being (Dessalvi et al., 2017).

This paragraph, therefore, will deal with the systemisation of the main analyses aimed at evaluating the incentive policies for enterprises (paragraph 4), at defining the financing tool under analysis called "Title II Tourism Sector" 2014-2020 (para 5.1) and at highlighting the first results achieved following its implementation (para 5.2).

This work has to be considered as an exploratory study, given both the articulation and composition of the data utilised and their "natural" provisional nature, as the instrument in question is part of the ongoing 2014-2020 programming, whose final effects shall be assessed only in the years to come.

5.1. Description of the policy instrument

The *Title II Tourism Sector* financing tool is part of a range of flexible incentive schemes devoted to enterprises, designed to facilitate new enterprise investments, made available by the Apulia Regional Government, through the regional in-house agency Puglia Sviluppo.

Title II Tourism Sector represents a financing scheme which supports investments in the tourism sector, aimed at contributing to the consolidation or renovation of existing tourism and hotel facilities and/or to the creation of new tourism enterprises in the region.

In the 2007-2013 period, the policy instrument under consideration was launched in April 2009 and remained operational until June 2014 with a one-stop-shop approach.

This instrument has been revived with some changes also in the current 2014-2020 programme. It is targeted to micro, small and medium enterprises located in Apulia. The *Title II Tourism Sector* instrument supports investment projects for existing enterprises already located in Apulia or for new ones to be located within the region, aimed at the following types of business initiative (*eligibility criteria*):

- expansion, modernisation and renovation of existing tourism or hotel properties, including property facilities (such as bars, gyms, swimming pools, spas, etc.) as well as projects aimed at removing architectural barriers, renewing, upgrading and improving the environmental impact of existing facilities;
- construction or modernization of beach resorts, including areas for restaurants, bars, car parks and yacht mooring facilities;
- construction and/or management of yachting marinas;
- construction of tourism and hotel facilities through the consolidation, renovation and conservative restoration of buildings that are considered part of the region artistic, architectural and historical heritage;
- consolidation, preservation and restoration of rural buildings, farmhouses, trulli (a trullo, plural - trulli, is a traditional Apulian dry stone hut with a conical roof), towers, fortifications, with the aim of transforming them into hotels, without altering their original dimensions and volumes and maintaining their original architectural and artistic features;
- creation of newly planted "green areas" of at least 100 hectares (including the construction of cycling routes, sports trails, eating places, etc.), including publicly owned areas, the access to which is shared with facility management firms.

The call indicated some minimum and maximum investment limits. Firstly, funding is available for investment projects with overall eligible expenditure and costs, totalling a minimum of 30,000 euros. As to the maximum threshold, the reference was not to the investment cost, but to the bank's credit. The maximum amount of funding available is 2 million euros for investment projects submitted by medium-sized enterprises and 4 million euros for investment projects submitted by micro and small-sized enterprises.

Enterprises active in the following business sectors (ATECO – Classification of economic activity code) are eligible for funding (Eligible business sectors):

a) Section H, limited to category 52.22.09 "Other service activities for maritime transport and water transport" with reference exclusively to the enterprises carrying out investment for the management of marinas and boat storage;

b) Section I, limited to division 55 "Accommodation" with some exceptions;
c) Section N, limited to categories: 77.21.01 "Bike rental", 77.21.02 "Rent of boats without crew (including pedal boats)", 77.21.09 "Rent of other sport and recreational facilities", 77.29.1 "Rent of table, bed, bath linen", 77.39.94 "Rent of facilities and equipment for demonstrations and shows", and groups: 79.1 "activities of travel agencies and tour operators"; 79.9 "Other reservation services and related activities" as long aimed to offer tourist services and 82.30 class "Organisation of conventions and trade shows";
d) R, limited to the following divisions: 90 "Creative, artistic and entertainment activities", 91 "Activities of libraries, archives, museums and other cultural activities", and some activities included in division 93.

This instrument could finance seven types of expenditure (eligible expenditure) namely: i) Purchase of land: up to 10% of investment in tangible assets; ii) construction works and similar; iii) specific infrastructure works; iv) engineering studies and works management, up to 5% of expenditure for construction works and similar; v) machinery and plant facilities; vi) computer programmes; vii) technological transfers through the acquisition of patents and licenses connected with the enterprises' needs.

The funding is available as set out below: a) up to 35% for medium-sized enterprises; b) up to 45% for micro and small enterprises. Funding levels are calculated on the overall interest payments of agreed bank loans, irrespective of the overall investment budget, on maximum loan values of: a) 4,000,000 euros for medium–sized enterprises; b) 2,000,000 euros for small and micro-enterprises. Additional funding is available on investments in new machinery and equipment for a maximum of 20% of the eligible costs, for a total of up to 800,000 for medium–sized enterprises and 400,000 euros for small and micro-enterprises.

In the 2014-2020 period, as well as in the 2007-2013 period, regional agency Puglia Sviluppo was given the responsibility for its implementation. In particular, Puglia Sviluppo was in charge of screening the applications received mainly on the basis of the consistency of their financial plan and expenses. Applicant enterprises had to include indicators on the employment expected to be generated by the investment, distinguishing between male and female employees at the time of applying to Title II and expected by the end of the investment project. However, these indicators were not binding and were not used to rank projects. Investment projects were selected or refused individually one at a time, with no competition among different projects.

5.2. First results emerging from the implementation of the "Title II Tourism Sector" financing tool during the 2014-2020 period

Based on the data supplied by Apulia Region and Puglia Sviluppo and on our own processing by 7th November 2019, the total number of applications for the grant amounted to 962. As illustrated by the data on the number of applications received per year (table 1), the financing tool started to gain popularity in 2016, when 219 applications were submitted when the macroeconomic scenario started to improve. The number of applications increased to 255 applications in 2016, due to an improved knowledge of the tool by both enterprises and consultants.

When referring to the province where applications were submitted (table 2), there is prevalence of applications submitted by enterprises located in the province of Lecce, amounting to about 41% (392 applications) and in the province of Bari, amounting to about 26% (246 applications),

followed by the provinces of Foggia, Taranto, Brindisi and BAT, respectively with 97, 96, 89 and 41 applications.

Table 1. Number of applications submitted per year

Year	Number of applications	Investment carried	Potential Public contribution
2015	99	36.506.934,18	13.613.847,01
2016	219	94.078.318,47	34.117.585,93
2017	255	130.478.497,91	47.775.527,41
2018	217	102.144.276,31	38.273.847,19
2019	172	92.539.350,88	34.334.031,01
Total	962	**455.747.377,75**	**168.114.838,55**

Source: Own processing based on Apulia Region and Puglia Sviluppo data

Table 2. Number of applications submitted by province

Province	Number of applications	Investments carried	Potential Public contribution
Bari	246	98.022.198,45	36.964.886,03
BAT	41	15.778.004,65	5.499.300,52
Brindisi	89	41.414.790,77	13.956.718,19
Foggia	97	59.861.411,91	23.057.935,80
Lecce	393	211.053.895,64	78.007.606,34
Taranto	96	29.617.076,33	10.628.391,67
Total	962	**455.747.377,75**	**168.114.838,55**

Source: Own processing based on Apulia Region and Puglia Sviluppo data

When referring to the size of the enterprises which submitted an application to financing (table 3), a clear-cut majority is observed in micro-enterprises (with about 800 applications, amounting to 83.16%), compared to 132 applications from small enterprises (13.72%) and to 30 applications (3.12%) from medium-sized enterprises.

Table 3. Number of applications submitted by size of enterprises

Size	Number of applications	Investment carried	Potential Public contribution
Medium	30	37.192.435,37	12.981.275,24
Micro	800	337.756.191,03	127.040.973,43
Small	132	80.798.751,35	28.092.589,88
Total	962	**455.747.377,75**	**168.114.838,55**

Source: Own processing based on Apulia Region and Puglia Sviluppo data

When referring to the types of business initiative the utilisation of the financing tool is observed mainly for the expansion, modernisation and renovation of existing tourism or hotel properties, including property facilities (572 applications), for the construction of tourism and hotel facilities through the consolidation, renovation and conservative restoration of buildings that are considered part of the region artistic, architectural and historical heritage (206 applications) and for the consolidation, preservation and restoration of rural buildings, farmhouses, trulli, towers, fortifications (100 applications).

5.3. Results of implementation of the Title II Tourism Sector financing tool during the 2014-2020 period

When referring to the applications submitted by 7th November 2019 and to the activities carried out by Puglia Sviluppo, also considering what reported in the very applications, the financing tool under examination is leading to important results in terms of investment volume and jobs created.

First of all, by 7th November 2019, out of 962 submitted applications – 172 of which in 2019 alone – 633 have been admitted to financing. The total volume of the investment carried out by enterprises and leveraged by the grant amounted to around 300 million euros, against a public contribution of about 108 million euro. In particular, tables 24 and 25 show results in terms of the overall volume of investments that can be activated and of contributions that can be granted, both on a geographical and a size basis.

The geographical distribution of beneficiary enterprises (table 4) is as follows: around 40% of projects were carried out in the province of Lecce and 27% in the regional capital city of Bari. These result can be explained by the fact that, while Lecce is the Apulian province with the greatest tourist vocation, the province of the regional capital city of Bari has the highest number of enterprises in the region, but also by the fact that information about public support tools from business associations and consultants is more fluid in this area.

Table 4. Distribution of beneficiaries by province

Province	Number of applications allowed	Investment approved	Public Contribution approved
Bari	170	70.668.138,58	25.370.055,32
BAT	26	11.641.794,54	4.133.287,54
Brindisi	54	23.281.837,99	8.225.287,54
Foggia	69	47.455.905,91	18.081.515,61
Lecce	250	128.098.537,57	46.096.293,47
Taranto	64	19.190.137,38	6.804.512,15
Total	633	**300.336.351,97**	**108.710.951,63**

Source: Own processing based on Apulia Region and Puglia Sviluppo data

In relation to the size of beneficiary enterprises (table 5), micro enterprises account for the widest group of beneficiaries for the policy instrument: more than eight projects out of ten (82%) were carried out by this type of firm. The average volume of the investment carried out by micro enterprises and leveraged by the grant amounted to around € 413.000, against an average of almost € 630.000 for small enterprises and of almost € 1.271.000 for medium-sized enterprises.

Table 5. Distribution of beneficiaries by size

Province	Number of applications allowed	Investment approved	Public Contribution approved
Medium	22	27.968.824,12	8.714.080,54
Micro	520	214.956.782,97	79.895.955,31
Small	91	57.410.744,88	20.100.915,77
Total	633	**300.336.351,97**	**108.710.951,63**

Source: Own processing based on Apulia Region and Puglia Sviluppo data

The aid intensity (share of total public contribution over the investment volume) is almost equal across different beneficiary sizes, being about 37%, 35% and 31% for projects implemented by micro, small and medium-size enterprises respectively.

The average aid intensity per project slightly increased over the years, from 35.81% in 2015 to 37.84% in 2019.

Last, and always with reference to the analysis of the applications admitted to financing, the potential employment impact of the instrument in question can be noticed (table 6). As a matter of fact, compared with 4,177 jobs at the time of the application submission, an increase to 5,787 jobs could be attained, which would account for an occupational increase by 1,609 jobs.

Table 6. Potential employment impact

Province	Number of applications allowed	Jobs at the time of the application submission	Potential jobs at the end of the investment	Potential increase in employment
Bari	170	776,1	1153,93	377,83
BAT	26	168,38	266,40	98,02
Brindisi	54	287,74	430,41	142,67
Foggia	69	427,94	620,96	193,02
Lecce	250	1918,96	2512,41	593,45
Taranto	64	598,37	802,89	204,52
Total	633	**4177,49**	**5787,00**	**1609,51**

Source: Own processing based on Apulia Region and Puglia Sviluppo data

6. CONCLUSION

Tourism in Apulia is a driving force for the development of the territory, an instrument for promoting the landscape and cultural heritage. The Region has adopted a strategic Plan for tourism, for the period 2014-2020, the result of open participation to citizens, municipalities, parties, associations, businesses and trade unions, which transversely involves the culture, tourism, agriculture and internationalization sectors. The goal is to increase the competitiveness of Apulia in Italy and abroad, increase the flow of international tourists and give a positive boost to the seasonal adjustment, promoting organizational and technological innovation (Martini, 2015). The data presented show the attractive force that the region has compared to other tourist destinations and this represents a challenge for the Regional Administration to take advantage of in order to make the most of the elements of the territory and give impetus to an expanded economic development that goes beyond the tourism sector. Aid policies for tourism operators must be understood as an input to support growth for the entire regional economy.

The results achieved in the implementation of the financing tool under examination, which must be considered with caution given the type of data available, indicate that the aid policy (the financing instrument in question) suggests that these public subsidies are achieving positive effects on the territory of reference. In other words, granting public subsidies to the enterprises operating in the tourist sector in Apulia improves both the volume of implemented investments and the level of employment.

The present analysis, anyway, has some limitations. First of all, results are provisional and partial, as the 2014-2020 programming period is still under way. Second, only the economic and social effects deriving from the implementation of the "*Title II Tourism Sector"* financing tool on the territorial context are taken into consideration.

Moreover, despite the above-mentioned limitations, the results achieved underline some important operational implications for regional policy makers such as Apulia Region and its in-house company Puglia Sviluppo. The same implications were pinpointed with reference to the aids granted to investment projects submitted by micro and small enterprises in Apulia by the so-called "Title II" tool in the 2007-2013 period (Report EC, November 2015, p. 45); in a regional context where the majority of enterprises are individual entrepreneurs or micro size businesses, operating in traditional and low-tech sectors, suffering from the shrinkage of both consumption levels and bank credit, *Title II Tourism Sector* was seen by tourism enterprises as an important support opportunity.

Designed as an instrument of investment promotion, business growth and employment generation, the Managing Authority made it the main tool to mitigate the effects of the crisis on the most vulnerable categories of enterprise and to increase the tourist firms' propensity to access public funds and, thus, to undertake new investment projects in the tourism sector.

Ultimately, it is possible to define some paths for the future development of research. First of all, it is necessary to consider the economic, financial and property dynamics of the tourist enterprises that benefit from the contribution under examination. Secondly, the analysis of the afore-mentioned dynamics could be compared - in the light of a counterfactual logic - with the dynamics observed in a sample of enterprises that do not benefit from such public contributions.

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TOURISM DEVELOPMENT POTENTIALS IN GOLUBAC MUNICIPALITY WITH A SPECIAL FOCUS ON ITS CLIMATE

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Abstract: *The aim of this paper is to present the potentials of Golubac municipality for tourism development. In fulfilling the stated aim, the first step is to outline the position of Golubac municipality on the geographic and tourism map. This is followed by defining municipality's environmental and anthropogenic tourism resources, focusing in particular on its climate, after which attention is turned to available accommodation facilities and tourist turnover. As regards the methodology used in the research, the statistical method has been employed to determine the weather conditions, tourism climate index (TCI) and water temperature regime of the Danube for the period 1991-2010. The same method has been used to calculate the number of accommodation facilities (units), tourists and overnight stays in Golubac municipality in the period 2009 – 2018, as well as the average length of stay, functionality index, occupancy rates, and functionality score. Other methods used are analysis and synthesis and the field method. Research results point to a conclusion that tourism potentials of Golubac municipality have not been fully realized and that the tourism industry has not been sufficiently developed in this municipality.*

Keywords: *Golubac Municipality, Potentials, Tourism.*

1. INTRODUCTION

The municipality of Golubac lies in the northeast of Central Serbia, in the east part of the Danube River Basin. It is surrounded by the municipalities of Veliko Gradiste to the west, Kucevo to the south and Majdanpek to the east. Running along its northern border is the River Danube, which forms a state border with Romania. The municipality covers an area of 367 square kilometres and belongs to the class of small municipalities. According to the 2011 Census, there were 8654 residents living in 24 settlements (Statistical Office of the Republic of Serbia). The territory of this municipality is rather sparsely populated, with twenty-five residents living on one square kilometre (Statistical Office of the Republic of Serbia). Golubac belongs to the class of municipalities in which agriculture is the main branch of industry, with high percentage of active population working in the primary sector. The growth of other types of industries, in particular tourism, has been fairly recent. A 102-kilometre network of classified roads stretches across the territory of Golubac municipality. The arterial road number 25/1, also known as the Iron Gates Thoroughfare (Serbian: *Djerdapska magistrala*), which links Pozarevac and Kladovo via Veliko Gradiste, Golubac and Donji Milanovac, runs along the northern border of this municipality, from the west to the east, along the Danube valley. Three regional roads, specifically Branicevo – Ljesnica, Golubac – Malesevo – Zelenik and Golubac – Turija, branch off from the arterial road. There are also local roads linking settlements to arterial and regional roads in the municipality. In Golubac municipality, inland waterways are used only for hauling away building stones. As regards railway transport, its relevance to tourist arrivals in Golubac municipality is marginal since there is only a two-kilometre single-track railway passing through the municipality from Pozarevac to Majdanpek, south-west of the village of Klenje (Group of authors, 1990).

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2. NATURAL TOURISM RESOURCES OF GOLUBAC MUNICIPALITY

The municipality of Golubac hosts a number of relief elements that can be classified as tourist attractions. Firstly, the Iron Gates consists of the Golubac Gorge, the Valley of Liubcova and a segment of the Gospodjin Vir (Lady's Eddy) Gorge. Then, there is a gorge of the River Brnjicka, with a road hewn into the rocks leading to Veliki Izvor and a lookout point on the Crni Vrh mountain peak. What is also worth mentioning are tufa deposits located in the vicinity of Tuman Monastery, as well as a scenic viewpoint in the village of Strmac, overlooking the Kozice Valley, and an observation point located on a saddle between the valleys of rivers Kozica and Pesaca. All these localities are situated within the bounds of the Iron Gates National Park, which covers a total of 63,608 ha. 28.5 percent, or 16,025 ha to be precise, of the surface area of this national park are situated in the municipality of Golubac, thus accounting for 49.3% of its total surface area (Group of authors, 1990). The park boasts exceptionally valuable geomorphologic, hydrologic, biogeographic, historical and archaeologic features. The attractions listed above, as well as other resources, have been placed under a special protective regime, presently being managed in an organized way and increasingly used to promote tourism. With its natural, cultural and historical assets, the Iron Gates has a potential for growing transient tourism and increasing the number of longer-stay tourist. In addition, because of the fact that it lies within the bounds of a national park, it also has a potential for growing recreational tourism.

The Golubac Gorge forms the first of many narrowings of the Danube in the Iron Gates. This 13.5 km long ravine features 300-meter high steep rocky walls towering over the river. The rocky walls are especially high along limestone stretches. Remains of river terraces created when the level of the Danube used to be higher have been preserved on both sides of the valley, in particular on the Serbian side. Cave entrances can be seen in a number of places and there are also several karst springs. The average width of the Gorge is 400 meters. It actually varies between 230 meters at its narrowest point and 1600 meters at its widest point, nearby the village of Brnjica (Lazarević R, Kirbus B, 1996; Lukić D, 2005, a; Lukić D, 2015). Several, rather small tributaries flow into the Danube in the Golubac Gorge. These side streams are the Begbunar and Dubasnica streams on the Serbian bank and two streams on the Romanian side called Alibeg and Sumice. The largest tributary flowing in the gorge is the River Brnjica, which runs for 23 km and whose basin covers an area of 77.4 square kilometres. The Brnjica River is formed at the confluence of two streams, Kljucata and Radenka. From that point on, the canyon of the Brnjica is between 250 and 420 meters deep, running all the way to the mouth of the Rakovica. The Brnjica river valley is best described as ravine-like downstream of the mouth of the Rakovica. A number of rocky masses and screes appear on both sides of the valley, resulting from erosion, rock disintegration and gravitational processes (Mihajlovski P, 1970).

The Danube flows through **Liubcova Valley** for twelve kilometres, stretching from the mouth of the River Cezava on the Serbian side to Suva Reka on the Romanian side of the border. The valley was formed by separation of tectonic plates. It has been deepened between the fault lines running along the meridian and cutting through the Danube riverbed (Lazarević R, Kirbus B, 1996; Lukić D, 2005, a; Lukić D, 2015). The valley has been carved into limestone, shale, andesite and gneiss rocks, while its central part is made of clay and sand dating back to the Neogene period. The sides of the valley rising over the river to a height of 150 meters have been cut through by the valleys of several streams such as Glavicica, Turski, Slanski, Birkin and Cvetni on the Serbian side and Kamenica, Oravica, Berzaska and Suva Reka on the Romanian side of the border. Inlets have formed at the mouths of these tributaries by means of accumulation,

which is the reason why their banks are very dissected. Before an artificial lake was created at the mouths of these side streams, the majority of which are torrents, it was possible to see alluvial fans, but they are presently under the water. The longest tributary flowing into the Danube in Liubcova Valley is the River Dobra. The basin of this 14-kilometre long river has a surface area of 55.7 km^2. Although the Dobra River has carved a gorge in its upper course, downstream, it has a regular valley with a wide alluvial plain known as "Dobransko Polje" (400 m) (Mihajlovski P, 1970; Lukić D, 2005, a; Lukić D, 2015).

The second narrowing of the Iron Gates is known as **Gospodjin Vir** (Lady's Eddy). It is 13 kilometres long and carved in limestone, sandstone, gneiss and porphyritic rocks rising 300 to 500 meters over the river. At this stage of the river course, the width of the Danube ranges between 220 and 380 meters. A number of underwater rocks emerge from the Danube riverbed in this gorge. The most notable ones are Kozla and Dojke formed from Neocomian limestone, then Bivoli, Izlaz and Tahtalija built of quartz-porphyry and finally, Vran, which is made of limestone. There used to be many whirlpools between these underwater rocks. Deep, giant potholes also have names. The most notable ones are Mackov, Veliki and Mali Simin. They were created by powerful water erosion processes and measure five to six meters in diameter. They are also very deep. For instance, a giant pothole near Greben measures 30 meters in depth, while the greatest river depth of 82 meters was measured at another pothole nearby the bluff known as "Pjatra Lunga" (A Long Stone) before the creation of a reservoir. If those giant potholes have not been filled by deposits after the formation of the artificial lake, the water in them is surely more than 100 m deep. Before the building of a dam and formation of Lake Djerdap, the strongest whirlpool in the Iron Gates named Girigari was located one kilometre downstream of Pjatra Lunga. The River Boljetinska is the most noteworthy of all tributaries that flow into the Danube at Gospodjin Vir. Its composite river valley is made of a number of narrowings and widenings. This is another river that has an alluvial fan created at its mouth and enters into the Danube in the form of a cup (Mihajlovski P, 1970; Lukić D, 2005, a; Lukić D, 2015; Cvijić J, 1926).

Tufa deposits located in the vicinity of Tuman Monastery lie to the south of Golubac, in a valley carved by the Kamenica stream. The valley of the Kamenica is narrow and deep, and because it faces north and is covered in forest, it is very shady. Rather small-scale tufa deposits have been formed at the centre of the valley, at some 250 m a.s. l. and 1.1 kilometre downstream of the place at which the Kamenica flows into the River Tumanska, at the foot of the right side of the valley. They have a shape of a fan-like terrace and scale approximately 14 m in height, covering a surface area of 8550 square meters. The deposits were created at a place where a karst spring comes up and limestone and schists come into contact with each other. They represent a geomorphological and hydrological natural monument of national importance that has been placed on the inventory of Serbian geo-heritage (Gavrilović D, Kovačev N, 2009).

The River Danube represents the backbone of the Serbian Danube Basin. The Danube runs through Serbia for 588 km. Its left bank belongs to Romania starting from the mouth of the River Nera. The right bank belongs to Serbia, all the way to the mouth of the River Timok. A boathouse called Kisiljevo is located at the river kilometre 1062 and it leads to an embankment that separates Silver Lake (Serbian: *Srebrno jezero*) from the Danube. A town of Veliko Gradiste, the mouth of the River Pek where it flows into the Danube, Pozezeno and Vinci are located downstream of Kiseljevo, each at a distance of two kilometres of each other. The Isle of Moldova Veche (Serbian: *Moldavsko ostrvo*), which belongs to Romania and whose both branches are navigable, extends therefrom to Golubac. A regatta venue, where Serbian sailing

championships are organized every year because of the windiness of the site, is located just outside Golubac. Two villages, Brnjica and Dobra, are situated downstream of Golubac. Results of a water-level analysis show that the section of the Danube flowing through Serbia belongs to the nivo-pluvial type of river regimen (Botev Lj, Dojkov V, 1980; Dunavska komisija, 1989; Lukić D, 2015). Since the "Djerdap I" Hydropower and Navigation System was built and the artificial lake called Lake Djerdap was formed, these Danube waters have no longer been subject to the natural river regime. Data obtained at the Veliko Gradiste stream gauge during the period 1991-2010 were used to analyse the temperature regime of the Danube. The mean annual temperature of the River Danube over the observed period was 13.3ºC. The peak high temperature of 23.9ºC was recorded in August, while the lowest temperature of 2.4ºC was recorded in January. High temperature of water during the summer is favourable for the bathing season, which lasts for two months, during July and August, when the temperature of the water exceeds 20ºC. Or, in case of those less sensitive to the cold, it may last for even four months, from June to September, when water temperature is around 18ºC (Lukić D, 2015). The Danube littoral belonging to the municipality of Golubac extends along 44 kilometres (Group of authors, 1990).

Undoubtedly, climate is a natural factor that has a considerable impact on tourist movements and attractiveness of the municipality. It determines the types of tourist movements, duration of the high season and tourism development of a specific region. Climate can be either a direct or an indirect tourism asset. It is regarded as a direct tourism asset when it has a direct impact on tourist activity, as in the case of seaside tourism, spa tourism and mountain tourism. On the other hand, it becomes an indirect asset when it has an influence on attractiveness of other attractions, such as bodies of water, flora and fauna, etc. (Jovanović G, 1999).

3. FACTORS INFLUENCING CLIMATE IN GOLUBAC MUNICIPALITY

The right bank of the Danube belongs to Serbia and due to its orientation to the north and northern exposure, the Serbian bankside has less favourable climatic conditions than the southern bank of the Danube that belongs to Romania. Those disadvantages are manifested in lower solar irradiance (insolation) and lower air temperatures, while the snow cover lingers longer than on the Romanian riverbank. However, during summer, when the Sun is high above the horizon, Serbian side of the gorge receives enough light and heat because sunrays reflect off the Romanian side of the gorge (Rakićević T, 1968).

Distance from the sea is an important climatic factor as it determines the degree of continentality of Golubac municipality and affects precipitation, cloud cover, air humidity and temperature. Although that distance is not great, maritime influence cannot penetrate to the municipality due to high mountains surrounding Golubac to the southwest, south and southeast. The municipality of Golubac is open most to the east, to the Black Sea to be exact, but maritime air masses from that direction reach the area only from time to time because of opposite directionality of air masses at middle latitudes. The Mediterranean has greater influences on the distribution of precipitation that on the thermal regime. Despite the fact that are set at great distance from one another (the North Sea – 1,400 km, the Bay of Biscay – 1,800 km), weather conditions in Golubac municipality are under significant influence of the Atlantic Ocean brought about by air masses coming from that direction. The municipality is more exposed to continental influences from Central Europe through the Pannonian Basin, while cold air masses from Arctic are known to penetrate into the area during winter (Maćejka M, 1985).

The climate of Golubac municipality is influenced in many ways by the direction in which the mountain arch formed by the Carpathians stretches, as well as by its sheer height. "The Transylvanian Alps prevent direct penetration of air masses from the North and Northeast and so they are forced to bypass them and travel across the Black Sea and Wallachian Plain. In that process, air masses are transformed to a certain extent and have slightly modified characteristics when reaching the Iron Gates" (Maćejka M, 1985:15). The Carpathian Mountains located in the Iron Gates stretch in the direction North-South and represent a climate boundary between the Morava Basin and Krajina with Kljuc, *i.e.* regions having temperate continental climate and those that have continental climate, respectively. That is most likely to affect qualitative characteristics of the microclimate of western and eastern parts of the gorge, although those would be difficult to determine reliably due to insufficient number of weather stations along the Iron Gates.

The lake and forests have more dominant influence on the climate than different types of soil. The impact of the lake is such that it brings about an increase in air humidity, mitigates contracts in temperature and leads to an increase in precipitation and fog. At the same time, forests result in an increase in air humidity, reduce the speed of wind, reduce temperature amplitudes, purify and refresh the air (Lukić D, 2005, a).

What also affects the climate in Golubac municipality, in particular the pluviometric regime, are the Vc and Vd cyclone tracks. Cyclones move along the Vc track along the line the North Adriatic – the River Sava Valley and the Danube – the Black Sea. Those cyclones bring about unstable weather conditions and occurrence of first maximum precipitation in May or June as recorded at the majority of weather stations in the Iron Gates. The Vd trail spans along the axis of the Adriatic Sea, runs along southern Macedonia and the Aegean Sea, whereas cyclones that move along this trail cause the second maximum precipitation from October to December (Lukić D, 2005, a; Maćejka M, 1985).

4. ANALYSIS OF ELEMENTS OF GOLUBAC MUNICIPALITY CLIMATE FROM THE ASPECT OF TOURISM

The landscape surrounding Golubac and Dobra is characterized by very favourable climate conditions, which may be used to promote sports and recreational tourism, medical (health) tourism and stationary tourism. Since there is no weather station in Golubac, data recorded at Veliko Gradiste weather station, which is located at a distance of 8 km from the boundary of Golubac municipality, were used to analyse how climate characteristics influence tourism during the period 1961-2010. ***Air temperature*** is an element of climate that plays a major role in evaluating tourist attractions. The bathing season lasts as long as the air temperature is above 20ºC and the water temperature is above 18ºC. Low air temperatures together with the duration of the snow cover have an impact on the duration of the winter tourist season. However, since the surrounding mountains do not reach high altitudes above sea level, significant opportunities for promoting winter sports tourism are lacking in Golubac municipality (Lukić D, 2015). The annual mean temperature in Veliko Gradiste was 11.2ºC over the observed period. Golubac climate is most strongly affected by the east wind known as Koshava. Peak high temperatures are measured in July, 21.4ºC, and August, 21.2ºC. In addition to being the coldest month of the year, January is the only month in which average temperature drops below zero, to around -0.2ºC.

Analysing temperature values per months is not sufficient to describe the thermal regime of an area. Therefore, mean minimum and maximum temperatures are therefore examined in

addition. The analysis of those parameters shows that temperature values in the same month of different years tend to fluctuate. During winter months, the weather station records mean maximum temperatures above zero degrees Celsius, while mean maximum temperatures in July and August are above 28ºC. On the other hand, mean minimum temperatures in July tend to go below 16ºC. The lowest recorded mean temperature in January was -3.3ºC.

Table 1. Mean air temperatures (ºC) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	-0.2	1.6	6.1	11.5	16.7	19.9	21.4	21.2	16.7	11.4	6.2	1.2	11.2	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Table 2. Mean peak air temperatures (ºC) in the Golubac municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	3.2	6.1	11.7	17.7	23.0	26.2	28.2	28.4	23.6	17.6	10.5	4.3	16.7	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Table 3. Mean minimum air temperature (ºC) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	-3.3	-2.2	1.4	6.1	10.9	13.8	15.0	14.8	11.4	7.0	2.6	-0.4	6.4	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Information about the number of days in which a certain temperature value is recorded greatly completes the picture of the thermal regime of an area. It is very important for tourism business to have available data about the number of summer days of the given locality. The period that has mean day temperatures above 15ºC is considered high season in the summertime. Considering that the mean total number of summer days in the observed period was 97, and that on average, July and August had most summer days, 25 each, whereas there were 19 summer days during June and 12 in May and September, the municipality of Golubac has favourable conditions for sun and beach, sport and recreational and nautical tourism.

Table 4. Mean number of summer days (Tx≥ 25ºC) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	-	-	-	2	12	19	25	25	12	2	-	-	97	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Insolation is an important element of climate that plays the key role in heliotherapy, the duration of the bathing season, the appearance of the landscape and the like. As Golubac municipality is located in the zone of temperate continental climate, it has high insolation with more than 2,000 hours of sunshine per year (Lukić D, 2015). Lowest insolation is recorded in the wintertime, when cloud cover is highest and when days are shortest, whereas highest insolation is in

the summer months. Conditions related to solar irradiation in Golubac municipality are rather unfavourable, primarily because gorge sides face northward and the valley is narrow and deep, but also on account of the large lake, air humidity, cloud cover and frequent fogs. For that reason, tourist infrastructure (facilities and services) yet to be built in Golubac municipality should be located in places that are more exposed to sunlight and warmth of the Sun.

Table 5. Monthly mean insolation (h) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	69.4	100.5	161.1	187.3	237.2	265.4	292.5	280.3	198.2	150.4	91.8	56.8	2089.9	1991-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

The effect of ***wind*** on climate formation in an area or a locality is substantial due to the fact that it brings characteristics of the weather from the area from which it blows. In wintertime, Golubac municipality is exposed to the influence of cold continental air masses travelling from Ukraine, the Russian Plain and Siberia to the Western Mediterranean. Due to their heaviness, those air masses cannot move across the Carpathians. Instead, they accumulate in front of the mountain system and form lakes of cold air. They then flow westwards, through valleys, hollows and over mountain passes, gathering speed and increasing in force. That particular wind is known as Koshava, a local wind blowing in the Morava and Danube Basins and in the Pannonian Plain. Air currents from the Atlantic Ocean are prevalent in the summer-half year. They cause maximum precipitation in May and June, travelling from west and northwest towards the east. This indicates that wind has the role of climate modifier in Golubac municipality as it affects air temperature, humidity, cloud cover and precipitation (Lukić D, 2005, a; Maćejka M, 1985).

Direction and frequency of winds are directly related to changes in the distribution of atmospheric pressure over an area during the year, as well as to morphological conditions, air temperature, etc. River valleys and mountain ranges channel the movement of air masses, which makes them an important factor in determining wind direction.

Table 6. Mean wind frequencies (‰) in Golubac Municipality

Weather station	N	NE	E	SE	S	SW	W	NW	Mean	Period
Veliko Gradiste	44	39	203	239	27	42	145	129	135	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Koshava is a cold, squally, strong and stormy wind that brings about clear and dry weather. It blows in the colder part of the year, from October to April, although it may sometime occur in May or September. It comes in continuous gusts, with alternating strong and weak blasts, some of which may reach speeds greater than 150 km/h. It usually lasts three to seven days, although it can sometimes blow for up to three weeks. Coming down from the Carpathians, it can sometimes exhibit the characteristics of the Foehn wind as it can raise air temperature. Air masses blowing from the west and northeast quadrants and bringing dry and clear weather to Golubac at the same time cause precipitation and high cloud cover in Negotin. Travelling from east to west, those air masses reach eastern slopes of the Carpathians, ascending and cooling down, which results in condensation of water vapour and cloud formation. Part of them then returns

towards east as counter currents due to a whirlwind at the side of the mountain facing windward (Lukić D, 2005, a). Winds can be gusty and stormy in the Iron Gates, but are not as strong as those blowing in nearby areas outside the gorge. Wind is an element of climate with considerable value for tourism as it decreases high temperatures in the Danube littoral and lower-intensity winds are conducive to sport sailing. Strong winds hinder travelling and navigation, bring down air temperature and adversely affect nautical tourism. They also adversely affect the population as they cause breathing difficulties and respiratory infections (Jovanović G, 1999).

Table 7. Monthly mean wind speed (m/s) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	2.6	2.6	2.9	2.7	2.2	1.8	1.6	1.7	2.1	2.6	3.2	2.6	2.4	1991-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

The best indicator of air humidity is ***relative humidity***. Air humidity is inversely proportional to air temperature. It is therefore higher in the winter and during night than in summer months and in the daytime. Relative humidity is highest in December and January and lowest during summer months, specifically August and Jul. Mean annual relative humidity is 74%, so it can be said that air is moderately humid in the area.

Relative humidity, together with air temperature and wind, gives the area a certain sense of comfort. Relative humidity of 60% at the air temperature of 20ºC is optimum for humans, meaning that people are most comfortable in those conditions. Based on percentage of relative humidity, bioclimatology distinguishes between these classes of air: very dry air has 55% relative humidity, dry air has 55% to 75% relative humidity, moderately humid air has between 75% and 90% humidity, and very humid air has more than 90% humidity (Lukić D, 2015). Monthly peak means values of around 80% are reached in November, December and January, while lowest values are recorded in spring and summer. Based on the classes of air enumerated above, periods of dry and moderately humid air alternate in the municipality of Golubac throughout a year. Together with air temperature and wind, relative humidity has an impact on comfort and well-being of people. For people, it is most difficult to bear heat along with high humidity as well as cold when humidity is high (Jovanović G, 1999).

Table 8. Monthly mean relative humidity (%) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	82	78	70	67	70	71	70	69	73	75	79	84	74	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Cloud cover is another important weather element as it impacts air temperature, in particular its fluctuations. It is inversely proportional to insolation that reflects on certain tourist activities. Daily temperature amplitudes are higher when the weather is clear than when it is cloudy. Considering that annual variations in cloud cover coincide with annual changes in relative humidity, cloud cover is highest in winter and lowest in the summer months (Lukić D, 2015). The cloud cover average recorded at the relevant weather station was 5.7.

Table 9. Monthly mean cloud cover (one tenth of the sky) in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	7.1	6.6	6.0	6.0	5.6	5.1	4.1	3.9	4.7	5.2	6.6	7.4	5.7	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Humidity is higher in the parts of the municipality that lie within the bounds of the Iron Gates because the air moves up the sides of the gorge, causing it to cool down and leading to condensation of water vapour and cloud formation. There is a major relation between cloud cover and tourist movements as it can affect aesthetic qualities of tourist attractions. Landscapes are certainly more beautiful when the sky is clear. Cloud cover mainly impacts insolation and thus sun and beach tourism (Jovanović G, 1999).

Table 10. Mean number of foggy days in Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	5	3	2	1	1	1	1	1	2	4	4	5	27	1961-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

As a weather phenomenon, ***fog*** has major relevance to evaluation of an area from the perspective of tourism. It can prove a serious obstacle to tourist movements as it hinders traffic, makes landscapes aesthetically unpleasing and has a negative effect on nautical tourism. There are 27 days with fog on average at the observed weather station per year. Winter months have the highest number of foggy days, from four to five. During winter, fog usually covers the Iron Gates part of the municipality during the entire day and can be rather dense. During summer months, fog comes down very rarely, early in the morning.

Table 11. Monthly mean precipitation sum (mm) in Golubac Municipality over the period 1991-2010

Weather station	J	F	M	A	M	J	J	A	S	O	N	D	Ann.	Period
Veliko Gradiste	39.4	41.0	35.7	60.3	58.2	78.5	67.7	57.2	65.7	57.4	49.0	50.8	641.0	1991-2010

Source: Meteorological Yearbooks, National Hydrometeorological Service

Another weather element, ***precipitation***, has an effect on characteristics of an area, primarily on maintenance of bodies of water, vegetation and even tourism. Days without precipitation are more relevant in terms of tourism, in particular to promoting types of tourism such as sun and beach tourism and sports and recreational tourism. Over the observed period, the average sum of precipitation amounted to 641 mm of rainfall (Lukić D, 2015).

Distribution of precipitation per seasons and months over a one-year period is very significant from the practical point of view. It is not irrelevant if highest rainfall occurs in winter or in spring and summer, which is when plants that grow in Serbia are in greatest need of moisture. What is also important is if an area is characterised by markedly rainy and dry periods or precipitation is more or less evenly distributed throughout the year.

As regards the observed period, the average sum of precipitation amounted to 641 mm of water sediment. Two maximum and two minimum precipitation occur annually. The main maximum precipitation occurs in May or June, whereas the main minimum occurs in September. The secondary maximum occurs in November and December and the secondary minimum occurs in January and March. That means that the territory of Golubac municipality belongs to the continental pluviometric regime, specifically the Danube region variant of that type (Lukić D, 2005, a; Rakićević T, 1968). The spring maximum precipitation adversely affects tourist movements during the related part of the year, although the landscape is more attractive at that time. Minima precipitation and frequency of precipitation occur in August and September, which makes them suitable for rest and recreation. The annual distribution of precipitation per month is fairly even.

Snow is a regular occurrence in Golubac municipality, as it tends to snow there from November through late May. The snow cover lasts shorter there than in Negotin region because two large bodies of water, the Danube and Djerdap Lake, are located nearby. Due to the short duration and small depth of snow cover in Golubac municipality and on surrounding mountains, there are no favourable conditions for building winter sports centres. However, snow cover is undoubtedly relevant to opportunities for rest and recreation and adds to the aesthetic value of the gorge's scenery in the winter.

Being an element of climate, precipitation has influence on characteristics of an area, in the first place in terms of maintenance of bodies of water, vegetation, air purification from dust particles and different bacteria. However, the pluviometric regime of an area has greater influence on tourism than the amount of rainfall. Precipitation-free days are more relevant when tourism in concerned, in particular with respect to development of different types of tourism, such as sun and beach and sports and recreational tourism.

5. TOURISM CLIMATE INDEX

Tourism climate index (TCI), developed by Mieczkowski (1985) as a means for evaluating climate as a resource for tourism development, is based on two bioclimate indices and three individual climate indices. Bioclimate indices used in evaluation are the daytime comfort index (tk – a relation between maximum daily temperature and minimum daily relative humidity) and daily comfort index (tk_{24h} – a combination of mean daily temperature and mean daily relative humidity). The three individual climatic variables are insolation, precipitation and wind (speed).

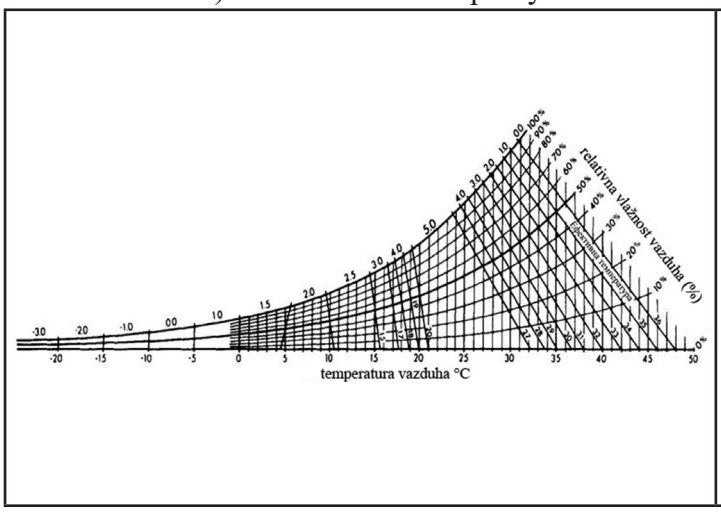
Tourism climate index (TCI) is computed using the formula given below:

$$TCI = 8 \times tk + 2 \times tk_{24h} + 4 \times R + 4 \times S + 2 \times W \quad (1)$$

All sub-indices added together can make the maximum TCI score of 100. According to the tourism climate index, weather can be ideal (90-100), excellent (89-89), very good (70-79), good (60-69), acceptable (50-59), possible (40-49), unacceptable (30-39), very unacceptable (20-29), extremely unacceptable (10-19) and impossible (-30-9) for tourism (Mieczkowski, Z, 1985).

According to TCI scores, it is possible to identify periods of favourable climate for tourist activities in Golubac municipality. TCI scores at the observed weather stations fall within the range from 39 (possible) to 92 (ideal). None of the values are within the categories of very unaccept-

able, extremely unacceptable of impossible for tourism, indicating that there is a potential for developing all-year-round tourism, without the seasonal tourism pattern. Maximum TCI scores are achieved in the summer months, while minimum scores are obtained in the winter months. That means that summer is the most suitable season for tourism in Golubac municipality. Excellent and ideal TCI scores (92 to 88) are obtained in June and July, while May, August and September also have achieved excellent and ideal TCI scores (84 to 90). Weather conditions for outdoor stay and activities in November and February are possible and acceptable (TCI score of 48 to 53), while the weather is unacceptable and merely possible for tourist activities (with a TCI score of 39 to 42) in Golubac municipality in December and January, respectively.



Bod.	R (mm)	S (h)	W (m/s)
5.0	≤14.9	>10	< 0.8
4.5	15.0–29.9	9–10	0.8–1.5
4.0	30.0–49.9	8–9	1.6–2.5
3.5	50.0–59.9	7–8	2.6–3.3
3.0	60.0–74.9	6–7	3.4–5.4
2.5	75.0–89.9	5–6	5.5–6.7
2.0	90.0–104.9	4–5	6.8–7.9
1.5	105.0–119.9	3–4	-
1.0	120.0–134.9	2–3	8.0 – 10.7
0.5	135.0–149.9	1–2	-
0	150.0–209.0	0–1	> 10.7
-0.5	-	-	-
-1.0	210.0–269.9	-	-
-1.5	-	-	-
-2.0	270.0–329.9	-	-

Figure 1. *A chart to evaluate thermal comfort (relative humidity %, air temperature °C) and a table to evaluate mean monthly sums of precipitation (R), mean daily insolation (S) and mean monthly wind (W)* (Mieczkowski, Z, 1985).

Table 12. TCI scores for the period 1991-2010 for Golubac Municipality

Weather station	J	F	M	A	M	J	J	A	S	O	N	D
Veliko Gradiste	42	48	57	68	84	92	88	90	80	66	53	39

Source: Meteorological Yearbooks, National Hydrometeorological Service

6. ANTHROPOGENIC TOURISM RESORCES OF GOLUBAC MUNICIPALITY

A Roman legion camp called ***Novae*** lies 18 kilometres downstream of Golubac, at the place where the River Cezava flows into the Danube. The camp was set up at this site in the 1st century AD and existed until the 6th century AD. A total of seven cultural layers have been discovered at this locality. First three layers date back to the period of the rule of Tiberius and Claudius (14 AD to 44 AD), then to the period of the rule of Nero and the civil war that broke out thereafter (54 AD to 69 AD), as well as to the Flavian age (69 to 97 AD). First wooden structures were built most probably during the rule of the Flavians, but only during the rule of Emperor Trajan was the fortification rebuilt using stone and began to be used to conquer new territories. The camp covered an area of 140x120 m and a headquarters building (*principia*) and army barracks were unearthed inside the camp walls. The fortification was reconstructed during the rule of Septimius Severus (193 to 211 AD), when a granary was added and towers on the east gate were expanded. In the 4th century AD, the width and length of the Novae fort were expanded by additional 3 meters. When the north and south gates were walled up and towers built at fort

corners and all gates except the eastern one, the camp became a defence fortification. During the invasion of the Huns in the mid-5th century AD, the fort suffered considerable damage. It was rebuilt for the last time under the rule of Justinian (from 527 to 565 AD), but the attacks of Avar and Slavic tribes from the north eventually ended its existence in the late 6th century (Stanković S,1985; Ćirković S, 2005)

Golubac Fortress is located at the very entrance to the Iron Gates gorge. It was built at the site of a Roman stronghold called *Cuppae*, measuring 165 m in length, with 2.5-metre thick walls. Bricks bearing identifying stamps of the Roman Seventh Legion, various items and metal coins discovered at the site are the evidence that a stronghold used to be there. The Golubac Fortress has nine towers built of stone. A cylindrical keep - donjon is located at the highest point. The upper courtyard, which is narrower than the lower one, lies beneath the keep. The fortress was constructed for battles fought using cold weapons, whereas embrasures can be found only on the tower that was added later on by the Ottomans. The fortification is protected by the Serbian Government. The majority of the site has been conserved since it represents one of the best preserved and most picturesque medieval fortresses in Serbia. The earliest mention of the Golubac Fortress in written records dates back to 1335, when it was referred to as a fortification with a Hungarian garrison. However, it was built much earlier, but it is unknown exactly when or by whom (Stanković S, 1985; Lukić D, 2015; Lukić D, 2017). Since 1948, the fortress has been under the protection of the National Institute for the Protection of Cultural Monuments as immovable cultural heritage of exceptional importance based on the 1979 system of classification. It is located in a special nature reserve called "Golubacki grad" (Golubac Fort), which belongs to the Iron Gates National Park.

Tuman Monastery belongs to the Serbian Orthodox Eparchy of Branichevo and lies at a distance of nine kilometres from Golubac. There is a lack of reliable written sources about its construction. The monastery was built a long time ago, but the new church was erected at the foundations of the old monastery in 1924. It is dedicated to St Gabriel, the Archangel. It lies amidst a beautiful, picturesque scenery, surrounded by a forest, with a beautifully clear river flowing before its front gate. First reliable information about Tuman Monastery dates back to the first half of the 18th century and is found in the work of Maksim Ratkovic, the exarch of the Metropolitan of Belgrade. A description given by Joakim Vujic in 1826 offered a bit more information about the monastery. Vujic stated that its narthex was added in 1796, but attached no major importance to the monastery, which was similar in that way to Vitovnica, Nimnik or Rukumija. In Habsburg-occupied Serbia (1788-1792) and during the First Serbian Uprising (1804-1813), Tuman played a significant role, which was the reason why it was flooded, plundered and razed by the Turks. The monastery was rebuilt only later, during the rule of Prince Milos Obrenovic, through the efforts of Pavle Bogdanovic, obor-knez (the senior chief of a district) of Golubac. The oldest inscription in the monastery is found in the proskomedia. The Romanesque-style church, with a bell-tower on the west side, was razed to the ground somewhere around 1910. Soon thereafter, the Balkan Wars broke out, followed directly by World War I. When the First World War ended, the Monastery of Tuman lay in ruins. The rebuilding of the monastery from the ground up commenced immediately thereafter. The church within the monastery was constructed and consecrated in 1924 by the then-Bishop of the Eparchy of Branicevo, Mitrofan (Lukić D, Joksimović A, 2017).

It belongs to the style of architecture known as Moravian, characteristic of Medieval Serbia. It has an octagonal dome and a square-base tower located on a richly decorated and even more ornately adorned west facade. This 19-meter long and 17-meter wide church building measures more than 15 meters in height. It has a tin, oval roof. Whereas the dome roof is multifaceted, the

tower has a four-pitched roof. The church has a cruciform plan, clearly reflected in its interior. The narthex, the naos and the altar, including prominent semi-circular apses, the one to the left inside the altar, and the other, the choral apse, to the right, are all clearly distinguishable. A wooden iconostasis bearing only five icons separates the altar from the nave. The altar apse is deep and semi-circular, with a window and an oculus towards the top. The iconostasis is made of wood, beautiful and decorative with ornamental woodwork. Sovereign tier icons show Christ, the Saviour and the Theotokos, while the Resurrection is placed above the North Door and the Ascension of Jesus above the South Door. The icon depicting the Last Supper is painted above the Royal Door. The Royal Door of the iconostasis show the Theotokos and the Archangel Gabriel, accompanied by a number of cherubs and seraphs. The Annunciation icon shows both the Heaven and Earth. Saint Sava, the first Serbian Archbishop, is depicted on the South Door, while the North Door have a panel showing the Holy Archangel Michael. Pillars divide the naos into two segments. The part closer to the altar is larger of the two and features choral apses. The main entrance to the church is on the west, but there are also side, auxiliary entrances. The frescoes at the monastery were painted between 1988 and 1991, under the management of the fresco painter Gavrilo Markovic. A fresco showing Christ Pantocrator, the Almighty and Sustainer of the World, located in the calotte of the church dome, is impressive in its beauty. Frescoes depicting the four evangelists, John, Luke, Matthew and Marco, are painted in triangular segments of a sphere, called pendentives, used as devices to allow the placing of a circular dome over a rectangular base. Scenes from Christ's life are painted in the altar apse, with a fresco *The Holy Communion of the Apostles in Emmaus* standing out among others. The Theotokos and the Ascension of the Lord are painted in the semi-calotte of the altar apse, while the Resurrection of the Lord is painted in a lunette above the altar. A fresco showing Holy Martyrs is painted on the south wall, with John the Baptist in a medallion featuring as the most prominent one. *The Presentation of Christ at the Temple* is painted in the semi-calotte of a choral apse, whereas the lunette features a fresco showing a Nativity scene. Episodes from the life and passion of Jesus Christ are painted on the north wall in this particular order, *The Entry into Jerusalem, The Last Supper* and *The Crucifixion*. Frescoes showing the Dormition of the Mother of God and the Descend of the Holy Spirit upon the Apostles are painted on the west wall that separates the narthex from the main nave of the church. The walls of the transept have the frescos of the House of Nemanjic and the Lazarevic Dynasty painted on them, including two frescos presented by the ktetor and showing Milos Obilic and Tsar Lazar (Lukić D, Joksimović A, 2017).

The church building forms a pleasing and consistent whole. Unlike its interior, the church's exterior is very decorative. On the outside, zigzag walls consist of two triple rings made of horizontally laid bricks, with double sills, arcades, pilasters, ornate windows, décor above them and stone rosettes. The west façade is the most beautiful. All its door and windows are decorated with stone trelliswork and low relief resembling the most delicate lace. The monastic quarters were built in 1935, following the arrival of a Serbian-Russian fraternity from the Monastery of Miljkov in 1934. The most precious piece of the chapel is an icon of the Theotokos of Kursk, brought to the monastery by the Russian monks. Aside from the monastic quarters, the monastery has a number of farm buildings. The area surrounding the monastery has favourable conditions for organizing picnic areas (Lukić D, Joksimović A, 2017).

An ethno house located **in the village of Sladinac** lies at a distance of 5 kilometres from Golubac. It has a number of exhibits from late 19th century and early 20th century on display. This ethno house, owned by Zivojin Stokic, hosts a number of artefacts, such as old coins, rubber and wooden "opanci" (traditional Serbian shoes worn by peasants), woven sling bags, national

costume typical of the area, various crockery, wooden baby cribs, a hundred-year-old furniture, a wooden sofa and three-legged stools. The value of this ethno exhibit is reflected in the authenticity and originality of artefacts put on display.

There is a unique **ethnographic display at the village of Dobra**, hosted by its Cultural Centre. Its permanent exhibition shows several hundred artefacts tracing historical, cultural and folklore values of the area. In addition, the villages of **Dobra** and **Brnjica** are locations with favourable conditions for creating and organizing hospitality establishments, sports grounds, camp sites, and hunting and fishing grounds. At the same time, **Golubac**, with its hotel, restaurants, sailing venues, the marina and sports grounds, is suitable for promoting various types of **stationary tourism**.

The municipality of Golubac has very favourable conditions for growing **event tourism**. Tourist events, both sporting and cultural, can also be used to prolong the tourist season and thus improve the economy. These events include the Jackal of the Inland Dunes Hunt in January (Branicevo – Golubac), Days of Honey and Wine (Baric – Golubac) and Woolf Hunters' Meeting (Dobra – Golubac) in February. Then, there are the Folklore Ensembles' May Meeting in May (Branicevo), the Vlachs' Kolo Festival of Pentecost (Zitkovica – Golubac) and the Danube Day (Golubac) in June and the Danube Fair (Golubac) in July. Events organized in August are the International Kayak Regatta (Golubac), the National Sailing Championship (Golubac) and the River Fishermen Gathering (Vinci). Finally, Zander Days (Golubac) are held in October.

Being located in the Iron Gates Gorge, the Municipality of Golubac possesses valuable natural resources and a wealth of cultural and historic monuments can be found in its territory. Therefore, forest school can be delivered in this municipality in various courses and for students of different ages. This also applies to student internship in tourism studies, geography, biology, forestry, geology, archaeology, art history, etc. **Youth travel** centres should be designed in such a manner to offer accommodation along with learning opportunities, sports activities, recreation and amusement all year round (Anđelković S, Stanisavljević Petrović Z, 2013).

Other advantages of this municipality are related to favourable conditions for promoting **hunting tourism** and **sport fishing**. It should also be noted that the village of Vinci is very attractive for promoting tourism and complementary activities such as trade and crafts, because of plans to organize a ferry service and provide transport to neighbouring Moldova in Romania. A cottage complex located between Usije and Vinci can offer its cottage accommodation not only to owners and users, but also to many other tourists.

7. LEVEL OF TOURISM DEVELOPMENT IN GOLUBAC MUNICIPALITY

To illustrate the level of tourism development in the Municipality of Golubac, we have analysed the following indicators for period 2009 – 2018: length of stay, index of functionality, occupancy rates and functionality score (Belij M, Milosavljević J, Belij J, Perak K, 2014). Length of stay (LS) represents a quotient of the number of overnight stays (OS) and the number of tourists (T):

$$LS = OS / T \tag{2}$$

The index of functionality (IF) represent a ratio of the number of available beds (B) to the population size (PS):

$$IF = B \times 100 / PS \quad (3)$$

The occupancy rate (OR) is a ratio of the number of overnight stays (OS) to the number of available beds (B) over one calendar year. It is used to determine the profitability of accommodation facilities:

$$OR = OS \times 100 / B \times 365 \quad (4)$$

A business is profitable if its occupancy rate exceeds 60%. If it ranges between 40% and 60%, it is borderline profitable. If it falls under 40%, it is considered unprofitable (Belij M, Milosavljević J, Belij J, Perak K, 2014; Lukić D, Berjan S. & El Bilali H, 2018).

Functionality score is a measure of the turnover of tourism industry achieved at a location over a specific period of time. It can be determined in relation to the size of an area, the population size or the number of accommodation units (Belij M, Milosavljević J, Belij J, Perak K, 2014; Lukić D, Berjan S. & El Bilali H, 2018). This paper takes into account the functionality score measured in relation to the population size of the given area:

$$FS = T \times 100 / PS \quad (5)$$

where FS denotes a functionality score, T represents the number of tourists and PS stands for the population size of the area.

The tourism industry is growing in importance not only in Golubac municipality, but in the entire region as well. This is evident from data showing an increase in the share of tourism in the structure of the product and employees in the region. Previously, there were not enough tourist facilities, but the situation has improved since the size of active fixed assets has increased in this particular industry.

In 2019, the Municipality of Golubac had two business units belonging to the basic type of accommodation facility. They were a two-star hotel and a lodging house. In total, both had 129 rooms with 349 beds, specifically 278 permanent and 71 spare beds. The hotel, called "Golubacki grad" (Golubac Fort), and "Pilot" studios in Golubac are both examples of modern architecture and the contemporary hospitality industry. Next to them, there is a two-kilometre long waterfront, affording a view of Lake Djerdap, which reaches its maximum width at this point, and of the Golubac Fortress as well. The peacefulness and tranquility of this place are ideal for vacation, rest and recreation.

A total of 5005 tourist arrivals were recorded in the Municipality of Golubac in 2018. Of that number, domestic tourists accounted for 3440 arrivals and international tourists for 1565 arrivals. There were, in total, 9047 overnight stays. Of that number, domestic tourists stayed 6832 overnights and international tourists 2215. A positive side of comparing the 2014 versus 2018 figures is a slight rise in the number of international tourists.

Table 14 shows that the average length of stay of tourists in Golubac municipality in 2018 was one day. Such short length of stay was due to a number of factors. An unfavourable situation in the Serbian tourism industry over the past years was accompanied by a decline in purchasing power of the population. In addition, the cost of tourism-related services had risen and tourist

attractions were insufficiently and inadequately promoted in the media, both domestic and international. Finally, there were not enough business units and rooms and beds available. The functionality index of Golubac municipality was 3.74%.

Table 13. Accommodation units in Golubac Municipality in the period 2009-2019

Year	Business units	Rooms available	Total beds	Permanent beds	Spare beds	Number of households letting houses, flats and rooms
2009	3	116	315	263	52	15
2010	3	121	322	270	52	10
2011	3	132	356	301	55	20
2012	3	103	278	224	54	13
2013	3	104	673	278	222	56
2014	2	77	191	140	51	6
2015	2	80	223	172	51	15
2016	2	84	242	191	51	6
2017	2	95	256	200	56	15
2018	2	120	324	258	66	17
2019	2	129	349	278	71	23

Source: National Statistical Office of the Republic of Serbia

Table 14. Tourist turnover in Golubac Municipality in the period 2009-2018

Year	Tourists			Nights spent		
	Total	Domestic	Foreign	Total	Domestic	Foreign
2009	4,818	4,119	699	7,690	6,711	979
2010	5,323	4,879	444	8,061	7,513	548
2011	4,820	4,251	569	6,229	5,627	602
2012	5,416	4,706	710	6,787	6,056	731
2013	4,962	4,426	536	8,878	8,120	758
2014	2,766	2,152	614	4,000	3,258	742
2015	2,919	1,953	966	3,857	2,739	1,118
2016	3,186	2,470	716	4,540	3,606	934
2017	3,061	1,806	1255	4,509	2,752	1,757
2018	5,005	3,440	1565	9,047	6,832	2,215

Source: National Statistical Office of the Republic of Serbia

Table 15. Indicators of tourism development of Golubac Municipality in the period 2011-2018

Year	Population size (2011 Census)	Tourists	Overnight stays	Beds	Length of stay (day)	Function. index (%)	Occupancy rates (%)	Function. score (%)
2011	8,654	4,820	6,229	356	1.3	4.11	4.78	55.70
2012	8,654	5,416	6,787	278	1.3	3.21	5.34	62.58
2013	8,654	4,962	8,878	673	1.8	7.77	3.61	57.34
2014	8,654	2,766	4,000	191	1.4	2.21	5.74	31.96
2015	8,654	2,919	3,857	223	1.3	2.58	4.73	33.73
2016	8,654	3,186	4,540	242	1.4	2.80	5.14	36.82
2017	8,654	3,061	4,509	256	1.5	2.96	4.82	35.37
2018	8,654	5,005	9,047	324	1.8	3.74	7.65	57.83

Source: National Statistical Office of the Republic of Serbia

Such extremely low functionality index was not only a result of a small number of beds available to tourists. It was also due to a relatively small population of the municipality. However, even if the actual number of beds intended for accommodation of tourists were reported to the competent authorities, the functionality index would still remain in the low range. This implies that efforts should be made to improve the overall tourism offer in the municipality of Golubac. Such situation is also related to the low occupancy rate of 7.65%, which points to utter unprofitability of accommodation facilities, and to a low functionality score, amounting only to 57.83%.

8. CONCLUSION

The Municipality of Golubac has natural and anthropogenic tourism resources, which, however, need to be managed and organized in a proper manner. The climate in Lake Djerdap littoral has a sedative effect. It can have an influence on the nervous, cardiovascular and respiratory system of tourists. In spring and summer, when the area is visited by tourists the most, its climate provides them with a sense of pleasing warmth during day and comfortable freshness in the evening and during the night. Favourable characteristics of the climate in Golubac municipality, together with its attractive landscape, provide opportunities for providing the so-called landscape therapy. As a direct tourism asset of Golubac municipality, its climate has been evaluated through development of various types of tourism. In the summertime, which is the best season for tourist activities according to the obtained TCI scores, a favourable combination of air temperature, precipitation, duration of insolation, low cloud cover, are conducive to the development of congress tourism, sports and recreational tourism, geotourism, nautical tourism, youth tourism, mountaineering, etc. Indirect importance of the climate is reflected in the fact that it impacts the attractiveness of municipality's tourist attractions. There are no weather stations in the municipality to monitor relevant weather elements, which is why the climate of the area cannot be monitored and spatial planning activities cannot be performed for the purpose of tourism development nor tourism development can be aided. When that issue has been resolved in the municipality of Golubac, other elements of bioclimate will have to be examined more thoroughly, such as cooling power, drying power, comfort zone, simulative and sedative effects of the climate or effects of individual elements of climate on the human organism. Access roads to such attractions need to be constructed, not limited only to those from existing routes, but also from new roads that would be built by cutting through an area of mountainous land. Despite all the potentials that have been mentioned above, the level of tourism development is still rather low. What should be expected in the future is that the area along the Danube bank will be used more as a tourist attraction given that presently, there are some accommodation facilities that can accommodate more tourists than they actually do at the moment since their occupancy rates are still pretty much low. What also needs to be enhanced are the media promotion and interpretation of this area. This should be done by improving the tour guide service, creating and printing promotional material, giving presentations of tourism potentials of Golubac Municipality at trade fairs and relevant gatherings and by creating a proper website. In addition to the resources mentioned in the paper, other attractions should be made available to tourists, offering amusement, recreation and education to stimulate their interest in visiting the municipality as much as possible.

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ASSESSING THE SERVICE QUALITY AND CUSTOMER SATIFACTION RELATIONSHIP IN THE CROATIAN MUSEUM SECTOR

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Abstract: *The main purpose of this study was to discuss the impact of perceived service quality dimensions on customer satisfaction in the museum sector in Croatia. The study was conducted using a 24-item questionnaire, based on the modified HISTOQUAL model (Frochot & Hughes, 2000; Hui-Ying & Chao-Chien, 2008; Martin-Ruiz et al., 2010). The questionnaires were distributed to visitors of the Krapina Neanderthal Museum (Croatia). Factor analysis identified five dimensions of perceived museum service quality, namely "tangibles", "accessibility", "exhibition presentation", "empathy" and "communication". In addition, multiple regression analysis showed that the identified factors have a significant and positive effect on overall customer satisfaction. These results indicate that museum service quality is indeed a significant predictor of museum visitor satisfaction. Thus, improving museum service quality results in higher satisfaction levels of museum visitors. The present study contributes to the existing literature on the relationship between service quality dimensions and customer satisfaction in the museum sector, reporting the findings from South Central Europe.*

Keywords: *Service quality, HISTOQUAL, Customer Satisfaction, Statistical Analysis, Museum, Croatia.*

1. INTRODUCTION

Museums have gained an important role in tourist destinations as one of a destination's elements that can attract both domestic and foreign visitors, as well as local residents. As museums are becoming more market-oriented, they should focus not only on their product (e.g. exhibitions, financial resources, educational programmes, facilities, heritage features, etc.), but should also pay more attention to their visitors' opinions and perceptions, as well.

Having in mind the competition in the field of tourist attractions and the ability of tourist attractions to produce benefits for both the local community and the tourist destination, it is important to investigate what visitors think of museum services and what makes them feel satisfied with their museum visit. According to Harrison and Shaw (2004), service quality plays a key role in increasing positive visitor satisfaction, which in turn results in favourable intentions toward the idea of a museum as a destination.

Thus, this study has several research objectives. The first objective is to identify the dimensions of museum service quality as perceived by museum visitors. The second is to examine the relationship between perceived museum service quality dimensions and museum visitor satisfaction in the context of a continental tourist destination.

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2. THEORETICAL OVERVIEW OF THE MAIN RESEARCH CONCEPTS

In order to measure service quality in a heritage context, including museums, Frochot and Hughes (2000) proposed a model called HISTOQUAL. Results of model testing revealed that service quality in historic properties consists of five dimensions, namely, responsiveness (staff efficiency and the ability to recognise customer needs), tangibles (property environment (interior and exterior), such as cleanliness, authenticity, and attractiveness), communication, (quality and detail of the information provided), consumables (additional services such as restaurants and shops), and empathy (willingness to take into consideration the needs of children and less able visitors).

A review of the literature implies that several authors have listed the basic elements of museum service quality, similar to the HISTOQUL dimensions. Gilmore and Rentschler (2002) revealed that education, accessibility, communication, relevance and frequency of special exhibitions are important elements for delivering service quality in museums. Phaswana-Mafuya and Haydam (2005) suggested that service quality in museums comprises accessibility, safety, cleanliness, and providing information. Mey and Muhamad (2010) concluded that perceived service quality in museums includes a museum's accessibility, information sources, quality of displays/exhibitions, customer services, amenities and facilities, and pricing of souvenirs, food and beverages sold in the museum.

In addition, Radder et al. (2011) consider that the overall quality of a museum depends on the quality of its products, quality of its services and quality of the visiting experience. Similarly, Pop and Borza (2016) propose that factors influencing museum quality can be grouped into three categories: factors determining museum quality from the clients'/visitors' point of view, from the staff's point of view, and factors that influence museum quality irrespective of the visitors' or staff's perception.

It can be concluded that museum service quality is a complex concept that refers to several aspects of the museum experience. It relates to museum exhibits and their presentation, as well as to personnel competence and empathy.

Customer satisfaction has usually been defined as a post-consumption evaluative judgement (Fornell, 1992; Oliver, 1997). In addition, Oliver (1997) defined customer satisfaction as a judgement that a product or service provides a pleasurable level of consumption-related fulfilment. Kozak and Rimmington (2000) indicated that visitor satisfaction has been measured by the summation of visitor evaluation of destination attributes.

Several studies have highlighted the positive relationship between service quality and customer satisfaction in a museum context. Nowacki (2005) reported that exhibition features (e.g. aesthetics, theme, and the way an exhibition is arranged) and easy access for the elderly and disabled are significantly correlated with visitor satisfaction in museums in Poland. Radder and Han (2013) argued that perceived quality positively affected visitor satisfaction in South African heritage museums. The research results of Wu and Li (2015) also confirmed that overall service quality positively influenced visitor satisfaction in museums in Macau. Duantrakoonsil and Reid (2017) explored the impact of service quality on customer satisfaction in museums in Thailand. They found that exhibition experience and staff services were positively associated with tourist satisfaction in museums. In addition, Hyun et al. (2018) found out that ambience and aesthetics have important moderating effects on visitors' perceived value and satisfaction in the

art museum context in Korea. Bideci & Albayrak (2018) reported that the aesthetic dimension had the highest impact on overall satisfaction of domestic and foreign tourists visiting the Antalya Historical and Archaeological Museum in Turkey. According to Hede et al. (2014), visitor satisfaction in metropolitan and regional museums is affected by perceived authenticity.

3. RESEARCH DESIGN AND METHODOLOGY

3.1. Research framework

The main purpose of this study was to empirically examine the relationship between service quality and customer satisfaction in the museum sector in Croatia. Specifically, the study intended to answer the following research questions:

1. What is the factor structure of perceived service quality in museums?
2. What is the nature of the relationship between perceived service quality dimensions and overall customer satisfaction in museums?
3. What are the key service quality dimensions that contribute to the museum visitors' satisfaction?

Therefore, the study aimed to (a) identify the main dimensions of perceived service quality in museums, (b) determine the relationship between service quality dimensions and overall customer satisfaction in museums, and (c) discuss the impact of the identified dimensions of perceived service quality on overall customer satisfaction in museums.

Based on the main purpose of the study, the main research hypothesis was proposed as follows:

Hypothesis One (H1): Perceived museum service quality dimensions have a positive and significant effect on overall customer satisfaction.

3.2. Questionnaire development

The questionnaire for the research consisted of three parts, designed to measure perceived service quality and customer satisfaction and collect demographic information on the respondents.

The foundation for empirical research was the HISTOQUAL model (Frochot and Hughes, 2000). Based on a literature review the model was modified to meet the specific features of museum service. Item structure included 24 items, selected from studies conducted by Frochot and Hughes (2000) (eleven items), Hui-Ying and Chao-Chien (2008) (ten items), and Martin-Ruiz et al. (2010) (two items). One item was added by the authors (see Appendix 1).

The first part of the questionnaire comprised 24 items aimed to measure perceived museum service quality. Respondents' perceptions were assessed on a 5-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5).

The second part measured museum visitors' satisfaction. This construct was operationalized with one item, representing the overall measure of customer satisfaction. Although some researchers stated that this construct should be measured on the attribute level, thus employing a combination of service attributes, several other researchers used one, overall measure (Yüksel and Rimmington, 1998; Choi and Chu, 2001; Alén Gonzalez et al., 2007; Namkung and Jang, 2008). Therefore, it was

justified to employ a one-item approach for measuring customer satisfaction in the present study as well. The item was worded "I am satisfied with my museum visit". Overall customer satisfaction was rated on a 5-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5).

The third part of the questionnaire consisted of demographic variables. Respondents' demographic information included age, gender, economic status, level of education, frequency of visiting museums in general, and number of previous visits to the particular museum. These characteristics were measured using a nominal scale.

3.3. Data collection

Krapina Neanderthal Museum (Croatia) was selected as the research site for the study. Empirical data were gathered from the museum visitors. Before the data collection started, the museum manager was contacted for permission to conduct the study at the museum. The museum employees helped distribute and collect the questionnaires from the participating visitors. Participation was voluntary. Therefore, the data were collected using a convenience sampling approach. Questionnaires were distributed to the visitors who were willing to participate at the end of their visiting experience. No incentives were provided to the participants.

A total of 250 questionnaires were administered and 116 were returned. Ten questionnaires were eliminated because of incompleteness. Thus, 106 useful questionnaires were obtained, yielding a 42.4 per cent response rate.

3.4. Data analysis

Descriptive statistics, exploratory factor analysis, reliability analysis, correlation analysis, and multiple regression analysis were performed to analyse the collected data.

Descriptive statistics was used to examine the demographic profile of the respondents and to evaluate perceived museum service quality and overall customer satisfaction. This study adopted principal component analysis with varimax rotation to determine the factor structure of perceived museum service quality. The Cronbach alpha coefficients were calculated to test the scale's reliability. In addition, multiple regression analysis was conducted to examine the relationship between the combination of perceived museum service quality dimensions and overall customer satisfaction.

4. RESEARCH RESULTS

4.1. Respondents' profile

First, the demographic profile of the sample is presented in Table 1.

It can be seen that female respondents (59.4 per cent) outnumbered male respondents (40.6 per cent). In terms of age distribution, about 47 per cent of the respondents were between 16 and 35 years old. Most of the museum visitors in the sample had completed college or university education and slightly less than 40 per cent of the respondents reported they had secondary education. The majority of the respondents had never visited the Krapina Neanderthal Museum before and most of them visit some kind of museum setting on a yearly basis.

Table 1. Demographic profile of the respondents

Items	Percentage	Items	Percentage
Gender		*Age*	
Male	40.6	16-25	27.4
Female	59.4	26-35	19.8
		36-45	12.3
Level of education		46-55	20.8
Primary school	1.9	56-65	12.3
Secondary school	39.6	66 and above	7.5
College or university	55.7		
MSc or PhD	2.8		
Economic status		*Number of previous visits to the museum*	
Employed	53.8	Never	64.2
Unemployed	10.4	Once	23.5
Student	19.8	Twice or more	12.3
Pupil	2.8		
Retired	13.2		
Frequency of visiting museums (in general)			
1-2 times per month	4.7		
1-2 times per year	50.0		
Few times per year	35.8		
Other	9.4		

Source: Authors

4.2. Perceived museum service quality dimensions

As noted in Table 2, the lowest perception item was "access for elderly people and less able visitors" (mean = 3.65) which indicates that according to the visitors' opinion accessibility of the museum is not well customized to the needs of specific groups of visitors. The visitors' highest perceptions were noted regarding new technologies that make the museum visit more interesting (mean = 4.83). The overall mean score for service quality perception items was 4.38. This score indicates very high perceptions of museum visitors regarding service quality.

Table 2. Factor and reliability analyses for perceived museum service attributes

Factors/Items (n=24)	Mean	Factor loading	Eigen value	% of Variance	Cronbach alpha
Factor 1			4.995	20.811	0.887
V18 – Attractive museum building	4.15 (1.11)	0.829			
V19 – Helpful direction signs	4.53 (0.75)	0.788			
V22 – Variety of products in souvenir shop	3.70 (1.13)	0.770			
V20 – Clean environment (interior and outdoor)	4.64 (0.72)	0.727			
V24 – Access for elderly people and less able visitors	3.65 (1.21)	0.666			
V21 – Sufficient parking area	4.42 (0.96)	0.655			
V23 – Rest rooms provided	3.77 (1.33)	0.617			
V17 – Appropriate position of the info desk	4.17 (0.91)	0.539			

Factors/Items (n=24)	Mean	Factor loading	Eigen value	% of Variance	Cronbach alpha
Factor 2			3.283	13.679	0.849
V5 – No restrictions to access (free to explore)	3.92 (1.15)	0.812			
V6 – Convenient opening hours	4.15 (1.01)	0.745			
V13 – Professional tour guides	4.18 (0.87)	0.646			
V4 – Well informed staff	4.38 (0.76)	0.550			
V16 – Good info services (info desk)	4.18 (0.88)	0.514			
Factor 3			3.083	12.845	0.803
V9 – Educational content of the exhibition	4.79 (0.41)	0.834			
V10 – Attractive content of the exhibition	4.81 (0.39)	0.783			
V8 – Foreign language information	4.72 (0.58)	0.555			
V12 – Interesting visit due to new technologies	4.83 (0.38)	0.551			
Factor 4			2.588	10.784	0.750
V2 – Willingness to take time with visitors	4.65 (0.60)	0.891			
V1 – Helpful and courteous staff	4.73 (0.53)	0.776			
V15 – Understandable mode of guides' narration	4.32 (0.82)	0.476			
Factor 5			2.239	9.331	0.743
V14 – Audio guides provided	4.53 (0.77)	0.837			
V11 – Well explained exhibits	4.75 (0.48)	0.621			
V7 – Providing enough information	4.67 (0.56)	0.549			
Factor 6			1.364	5.685	-
V3 – Tolerable level of crowding	4.56 (0.72)	0.774			
Total	*4.38*		*17.552*	*73.135*	*0.929*
Kaiser-Meyer-Olkin (KMO)	0.834				
Bartlett's Test of Sphericity	1800.536, ($p < 0.01$)				

Note: Perception means range from 1 to 5; values in parentheses are standard deviations.

Source: Authors

The objective of factor analysis was to identify the main factors of perceived museum service quality, using the principal component method with varimax rotation. The appropriateness for conducting factor analysis was evaluated with the KMO test and Bartlett's test. The KMO value was high, and Bartlett's test was significant, thus the data were suitable to identify the factor structure for the perceived museum service quality scale. The results are reported in Table 2.

The 24 variables representing museum attributes in this study were reduced to six factors, explaining 73.1 per cent of the total variance in the data. Factor loadings were relatively high, ranging from 0.476 to 0.891, and indicating reasonably high correlation between items and factors on which they were loaded.

However, Factor 6 contained only one item and could not be considered as a factor. Thus, the final solution retained five factors that met the rule of thumb for satisfactory factor solution, as suggested by Hair et al. (2010).

After examining the item descriptions, the remaining five factors were interpreted as follows.

Factor 1 ("tangibles") includes eight items referring to museum facilities. Factor 2 ("accessibility") gathered five items reflecting no restrictions for exploring the site, convenient opening hours and available information. Factor 3 ("exhibition presentation") contains four items indicating the presentation features of museum exhibits. Factor 4 ("empathy") is loaded with three items and refers to the staff's readiness to take care of visitors' needs. Finally, Factor 5 ("communication") contains three items and indicates providing professional and detailed information to the visitors.

In addition, the results of the reliability analysis (Table 2) show that Cronbach alpha coefficients of the extracted perception factors range from 0.743 to 0.887. These values suggest good internal consistency of the factors. Cronbach's alpha value for the overall perceptions scale is 0.929, and according to Hair et al. (2010) indicates its high reliability.

According to these results, "tangibles", "accessibility", "exhibition presentation", "empathy" and "communication" can be regarded as reliable underlying dimensions of perceived museum service quality.

What is more, Table 3 indicates that visitors to the Krapina Neanderthal Museum perceived "exhibition presentation" as the most dominant perceived service quality dimension (mean = 4.79), followed by "communication" (mean = 4.65), "empathy" (mean = 4.57), "accessibility" (mean = 4.16), and "tangibles" (mean = 4.12). The results indicate highly rated museum performance.

4.3. The relationship between service quality dimensions and overall customer satisfaction in the museum

As seen in Table 3, the mean score for the overall customer satisfaction item is 4.56, representing a very high level of visitors' overall satisfaction with the museum experience. Additional analysis shows that more than 90 per cent of museum visitors were satisfied or very satisfied with their museum visit.

In order to identify the relative impact of perceived service quality dimensions on overall customer satisfaction, multiple regression analysis was employed. By performing these analyses, the main research hypothesis (H1) was tested.

First, correlation was run to determine the direction of the relationship between the individual perceived museum service quality dimensions and overall visitor satisfaction, as well as to examine the possible multicollinearity of variables in the model.

The correlation matrix (Table 3) indicates that perceived museum service quality dimensions are moderately to strongly correlated with overall customer satisfaction. All the relationships are positive and statistically significant. According to the results, the dimension "tangibles" has the strongest correlation with the dependent variable ($r = 0.757$, $p < 0.01$), followed by "acces-

sibility", "exhibition presentation", "empathy", and "communication" (r = 0.619, r = 0.552, r = 0.496 and r = 0.382, p < 0.01, respectively).

Considering that the correlation coefficients reported in Table 3 did not exceed the cut-off value of 0.80, as recommended by Bryman and Cramer (2009), the multicollinearity problem did not emerge in this research, so it was appropriate to continue with multiple regression analysis.

Table 3. Descriptive statistics and correlation matrix

Variables	Mean	SD	1	2	3	4	5	6
1. Tangibles*	4.12	0.81	1.000					
2. Accessibility*	4.16	0.76	0.609	1.000				
3. Exhibition presentation*	4.79	0.36	0.544	0.560	1.000			
4. Empathy*	4.57	0.54	0.497	0.504	0.570	1.000		
5. Communication*	4.65	0.50	0.323	0.410	0.579	0.508	1.000	
6. Overall customer satisfaction**	4.56	0.70	0.757	0.619	0.552	0.496	0.382	1.000

Note: Mean ranges from 1 to 5; SD – standard deviation; * - independent variable; ** - dependent variable; all correlation coefficients are significant at 0.01 level.

Source: Authors

Table 4. Multiple regression analysis

Model fit				
Multiple R	0.792			
R^2	0.627			
Adjusted R^2	0.609			
Standard error	0.440			
F-ratio	33.661			
Significance	0.000			
Independent variable	**b**	**Beta**	**t**	**Sig.**
Constant	0.417		0.689	0.492
Tangibles	0.481	0.554	6.710	0.000*
Accessibility	0.170	0.185	2.212	0.029**
Exhibition presentation	0.174	0.088	0.984	0.328
Empathy	0.067	0.051	0.634	0.527
Communication	0.071	0.051	0.647	0.519

Note: Dependent variable: overall customer satisfaction; * - significant at 0.01 level; ** - significant at 0.05 level.

Source: Authors.

As shown in Table 4, the results of multiple regression analysis reveal the following. The relationship between the combination of independent variables in the model and the dependent variable is strong (R = 0.792). According to the coefficient of determination (R^2 = 0.627) and adjusted coefficient of determination (adjusted R^2 = 0.609), the five perceived museum service quality dimensions explain approximately 61 per cent of variance in overall customer satisfaction. In addition, the significant *F*-ratio (F = 33.661, p < 0.01) suggests that results of the adopted regression model could have not occurred by chance and that the combination of independent variables significantly predicted the dependent variable.

To assess the relative importance of each independent variable in determining the value of the dependent variable, beta coefficients are provided. According to Table 4, two out of five inde-

pendent variables significantly influence overall customer satisfaction. The dimension "tangibles" ($\beta = 0.554$, $p < 0.01$) has the highest statistically significant standardized coefficient. Therefore, this is the most important independent variable and has the highest impact on overall customer satisfaction. It is followed by the dimension "accessibility" ($\beta = 0.185$, $p < 0.05$). The dimensions "exhibition presentation", "empathy", and "communication" have a small impact on overall customer satisfaction and are not statistically significant ($\beta = 0.088$, $\beta = 0.051$, $\beta = 0.051$, $p > 0.05$, respectively).

5. CONCLUSION

The present research was designed to empirically examine the nature of the relationship between perceived service quality dimensions and overall customer satisfaction in the museum sector in Croatia.

The findings of factor analysis reveal that the main dimensions of perceived museum service quality in Croatia are "tangibles", "accessibility", "exhibition presentation", "empathy" and "communication". These findings are somewhat consistent with similar studies conducted in the museum sector. Hui-Ying and Chao-Chien (2008) reported a five-factor structure for perceived service quality, labelled as "educational entertainment", "responsiveness and assurance", "reliability", "tangibility" and "convenience".

Multiple regression analysis indicated that perceived museum service quality is an important antecedent of overall customer satisfaction, confirming the main study hypothesis (H1). This finding can be compared with the results of similar studies conducted in the museum sector in Poland (Nowacki, 2005), South Africa (Radder and Han, 2013), Macau (Wu and Li, 2015), and Thailand (Duantrakoonsil and Reid, 2017).

Furthermore, the indicators of multiple regression analysis in this study reveal a strong, positive and significant relationship between the combination of perceived museum service quality dimensions and overall customer satisfaction, implying that highly perceived "tangibles", "accessibility", "exhibition presentation", "empathy" and "communication" lead to higher overall visitor satisfaction in the Croatian museum sector. Additionally, approximately 61 percent of variance in overall customer satisfaction can be explained by these dimensions, suggesting that the explanatory power of the tested model in the museum sector is satisfactory.

The most important predictor of overall customer satisfaction in this study is the dimension "tangibles". Therefore, an attractive museum building, clean environment (interior and outdoor), sufficient parking area, rest rooms, variety of souvenirs, and appropriate signage have the greatest impact on overall museum visitor satisfaction.

Furthermore, "accessibility" turned out to be the second most important dimension affecting overall customer satisfaction in this study. Hence, convenient opening hours, no restrictions for exploring the site, and available information affect overall customer satisfaction.

Although Pearson's correlation coefficients between the dimensions "exhibition presentation", "empathy" and "communication" on the one hand and overall customer satisfaction on the other implied significant positive correlation, when two other dimensions were involved in the model, these dimensions did not have a statistically significant impact on overall customer satisfaction.

Nevertheless, the combination of the five perceived museum service quality dimensions tested in this study demonstrates a significant impact on overall customer satisfaction. The findings confirm that improved tangibles, accessibility, exhibition presentation, empathy, and communication enhance overall customer satisfaction in museums. Therefore, museum managers should set priorities and continue to improve these important aspects of museum service quality.

Based on the presented findings, the authors believe that the present study provides reliable and comprehensive information for both academics and practitioners. Theoretically, the study contributes to the existing literature on museum service quality and customer satisfaction relationship, reporting the findings from the Croatian museum sector, which is presently an under-researched area. The measurement scale for perceived museum service quality is based on the HISTOQUAL methodology and is modified to be applicable for museums as specific heritage sites. According to the reliability analysis, the modified scale is highly reliable, thus representing a valuable and reliable instrument for measuring service quality in the museum sector. Since the measurement instrument was developed in accordance with other studies in the heritage context, the results are suitable for broader international comparisons. What is more, the methodology could be applied to other types of cultural and heritage sites in different tourist destinations.

In addition, as mentioned previously, this study has practical implications as well. Museum managers should monitor visitors' perceptions of museum service quality to maximize visitor satisfaction in the museum. Particularly, to increase the level of museum visitors' satisfaction museum managers should focus on ensuring the excellence of exhibition presentation and service accessibility that are provided by empathetic and competent staff in visually appealing and appropriately fitted facilities. According to the results, although the tangible factor of museum service has an important role in enhancing museum visitors' satisfaction, intangible aspects are appreciated by museum visitors as well.

This study has several limitations that should be mentioned. Firstly, the study was conducted in only one museum. The application of the study in other museums would ensure more comprehensive results. In addition, in order to identify visitors' opinions of different museums, the sample should include different types of museums (e.g. art, lifestyle, history, religion, children's museums). Secondly, although the set of museum service attributes included in the study covered a variety of museum service aspects, there could be other relevant items that are likely to influence museum visitors' satisfaction. In future research, the museum service attribute structure could be broadened with specific aspects of museum service, when conducting the study in specific types of museums. Additionally, potential differences in the service quality and customer satisfaction relationship could emerge between domestic and foreign museum visitors, local and non-local visitors, as well as between young visitors and other generations. Thus, future research should also address these differences.

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APPENDIX 1:
MUSEUM SERVICE ATTRIBUTES INCLUDED IN THIS STUDY

	Museum service attributes	**Source**
V1	– Helpful and courteous staff	Frochot, Hughes (2000)
V2	– Willingness to take time with visitors	Frochot, Hughes (2000)
V3	– Tolerable level of crowding	Frochot, Hughes (2000)
V4	– Well informed staff	Frochot, Hughes (2000)
V5	– No restrictions to access (free to explore)	Frochot, Hughes (2000)
V6	– Convenient opening hours	Frochot, Hughes (2000)
V7	– Providing enough information	Frochot, Hughes (2000)
V8	– Foreign language information	Frochot, Hughes (2000)
V9	– Educational content of the exhibition	Hui-Ying, Chao-Chien (2008)
V10	– Attractive content of the exhibition	Hui-Ying, Chao-Chien (2008)
V11	– Well explained exhibits	Martin-Ruiz et al. (2010)
V12	– Interesting visit due to the new technologies	Martin-Ruiz et al. (2010)
V13	– Professional tour guides	Hui-Ying, Chao-Chien (2008)
V14	– Audio guides provided	Authors
V15	– Understandable mode of guides' narration	Hui-Ying, Chao-Chien (2008)
V16	– Good info services (info desk)	Hui-Ying, Chao-Chien (2008)
V17	– Appropriate position of the info desk	Hui-Ying, Chao-Chien (2008)
V18	– Attractive museum building	Frochot, Hughes (2000)
V19	– Helpful direction signs	Frochot, Hughes (2000)
V20	– Clean environment (interior and outdoor)	Hui-Ying, Chao-Chien (2008)
V21	– Sufficient parking area	Hui-Ying, Chao-Chien (2008)
V22	– Variety of products in souvenir shop	Hui-Ying, Chao-Chien (2008)
V23	– Rest rooms provided	Hui-Ying, Chao-Chien (2008)
V24	– Access for elderly people and less able visitors	Frochot, Hughes (2000)

TOURISM MARKETING IN RUSSIA: STAGES OF FORMATION, MODERN STEREOTYPES AND SIMPLIFICATIONS

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Abstract: *The article analyzes the stages of development of tourism marketing as a field of scientific knowledge in marketing theory. The author's attempt to rethink the stereotypes and simplifications developed in the theory and practice of tourism marketing, which hinder the active introduction of marketing technology in the system of strategic management of territories, is also undertaken. Methodological base of the present research was content analysis of fundamental works of domestic and foreign authors, which formed the basis of the theory of tourist marketing. Besides, comparative and analytical methods of research were applied. It is shown that the development of the basis of the theory of tourist marketing was based and was a logical continuation of the development of the theory of marketing services as a response to the process of formation of the economy of service type (economics of services). In the process of evolution of the theory of tourism marketing it has passed two stages. The first stage (1965 - mid-1990s) was devoted to the study of peculiarities of marketing activity in the sphere of tourism and hospitality at the level of microenvironment. The second stage begins in the mid-1990s with the study of marketing technologies at the level of meso- and macro-systems. On the basis of the carried-out analysis the conclusion about the productivity of the domestic theory of tourist marketing from foreign researches in this area is made. Also, the author distinguishes two main stages of development of the theory of marketing in tourism, which are characterized by the change of the object of study. The allocated stereotypes and simplifications in the theory of tourist marketing interfere with practical introduction of scientific workings out in this sphere in strategic management of tourist branch of the Russian regions.*

Keywords: *Tourism marketing, Tourism, Tourism Enterprises, Promotion, Tourist services, Tourist product, Stereotypes and simplifications in tourism marketing.*

1. INTRODUCTION

Initially, the theory of marketing developed with a focus on commodity production, and was aimed at maximizing the efficiency of material goods sales. However, with the intensive development of services, including tourism, as well as rapid transition from industrial to post-industrial model of development of national economies, marketers began to shift to the study of services as a specific management product.

Active formation of the service economy began after the late 40s - early 50s of the twentieth century. By the beginning of the XXI century, the service sector has become one of the most capital-intensive and profitable sectors of the economy. Thus, according to the World Bank Group, the share of the service sector in the global GDP in 2016 was 71%. According to the World Travel & Tourism Council, since 2005, tourism has become the largest and most dynamically developing sector of the services sector. Its share in the global GDP is 10.4% ($8 trillion). According to 2018 data, 319 million people worked in the tourism industry, i.e. every 10 employees in the world.

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2. THE GENESIS OF TOURISM MARKETING: FROM SERVICE MARKETING TO TOURISM MARKETING

All the above circumstances predetermined the interest in the problems of marketing services both from the practice and from the scientific community. In the process of evolution of marketing theory, which was expressed in a stable trend of deepening and specialization of scientific developments, the marketing of services stood out in an independent field of scientific knowledge. As for the marketing of the tourist sphere (tourist marketing), it developed within the framework of the concept of marketing services and only in the early 90's of XX century was formed into a separate scientific direction within the framework of marketing theory, although some works on the specifics of tourist marketing began to appear long before that.

Thus, the first publication in the academic journal on the problem of tourism marketing appeared in 1968. Since then, the interest of scientists in the problems of development of the theory of tourist marketing has steadily increased (Figure. 1). Quantitative and qualitative leap in publishing activity on the problems of tourist marketing is observed since 2000. Thus, if in the period from 1968 to 1990, on average, 5 articles were published per year on the topic of tourist marketing, then since 2000 the average annual number of works devoted to the problems of marketing in tourism has increased to 218. It was during this period that we can speak of tourism marketing as an independent concept in marketing theory.

Figure 1. Number of publications on tourism marketing in international academic journals, 1968-2018

Source: based on Scopus database

Let's trace the evolution of tourism marketing through the prism of services marketing. The main stages of formation of the concept of services marketing are presented in Table 1.

The basic principles of service marketing were formulated by the American entrepreneur Cyrus H. McCormick, who formulated such basic directions of modern marketing as market research and analysis, the basic principles of pricing and service and post-services.

Table 1. *The main stages of formation of the concept of marketing services*

Period	Basic content of theoretical works	Author
End of the 1940s.	Beginning of advanced development of the services sector compared to industrial production in the economies of a number of countries	
1969	Attempts to identify differences between goods in kind and services. Foundations of the theory of service marketing	E. Johnson (University of Washington, USA)
The end of the 60s and the beginning of the 70s	The contribution of the service sector to the GDP of developed countries has become equal to that of the industrial and agricultural sectors	
1972	Research on the application of the marketing concept in the service industry	V. George (University of Georgia, USA)
early '70s	Numerous publications in the "Journal of Marketing" about the possibility of separating the concept of marketing services in a separate discipline	V. George, H. Baxdale, R. Judd
1973	Initiation of case studies on service marketing issues	K. Lovelock (Harvard Business School, USA)
1974	The one-stage production, marketing and consumption of services is disclosed. Specificity of the service as a product is shown. For the first time a new element of the process of marketing services is defined - the process of interaction between those who provide a service and those who consume it. The first book on service marketing "Introduction to Service Marketing" was published. Problems of service marketing management caused by the intangible nature of the service are revealed	D. Ratmell, E. Johnson (University of Washington, USA)
1976	A marketing model for "service in action" or "production of services" is proposed. The basic characteristics of the service are singled out: simultaneous production and consumption of the service and intangible	E. Langheard, P. Eiglier (University of Marseille, France)
1977	Research of the peculiarities of the marketing concept in the sphere of professional services. Initiatives to organize conferences on quality issues in the field of services The American Institute of Marketing published the first scientific report, which covered the specifics of service marketing	E. Gammesson (University of Stockholm, Sweden)
Middle to late '70s.	Various service classifications are proposed	J. Shostak, W. Sasser, R. Olsen, T. Hill, R. Chase
1979	The function of marketing in the sphere of services is revealed. Specific features of the concept of marketing services are defined. The concepts of "internal marketing", "two-way marketing" are introduced into scientific circulation	C. Gronroos (Swedish School of Economics and Business Administration)
1980	The generic distinction between a service and a physical commodity is determined	L. Berry
1981	The first national conference on service marketing organized by the American Marketing Association (AMA) was held	
1984	A separate section has been set up at AAM to deal with service marketing issues	
The '80s.	Formation of the theory of public organization services marketing	C. Lovelock, C. Weinsberg (Harvard Business School, USA)
1985	Establishment of the Center for Service Marketing Studies at the University of Arizona (USA)	
1990	The first international seminar on service marketing management was held	University of Marseille (France)
Early '90s.	The first Russian publications on the problem of services marketing appeared	Innovators E.V., Markova V.D., Tul'chinsky G.L.

Source: Khlebovich, D.I. & Burmenko, T. D. (Ed.). (2007). Service sphere: marketing. Moscow: Knorus

Till the middle of 80th years of XX century there is an active scientific polemic about expediency and necessity of separation of marketing of services from the general theory of marketing. The question about the criteria of division of material goods and services remained controversial and debatable. For the first time the main generic difference between services and physical goods was given by Leonard Berry in 1980. In his paper „Services Marketing is Different", L. Berry says that „a physical commodity is an object, device or thing, while a service is a deed, performance or effort". Thus, the author deduces the main difference between goods and services - intangible.

Today, there are several well-known and recognized scientific schools of marketing services in North America and Western Europe. North American schools play a leading role among them. One of the oldest of these schools was founded as the Center for the Study of Service Marketing (CIMU) at the University of Arizona (USA).

Another famous North American school of marketing services is Texas A&M University. This school is represented by the works of three productive colleagues, Leonard Berry, Valeria Zeithaml and Parsiu Parasuraman. These scientists are the authors of the North American model of service quality and its popular measurement SERVQUAL methodology.

Harvard Business School has also played a role in the development of service marketing as an independent scientific discipline. The leaders of this school are Christopher Lovelock, Charles Weinsberg and John Bateson.

Among the Western European schools of marketing services there are two schools: The Northern School and the Marseilles School. The Nordic School is represented by the works of two undisputed leaders: Evert Gummesson and Christian Gronroos.

Another European school, conditionally called „Marseille" by the name of the famous French university, is represented by veterans of service marketing E. Langeard and P. Eiglier.

As in the case of general marketing theory, the concept of tourism marketing was based on the extensive practical experience of entrepreneurial structures. In the process of rapid development of tourism sphere after the Second World War, complication of forms and methods of competition, entrepreneurial structures faced the need to study their consumers and the formation of loyalty to demand.

Initially, all tourism business was mainly focused on sales of the existing product. The unprecedented popularity of packaged tours in the 60s was the result of the ingenuity of entrepreneurs, who saw the possibility of reducing the cost of recreation through the use of unsold seats in the aircraft. It is not surprising that the first tour operators did not need to apply marketing technologies, as the quality of the product was constantly growing, and if the prices were kept under control, it was possible not to worry about the level of demand, it showed a steady trend to increase. At the same time, excessive demand also creates certain difficulties for the development of companies. The popularity of packaged holidays abroad soon led to the need to expand the range of products and differentiate the supply. In many resorts there were large-scale construction of hotels and other accommodation facilities, most of which did not meet the standards of either comfort or quality of service. Tourists were concerned not only about the quality of accommodation, but also about the activities of air carriers.

As noted in the monograph „Tourism Marketing" by the English researcher J. Christopher Holloway, „the management of travel companies began to realize that it is impossible to achieve an optimal level of sales without overcoming three widely spread phobias in society: fear of flight; fear of unusual food; fear of foreigners".

Passenger flights served old, technically obsolete aircraft; due to the strict pricing policies of public carriers and bilateral agreements, it was necessary to resort to unsuitable, technically and operationally inappropriate airports. The concept of cheap and frequent flights has been replaced by the understanding that it is much more advantageous to purchase new vehicles, which, thanks to their high coefficient of technical use and greater capacity, reduce operating costs and, above all, guarantee the safety of passengers.

In the mid-60s and early 70s, consumers of tourism services were characterized as conservative. Globalization processes were only just beginning to gain momentum and intercultural and interethnic interactions were in their infancy. Tourists were afraid of everything new, especially in the field of food. The process of catering caused a problem both for tourists and hotel owners. The problem was solved by specialists who suggested how to organize the process of public catering in hotels in the most efficient way by changing the ways of cooking, serving and presentation of dishes. As payroll costs increased, more and more hotels switched to a buffet system, which provided for an independent choice of dishes. As a result, additional costs were offset by significant savings in service costs and reduced food waste. In the mid-1990s, the buffet concept was replaced by the all-inclusive concept, however, a reversal of the previous one, but only an addition to it, especially in the resort recreation segment.

Fear of foreigners is often due to a lack of understanding of local customs and behaviour. In the 70's, the largest UK travel companies came to the conclusion that the only way to overcome the barrier is total control over the living conditions and quality of service. They have invested heavily in the construction of their own hotels and hired experienced and qualified managers who have raised the standards of service to a new level. Where once the role of resort representatives was to accompany tourists from the airport to the hotel and back, as well as to sell excursions, now they have become qualified service personnel, designed to provide maximum assistance to the client in order to meet his needs. More attention has been paid to training tourism managers in the basics of business communication, psychology and sales techniques.

The increasing complexity of the interaction of tourism market players, the increasing level of competition and demands from consumers (tourists), and the numerous practical cases demanded a deep theoretical understanding and systematization of the available knowledge about the specifics of the tourism industry.

One of the first theoretical works in the field of tourism marketing is a monograph by G. Shelenberg „Marketing y Turismo", which was published in 1965 at the Institute of Tourism Research in Madrid. In 1971, the work of one of the founders of tourism marketing, Joost Krippendorf, was published in Switzerland - „Marketing et tourisme", which considers the importance of applying tourism marketing methods and tools. Later, in 1987, this work was completed and updated by the author and reprinted in France. Not surprisingly, Spain was the first country to have a theory of tourism marketing. The fact is that it was in Spain that the first ministry in Europe appeared, which dealt with the issues of support and development of tourism at the national level.

Joost Krippendorf is considered to be the classic and founder of the concept of tourism marketing, which defines him as „a systematic and coordinated business activity of a private or public enterprise at the local, regional, national or international level, carried out in order to achieve optimal satisfaction of the needs of consumer groups and their motivation to make a second purchase". This definition of tourism marketing reflects the essence of the concept, which is based on the principle of satisfying the needs of consumers of tourism services (tourists) while at the same time making a profit for tourism service providers. At the same time, the author stresses the importance of systematic and coordinated action by business services at the local, regional, national and international levels to establish long-term relationships with tourists.

In another equally conceptual work by the French researcher Jean-Jacques Schwartz, „Marketing Approach to Tourism Development" („Pour un approche maketing de la promotion touristique"), tourism marketing is seen as a process of finding and identifying an optimal market based on the real and potential needs of the consumer in order to improve the competitive advantage of the tourism company. The author does not contest the idea expressed by J. Krippendorf on the importance and necessity of meeting the needs of tourists, complements this conclusion with the conclusion that it is advisable to identify consumer preferences through market research. Thus, in the theory of tourist marketing there appear works which appeal to necessity of permanent studying, revealing and formation of tourist preferences that further will be a basis of modern concepts of territorial development of tourist industries.

Previously, a similar idea was expressed by the Romanian geographer economist Eugenio Nicolescu Eugeniu in his work „Marketing in Tourism". The researcher considered tourism marketing «as a policy of a travel company or organization based on the constant study of current and future travel preferences - specific methods and technologies - aimed at the constant adaptation of the offer to these requirements, in order to better satisfy them in order to develop business in specific market conditions». Although the last two approaches more fully reflect the essence of tourism marketing, expanding its scope and application, they cannot be considered comprehensive.

As a more complete definition can be considered the one proposed by Canadian experts Tocquer Gerard and Zins Michel, who give the following definition of tourism marketing in their work „Marketing du tourism" (Marketing du tourism): „Marketing in tourism is a process in which the structure of tourism demand is expected and satisfied by the development of the product (service), distribution, the setting of the exchange rate (price of the tourism product), the existence of a link between the tourism organization and its target markets, in order to best serve the interests of the company and consumers". This definition reveals an additional aspect of the marketing approach, offering a broad image of the marketing activities of the tourist enterprise.

Until the early 1990s, academic marketing science focused exclusively on the specifics of marketing activities in the field of tourism and hospitality at the microenvironmental level. The global economic and geopolitical transformations of the early 1990s (the conflict in the Persian Gulf, the end of the Cold War, the collapse of the USSR, the formation of new independent states, etc.), as well as the high rate of scientific and technological progress (primarily the development of electronics and communications) naturally affected the focus of marketing research. Research (mainly in the form of scientific articles in academic journals) began to appear, in which the problem of assessing the impact of the macro-environment on the quality of tourism services began to be studied. Gradually, a systematic approach to the description of conditions for ensuring quality and sustainable development of the tourism industry at the level of territo-

ries (countries, regions, cities, municipalities, etc.) is being implemented. The issues of creation, management and promotion of the national tourist product (brand) to foreign markets are becoming the key issues on the agenda of the theory of tourist marketing.

Since the mid-1990s - early 2000s, a strategic shift in the object of tourist marketing research has been taking place in the foreign academic environment. If before that, the main part of researches was devoted to the analysis of marketing activity at the level of tourist firms and organizations, ensuring the competitiveness of entrepreneurial structures in the field of tourism and peculiarities of marketing communication between participants of tourist exchange, from the beginning of the 2000s began to appear the works which investigated tourist territories as the object of promotion. The focus of research is shifting from individual firms to the peculiarities of the formation of territorial policy for the development and promotion of unique tourist properties as competitive advantages of the territories in the struggle to attract tourists. Global and multistructural competition forces the territories to develop new marketing methods and technologies of attracting tourists and forming sustainable incentives for them to make repeated trips.

At the moment we can speak about a number of established scientific centers to study the specifics of tourism marketing (Figure. 2). The leading positions in this list are held by Hong Kong Polytechnic University and Hotel and Tourism Management School in Hong Kong. The rest of the places are distributed among American, Australian and European universities. It is noteworthy that in the list of 50 research centers with the largest number of registered in international scientometrics databases of scientific articles on the problems of tourism marketing there are no Russian universities or research centers. This fact allows us to conclude that Russia has not developed a full-fledged scientific school of tourism marketing. This is also evidenced by the number of articles registered by Russian authors in international scientometrics databases (Figure. 3).

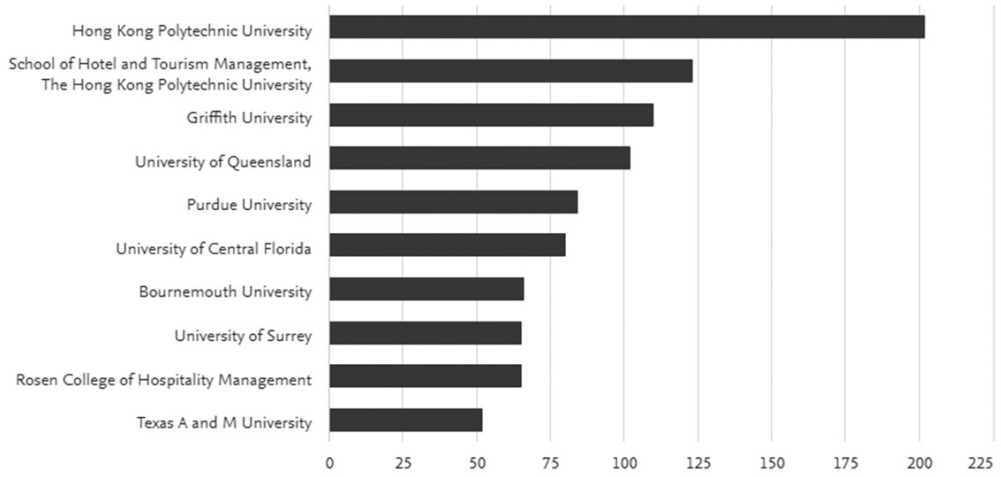

Figure 2. Scientific centers with the largest number of registered scientific articles on the problems of tourist marketing, 1968-2018

Source: based on Scopus database

A number of specialized scientific periodicals have been created in the foreign scientific environment, which publish the most relevant researches in the field of tourism with a great emphasis on the problems of tourist marketing (see Figure. 4). In the domestic academic environment, such examples can be found in scientific publications of the Russian State University of Tourism and Service („Modern Problems of Service and Tourism", „Service plus", „Service in Russia

and abroad", „Herald of the Association of Higher Education Institutions of Tourism and Service"), as well as „Herald of the National Academy of Tourism". However, these scientific journals mainly specialize in the general problems of tourism development and do not pay enough attention to the problems of marketing, which does not allow to attribute these publications to the specialized problems of tourism marketing.

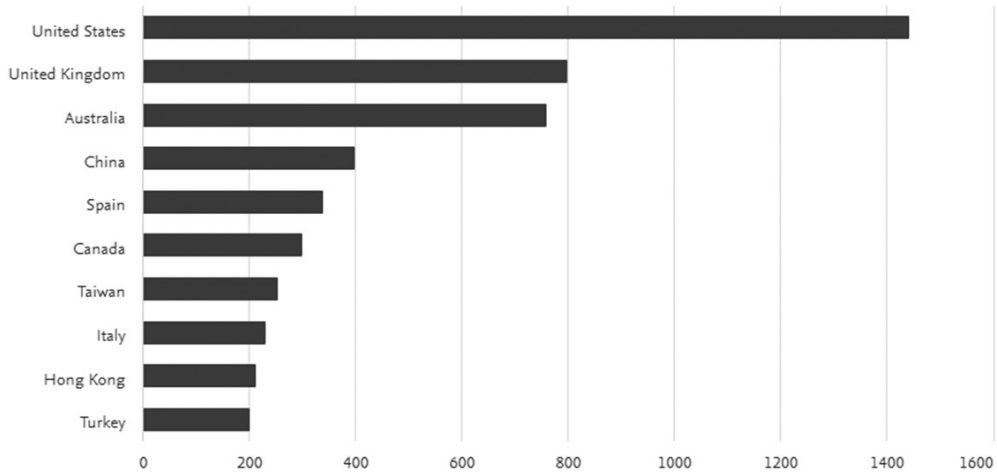

Figure 3. Nationality of the authors of the articles on the problems of tourist marketing, 1968-2018

Source: based on Scopus database

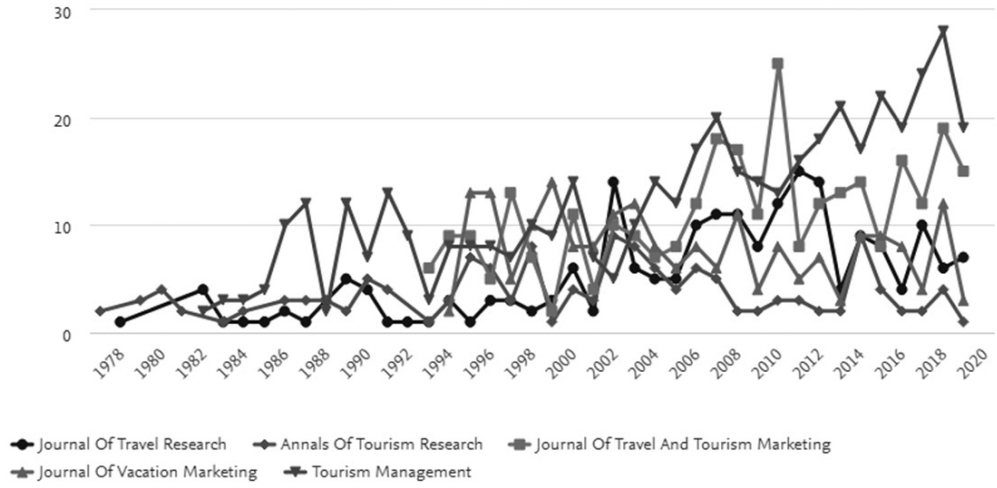

Figure 4. The most authoritative professional journals on tourism marketing issues

Source: based on Scopus database

In Russian science, the concept of tourism marketing began to develop in the early 1990s with the appearance of translated works of Western researchers. The presence in the tourism system of a large number of unprofitable and unprofitable enterprises was the reason for the development of methodological recommendations on the basics of tourism marketing, which were proposed by specialists and experts of the Central Council for Tourism and Excursions, the Department of tourist agencies and routes, as well as researchers of the All-Union Research Laboratory on Tourism and Excursions. This work was an attempt to develop the basic marketing principles for tourism enterprises, which passed from the planned method of economic activity to the market mechanism of functioning. The tourism industry is beginning to be

considered and studied not as a social phenomenon, but as a branch of the economy with high entrepreneurial and financial and economic potential.

The authors of the mentioned methodical recommendations, highlight the perspective, in the new conditions of management, ways of using marketing in the activities of the tourist enterprise. Among the main ones:

1. development of a complex tourist product;
2. softening the acuteness of seasonal excess of demand over supply;
3. development of additional paid services for tourists;
4. specialization of the economy in the production of certain types of tourism products, or in work with narrow sectors of the market.

In addition, the work focuses on the development of practical recommendations for the use of the basic principles of the establishment and operation of the commercial and marketing service of the tourism enterprise. Distinctive features of the analyzed methodical recommendations are, firstly, high practical orientation of recommendations for increasing profitability and competitiveness of business structures in the sphere of tourism in the conditions of transition of national economy to the market model of development, and secondly, absence of the generally accepted marketing terminology that testifies to the embryonic stage of development of the theory of tourist marketing in Russia.

One of the first Russian works devoted to the problem of application of marketing tools to increase the competitiveness of subjects of the tourist market is the textbook of D.K. Ismaev - „Fundamentals of strategy and planning of marketing in foreign tourism". In it the author considers the general concept of marketing in relation to tourism. The issues raised in the paper are considered in relation to the activities of tourism firms and organizations. A distinctive feature of this study is the author's focus on the analysis of marketing technologies and models in relation to those travel agencies that are engaged in organizing the reception of foreign tourists in Russia. In other words, the author points to the need to implement the marketing concept to attract foreign tourists, not to develop competition among tourism firms and organizations organizing the departure of compatriots abroad. This feature can be explained by the influence of the Soviet legacy of tourism development, which was aimed primarily at the development of inbound tourism, rather than outbound tourism. This thesis is gradually leveled out in the subsequent works of domestic researchers. The main task of tourism marketing, according to D.K. Ismaev, should be „advertising and other commercial activities that contribute to the consolidation and development" of positive trends in tourism. However, he entrusts this task exclusively to business entities, which, in his opinion, „should seek ways to influence the legislative and executive bodies at all levels in order to draw their attention to the need to create more favorable conditions for the reception of foreign tourists". This approach, we believe, is not comprehensive and inefficient, as it significantly reduces the scope of marketing technologies and excludes a number of tools for the development of tourism, in particular, the tool of public-private partnership.

Special mention should be made of the work of A.T. Kirillov and L.A. Volkova „Marketing in tourism", which can be considered the first in the domestic theory of tourism marketing research of systemic, complex and structured nature. The authors, based on the study of domestic and foreign experience, analyze the main categories and concepts of the tourist market, forms and methods of sales of tourist products. Besides the general questions of tourist marketing, such as the role of marketing in the activities of a tourist company, the specifics of marketing tour enterprise and the process of organizing and conducting marketing research, the authors make the first

attempt to study the impact of tourism on regional development. The monograph explores the relationship between the tourist attractiveness of the region and the level of tourism development in it. The role of tourism enterprises (travel agencies and tour operators) in the system of territory development is defined. Researchers assign a special role to the process of marketing research as a strategic tool to improve the economic efficiency of the tour enterprise and the development of the tourism market in the region. This monograph is the first domestic work trying to move from the analysis of the tourism industry from the micro-level to the macro-level.

V.B. Saprunova's paper „Tourism: Evolution, Structure, Marketing", based on the example of European countries (primarily Germany and Switzerland), considers the problems of evolution, structure and regulation of the tourism market. The paper also considers the main features of a new consumer of tourism services, analyzes his motivation and behavioral characteristics. Of particular interest are the issues of practical marketing, which in addition to the micro-level (tour operators and travel agencies) is analyzed at the institutional level (the division of marketing functions between government agencies, industry associations and entrepreneurs). The author makes one of the first attempts in domestic science to move from the analysis of marketing activities of travel agencies to the analysis of the national marketing strategy of the industry. V.B. Saprunova singles out the key features of tourism marketing, to which she refers:

1. not to stimulate demand for tourism services, but to manage demand;
2. a high degree of reliability of information on tourism products;
3. consumer protection;
4. the special role of marketing in the off-season period (diversification of tourism products);
5. the central role of psychological, behavioral and social characteristics of the consumer;
6. coordination of marketing of participants in the tourism market.

And although the peculiarities of the author's tourist marketing are not subject to deep system analysis, they formed the basis for many further domestic scientific researches in this aspect of the problem.

One of the first systematic works in the national concept of tourist marketing is the textbook „Marketing in tourism: a strategy for success" by Professor of the Russian Economic University named after G.V. Plekhanov, T.P. Rozanova. The author analyzes the marketing concept from the perspective of a travel company. On the basis of the analysis of foreign and domestic experience of development of the tourist market, methodical approaches to development of the concept of marketing in tourism are formulated. T.P. Rozanova singles out 8 main stages in the process of realization of tourist marketing by travel agencies: analysis of strengths and weaknesses of the enterprise; analysis and choice of tourist products; identification of possible target markets; ranking of selected markets; thorough (deep) analysis of selected markets; development of a marketing plan; use of the marketing plan; observation and monitoring of the use of tourism companies. Tourism advertising is seen as one of the most important elements of tourism marketing. The conclusion to which the author comes as a result is interesting - tourist marketing is more of an art than a science. In this regard, „requires from the one who uses its methods in their practice, a creative approach to each problem encountered by him and, as a rule, a non-standard solution to the relevant practical problems".

The most complex work devoted to the problems and specifics of tourist marketing is the textbook by the Belarusian authors A.P. Durovich and A.S. Kopanev - „Marketing in tourism", which was subsequently repeatedly reprinted and even recommended by the Ministry of Edu-

cation of the Russian Federation as a teaching aid for students of higher education institutions studying in the areas and specialties - „Management", „Marketing", „Management in the social sphere". In this textbook the authors on the basis of general scientific methods and theories of marketing disclose the essence, principles of marketing, its functions and technology of marketing activities of the tourist enterprise. This work is a classic example of fundamental work, without original ideas and is a basic textbook in the field of tourism marketing. The main subjects of tourist marketing are travel agencies and tourists.

Subsequent works expand the composition of subjects of tourist marketing, including, in addition to travel agencies and tourists, accommodation facilities (hotels), catering facilities (cafes, restaurants) and business structures.

One of the first domestic researchers, who began to purposefully and systematically study the problems of economics and marketing in the tourism industry, not from the standpoint of individual firms and enterprises, but from the standpoint of territories is a professor of the Russian Economic University named after G.V. Plekhanov - Dzhanjugazov E.A. Her work - „Marketing of tourist territories" - is distinguished by its non-triviality and great practical value due to the complex and systematic approach to the problems under consideration. The author in his work researches the basic elements of the complex of marketing of tourist territories, and also considers methods of formation and promotion of a territorial tourist product taking into account regional features. The novelty of the approach lies in the strategic symbiosis of territorial and tourist marketing for the formation and promotion of the regional tourist product to external and internal markets.

The majority of domestic scientific works in the field of tourism marketing are either of a clarifying nature or in the form of practical cases for specific territories. Recently, the scientific direction of studying of tourist branding or branding of tourist territories has been actively developed.

In spite of the large number of publications in the Russian scientific sphere concerning tourism marketing, almost all researches are limited exclusively to the interpretation of the role of marketing technologies in the development of tourism at various levels (micro-, meso- and macrolevels). The domestic marketing theory is based on the adaptation of the methodology of foreign authors in the field of services marketing and tourist marketing. Unfortunately, there are no unique methods and models of tourism development based on the concept of tourism marketing. Attempts to adapt foreign methodological developments and implementation of marketing strategies for the development of the tourism industry do not look convincing and weakly effective due to its practical detachment from the specifics of the domestic market of tourism services.

Thus, we can conclude that in the process of evolution of the theory of tourism marketing, it has gone through two stages. The first stage (1965 - mid-1990s) was devoted to studying the peculiarities of marketing activities in the field of tourism and hospitality at the level of microenvironment (travel agencies, tour operators, tourists). The research was conducted on the examples of specific firms and companies. Since the mid-1990s, the process of studying marketing technologies at the level of mezzanine and macro-systems has started. The impact of state policy on the development of national tourism industries is studied. Within the framework of the theories of regional economy, a specific tourist area is considered as a product of promotion in tourist markets. The focus of marketing research shifts towards territorial branding strategies and promotion of national tourism products.

3. STEREOTYPES AND SIMPLIFICATIONS IN TOURISM MARKETING

On the basis of the analysis of more than 200 scientific articles on the problems of tourism marketing in Russia, it is possible to highlight a number of stereotypes and simplifications that have firmly entered the practice of tourism marketing and hinder the effective implementation of the marketing approach to the system of strategic management of territories. One of the main stereotypes, which is actively replicated both in the scientific and expert community and among the general public, is a myth that marketing is a panacea for all problems of the tourism industry. According to the logic of this stereotype, with the help of marketing tools (most often, it all comes down to advertising tourism opportunities and branding of the territory) it is possible to solve the problems of development of the tourism industry. As Professor Belskih I.E. rightly points out, „image strategy is important for the initial attraction of tourists to the territory of the country. In order to retain customers, it is necessary to develop tourism infrastructure". In order to retain and meet the needs of tourists, it is necessary not only to form and develop a positive image, but also an appropriate level of socio-economic and engineering infrastructure of the area.

The logical continuation of the above stereotype is a simplified attitude to the personnel potential of those responsible for the implementation of marketing activities in the field of tourism development - marketing in tourism, as well as marketing in general, can be engaged in anybody. There is a well-established perception of a marketer as a creative person with a predominantly humanitarian education, who is only engaged, which fountains crazy ideas to achieve the wow-effect. Such simplification considerably complicates the process of formation of complex marketing strategies of regional tourism development taking into account modern technologies and means of communication. Marketing in tourism is a complex, multistage process, which requires a systematic and interdisciplinary approach. Recently, due to the rapid technological development, a special urgency and demand in the system of tourist marketing is given to technical specialists.

The fragmented marketing approach to managing the Territory's tourism potential is a critical simplification in the process of regional tourism development. Fragmentation is manifested both in the system of territorial management (separate structural subdivisions responsible for the marketing of territories instead of the through orientation of the entire management system), and in the process of implementing a set of marketing activities. Very often the marketing approach to the management of tourist potential of the territory is reduced to a set of separate, often logically unrelated elements of marketing strategy. Thus, often, the practice of tourist marketing ignores the research of the market and consumers, reducing all marketing activities to advertising campaigns, which significantly reduces the effectiveness of the marketing complex. For the effective development of territorial tourist and recreational complexes it is necessary to have a systematic approach, which ensures the synchronization of strategic planning of territory development with the available tourist potential.

Marketing in tourism does not require large financial resources - another common myth, which is clearly manifested in the fragmentation of the marketing approach to managing the tourism potential of the territory. Russian regional government officials, for some reason, are convinced that marketing does not require large investments. This is partly explained by the low level of marketing competence of the majority of regional and municipal level managers. Many managers do not quite understand the essence and principles of territorial marketing, hence the inability to organize and implement marketing mechanisms of tourism development in the regions. Content analysis of strategic documents for the development of tourist and recreational

complexes in the regions of the Southern Federal District has revealed the problem of lack of funds allocated for marketing campaigns to promote the tourist opportunities of the territories, and in some regions, such as in the Volgograd region, for the advertising of tourist potential is not planned any funds. Lack of market approach to the process of organization and management of tourist and recreational complexes of the Russian territories is a deterrent.

Standard marketing tools used in the process of managing the tourist potential of the territory is an institutional simplification, which directly affects the efficiency of development of tourist and recreational complexes of Russian regions. Within the framework of this study, we consider standard marketing tools to be advertising of tourist destinations and their possibilities in various media, as well as classical PR tools (Internet, business events, social projects, etc.). The author wrote in detail about the necessity of non-standard methods of positioning, including from the point of view of tourist opportunities, as well as about foreign experience of promotion of territories in his previous works.

The hope for a rapid impact of tourism marketing activities is another conceptual stereotype and simplification. Russian officials responsible for the development of tourism, for some reason, believe that the result of the investment in marketing (insignificant) should be tangible and quickly manifested. At the same time, as a rule, only the economic effect from the implementation of marketing activities is evaluated and the social effect is completely ignored - the increase in the level of residents' involvement in the processes of territorial development, the increase in the level of residents' and non-residents' loyalty to the tourist product of the territory, the formation of a favorable image, the increase in the level of comfort of living, etc.

The main conclusion of this study is that in Russian reality, marketing in tourism is a purely scientific direction that does not have a real request from the practice and regional management. The asynchronous development of the theory and practice of tourism marketing is obvious. Numerous scientific researches and recommendations of scientists have no applied potential, because of the lack of real interest on the part of officials responsible for the development of this sector of the economy.

Lack of end-to-end marketing orientation in the process of managing the development of tourist and recreational complexes of Russian territories affects the quality of tourism development, the intensity of tourist flows to the regions and, as a consequence, the missed synergetic effect of the development of related sectors of economy.

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RURAL TOURISM IN THE FUNCTION OF RURAL AREAS DEVELOPMENT IN THE REPUBLIC OF SERBIA

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Abstract: *The development of rural tourism based on the individualization of tourist demand and its focus on non-standard tourism products provides one of the key contributions to rural development. The paper discusses the possibility of developing rural tourism in Serbia and key factors for the success of rural economy diversification through rural tourism, primarily synergetic effects of agriculture and tourism, and thus established local value chains, introduction of food quality standards, application of information technologies, efficient management of tourist destination and adequate financial support, especially to small businesses in rural tourism. Lack of an integrated tourist offer makes it difficult to apply marketing and management approaches to rural tourism development at the national level and the level of local rural tourism destinations and this must be given special attention in the future.*

Keywords: *Rural Tourism, Rural Areas, Rural Economy, Diversification.*

1. INTRODUCTION

According to the definition of the World Tourism Organization (UNWTO), „rural tourism is a type of tourism activity in which the visitor's experience is related to a wide range of products generally linked to nature-based activities, agriculture, rural lifestyle / culture, angling and sightseeing. Rural tourism activities take place in non-urban (rural) areas with the following characteristics:

- low population density,
- landscape and land-use dominated by agriculture and forestry, and
- traditional social structure and lifestyle" (UNWTO, 2017a, 2017b).

Europe was, since the '50s of the past century, the first region to develop a coherent understanding of Rural Tourism. In other parts of the world, similar concepts appeared by the end of the 20th century in the context of sustainable tourism and community development. They generate considerable domestic markets that have a high potential for future international travel (The ECRT, 2018). Interest in rural tourism is growing in developed tourism countries. Research conducted on the European market indicates that in the mid-nineties 9% of tourists were targeting rural destinations. On the UK market, as much as 25% of tourists showed interest in staying in rural areas (Čomić, 2002).

European rural tourism in 2018 provides around 6 million bed spaces in 500,000 establishments, representing around 15% of the total accommodation capacity of Europe. Together with related services, the sector generates more than €100 billion in direct spending – mostly in the local economy - and is a critical element for the vitality of many rural areas (The ECRT, 2018). Rural tour-

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ism is much more than farm or agricultural diversification – it is the rural economy diversification efforts to develop rural economy from primary manufacturing-based into the service-based economy. The EU structural, cohesion, rural development and other territorial development policies provide significant support to this transformation of the rural economy (Bojnec, 2010).

The Republic of Serbia has attractive natural and cultural resources, which have great potential for the development of rural tourism. According to data contained in the Program for the development of sustainable rural tourism in the Republic of Serbia (Official Gazette of the RS, 85/11), rural tourism is supported with more than 32,000 beds, registered and unregistered, in rural areas, of which 10,000 beds are exclusively in villages and in 2010 generated revenue of 10.4 billion dinars in direct spending (16% of GDP realized in the travel and tourism sector, according to the WTTC Travel and Tourism Economic Impact Serbia 2010).

This tourism product should be made recognizable and the financing of entrepreneurial ideas facilitated, taking into account its positive effects, among which are:

1. increase of employment of local population,
2. additional income for rural households,
3. development of production and service activities;
4. prevention of village-city migration,
5. protection and preservation of natural and cultural heritage; and
6. integral development of rural areas (Hopić, 2010).

2. MATERIALS AND METHODS

Several scientific papers, projects' reports and official documents of UNWTO and national and EU institutions and organizations, examining rural tourism and its role in rural economy diversification, are consulted and quoted. The analysis of support measures to the development of rural tourism in Serbia are based on national and EU legislation. During the discussion and formulation of conclusions and recommendations, the analytical-synthetic method was used.

3. RURAL REGIONS IN SERBIA AND NATURAL ENVIRONMENT

The development of rural areas is closely linked to the development of agriculture and processing of agricultural products, so agricultural production is traditionally the most important sector of the rural economy and the main source of income for the rural population. Accordingly, investments are needed in the development of micro-enterprises in the field of agricultural products processing, as well as in raising the value of products by obtaining geographical indications.

Investing in the aforementioned activities would improve the competitiveness of agricultural farms in the market, increase the farms' income and improve their economic position, thereby improving the quality of life in rural areas and reducing the rate of depopulation of rural areas. Conditions that would contribute to the employment of the rural population are the strengthening of entrepreneurship and the development of micro-enterprises.

In order to improve the competitiveness of the agricultural sector and stimulate rural development in Serbia, it is necessary to implement adequate strategic measures and projects in the field of human resources improvement. Activities in this area include, first and foremost, greater integration of science and practice through reorganized agricultural stations, advisory

services, home services, agricultural cooperatives and other farmers' associations; development and implementation of new knowledge and skills of farmers through advice, training, seminars, courses; support for young farmers in modernizing the farm. All projects in this area must be based on adequate government support (financial, advisory, logistical) and coordinated public and private sector activities (Mihalović, Simonović, 2016).

According to the Program on Amendments to the IPARD Program for the Republic of Serbia for the period 2014-2020 (Official Gazette of the RS, 20/19), rural territory of the Republic of Serbia accounts for 75.1% of the state territory and covers 49.9% of the total population[3].

Taking into account demographic, economic, social and infrastructural features, it can be said that rural areas of Serbia have a high degree of differentiation (Mihailović et. al., 2012). Using cluster analysis to more than 40 indicators, homogeneous rural regions were defined, reflecting the specificity of the rural areas in Serbia (Figure 1).

Figure 1. Rural regions in Serbia
Source: NRDP 2011-2013, OG RS, 15/11.

Region of highly intensive agricultural production and integrated economy − covers the territory of Vojvodina and the northwestern part of Serbia (Mačva). This region is characterized by fertile lowlands and significant water resources of large rivers (Danube, Sava and Tisa). The agricultural sector is characterized by intensive production of cereals and oilseeds, developed animal husbandry, vertical integration with the food industry and the dual structure of farms. Higher concentration of population, stronger investment activity and more dynamic economic growth are registered in the western part of the region.

[3] Rural areas defined according to the OECD criteria at the municipal level with a population density of less than 150 inhabitants per km^2.

The region of small urban economies with intensive agriculture − includes the northern parts of Central Serbia, Sumadija, parts of Macva and Stig. The area is surrounded by large urban centers, which affects demographic, economic, infrastructural and social trends. Hilly relief prevails, with the mountains in the western and eastern edge of the region. The agricultural sector is dominated by farm size 3-10 ha, highly productive fruit and wine production and developed livestock farming.

Mountainous region, with an economy based on natural resources − extends in the east and south of the country and comprises predominantly mountainous area. In the valleys of the Danube, South Morava and Timok there are lowland areas with diversified economy and agriculture. The region has a low population density, unfavorable age and educational structure of the population and underdeveloped local infrastructure. Agriculture is focused on growing fruits, grapes, cattle and sheep. Natural potentials for cultivation and collection of medicinal herbs, collection of forest fruits and organic production have not been sufficiently exploited.

Region of high tourism potential with a poor agricultural structure − includes the mountainous area of western Serbia. Rural economy is characterized by hydropower potential, tourist facilities and agricultural structure based on a small number of products (raspberry, pasture-based animal husbandry). This region has the greatest potential for successful positioning of a number of tourist products of Serbia, due to an exceptional combination of tradition, history and natural beauty.

Considering the analyzed characteristics of rural regions in Serbia, the dominant causes of their slow development are: migration of rural population, unfavorable age structure, insufficient investments in rural areas, identification of agriculture with the development of rural areas, etc. (Cvijanović et. al., 2012). The structure of employment and income of the rural population indicates that in Serbia the *distress-push* income diversification is dominant, reflecting the unfavorable economic environment and rural poverty (Bogdanov, 2007). According to the UNDP research (2010), the highest degree of diversification of agricultural incomes have holdings in Western Serbia, and the smallest farms in Vojvodina (Cvejić et al., 2010).

In economic activities such as agriculture, mining and construction, natural conditions exert a strong (decisive) influence on the development of these activities (Pejanović, 1993, pp. 20-32). Under natural conditions, qualitative and quantitative characteristics of a given natural environment are meant. These include: climatic conditions, mineral and water resources, soil fertility, wildlife, soil stability. In the history of human society so far, human activity on natural conditions has reached such negative proportions that through the pollution of the natural environment the survival of human existence is endangered.

Land as a basic tool for work and the object of work in agriculture has suffered and is undergoing significant changes both in its use and in its intensity of degradation. The causes of soil degradation are multiple: biological, chemical and mechanical. In the group of chemical pollutants of the earth, a special place is given to the emission of gases which leads to acidification of the soil with acid rain. Forms of physical and chemical soil damage are represented on the surfaces in the surrounding areas of river flows and lakes with pronounced fluctuations in water levels. Industrial and municipal water, followed by agricultural wastewater, especially livestock farms, are a major source of soil pollution.

In addition to soil erosion, a serious problem is the unplanned and uncontrolled change in agricultural land use. Quality arable land is being increasingly used for construction of large in-

frastructure (roads, railways, airports), industrial and agricultural processing facilities, housing and so on. Systematic inappropriate land use has changed the ecological production conditions of the land. The use of mineral fertilizers, in addition to its basic function and effects, causes undesired physic-chemical and biological changes. A particular danger is the irrational and technologically inadequate application of nitrates with illicit effects on wildlife, soil and water, as well as the uncontrolled use of crop protection products.

However, given the aforementioned increase in the emission of harmful substances into nature, numerous movements, organizations, etc., have appeared in the world, who want to protect it. In this regard, they urge and take appropriate action for the state to intervene, that is, the appropriate international institutions (Cvijanović et al., 2011, p. 43).

The natural environment is made up of natural resources that are necessary for manufacturers or tourism companies as a basis for planning visits to certain destinations, and whose dominant feature is the natural preservation of the environment (Cvijanović, Vuković, 2012, p. 48).

Today's natural and ecological environment is characterized by (Cvijanović, Vuković, 2012, p. 48):

- a universal movement known in the literature as „envoymerism", which is based on raising awareness of the need to conserve and enhance natural resources and environments;
- education of all age structures in the population on the importance, maintenance and improvement of the quality of the natural environment;
- continuous monitoring of the natural environment for preventative actions in the event of their disturbance;
- undertaking appropriate activities to improve the quality of the environment. For example, placing filters on factory effluents or chimneys, or perhaps stocking up those river or lake water areas where biodiversity is affected, etc.
- preservation of cultural and historical heritage, anthropogenic resources that are integrated with the natural environment, which are the subject of tourist visits, etc.

4. POSSIBILITIES FOR DEVELOPMENT OF RURAL TOURISM IN SERBIA

Reformed rural development policy indicates that the EU's strategic approach is to improve the implementation of rural development support programs and to increase its focus on employment, competitiveness and innovation in rural areas. Reformed rural development policy has set the LEADER initiative as a leading approach in the distribution of support and has greatly simplified procedures (Bogdanov, 2007, p. 47). The new rural development policy is in line with the declaration of the Guiding Principles for Sustainable Development (these principles require balance and complementarity between the economy, the environment and society.

A large number of different natural-geographical units and their preserved ecosystem, multiethnicity, local specialties, old crafts, ambient and cultural values and the spiritual heritage of the villages are the basis for establishing a rich rural tourism offer. It is exactly tourism and its multiplicative effects that positively influence the economy of these areas (Vujović et. al., 2012; Đorđević Milošević, Milovanović, 2012).

Rural tourism is one of the key tourism products in 12 out of 18 tourist destinations in Serbia, as defined by the Tourism Development Strategy 2016-2025 (Official Gazette of the RS, 98/16).

According to the Law on Tourism (Official Gazette of the RS, 17/19), the development of tourism products of particular interest (including rural tourism) is more closely determined by the Tourism Product Development Program, adopted by the Government.

The National Rural Tourism Master Plan, developed in collaboration of UNWTO and other 4 UN agencies participating in the Joint Programme (UNDP, UNFAO, UNEP and UNICEF), line ministries, TOS and local stakeholders, and adopted by the Government[4] proposes to focus on 12 Rural Tourism Clusters (RTCs) within 4 Groups of Rural Tourism Clusters (RTCGs):

1. ***Central Serbia and Western Serbia*** (1. Golija, 2. Zlatar Zlatibor, 3. Kopaonik, 4. Central Serbia);
2. ***South Banat and Lower Danube*** (5. Lower Danube, 6. South Banat);
3. ***Eastern Serbia*** (7. Soko Banja, 8. Eastern Serbia, 9. Southeastern Serbia);
4. ***Vojvodina*** (10. Fruška Gora, 11. Upper Danube and 12. Northern Serbia) (Fig.2).

Through realized synergy, tourism cluster ensure the quality of tourism products and services, as well as facilitate the introduction of innovations and exchange of knowledge, thus leading to increasing stability of regional economy and improvement of the quality of life of population and visitors (Popović et al., 2012). Key success factors of rural economy diversification through rural tourism are related to (Hyvaerinen, 2019):

- Integration of agriculture and tourism as a lever of rural development (e.g. local value chains), quality standards – with local authenticity, and protection of rural identity and natural-cultural landscapes.
- Efficient system of support for beginners in rural tourism business, cross-sectoral cooperation at all levels, incentives for cooperation and innovation, development of new managerial and entrepreneurial knowledge and skills, effective destination management and marketing and community involvement in the destination management process.

Rural Tourism Clusters are ranked by priority, in order to identify those with the greatest potential for the value chain formation and the lowest risk for return on investment in the development of rural tourism. The following criteria for the comparison of RTC were used:

a) potential of natural, cultural and man-made,
b) resources,
c) seasonality,
d) accessibility and infrastructure,
e) unemployment rate,
f) catering offer and accommodation,
g) capacities,
h) experience in tourism.

The assumption is that tourism, with its many functions and effects, would contribute to the revival of villages and at the same time national economies. Considering the problems of transition in which many European countries are located, it is quite understandable why tourism and investment in it were seen in the 1990s and early millennium as a possible driver of the development of national economies and their rural areas, which were unfair over time neglected.

[4] Program for the development of sustainable rural tourism in the Republic of Serbia, Official Gazette of RS, 85/11.

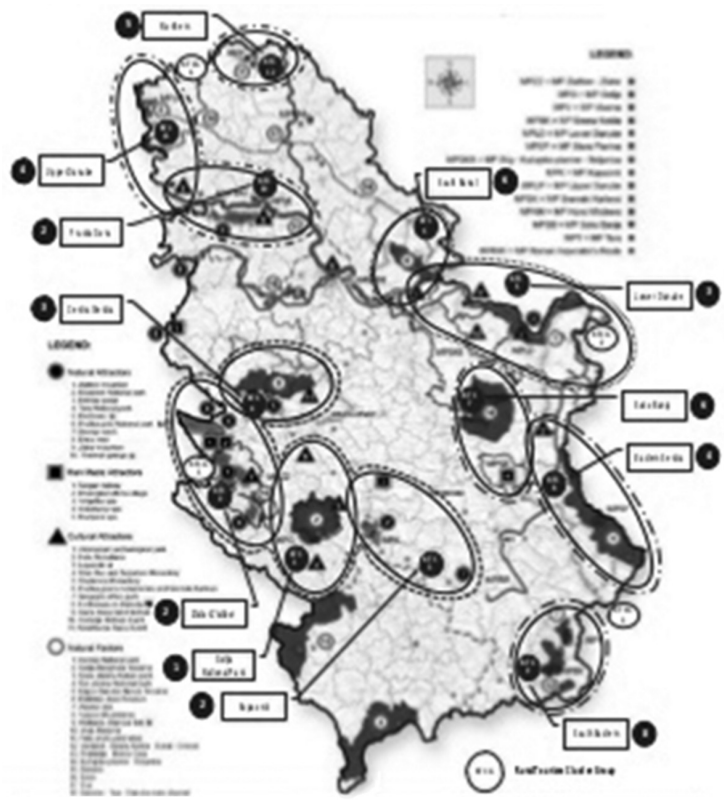

Figure 2. Cross map of factors, attractors, tourism master plans and RTCs in Serbia
Source: UNJP in Serbia, (2011).

Accordingly, the development of rural tourism in an unpolluted natural environment, with a pronounced individualization of tourism demand and its more significant focus on non-standard tourism products, is one of the bases for the implementation of the concept of sustainable tourism development. Optimistic estimates of the volume of tourism demand, given above all by UNWTO, imply their positive impact on overall tourism market relations, given the dominant position of demand over tourism supply. In this context, as prevailing tendencies on the side of tourist demand, especially in Europe, we can distinguish (Cvijanović, 2014):

- refreshment through contrast (tourist trips between the lowlands-mountains, city-village, mainland-island, etc.),
- the pursuit of experiences related to cultural and historical heritage and nature conservation, the „green" movement or tourism, also called alternative, responsible, „soft", „good" or „new" tourism - refers to both rural tourism; both in cities and on the coast. It implies, first of all, clean water, clean and safe sea, healthy food and unpolluted air, that is tourism that is not massive but „friendly" geared towards the natural environment,
- „blue" or nautical movement, i.e. demand, (cruising by sea using marinas, ports and anchorages),
- demand for places, events and experiences that have a distinct identity, integrity and diversity,
- demand for rural (rural) and agritourism - involves staying in different types of accommodation (not exclusively in rural households) and engaging in activities (sports, adventure, challenges, art, manual labor, etc.),
- demand for health, spiritual, mental and identity renewal - refers to new forms of health or spa tourism: the pursuit of better fitness (recreational activities, sports and exercise, diet, fitness) and the desire for better health through the fight against stress.

4. THE ROLE OF FOOD SAFETY AND QUALITY STANDARDS IN RURAL TOURISM DEVELOPMENT

The development of tourism is an incentive for the improvement of agricultural production, processing and supply of food, as well as the introduction of modern food safety and quality standards (Đorđević Milošević, Milovanović, 2012).

GLOBALG.A.P. is the internationally recognized standard for farm production. GLOBALG.A.P. certification covers food safety and traceability, environment (including biodiversity), workers health, safety and welfare, and animal welfare, and includes Integrated Crop Management (ICM), Integrated Pest Control (IPC), Quality Management System (QMS) and Hazard Analysis and Critical Control Points (HACCP) (GlobalG.A.P., 2019). The Law on Food Safety (Official Gazette of RS, 41/2009, 17/19, Art. 47) prescribes the obligation to establish a food safety system at all stages of production, processing and trade in food, except on the level of primary production in accordance with the principles of good manufacturing and hygiene practice and Hazard Analysis and Critical Control Points (HACCP).

Enrichment of rural tourism offer can be carried out through gastronomy, or the production of local specialties and organic food and its placement through catering industry and at numerous tourist events with culinary content (Šimičević, Štetić, 2011; Popović et al., 2010; Vojnović, 2012). According to the Ministry of Agriculture data for 2017, organic production in Serbia took place on 13,423 ha (0.38% of used agricultural land). Vojvodina is the region with the largest share in the total area involved in organic production (45.1%), followed by South and East Serbia region (33.9%) and the Sumadija and Western Serbia region (20.7%). Organic cattle production is less developed, but it has seen growing trends in 2016-2017 (Serbia Organica, 2019).

By linking the origin of products to a particular area, promotion of the area is achieved, and engagement in certification, promotion and quality control contributes to linking business entities in the chain, improving production and securing the revenues of small producers (Popović et al., 2009; Jovićević Simin et al., 2016). There are 42 agricultural and food products on the List of the indications of geographical origin registered in the Intellectual Property Office of the Republic of Serbia. Honey from Homolje and ajvar from Leskovac were registered in accordance with the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, (MEI, 2018).

A small number of primary agricultural producers in the Republic of Serbia have certificates for GlobalG.A.P., organic production and products with a geographical origin. The improvement of the current situation is expected through the financial and advisory support of the state, with more active role of the associations of producers and cooperatives and the engagement of processors, exporters and traders (Popović et al. 2017). Slightly better is the situation in food processing industry (SEEDEV, 2014).

The quality of agri-food products is a very important aspect of branding. In developed countries, all aspects of agricultural product quality, through standards and laws, are precisely defined, and their respect is the first ticket to enter developed markets. Namely, for food exporters to compete seriously in the world market, they must adopt numerous international and European standards, which will greatly reduce their procedures and access to those markets and remove trade and technical barriers. For example, the document, abbreviated as “HACCP”, is a

worldwide recognized system of "Critical Control Points in Food Production" and is a kind of passport for food exports not only to the EU.

The ultimate goal of this standard is to produce health food in a chain from field to table. In the future, Serbia will have to pay special attention to improving quality and quality control systems. New laws are now to be passed in the areas of quality, namely the Law on Standardization, as well as the harmonization of regulations with EU legal norms. Finally, given that quality is closely linked to technology and technological change, it is clear that changes and harmonization with the world follow us in this segment as well.

Namely, in the modern economy, the advantage is on the side of companies that successfully combine technology and marketing in the strategic mix of business functions of enterprises. So far, the problems of Serbian exporters and competitive appearance on the foreign market are twofold: both from the point of view of the inapplicability of the marketing concept and from the point of view of technological lag.

The product is a very significant instrument in the marketing activity program. In doing so, it is important to distinguish between products intended for direct consumption that are not processed, other than cleaning, sorting and packaging (e.g. fruits, vegetables, eggs) and other groups, consisting of products intended for industrial processing as raw materials (e.g. cereals, sugar beets, cattle, etc.) (Cvijanović et al., 2016).

A good number of products fall into both categories, as they are used both for direct consumption by households and large consumers, and as raw material for industrial processing. In short, the specificity of products in the marketing mix of agricultural products stems from the very specificities of agricultural production, which are the consequence of its biological character.

The production program of agricultural producers is largely conditioned by the nature of the soil, crop rotation, climate, the existence of vegetation periods in crop and livestock production, and taking into account all the above factors, it is necessary to adjust the products to market needs. In addition, since agricultural products are largely homogeneous, there is little scope for product differentiation, especially for those products that represent inputs to the food industry.

However, for those agricultural products sold on green markets and / or through supermarkets, there is a certain possibility of differentiation, first of all, through two important characteristics of the product, namely: packaging and marking (Cvijanović et al., 2016).

6. INSTITUTIONAL INFRASTRUCTURE AND SUPPORT TO RURAL TOURISM

According to the Program for development of sustainable rural tourism in the Republic of Serbia (Official Gazette of the RS, 85/11), Destination Management Organization (DMO) is the basis for the operational implementation of the Program. In the Tourism Development Strategy (2016-2025), however, it is noted that the system of management of tourist destinations and areas in the previous period has not been established, and that the development of the DMO and the strengthening of management structures is among the priority activities in tourist destinations.

The development of information technology has enabled the use of a wide range of tools and services that promote tourism business (Vuković et al., 2016). Remote villages have become part

of a global competition and virtual economy using advanced information and communication technologies in every day businesses, marketing, promotion and similar activities (Bojnec, 2010). However, the unique database of rural tourism supply does not exist in Serbia. Certain efforts in this area makes the National Association of Rural Tourism of Serbia with its www.selo.rs site, designed as a national database of rural tourism offer. The Association provided membership to the European Federation for the Development of Rural Tourism (Eurogites, 2019).

Due to the lack of a unique database of accommodation capacities of rural tourism, monitoring of the number of tourist arrivals and overnight stays was difficult (Vuković, 2017). By transferring and processing data on the market and users of tourist services, new technologies enable a better understanding of the needs of users and increase the ability to provide adequate services (Mihailović, Popović, 2018). Meanwhile, as assessed in the Tourism Development Strategy, the non-implementation of legal obligations and the lack of a system of periodic reporting among the entities involved in the planning and implementation of measures and activities is one of the major constraints for responsible management of the tourism industry in Serbia.

An important role in the improvement of rural tourism in Serbia could play a small business. Creating partial tourism programs deserves support. Financial support to companies, entrepreneurs and farmers for the development of rural tourism is provided by:

- the Ministry of Trade, Tourism and Telecommunications (credit funds for promoting the quality of tourist offer, in accordance with the Regulation on conditions and method of allocation and use of credit funds for promotion of the quality of tourist offer, Official Gazette of RS, 6/19),
- Ministry of Agriculture, Forestry and Water Management (incentives for the promotion of economic activities in the countryside by supporting non-agricultural activities - the development of rural tourism, old and artistic crafts and handicrafts, in accordance with the National Program for Rural Development 2018-2020, Official Gazette of RS, 60/18)[5],
- IPARD II program 2014-2020 (Official Gazette of the RS, no. 30/16, 84/17, 20/19) (investment support for the development of tourist facilities and services and support for the development of tourist and recreational activities within the measure *Diversification of agricultural holdings and business development*. The first call for this measure was announced for November 15, 2019, MAFWM, 2019). Common marketing, trainings and small-scale cross-border tourism infrastructure projects within Cross Border Cooperation (CBC) Programmes are being implemented under regional policy and trans-national cooperation IPA II 2014-2020 (MEI, 2019).

In most of its rural areas, Serbia has all the prerequisites for promoting and successfully implementing the concept of local action groups and integrated rural development: richness in the diversity of rural areas, significant natural resources, preserved rural environment, great potential for the development of a wide range of non-agricultural activities in the countryside. On the other hand, there are numerous limitations and weaknesses in the field of rural development: unfavorable production and ownership structure in agriculture, unfavorable business environment for the work of SMEs and entrepreneurs, low support to farmers from the agrarian budget, underdeveloped physical and market infrastructure, lack of entrepreneurial spirit, insufficient connectivity of farmers, high centralization of state administration and restrictions on local

[5] The measure is complementary to IPARD measure "Diversification of agricultural holdings and business development". After accreditation of this measure, support for investment in rural tourism development will not be implemented within NRDP.

governments in implementing rural development projects. The cultural participation of the rural population is passive and poorly diversified (UNDP, 2010, p.15). The main reasons for poor cultural participation are a lifestyle in which a lot of time is spent on work activities, high material poverty, but also low motivation and disinterest. Although primary schools exist in most villages, pre-schools, cultural centers and libraries are poorly represented, except in Vojvodina.

There are certain regional differences in the consumption of cultural content, which show a slightly more active style of inhabitants of the villages of Vojvodina than others. The social capital of the rural population is low, no matter what region or ethnic group it is, and there is enormous space and a chance to increase the level of social cohesion in rural communities by raising the culture of association (UNDP, 2010, p.15). Relevant local decision-makers in rural Serbia are (Bogdanov, 2007, p. 125):

- Representatives of local self-government (municipal authorities), including regional chambers of commerce, SME agencies, etc.;
- Business sector representatives (SMEs, entrepreneurs, producer associations, agricultural cooperatives);
- Representatives of the non-governmental sector.

Cooperation between these actors is insufficient, uncoordinated and sporadic (Bogdanov, 2007, p. 125). Cooperation with the rural population (members of agricultural holdings) is especially small. High percentage of respondents (34% to be exact) within small rural households points out that no institution is currently working to improve the condition of rural households, and in the inability to recognize other relevant actors and social partners, small rural households have all the responsibility for the current situation in rural areas transfer to the state and government. In the analysis of LAGs, the weaknesses or small capacities of linking farmers to associations and cooperatives should be particularly emphasized. The reasons for the underdevelopment of these forms of association are found on the side of: farmers: (1) an unrealized awareness of the need and benefits of association; (2) farmer mentality (distrust of the state, other farmers; domination of personal and short-term interests over long-term and common); (3) the unequal economic strength and size of the holdings that make it difficult to associate; (4) negative experiences in the functioning of associations / cooperatives; as well as on the side of the state or line ministry: (1) lack of financial, legal and advisory support of the state for the establishment and operation of existing associations / cooperatives; (2) underdeveloped business environment (environment) for engaging in agriculture, processing and non-agricultural activities.

The "Western world" population lives in economies that are increasingly reliant on services. They are no longer a smaller or artificial part of economies, but are at the heart of the value creation process of every economy. Today, most products contain some element of service within them. Activities such as accounting, banking, etc. can be easily identified as a service activity. In addition to these, a wide range of goods relies on service activities that give them a competitive edge. Customers perceive quality quite differently, depending on what strategy the firm uses in the market. According to the Total Quality Model developed at the Nordic School of Services (Gummesson, 1993), perceived quality is essentially a function of the impression of two sizes: the impact of the outcome or the technical solution (what the user gets) and the additional influence that is based on the impression of the user about different interactions with the firm (how something is gained). The first size of quality is called technical quality and the second is the functional quality of the interaction process. The principle of transaction marketing does not include any (or minimal) contact with users outside the product and other variable sizes of

the marketing mix. Benefits generated by customers are built into the technical solution provided. The user won't get much more than that, except maybe the value of the company image or brand. Therefore, technical product quality, or what is obtained as a result of production, is the dominant source of quality creation in transactional marketing.

In relationship marketing, the situation is different. The connection with customers is wider, and the company has the ability to provide its customers with additional value of different types (technological, information, professional, social, etc.). Therefore, the second quality dimension, related to how the interaction process is observed, is given greater importance. When several firms can provide similar technical quality, managing the interaction process becomes imperative, also from a quality perception perspective.

In such conditions, the dimension of functional quality in relationship marketing is gaining in importance and often becomes dominant. Of course, this does not mean that technical quality should be neglected, but it no longer represents a dimension that is considered strategically relevant. An easy way to monitor customer satisfaction and success is to monitor market share and to conduct occasional market research. Stable and growing market share is considered a measure of success, and therefore indirectly, of customer satisfaction. Market share is an adequate measure of customer satisfaction when the customer base remains unchanged. However, it is often not known whether the customer base is the same or the company is losing customers, and replacing them with aggressive marketing and sales with new ones.

In these situations, monitoring market share statistics can easily give the wrong impression of success, because, in fact, the number of dissatisfied users and former users is growing, the image of the company is declining, and this is not reflected in the statistics. A firm that implements a relationship strategy can monitor customer satisfaction by directly managing the customer base. Managing a customer base means that the company has some direct knowledge of how satisfied its customers are. Instead of thinking about anonymous numbers, or market share, management thinks about people with personal reactions and attitudes. This requires some special way of collecting different types of data from users, which is constantly received every day through a large number of employees in direct contact with users. Combined with market share statistics, an information system that focuses on meeting the needs and desires of users is a valuable source of information for business decision making. Consequently, in the context of marketing relationships, a firm can create and use an information system that would continuously update management information about its customers and provide continuous information on the extent to which they are satisfied.

7. FUTURE RESEARCH DIRECTIONS

Considering the analyzed characteristics of rural regions in Serbia, the dominant causes of their slow development are: migration of rural population to urban areas, unfavorable age structure, under-investment in rural areas, identification of agriculture with rural development with insufficient involvement in non-agricultural activities, etc. These regional areas have specific regional characteristics and different stages of rural development, and it is appropriate to take a situational or regional approach into account when defining support measures. Accordingly, in line with the specific needs of individual rural regions, it is necessary to further explore the possibilities of building regional and local institutions to support the development of rural tourism while enhancing the cooperation of the Ministry of Agriculture with local governments. It

is also necessary to increase investment in rural development while directing support towards diversification of activities in rural areas of Serbia.

The vision for rural areas in Serbia implies the development of more propulsive and competitive agriculture composed of commercial and family farms that are exclusively engaged in agriculture and/or engaged in rural tourism in terms of an additional source of income. However, the desired future in this area will not be destroyed by itself or because it is fervently desired. The desired future and the achievement of the strategic goals of the Republic of Serbia within the Danube region require immediate action. The future of rural tourism and rural development in Serbia is, to a lesser extent, a function of available resources and geographical location, and more of a strong leadership and effective rural development strategy.

8. CONCLUSIONS

In recent years there has been a gradual loss of authenticity of well-known tourist centers. Considering the growth of tourist demand and the high price of services in these centers, there is a need for a planned direction of demand towards other parts of tourist-attractive rural areas. The activation of tourist potentials of these destinations can significantly contribute to faster overcoming of economic backwardness. An important role in the development of rural tourism in Serbia could play a small business. The process of creating partial tourism programs deserves financial support. Lack of an integrated tourist offer makes it difficult to apply marketing and management approaches to rural tourism development at the national and local levels and this must be given special attention in the future.

Accordingly, in accordance with the specific needs of individual rural regions, it is necessary to support the construction of regional and local institutions to support the development of rural areas while enhancing the cooperation of the Ministry of Agriculture with local governments. It is also necessary to increase investment in rural development while directing support towards diversification of activities in rural areas of Serbia.

There is no universal rural development program today, because this plan depends on various factors that affect it. Some of these factors are the physical, demographic and economic characteristics of each particular zone. The development of the zone will be different depending on the stage in which the depopulation is at a critical level in relation to the zone where this situation is not. The development of rural areas can increase the employment of the population and its standard. Revitalizing rural settlements and paying more attention to rural tourism can slow down the decline in agricultural settlements. It is precisely for the purpose of revitalizing rural settlements that integral programs of rural economy development are enacted. Integrated rural development programs should prevent an urban exodus in Serbia in the future.

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ANALYSIS OF PUBLIC STANCE ON TOURISM DESTINATIONS IN SREM/SRIJEM REGION

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Abstract: *Online reviews posted on social media are a rich source of the customers' voice. In this chapter, online reviews about various tourism destinations and attractions in Srem/Srijem region are used to analyze public stance and to uncover sources of satisfaction and dissatisfaction of visitors. Online reviews as unstructured data cannot be directly used for analysis, but require extensive data transformation and preparation which is done through annotation of data. Annotation is a process of enrichment of texts with specific meta-data. In presented research during the annotation process, the dataset, i.e. the corpus of collected reviews was labeled with information on sentiment, aspects, discourse functions, and information on a function different words have in expressions of opinion, sentiment or attitude within a review. The authors present their approach to annotation, the evaluation of the quality of conducted work, as well as the analysis of the resulting dataset, i.e. annotated corpus.*

Keywords: *Online reviews, User-generated content, Annotation, Corpus development, Corpus analysis, Srem/Srijem region.*

1. INTRODUCTION

Rapid use of the Internet and social media has changed the way people share and search for information about tourism and hospitality products, services, or entities. Traditional word of mouth is replaced with e-word of mouth (eWoM) (Gruen et al., 2006), meaning that people prior to conducting purchases or making a visit consult online sources of information. The most valuable source of eWoM is user-generated content in the form of online reviews. People freely share information on personal customer experience or recommend products and services to others, and as such social media has become a rich source of the customer's voice. Many studies have proved the relevance of social media from customers' point of view. Customers appreciate and believe more in the opinion of other people than in advertisements of companies (Berthon et al., 2012; Pitt et al., 2002). Customers have equal trust in online comments and reviews as they have in personal recommendations of friends (Park et al., 2007; Gligorijevic & Luck, 2012). Online reviews are in third place according to the influence on purchasing decisions (Yang et al., 2015). Given the influence, online reviews have on the shaping of public opinion and the richness of information hidden in them, modern tourism and hospitality entities should not circumvent their analysis.

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In this paper, we have analyzed public opinion expressed on the Internet about various tourism destinations in Srem and Srijem (from now on: S-S) region to support the enhancement of continental tourism. To do this, we have collected user-generated online reviews from the Internet directed to four different types of tourism destinations: Nature, Nature reserves, Museums, and Monasteries. Online reviews are unstructured data as they can vary in length, types of characters, language, or other characteristics. To introduce certain structures into such data collection, we have conducted annotation of collected data following the MATTER methodology (Pustejovsky & Stubbs, 2012; Stubbs, 2012). A collection of textual data is referred to as a corpus. In our research the corpus comprises online reviews. Annotation of a corpus is a process of enriching textual data with linguistic, semantic, or other meta-data useful for further analytical goals. Annotation is conducted manually by adding labels over certain parts of texts. Four annotators conducted manual annotation of our corpus. Annotators were instructed to mark text with the following attributes: *sentiment polarity*, *aspect*, *discourse function*, various *functions of expressions*. *Sentiment polarity* indicates sentiment conveyed in online review. It can be positive, negative, neutral, or it can convey both positive and negative sentiment. *Aspect* indicates the target of the sentiment. *Discourse function* is content dependent and it indicates usage of particular expressions in various contexts. The annotators were instructed to consider and mark three *function* types on a word level, if a word conveys positive or negative sentiment, and negation. Evaluation of the quality of conducted annotations was done using *Fleiss' kappa* and *agr* metrics (Fleiss, 1971; Fleiss et al., 2003; Wiebe et al., 2005; Wissler et al., 2014). These metrics provide an evaluation of inter-rater agreement. Annotated corpora are usually used in sentiment analysis, opinion mining, or analysis of variations and changes in language, which will be a part of our future work. In this paper, we have used an annotated corpus for statistical analysis of information added over expressions of opinion or personal stance to uncover underlying sources of satisfaction or dissatisfaction of visitors in the S-S region. Enrichment of online reviews achieved through the annotation process enabled thorough analysis of public stance. The conducted analysis provides insights about preferred and disliked aspects of each tourism destination from the perception of visitors, which represent valuable information on potential directions for improvement (through analysis of negative stance) and optimization of marketing activities for a particular destination (through analysis of positive stance).

The paper is structured as follows. In section Related work, we give an overview of relevant literature that corroborates our approach. Section 3 provides an overview of our methodology, data collection, data annotation, evaluation of the quality of annotations, i.e. gold standard corpus, and statistical overview of annotations. In Section 4, we provide analysis of our corpus and public stance on different tourism destinations in the S-S region, as well as discussion of results. In the last section, we provide conclusions and further research directions.

2. RELATED WORK

An online review can be considered as an opinion or expression of the sentiment of one person. In (Liu 2012), opinion is defined as subjective impression provided by some person, *h*, in a given time, *t*, which reflects that person's positive, negative or neutral opinion or emotions, *s*, which is directed towards something, *e* and *a*. From this, opinion is defined as quintuple in (1):

$$(e_i, a_{ij}, S_{ijkl}, h_k, t_l) \quad (1)$$

where e_i represents an entity, which can be a product, service, problem, person, organization, or event. Each entity has different parts or subparts described by some attributes, so-called aspects a_{ij}. The entity with its aspects is often called opinion target. One online review can comprise the opinion of multiple persons, so-called opinion holders h_k or sources of sentiment. Each opinion is expressed in a particular time t_l. A sentiment value of expressed opinion of the holder h_k about aspect a_{ij} of the entity e_i in a given time t_l is represented by s_{ijkl}. Sentiment can obtain one value: positive, negative, or neutral. The value of a sentiment is referred to as sentiment polarity.

The usefulness of social media as a data source of public opinion has been proven by various research. Online reviews can be used to discover patterns and trends in data (Liu et al., 2007; Bollen et al., 2011; Van de Kauter et al., 2015), as well as to uncover consumer habits and preferences and to give directions for proactive innovation of products or services (Hu & Liu, 2004; Kim et al., 2014; D'Avanzo & Pilato 2015). Sentiment analysis and opinion mining represent a computational study of people's opinions, sentiment, emotion, or attitudes (Liu, 2012). Classification, as a supervised learning algorithm, is the basic approach to sentiment analysis. Supervised learning algorithms require datasets with clearly distinguished and labeled examples of each class. Online reviews are unstructured data as they can vary in length, writing style, language, or other attributes. Also, they are usually missing labels on sentiment polarity, opinion targets, or other important information for further analysis. Therefore, to use online reviews in sentiment analysis, they need to be extensively pre-processed and prepared. In terms of sentiment analysis, as a leading approach to the analysis of online reviews and public opinion, one possibility for structuring online reviews is an annotation of a corpus. Corpus is a collection of any textual data. Corpus annotation or labeling can be conceptualized as a process of enrichment of a corpus by adding different linguistic meta-data or information of interest, which will serve to the theoretical or practical objective, over the whole document (online review), each sentence, or a particular word (Hovy & Lavid, 2010; Wissler et al., 2014). Depending on the purpose of annotation, information that will be added to the corpus can vary from syntactic, lexical to semantic information. Annotation is a laborious and time-consuming task, but it provides data tailored to a particular domain and analytical task.

Corpus analysis can be carried out to analyze language and its natural occurrence (Garrote et al., 2013; Lin, 2017; Iosif et al., 2018), for discourse analysis (Iruskieta et al., 2013; Rumenapp, 2016; Henricson & Nelson 2017), or to research grammatical and lexical aspects within a corpus (Chung, 2011; González & Ramos, 2013; Hammond, 2015; Tang, 2016; Vass, 2017). Also, corpus annotation creates a fundamental knowledge base for the training of machine learning algorithms that will implement sentiment analysis (Hovy & Lavid, 2010). To study sentiment expressed in online reviews and its effects on behavior of individuals or online reputation, such as in research presented in (Ganu et al., 2009; Dalal & Zaveri, 2014; Yang et al., 2015; D'Avanzo & Pilato, 2015), one must develop domain-specific corpora, i.e. data must be collected for particular domain, and annotation approach must be adjusted to particular task. The need for the development of domain-dependent corpora exists because knowledge and conclusions derived from their analysis cannot directly be transferred to another domain. Domain dependence is partly the result of a change in vocabulary. Identical terms can carry a completely different sentiment in different domains (Pang & Lee, 2008) and models developed for one product/service type often express different performance when applied on a set of reviews of another product/service (Dave et al., 2003; Reinstein & Snyder, 2005). Such domain-specific corpora is developed and widely used for sentiment analysis in various domains: different technical products (Hu & Liu, 2004; Broß, 2013; Kim et al., 2014), automotive domain (Kessler et al., 2010), or movie industry (Pang et al., 2002; Dave et al., 2003). Tourism and

hospitality is a particularly interesting domain for sentiment analysis. In (Broß, 2013; Wachsmuth et al., 2014) corpus is developed for sentiment analysis of hotel services. Customer ratings (star ratings and customer ratings) were used to analyze a relationship they have with online sales (Öğüt & Onur, 2012) or prices (Lei & Law, 2015). The corpus developed, and presented in our paper comprises online reviews on various tourism destinations in the S-S region. It is developed primarily with the goal of the development of an automated sentiment analysis model. For detail analysis of discourse, functions used to express sentiments in online reviews written in Serbian. However, in this paper, we have opted for a different approach to analysis. We have used annotation data, labels which were added over online reviews, to analyze public stance and gain insights on preferred and less preferred aspects of various tourism destinations. Such analysis gives valuable insights on directions for improvements, as well as emphasized positive aspects of tourism destinations, which could be used as part of marketing strategies or offers to tourists.

3. METHODOLOGY

The subject of this research is the evaluation of public stance on various tourism destinations in the S-S region to identify which are preferred aspects of each destination or category of destination and which aspects are not preferred by visitors. Identification of advantages and disadvantages, as well as the analysis of preferences of visitors, is useful for the improvement of marketing and management strategies and for identification of aspects which need improvements. Specific objectives of our research could be formulated as questions. What are the main drawbacks of each analyzed tourism destination from the visitor's perspective? What aspects of tourism destinations in the S-S region do visitors prefer?

To address these objectives, we have chosen to gather online reviews as they represent a publicly available source of people's opinion and to transform them into a useful dataset for such analysis. In this process, we have conducted data collection, data preparation, and annotation of data as suggested in MATTER (Model, Annotate, Test, Train, Evaluate, Revise) methodology described in the papers (Pustejovsky & Stubbs, 2012; Pustejovsky & Moszkowicz, 2012; Stubbs, 2012). Within this methodology, the authors described methodological steps required to obtain and create a corpus, to annotate such corpus with informational attributes, and to evaluate the quality of created corpus. Data collection and data preparation are presented in Section 3.1. The definition of annotation attributes, description, and illustration of annotation attributes are presented in Section 3.2. Evaluation of the quality of conducted annotations is presented in Section 3.3 while statistical analysis of annotated corpus is presented in Section 3.4.

3.1. Data collection and preparation

For the study presented in this paper we have collected publicly available online reviews that target specific destinations in the S-S region. Given the availability of data, online reviews were collected from Google reviews. Our research is focused on three types of destinations, which we refer to as *Destination categories*: Nature reserves, Monasteries and well-known churches in S-S region, and Museums. For each destination category we have collected reviews for particular destinations, which we refer to as *Sub destination*. Within destination category *Nature reserve,* we have collected reviews about four sub destinations: Fruška Gora, Obedska bara, Zasavica, and Borkovac lake. Given that Fruška Gora is mostly discussed we have extracted these reviews as individual destination category. The collection comprises reviews about 14 sub destinations in *Monastery* (and churches) destination category: Besenovo, Divsa, Grgeteg, Jazak, Petkovica, Privina Glava,

Sisatovac, Staro Hopovo, Velika Remeta, Vrdnik, Novo Hopovo, Krusedol, Orthodox church Indjija, and The Church of St. Demetrius. *Museums* destination category comprises reviews about the following sub destinations in S-S region are: Archaeological site Sirmium, Imperial palace Sirmium, Sava Sumanovic memorial house, Sava Sumanovic art gallery, Art museum Sid, Museum of beekeeping, Museum of Srem, City museum Vinkovci, Ilok Castle, Museum Vucedol, Vukovar museum, and Castle Eltz. For each destination, we have collected all available online Google reviews. Collected reviews were pre-processed for further annotation and analysis in the following manner. Spelling and grammar errors were checked and corrected accordingly. Query sentences and historical facts were removed from the dataset given they do not reflect subjective stance; rather, they are used to pose a question or state some information. Data was cleansed from excessive whitespaces and special characters, which are not part of the written language.

In addition to text of a review, we kept several other information: author of the review, relevance of the review which is expressed as the total number of Google reviews a reviewer has previously provided, temporal information, and the number of likes provided by other people which indicates their agreement with what has been said. Reviews are often written in languages other than Serbian, and we have automated translation of such reviews using Python script. Therefore, the resulting structure of collected reviews contains the original text of the review, as well as translation. Such pre-processed data with all the relevant information is structured into XML file using Python script.

3.2. Data annotation

Online reviews collected from social media or the Internet, in general, had to be adequately prepared for further analysis, which is usually conducted by adding meta-data to different parts of texts (the whole online review, each sentence, or a word). Each meta-data label used to indicate some element, function, or information is called an annotation. Conducted annotations must be exact and relevant to the task in order to achieve effective analysis and training of algorithms in terms of sentiment analysis. Therefore, annotation of the corpus represents a critical point in the development of applications for natural language processing (Pustejovsky & Stubbs, 2012). In our research, the annotation was conducted on document-, sentence-, and word-level. Document-level means the labels were added for the overall review. Sentence-level refers to the annotation of each sentence a review comprises. Word-level could refer to a particular word, phrase, or expression. For each level, we have defined different annotation attributes, as explained in the following this section.

On *document-level* annotators were instructed to mark one and only one *Destination category* and *Sub-destination* (see Section 3.1 for more detail) a review refers to. Also, annotators should mark *Sentiment polarity* expressed in overall review, which can obtain one and only one value per review: positive, negative, both (meaning that within review a reviewer is stating mixed sentiment both positive and negative), or neutral.

On *sentence-level* annotators was instructed to label each sentence a review comprises with the following annotation attributes: *Discourse function*, *Aspect*, and *Sentiment polarity* (positive, negative, both, or neutral) *on the sentence level.*

Discourse is a coherent, structured group of the sentence. It can refer to monolog or dialog. Regardless of a product or a service type, there is a fixed set of that universally applicable discourse

functions. The author of (Broß, 2013), has collected 30 discourse functions and analyzed their applicability on two different domains, digital camera, and hotel reviews. During such an analysis, the author has selected 16 applicable discourse functions. In our research, we have adopted most of the discourse function introduced in (Broß, 2013) and made a small modification to adapt it to our needs and domain. Table 1 illustrates the final list of discourse functions used in our research with a brief explanation of their meaning and one illustrative example. Annotation attribute *Discourse function* was mandatory for each sentence. Annotators were instructed to annotate, label, each sentence with one, and only one *Discourse function*. The annotator was limited to choose a function from a set of predefined discourse functions presented in Table 1.

Table 1. List of predefined discourse functions with short descriptions

Function	Description	Example sentence
Advantage	The reviewer mentions the presence of a feature or part of the destination or tourism attraction that he/she considers as an advantage.	There are marked hiking trails for those who are not frequent visitors or those who go without a guide.
Advice	The reviewer advises on circumventing a particular problem, or on the improvement of the service, ambient, surroundings.	Someone could make good money opening a place like that there!
Comparison	The reviewer compares the destination with another similar destination or experience.	Something completely different from all other museums and numerous wineries at Fruška gora.
Conclusion	The reviewer concludes and summarizes his/her comments and potentially expresses a recommendation.	Overall great picnic area!
Expectation or Requirement	The reviewer describes what he expects from the visit, destination, or tourism attraction or describes his requirements to concerning the destination or attraction or any of its aspects.	Epic place, however far exceeded all our expectations!
Fact	The reviewer provides factual information about the destination or tourist attraction, or its aspects (facts can have sentiment polarity, although this is a rare case).	The place has historical significance.
Lack or Problem	The reviewer mentions the absence of a feature or part of the destination or tourism attraction or describes a problem that is encountered with the destination or attraction during the visit or one of its aspects.	There is no parking.
Suggestion	The reviewer offers some suggestions to future visitors, such as who should visit the destination, type of destination, e.g., the destination is suitable for families, power walks, or similar.	If you like history and culture, you must visit one of many monasteries.
Personal Content	The reviewer provides personal information.	I'm a photographer.
Purchase or Usage	The reviewer mentions his personal procedure of purchasing a certain service on a particular destination or tourism attraction, e.g., where and when he bought the ticket (this does not refer to the customer service) or describes a concrete situation when the particular destination or tourism attraction was visited, potentially commenting on his/her experience.	They should be ashamed, entrance to the winery with short storytelling costs 400 RSD, with wine tasting 700.
Sentiment	The reviewer explicitly expresses his/her opinion or feelings. This refers to explicit praise or condemns of a certain aspect or overall destination.	Very beautiful!
Summary	The reviewer summarizes the advantages or disadvantages of the destination or tourism attraction. The summary is usually in the form of enumeration.	Hiking trails, lake for swimming and fishing, public pool, dissent hotel, and a couple of dissent restaurants won't disappoint you.
Other	Any other discourse function that is not listed above.	Blossomed the first snowdrops.

Source: Authors adaptation of discourse functions presented in (Broß, 2013)

Attribute *Aspect* reflects a subject of a comment or a target of the sentiment. Aspects are dependent on the destination type or service provided at a particular tourism destination. Based on the initial insight into collected online reviews, we have defined a set of aspects appropriate for our data, domain, and the goal of future analysis. Table 2 provides an overview of defined

aspects with a short description and illustrative example for each. Given the nature of the data, the main aspects which reviewers write about are *Nature*, *Monasteries (and churches)*, and *Museums (and castles)* in general. We refer to these aspects as hi-level aspects as they are at the highest hierarchy and are applicable if a reviewer writes a general impression, hence we denote them as NatureGeneral, MonasteryGeneral, and MuseumsGeneral. In addition to these general aspects, we provide more fine-grained aspects: *Cleanliness*, *Facility*, *Recreation*, *Location*, *Parking*, *Service*, *Price*, and *Decoration* (*Landscaping*). We refer to these aspects as low-level aspects. Annotation attribute *Aspect* was mandatory for each sentence, meaning that annotators were obliged to assign one and only one aspect to each sentence a review comprises.

Table 2. List of predefined aspects with short descriptions

Attribute value	Description	Example
NatureGeneral	A reviewer writes his/her general impression regarding nature, natural resources, picnic area, facilities, or similar. Such a sentence does not contain particular information on other low-level aspects, such as cleanliness or accessibility of the location.	A wonderful time in nature.
MonasteryGeneral	A reviewer writes his/her general impression regarding the monastery or church. Such a sentence does not contain particular information on other low-level aspects, such as service in terms of availability of the priests or in terms of quality of the mass.	A beautiful monastery.
MuseumsGeneral	A reviewer writes his/her general impression regarding museums, castles, memorial houses, or similar. Such a sentence does not contain particular information on other low-level aspects, such as parking, price of the ticket, or similar concrete information.	A place to visit.
Cleanliness	Cleanliness is applicable in terms of all three hi-level aspects. If a reviewer writes about the cleanliness of nature, picnic area, monastery, church, museum, or castle (from the inside or about the cleanliness of its surroundings), this value is applicable.	Unordered, neglected, and unused.
Facility	Facility refers to space or equipment necessary for doing something. For instance, a facility could refer to access for disabled to a particular location, existing of a resting area in terms of natural resources, or similar.	The faucets are broken; there is nowhere to sit.
Recreation	Availability of recreational facilities. Particularly applicable if a reviewer writes about nature or picnic areas.	Swimming pool, walking trails, fishing, restaurant, wooded area, everything is beautiful.
Location	If a reviewer writes about the location of a particular destination, whether it is easily reachable or it is convenient, this value for aspect is applicable.	About ten meters from the river Sava.
Parking	If the reviewer explicitly writes about the parking, this value is applicable.	In front is spacious parking.
Service	Sentences with the mention of any kind of services in the review should be marked with this value. In case of nature, nature reserve, picnic areas services could refer to availability of restaurants in the area and the quality of service for instance, in case of monastery or churches service could apply to mass, souvenir shops or similar, or in case of museums or castle the service could refer to availability of staff or any type of services which particular tourism attraction offers.	Very nice museum with helpful staff and nice exhibitions.
Price	If the reviewer explicitly mentions the price in the sentence, it should be marked with a price.	Expensive tariff.
Decoration/ Landscaping	If the reviewer writes about the decoration of a monastery, for instance, or landscaping, this value is applicable for the attribute *Aspect*.	Frescoes and iconostases are among the most beautiful in the Balkans.
Other	When no other aspect is applicable.	I was at a summer celebration.

Source: Authors

Sentiment polarity on sentence-level defines the polarity of expressed opinion (positive, negative, or both) or indicates whether the sentence is a fact (neutral). Annotators were instructed to assign one and only one value to annotation attribute *Sentence sentiment polarity.* This attribute was also mandatory, meaning that each sentence had to be assigned appropriate sentiment polarity.

On *word-level,* annotators were instructed to assign to relevant words a function: positive sentiment expression, negative sentiment expression, intensifier, neutralizer, inverter, negation, and negation scope. Table 3 provides an overview of these functions, their brief description, and representative examples. Annotator was instructed to strive to a minimal unit of text for these annotations; however, if there are cases when several consecutive words denote particular function annotators are allowed to assign value to such expressions (two or more words). Also, one word could hold multiple functions. Annotators were instructed to analyze each word to identify relevant words.

Table 3. Word functions with description

Attribute	Usage	Example
PositiveExpression	Words are conveying positive sentiment.	Nice, Beautiful, Wonderful
NegativeExpression	Words are conveying negative sentiment.	Ugly, Bad, Unpleasant
Intensifiers	Words that amplify expressed sentiment.	Very, Extremely
Neutralizers	Words that decrease expressed sentiment.	Somewhat, Little
Inverters	Words that invert the sentiment of the next word. Observing word sequence in the sentence, the next word is a word that is placed after the inverter and belongs to the same sentence.	But, However
Negation keywords	A word is indicating negation.	Not
Scope of negation	The sequence of words that negation keyword influences and changes their meaning.	[not] *very nice place*

Source: Authors

When the annotator identifies positive or negative sentiment in a sentence, the annotator is instructed to identify the word(s) which bear sentiment. These words are called sentiment expressions, and they convey the overall sentiment (*PositiveExpression* or *NegativeExpression*). *Intensifiers* and *Neutralizers* are words that do not convey clear sentiment when observed individually but are used to emphasize the sentiment expressed with the word which follows. Combined with other words, these words increase (intensifiers) the positive or negative sentiment or decrease (neutralizers) sentiment, both positive and negative. One sentence can contain more than one such word, and annotators are instructed to annotate each word individually. Also, intensifiers and neutralizers are always single words; however, in a sequence of words, more than one consecutive word can be marked as an intensifier or neutralizer. Annotators were instructed to mark each word individually. *Inverters* are words which indicate the shift of sentiment from positive to negative or from negative to positive. Mostly inverters refer to negation; however, they can also be certain types of conjunctions, such as *mada* (though), *premda* (though)*, ali* (but), *a* (but). These conjunctions introduce the shift of sentiment. *Negation* inverters the sentiment polarity of those word(s) which follow the negation keyword. If negation is combined with positive sentiment expressions, it will change its sentiment to negative, and vice versa. Annotation of negation is a two-step process. Firstly, annotators should mark negation keywords and then negation span. *Negation keyword* refers to negation words that are separated from remaining of the text, therefor negation of verbs. *Negation span* refers to a set of words whose meaning is changed by the influence of the negation keyword. Negation span usually spans to the punctuation sign, to another negation, conjunction, or a certain entirety in a sentence.

3.3. Evaluation of the annotation quality

Our corpus comprises 1901 online reviews. Annotation was conducted in MAE (Multi-document Annotation Environment) tool[5] by four annotators. Firstly, annotators were trained for this job in two months. During this phase, annotators were provided with thorough guidelines with explanations, examples, and were instructed to ask about any misunderstandings. Data used in this phase was not used in any consequent phases. The training phase was also useful to identify areas of improvement in annotation guidelines due to ambiguities. When all the issues were resolved, the next phase of annotation was initiated when all annotators were provided with the same set of reviews (200 reviews, i.e. 11% of the corpus) and were instructed to conduct annotations independently without communication. These annotations were used to evaluate the quality of conducted work and the potential to build a trustworthy dataset for training algorithms and data analysis. For this purpose, as suggested in (Pustejovsky & Stubbs, 2012; Wiebe et al., 2005), we calculated inter-rater agreement using Fleiss' kappa (for more detail, please refer to (Fleiss, 1971; Fleiss et al., 2003)) and agr metric expressed as Precision, Recall, and F-measure (for more details on these metrics, please refer to (Baeza-Yates & Ribeiro-Neto, 1999; Kessler et al., 2010; Kessler & Nicolov, 2009; Wiebe et al., 2005)). These metrics are suitable for the evaluation of annotations conducted by more than two annotators. The values of inter-rater agreement point to reliability of annotations, harmonization of annotators, and give pointers for the following work: whether it is necessary to go back on the training phase or the annotation process can carry on for the remaining of the corpus. The approach proposed in (Landis & Koch, 1977) and illustrated in Figure 1 was used for interpretation of the resulting values.

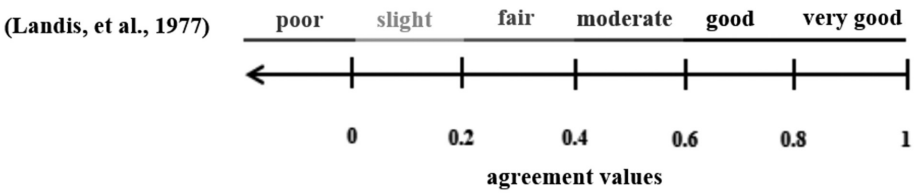

Figure 1. Interpretation of agreement values

Source: Authors based on (Landis & Koch, 1977)


```
<?xml version="1.0" encoding="UTF-8"?>
<TourismSrijem>
  - <TEXT>
      <![CDATA[Predivan manastir. Divan ikonostas i ostaci fresaka. U manastiru su mošti cara
      Lazara. Divan ambijent. ]]>
    </TEXT>
  - <TAGS>
      <DocumentLevel SentimentPolaritet="positive" SubDestination="Vrdnik"
          DestinationCategory="Monastery" OznakaKomentara="49" komentar=" " text="Predivan
          manastir. Divan ikonostas i ostaci fresaka. U manastiru su mošti cara Lazara. Divan
          ambijent. " spans="0~106" id="D0"/>
      <SentenceLevel text="Predivan manastir." spans="0~18" id="S0"
          SentenceSentiment="positive" Aspect="MonasteryGeneral"
          DiscourseFunction="Sentiment"/>
      <SentenceLevel text="Divan ikonostas i ostaci fresaka." spans="20~53" id="S1"
          SentenceSentiment="positive" Aspect="Decoration" DiscourseFunction="Sentiment"/>
      <SentenceLevel text="U manastiru su mošti cara Lazara." spans="55~88" id="S2"
          SentenceSentiment="neutral" Aspect="MonasteryGeneral" DiscourseFunction="Fact"/>
      <SentenceLevel text="Divan ambijent." spans="90~105" id="S3"
          SentenceSentiment="positive" Aspect="MonasteryGeneral"
          DiscourseFunction="Sentiment"/>
      <WordLevel text="Predivan" spans="0~8" id="W0" WordType="PostiveExpression"/>
      <WordLevel text="Divan" spans="20~25" id="W1" WordType="PostiveExpression"/>
      <WordLevel text="Divan" spans="90~95" id="W2" WordType="PostiveExpression"/>
    </TAGS>
</TourismSrijem>
```


Figure 2. Illustration of annotation

Source: Authors

[5] Multi-document Annotation Environment. (MAE). Available at: http://keighrim.github.io/mae-annotation/

Based on the values presented in the following sub-sections, we could conclude that annotators achieved good or very good agreement on most of the annotation attributes and that we can proceed to the next steps. The last phase of the annotation process refers to the independent annotation of the remaining of the corpus. Figure 2 illustrates the result of the annotation of one online review.

3.3.1. *Inter-rater agreement on document level*

To evaluate agreement among four annotators on document-level, we used Fleiss' kappa statistic (Fleiss, 1971; Fleiss et al., 2003), which is appropriate in cases of more than two annotators with a proportional number of annotations. According to (Landis & Koch, 1977), Figure 1, we can conclude that annotators achieved almost perfect agreement while annotating *Destination category* and *Sub destination* with kappa = 0.996 and kappa = 0.978, respectively, meaning that annotators agreed in 99.6% and 97.8% of cases. While annotating Sentiment polarity annotators agreed in 72.8% cases, i.e. kappa = 0.728. These values indicate good and satisfactory agreement among annotators and that they can proceed to independent annotations of the remaining of the corpus.

3.3.2. *Inter-rater agreement on sentence level*

To evaluate agreement among four annotators on the sentence level, we used Fleiss' kappa statistic. According to (Landis & Koch, 1977), Figure 1, we can conclude that annotators achieved good agreement while annotating *Aspect* and *Sentence sentiment polarity* with kappa = 0.735 and kappa = 0.738, respectively, meaning that annotators agreed in 73.5% and 73.8% of cases. While annotating *Discourse function,* annotators achieved moderate agreement, i.e. kappa = 0.482. If we consider agreement among 3 annotators (eliminating the second annotator with the most deviations) on *Discourse function*, the agreement rises for 5.3%, and kappa is 0.535. Error analysis has provided insight into the values annotators had the most difficulties to distinguish. These are discourse functions *Advantage*, *Suggestion*, *Conclusion, Summary,* and *Other.*

3.3.3. *Inter-rater agreement on word level*

To evaluate agreement among four annotators on word-level, we used *agr* metric, which is appropriate in case of multiple annotators with different numbers of annotations for the given annotation attribute (Wiebe et al., 2005). Analyzing agreement among four annotators on *Positive expressions*, *Negative expressions*, *Negation keyword*, and *Negation scope* we could observe that annotators have achieved almost perfect agreement when it comes to *Negation keyword* (F-measure = 0.949), *Positive expressions* (F-measure = 0.910), and *Negative expressions* (F-measure = 0.795, i.e. 0.8). Good agreement is achieved for *Negation scope* (F-measure = 0.769). Analyzing agreement on *Inverters*, *Neutralizers*, and *Intensifiers* we could observe that annotators have achieved good agreement on Inverters (F-measure = 0.759) and borderline good on Intensifiers (F-measure = 0.664), while a moderate agreement is achieved on Neutralizers (F-measure = 0.529).

3.4. Statistical analysis of annotated corpus

The collected corpus comprises 1901 documents (reviews) with a total vocabulary of 16281 words from which 3870 words are unique (4% of overall vocabulary). This points to the lack of variations in the vocabulary used to express an opinion regarding tourism destinations and attractions, which can facilitate the identification of opinionated expressions. The longest docu-

ment has 127 words (followed by a review with 122 words, 108 words, 104, and 91 words – top five documents according to their length), while the shortest has only one word.

The statistics also point to the number of sentences in our corpus (2746) and the number of words in our corpus with different functions (5369). The number of annotated words naturally differ from the size of vocabulary, given that word-level annotations refer to words which are indicators of sentiment or indicators of different functions (sentiment expression, intensifiers, neutralizers, and so on), while vocabulary size is the overall number of words in our corpus and therefore vocabulary also encompasses words without any particular function.

On document-level annotators marked Destination category and Sentiment polarity. In total they made 940 (49.45%) annotations of Nature destination category, 331 (17.41%) annotations of Natural reserve, 325 (17.10%) annotations of Monastery, and 305 (16.04%) annotations of Museum. Positive sentiment is annotated in 1745 (91.79%) documents, negative is marked over 57 (3%) documents, both in 99 (5.21%) documents, while neutral is not present in the corpus. We can observe that sentiment is highly skewed towards positive sentiment, which is not uncommon for online reviews (Broß, 2013; Park et al., 2015). Document-level sentiment gives insight into the prevailing sentiment of the overall review and, as such, is not sufficient to draw conclusions on peculiarities of satisfaction and dissatisfaction of visitors of particular destinations.

On sentence-level annotators made 2746 different annotations: 1260 for Nature, 541 for Natural reserve, 492 for Monastery, and 453 for Museum. Naturally, the most sentence-level annotations are present in destination category *Nature,* given that most reviews are collected from this category.

Discourse function gives insight into a type of opinion, comment, or review people provide. The distribution of annotations over discourse functions as a percentage of their share in the total number of annotations is as follows: Advantage 5.30%, Advice 1.82%, Comparison 0.44%, Conclusion 0.58%, Expectation and Requirement 0.40%, Fact 5.05%, Lack or Problem 3.81%, Suggestion 16.01%, Personal Content 0.22%, Purchase or Usage 2.61%, Sentiment 55.74%, Summary 5.95%, Other 2.07%. Based on the provided data, we can conclude that people most often express their overall sentiment towards a certain destination or tourism attraction, then they offer suggestions for improvements, emphasize advantages, or summarize the overall impression. Figure 3 illustrates the distribution of discourse function over different destination categories. We can observe that people mostly use facts in reviews about monasteries. Also, while writing about monasteries, people tend to make comparisons, which is less common for other types of destinations. People tend to give more often bits of advice and suggestions while reviewing Fruška gora national park and other nature reserves than they do in reviews of other destination categories. People either give others advice on what to visit and how to spend time, suggestions are commonly given on how to overcome some deficiency they have identified or how to overcome some negative aspects to make it more enjoyable for tourists.

Another important attribute on the sentence-level annotation is *Aspect*. The distribution of each *Aspect* as their share in a total number of annotations is as follows: NatureGeneral 44.92%, MonasteryGeneral 16.23%, MuseumGeneral 12.27%, Cleanliness 1.53%, Facility 5.74%, Recreation 5.81%, Location 2.25%, Parking 0.15%, Service 5.56%, Price 0.80%, Decoration/Landscaping 0.44%, Other 4.32%. We can observe that certain aspects are underrepresented, such as *Parking*, *Decoration and landscaping*, and *Price*. This points to the possibility of joining certain aspects. In future work, the following aspects could be joined: 1) *Location* and *Parking*, and

2) *Service*, *Price*, *Cleanliness,* and *Decoration*. Figure 4 illustrates the distribution of aspects over different destination categories. Based on the presented data, we can conclude that *Aspects* have different importance in reviews of different destination categories. *Facility* and *Recreation* are more important for destinations and attractions in nature, while the kind of service provided to visitors is more important at museums and nature reserves.

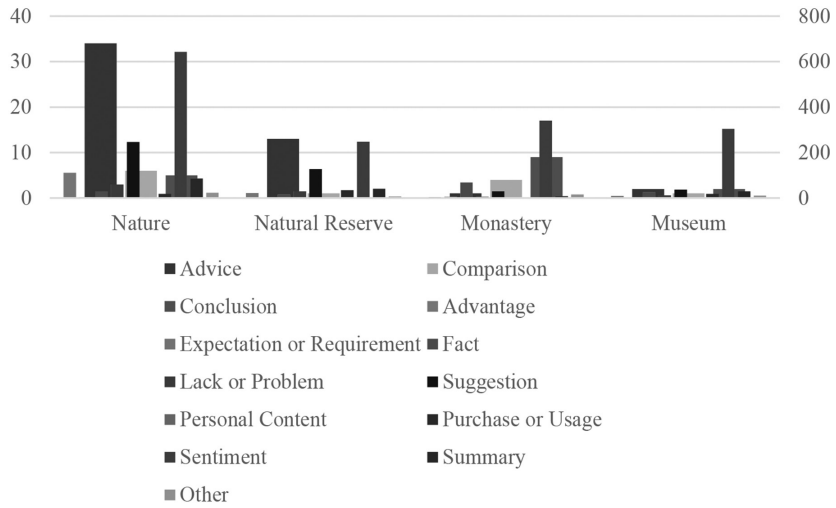

Figure 3. Discourse functions according to destination category
Source: Authors

Annotators were labelling sentiment on sentence-level as well. Positive sentiment is marked in 2340 (85.21%) sentences, negative in 176 (6.41%) sentences, both in 82 (2.99%) sentences, and neutral in 148 (5.39%) sentences. Reviews are highly skewed towards positive sentiment, which is not uncommon for online reviews (Broß, 2013; Park et al., 2015). Figure 5 illustrates the distribution of sentiment polarity on sentence level over destination categories. Based on the presented data, we can observe that nature is more criticized than monasteries and museums.

On word-level, we had various annotation attributes. The overview of the total number of annotations, as well as the number of unique annotations, is provided in Table 4.

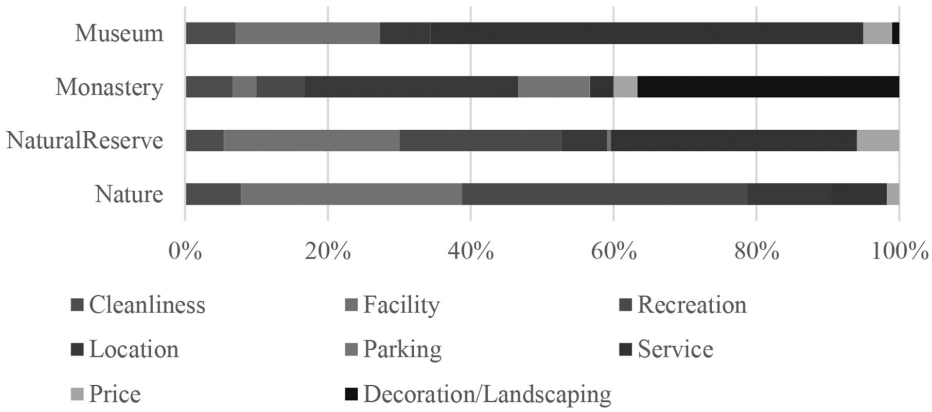

Figure 4. Distribution of aspects over destination categories
Source: Authors

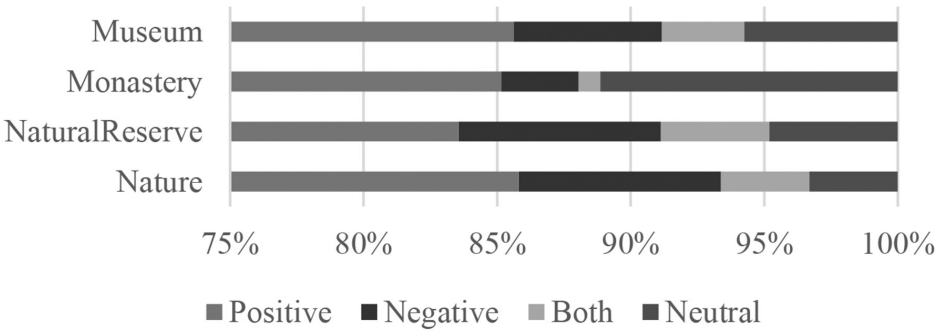

Figure 5. Overview of sentence sentiment annotations

Source: Authors

Table 4. Overview of annotations on word level

	Total number of annotations	Number of unique annotations
Sentiment expressions: 4225		
Positive	3893	1049
Negative	332	231
Functional words: 781		
Intensifiers	577	129
Neutralizers	121	25
Inverters	83	15
Negation		
Negation keywords	170	21

Source: Authors

We can observe that people use richer vocabulary while expressing negative attitudes, 69.55% of used negative sentiment expressions (231) are unique in our corpus, while only 26.95% (1049) of annotated positive sentiment expressions are unique. The rest is repeated throughout the corpus. People use more often words that intensify expressed sentiment compared with the words used to downtone the sentiment. Inverters are used to shift expressed sentiment from one to the other polarity. Although they occur quite often in our corpus, only 15 different words play this role. The same applies to negation. Negation is detected 170 times in our corpus, while only 21 different words are used for this purpose. These annotations are not used in the analysis presented in the rest of the paper. However, they are used to develop valuable resources for sentiment analysis in the form of dictionaries. Dictionaries are deployed in the dictionary- and rule-based sentiment analysis, where hand crafted linguistic rules are used to map occurrences in online reviews with the values from dictionaries. Based on such mappings and word order in sentences, automated systems can generate the overall sentiment polarity expressed in reviews.

4. ASSESSMENT OF PUBLIC OPINION ON TOURISM ATTRACTIONS AND DESTINATIONS IN SREM/SRIJEM REGION

In the research presented in this paper, we have used annotations made over the corpus for further analysis in order to draw insights about public stance on various tourism destinations and attractions in the S-S region.

4.1. Analysis of the overall public stance

On document level, we have reviews from four different categories: monasteries, nature, nature reserves, and museums, and in the following of this section, we offer more detailed analysis according to sub-destinations and sentiment expressed towards sub-destinations in each destination category. Such analysis provides an overview of the overall public stance on tourism attractions in the S-S region.

Figure 6 illustrates the distribution of public sentiment over each analyzed location from the Monasteries category. We can notice that people predominantly have a positive attitude towards monasteries. However, to some extent, criticism is present in the case of several monasteries. Such criticism is also enveloped in a mixed review where people usually state an overall positive impression and point to some negative aspect within. In these terms, negativity within mixed reviews is mostly present in Krušedol, where people criticize luxurious elements on the monastery and commercialization of the monastery. Also, people, in general, resent the insufficiently transparent signage for reaching the monastery as well as the poor organization of the parking space or its absence. More details on the discussed aspects are presented in Section 4.2.

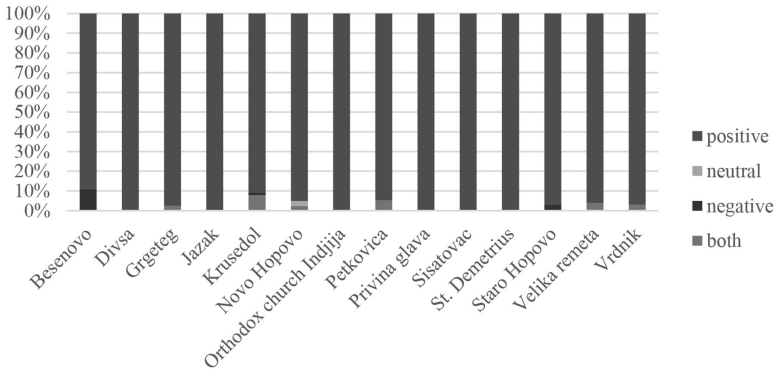

Figure 6. Distribution of public sentiment over a particular monastery in the Srem/Srijem region
Source: Authors

Figure 7 illustrates the distribution of reviews according to polarity over various destinations from the category *Museum* in Srem/Srijem region. We can observe from the presented data that there are more negative and mixed reviews than in the category of *Monasteries*. Ilok castle, Eltz, and Beekeeping museums are three destinations with the most negative reviews within this category. Mostly people criticize services in terms of price or hospitality. More details on the discussed aspects are presented in Section 4.2. Mixed reviews are present in most reviews.

Analysis of reviews according to their sentiment polarity and various destinations from the category of *Nature reserves* in the S-S region reveals the following distribution: 10% of Borkovac lake reviews comprise both positive and negative sentiment while it is not commented in purely negative manner; 3.13% of reviews of Obedska bara are purely negative and 4.69% comprise both sentiments; 2.14% of Zasavica reviews are purely negative and 5.35% comprise both sentiments. We can observe that on occasion Obedska bara and Zasavica have been commented in a purely negative manner, while all three sub destinations have reviews with mixed sentiments, meaning that people have expressed both positive and negative sentiments within one comment. People have commented in negative manner facilities, safety on facilities, as well as the servic-

es. More details on the discussed aspects are presented in Section 4.2. Public stance towards Fruška gora is predominantly positive, 90.02% of comments comprise positive sentiment. However, there is approximately 10% of comments containing negativity, and these are annotated as either both (5.41% reviews containing both positive and negative sentiment) or negative (4.35% of reviews). Only small portion of reviews (0.21%) is neutral.

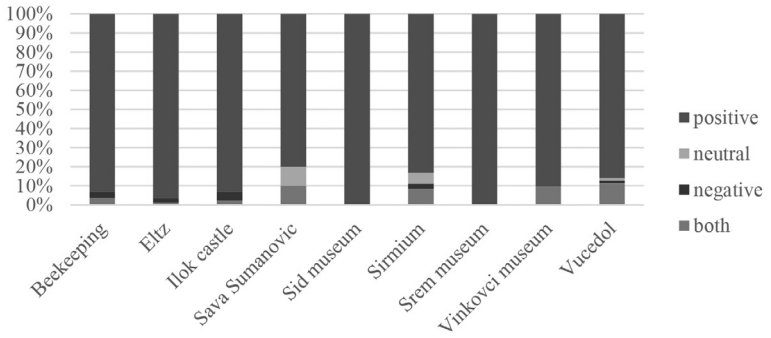

Figure 7. Distribution of public sentiment over particular museums in Srem/Srijem region
Source: Authors

4.2. Analysis of public stance according to different aspects

Although the analysis on document level is useful to extract insights on general public perception and sentiments, it does not offer sufficient information nor details about expressed sentiments. Analysis of sentence-level annotations allows more detailed observation of public opinion and extraction of insights about aspects mostly discussed in a positive and negative context.

Figure 8 illustrates public opinion according to aspects discussed in reviews from the *Monasteries* category. We can observe presence of two hi-level aspects MonasteryGeneral and NatureGenral since most of the monasteries are situated in the nature of Fruška Gora. When writing their general impression about monasteries, reviewers are on occasion negative. Based on data, we can conclude that public stance is always negative towards pricing, that people often discuss a lack of parking or organization of parking space in a negative manner, and often the target of criticism is luxurious decoration in monasteries. Facilities are often subject to mixed sentiment, meaning the people mention both positive and negative aspects of facilities.

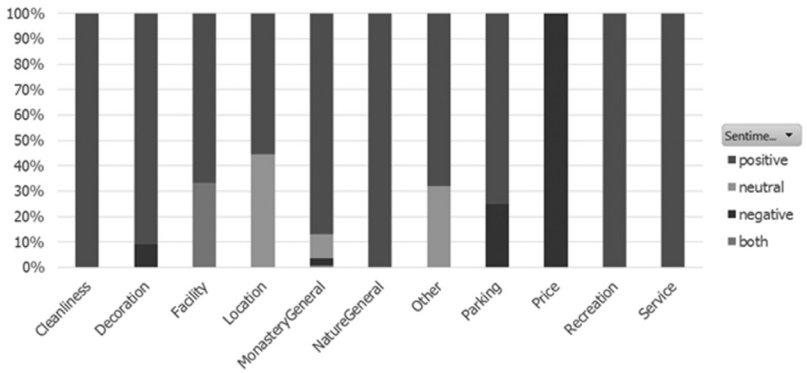

Figure 8. Distribution of public sentiment according to discussed aspect – category Monastery
Source: Authors

Figure 9 offers insight into the discourse function used to express sentiments. We are particularly interested in the way negativity is expressed as negative comments serve as direction for improvements. Negativity directed towards monasteries in Srem/Srijem region is expressed within identified lacks and problems and if visitor's expectations are not fulfilled.

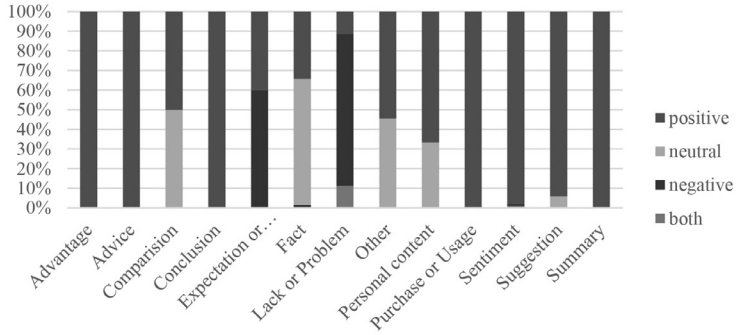

Figure 9. Category Monastery: an overview of discourse function according to expressed sentiment

Source: Authors

Figure 10 illustrates the public stance towards museums in Srem/Srijem region. We can observe presence of all three hi-level aspects: MuseumsGeneral, NatureGeneral, and MonasteryGeneral. Reviewers on occasion express their general impression about the museum in negative manner, while other two hi-level aspects are mentioned in purely positive way. Based on the presented data, we can observe that people are mostly unsatisfied with the cleanliness of museums, available facilities, price, and to some extent, services. Often people just state what the location of the museum is, and that particular museum charges a certain amount without expressing the particular sentiment, and such sentences are marked as neutral.

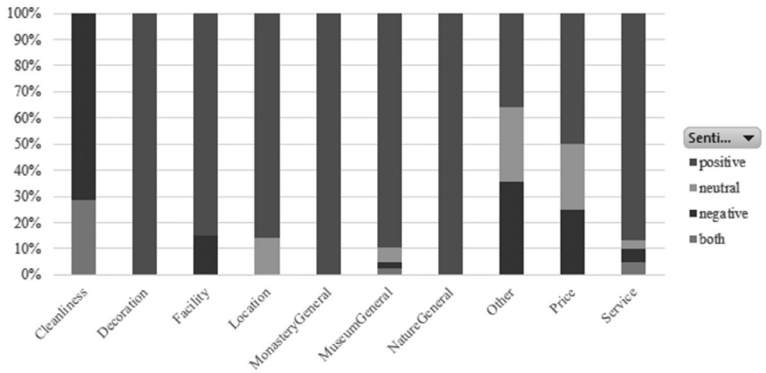

Figure 10. Distribution of public sentiment according to discussed aspects – category Museums

Source: Authors

Figure 11 illustrates the discourse functions used to express sentiments towards museums. Based on the presented data, we can conclude that negativity is mostly encompassed within pieces of advice. This is not surprising given that people often write reviews offering advice or their idea on how to overcome some issues they have experienced. Also, negativity is part of identified lacks and problems or purchasing experience. Other discourse functions are not used to express negativity, such as conclusion, comparison, advantage, or have been used to some extent in mixed reviews.

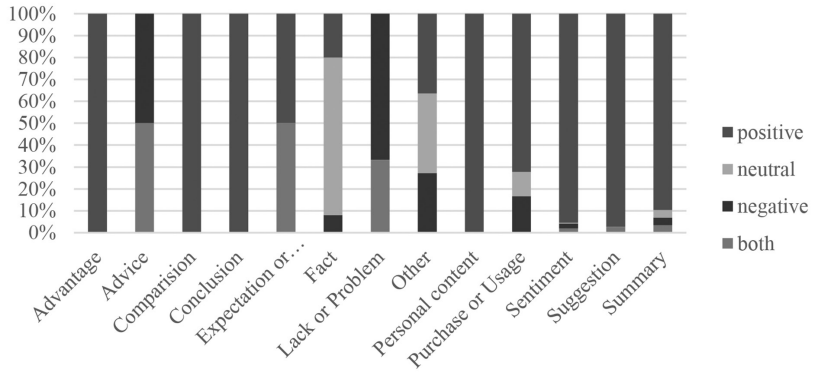

Figure 11. Category Museums: an overview of discourse function according to expressed sentiment

Source: Authors

Figure 12 illustrates sentiment expressed towards different aspects of *Nature reserves* (Zasavica, Obedska bara, and Borkovac lake). We can observe only one hi-level aspect – NatureGeneral which is on occasion discussed in negative manner. Based on available data, we can see that the only aspect which is not discussed in a negative context is parking. Cleanliness, service and price are three aspects with the most negative comments, followed by facilities.

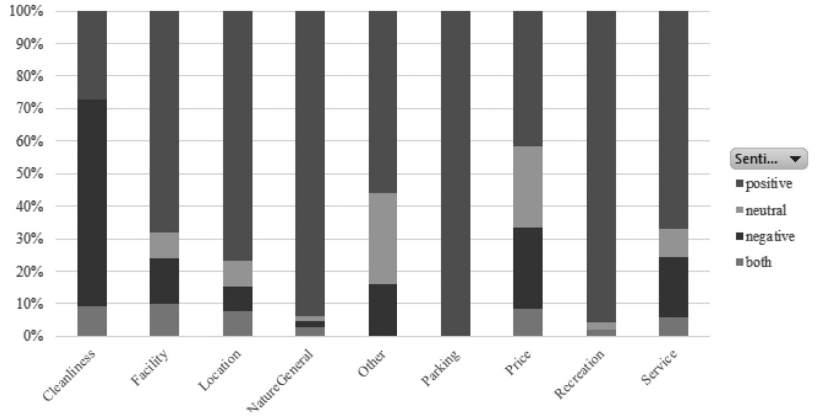

Figure 12. Distribution of public sentiment according to discussed aspects – a category Nature reserve

Source: Authors

Figure 13 illustrates the discourse function used to express sentiment in online reviews targeting nature reserves. Expectations and requirements, as well as lack or a problem, are completely negative, meaning the people use these discourse functions to state the negative attitude. The other discourse functions used to express negativity are purchase and advice.

Category nature encompassed online reviews about Fruška gora. Figure 14 indicates presence of two hi-level aspects: MonasteryGeneral, which is discussed in purely positive manner, and NatureGeneral, which is on occasion discussed in negative manner. In reviews about Fruška Gora, negativity is mostly directed towards cleanliness, prices, facilities, and services, Figure 14. These aspects are commented by visitors in a purely negative manner or in a mixture of positive and negative comments.

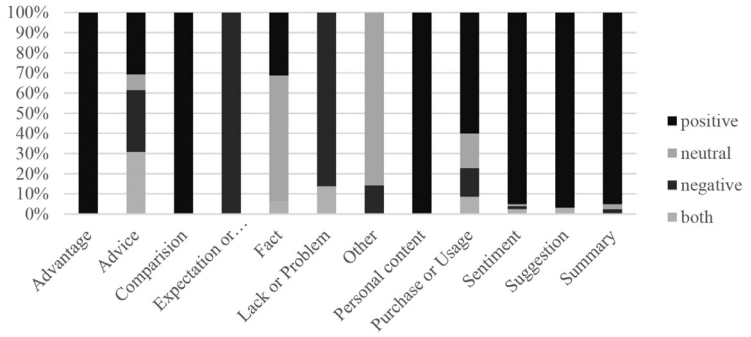

Figure 13. Category Nature reserve: an overview of discourse function according to expressed sentiment

Source: Authors

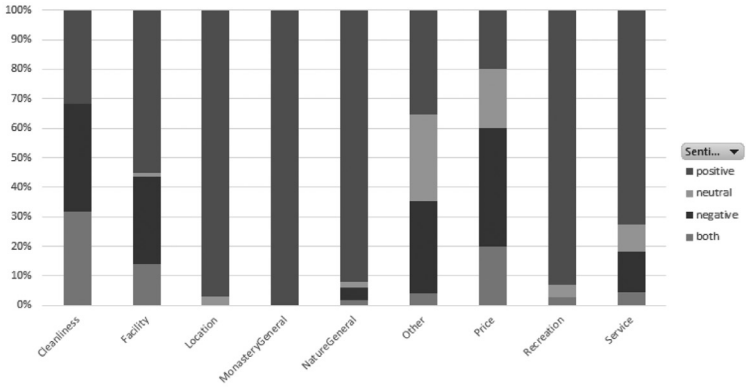

Figure 14. Distribution of public sentiment according to discussed aspects – category Nature/Fruška gora

Source: Authors

Figure 15 presents the distribution of reviews of Fruška gora according to expressed sentiments and discourse functions. As in other categories, lack or problem and expectation or requirement are key discourse functions used to express negativity. Often when people offer advice, it is also an indicator of their dissatisfaction given that people write advice to state their opinion on how to overcome some issues. When a review concludes with an expression of negative sentiment, it is mostly an indicator of the highly dissatisfied visitor. This discourse function is used for expression of negativity only in reviews from category nature, i.e. reviews about Fruška gora.

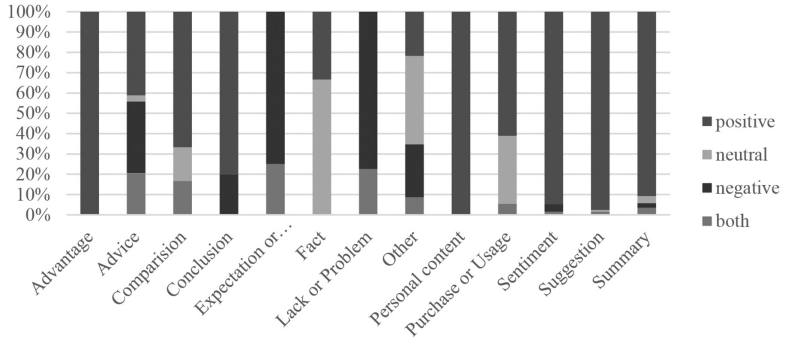

Figure 15. Category Nature: an overview of discourse function according to expressed sentiment

Source: Authors

Overall, we can observe differences in public stance depending on the category of destination, which is discussed. The price is the subject of negative comments in reviews from all four destination categories. However, the price is perceived completely in a negative manner in reviews about monasteries, while in reviews of other types of destinations, it is part of positive or mixed reviews as well. Category Monasteries differs from other types of destination in the way people perceive parking space and decoration. These aspects are predominantly negative within this category of reviews, while they are not commented in such a way in other types of destinations. Not only that, the decoration is discussed negatively in reviews from category Monasteries, but also decoration appears only in reviews from this destination category. If people discuss cleanliness in reviews about Museums or Nature reserves, they do it in a purely negative way. Cleanliness is also often discussed negatively in reviews about Nature, but in this category, contrary to Museums and Nature reserves, it is also sometimes prised. In reviews about museums, nature reserves, and nature, people most often criticize facilities and services. Another deviation from other categories is a predominantly negative perception of location in reviews from category Nature reserves. Location is not discussed in this manner in reviews from other destination categories interestingly, if people comment on parking in reviews of Nature reserves, they do it in a purely positive manner, while all other aspects in this destination category are, to some extent, discussed in a negative manner.

Analysis of discourse functions according to sentiment and destination category pointed to *Lack and problem* and *Expectation and requirements* as two essential discourse functions for expressing a negative stance in all four destination categories. From the point of automation and development of automated systems for detection and analysis of public stance, it would be beneficial to learn patterns of composing of these two key discourse functions. Advice is used in purely negative reviews in category Museums, and to some extent, pieces of advice are negative in reviews from category Nature reserves and Nature. Purchase and usage have revealed as a useful discourse function for detection of negativity expressed towards museums and nature reserves, while Conclusion and Comparisons are present only in negative reviews about nature. These are useful insights for future research as they can be used to model different discourse functions in terms of the way sentiment is expressed within and to generate linguistic rules useful for automated detection of such discourse functions.

5. CONCLUSION

In this paper, we have described and presented methodological steps for creating an annotated corpus as a critical part of natural language analysis and the development of automated systems for the detection and analysis of public sentiments. We have collected 1910 online reviews about 30 destinations and attractions in Srem/Srijem region that we have grouped into four major destination categories: Monasteries, Museums, Nature, and Nature reserves. Such a collection of reviews is called a corpus. The corpus has been pre-processed in terms of data cleansing, spelling mistakes, interrogative and factual reviews were removed, and reviews written in foreign languages were translated into Serbian. The annotation process, or the process of labelling collected reviews, represents the key step in the transformation of collected reviews into a useful and meaningful dataset for further analysis and development of automated sentiment analysis systems. Corpus was labelled with different annotation attributes on three levels: at the level of the overall review, i.e. document-level, at the sentence level, and at the level of individual words or expressions. In this way, corpus of reviews on destinations and attractions in Srem/Srijem region was significantly enriched with useful information on sentiment, locality, aspect which is discussed in review, discourse function which reveals how particular expressions are used in various occasions, as well as information on different word functions (intensifiers, neutralizers,

inverters, negation, positive sentiment expression, negative sentiment expression). The annotation was carried out by four annotators. Evaluation of their work and the quality of annotation indicated that annotators are in a good or a very good agreement for most of the annotation attributes, which was the indicator of high quality of conducted work.

Resulting annotations were used for the analysis of public stance on various localities in the Srem/Srijem region. Overall, the public stance is positive given that most reviews are labeled with the positive sentiment on document-level (91.79%), as well as the majority labels for sentiment polarity on sentence-level are positive (85.21%). Such distribution of sentiment polarity in a corpus of online reviews is not atypical. Positive impressions could be useful for conceptualizing offers to future visitors, and they can serve as an indicator of a preferred characteristic of the locality in the Srem/Srijem region, which could be emphasised in the offer or within the marketing message. However, from the business point of view, it is more important to address the negativity and dissatisfaction of visitors in order to neutralize the negative stance of visitors and negativity within the message they share. The current distribution of sentiment polarity within our corpus is a clear indicator of the level of analysis we need to observe when addressing negative public stance. Document-level is not sufficient as it reveals insights about the overall public stance, and it is predominantly positive. Sentence-level is more useful as it can reveal insights about aspects tackled in negative sentences, as well as the insights about discourse functions used to express negativity. In the analysis and interpretation of public stance on localities in the Srem/Srijem region, we have used annotations made on sentence-level. Such analysis revealed sources of dissatisfaction among visitors and potential directions for improvements. Visitors mostly criticize prices and facilities, and these aspects are common for all four categories of destinations. However, we have uncovered some peculiarities. If people write about parking and decoration of monasteries, they will do it in a negative manner. These two aspects are discussed in a negative manner only in this category of destinations. Cleanliness and services are very important to visitors to museums, nature reserves, and Fruška gora, and they are extensively criticized by visitors. Location is discussed in a negative manner only in reviews of nature reserves. We have also identified that people emphasize negative aspects when addressing some lacks, problems, expectations, or requirements which were not fulfilled, and also when they offer advice on how to overcome some issues. These are valuable insights into discourse functions used in the tourism domain to express a negative stance, as well as for future analysis of discourse function and the way linguistic constructions are used to express sentiments. Such analysis will provide a basis for crafting linguistic rules which could be used as a part of rule-based sentiment analysis systems, which can automatically identify sentiment expressions in texts and conduct their analysis. Although the analysis provided in this paper is fully based on annotation attributes added over collected reviews, the resulting corpus with annotations for sentiments and aspects represents a valuable resource for sentiment analysis of texts written in the Serbian language, given that such corpora lack for our language. Therefore, the resulting annotated corpus will be used for the development of sentiment analysis system based on machine learning algorithms for automated detection of sentiments and aspects in reviews written in Serbian about various tourism destinations in Srem/Srijem region, as well as for further research in the domain of natural language processing and sentiment analysis.

ACKNOWLEDGMENT

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ECONOMIC EFFECTS OF TOURISM ON THE WORLD ECONOMY

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Abstract: *Along with the globalization of the world economy, there is a globalization of the tourism industry, having a significant impact on the growth of international tourism worldwide. Tourism is one of the key factors for the growth and development of the world economy and at the same time the new export industry. Tourism development is a significant source of foreign exchange, influences employment growth, growth of gross domestic product, improvement of the country's balance of payments structure, and is a significant factor in overall economic development. Given the accelerated growth and development of tourism and its increasingly important role in the global market, it has a major impact on other related industries, both directly and indirectly. The aim of the paper is to point out the financial effects of tourism as one of the fastest growing industries on the world economy.*

Keywords: *Tourism, economy, development, world.*

1. INTRODUCTION

In the last two decades, service industries have been rapidly developing and significantly participating in the overall economic structure, primarily in economically developed countries where service industries have become one of the most important drivers of economic development. Also, growth in the service industry is also present in developing countries, with the intensity of growth being weaker and with more differences than in developed countries. A number of factors have influenced the development of the service (tourism) industry, where comparatively modern technology influences the expansion of the tourism sector's offerings and changes its structure. The development of information technology has changed the relationship between services and consumers, first of all in banking and insurance, in tourism, transport and other activities (Čačić, 2013).

The economic growth and development of one country, as well as its ability to reduce the economic gap with other countries, depends on the ways and effectiveness of solving economic problems such as unemployment, balance of payments deficits, fiscal and monetary macroeconomic imbalances. In this regard, the tourism sector is considered a key factor (Kum, Aslan, & Gungor, 2015).

The tourism industry is one of the fastest growing branches of the world. It is also considered to be one of the world's leading industries with its economic activities providing goods and services to visitors and connectivity with other industries such as transportation, hotels, services and the entertainment industry (Gul, 2013).

It is very important to emphasize that tourism generates so-called ‚invisible exports', that is, the income of a country from foreign tourism in it and the so-called ‚invisible imports', or expenditures of that country from foreign tourism in it. Accordingly, tourism as an economic ac-

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tivity has a significant impact on the foreign trade of specific countries, as well as an impact on economic developments in those countries. As revenues and expenditures are very significant for economically developed countries, their importance is particularly emphasized in countries with less developed industries, as they often have better and more diverse tourism development resources and cheap labor. Both groups of countries include tourist-known countries that differ in their degree of economic development (Unković & Zečević, 2011). Based on the above hypothesis, the research reads: tourism activity has a positive and significant impact on the entire world economy. The subject of the research is the analysis of the impact of tourism on economic indicators such as total income, GDP, investment capital and employment.

2. LITERATURE REVIEW

Tourism in all modern economies has one of the key roles in achieving certain macroeconomic goals such as: GDP, employment, development of less developed areas, positive impact on the country's balance of payments through exports and foreign direct investment. The participation of the economy directly and indirectly related to tourism in GDP is many times higher than the share of tourism of the branch in GDP, which speaks in favor of the positive effect of tourism on the overall economy of a country (Petković, Zečević, & Pinto, 2011).

Important means of economic development in terms of its impact on GDP countries, increase in employment, repair of current budget deficits, increase in international foreign exchange income, both in developing and developed countries of the world is tourism. Covering many areas such as accommodation, logistics, food and beverage services, promotions and marketing, tourism is one of the fastest growing and expanding sectors in the world economy, allowing capital and people to move between countries (Collu, Altin, Akgun, & Eyduran, 2018).

As a dynamic category, tourism is constantly evolving all over the world. The development of tourism was reflected on the one hand by offering new forms of travel, new destinations and arrangements, while on the other, it created a need for new forms of organization, greater resources and new strategies. It is present in all countries of the world, but the differences are reflected in the scope and effects of realization. The data so far show that tourism is developed in countries that have better economic indicators such as: living standards of the population, national income, employment, balance of payments, infrastructure and more (Nedeljković, Jovanović, & Đokić, 2013).

Tourism is primarily an industry defined by demand, unlike most industries that are defined by production, in national accounts such as agriculture and production. The extent of the tourism industry is in fact determined by its consumers at the time of consumption (Smeral, 2006). It is a significant source of foreign exchange, with foreign exchange inflows being one of the most important items in the balance of payments and a very significant factor in the overall economic development of countries. An interesting fact is that this inflow of foreign currency is not realized by export of goods across the national border of the country („invisible exports"), where instead of the classic export of goods, it is „imported" by a consumer (tourist) whose consumption in the destination is the basis of foreign exchange inflow (Bošković, 2009).

This type of export has certain advantages over classic exports of goods and services:

- The natural, cultural and social attractiveness of a country cannot be the subject of international trade but can be valorized through tourism, affecting tourism demand and indirectly „sold" in the tourism market in the form of higher prices for tourism products,

- Certain types of products are sold to foreign tourists who have visited the country automatically "exported" at higher prices than they were traditionally exported (selling souvenirs, traditional drinks like wine),
- Exports through sales to foreign tourists result in high profits, not only because of the higher prices mentioned above, but also because costs are lower in this case, such as transport costs,
- Certain types of sensitive products sold to tourists in a given country can often fail to meet the criteria for international trade, such as agricultural products (Sharpley & Telfer, 2004).

It is important to note that tourism, as a low-accumulation activity, does not quickly exert economic effects. Although tourism has achieved immeasurable effects in other countries in a relatively short period of time, its effects are largely long-term and have a delayed effect. The development of tourism in passive regions must be based on a detailed analysis of potentials, tourist markets and placement opportunities, and not only positive demographic shifts, but also establishment of harmony of economic complex and population complex as a development result (Devedžić, 2007).

A large number of publishing authors have studied the importance of tourism and have come to the conclusion that its importance is great both for developed economies, which base their development on a strong service sector, but also for underdeveloped countries, which through tourism development can look for a chance to reduce their poverty. Therefore, tourism provides employment for the whole range of occupations, from unskilled, to highly skilled workers. The development of tourism itself will have a positive impact on the development of other industries (directly or indirectly) through increased supply, which ultimately leads to increased employment. The current situation indicates that European countries play a major role in the global tourism market. However, some forecasts indicate that East Asia and Pacific may increase in the relatively near future with a decline in European countries' market share. The participation of transition countries in Europe is also expected to increase, given that they have great growth potential and are at the same time new and challenging tourism markets (Marjanović & Đorđević, 2018).

In the last twenty years, due to the weeks of development of post-industrial society, there has been the emergence of a „new" type of tourist. A traditional visit to seaside tourist destinations is slowly changing the desire to visit pristine and sheltered parts of the world (Jovanović & Živković, 2018).

In the last twenty years, the growth rate of tourism has been twice the rate of GDP growth, with tourism revenues outpacing health services, energy or agriculture. In many countries, it is among the three leading industries, achieving the largest or moving towards the highest volume of retail turnover and the highest employment (Theobald, 2004).

Initially, views on tourism came down to a predominant study of the economic consequences that tourism traffic brought to the hospitality, transportation and travel sectors and travel agencies. Subsequent research on tourism has indicated its impact on other economic and social activities, that is, on overall economic development. In this way, tourism is recognized, not only as a consequence of economic development, but also as a factor of economic development (Stanić & Vujić, 2016).

Like many industries, tourism was hit by a major economic crisis, but also due to the large effects of the crisis, tourism had a relatively high resilience. Data show that the tourism sector in some countries had a much faster recovery than individual national economies and was also the driver of economic recovery (Pjanić, Andrašić, & Mirović, 2018).

Tourism has various economic impacts. Tourists contribute to sales, profit, tax revenue. Direct effects are realized in primary tourism sectors such as hotels, restaurants, public and private transport, entertainment and retail. Through secondary effects, tourism affects most sectors of the economy. The analysis of the economic impact of tourism activity usually focuses on changes in sales, revenue and employment in the region resulting from tourism activities. It is important to note that tourism impacts are not only economic, social or environmental, but there are many interconnected levels. Economic impacts are particularly evident in less developed countries. However, there seems to be a trade-off, where the positives outweigh the negatives. In general, the economic impact study has a more positive view, centered on the number of benefits that tourism can bring, although these benefits have been accompanied by numerous costs. There are several other categories of economic impact that are not usually covered by economic impact assessments, at least not directly:

- Price changes - tourism can sometimes increase the cost of lodging and retail prices in the area, often on a seasonal basis,
- Changes in the quality and quantity of goods and services - tourism can lead to a wider range of goods and services available in an area (or higher or lower quality than without tourism),
- Changes in property and other taxes - taxes to cover local service costs may be higher or lower in the presence of tourism activity. In some cases, taxes directly or indirectly levied on tourists may have the effect of reducing local taxes, and in some situations, locals may be more taxed to cover the additional costs of infrastructure and services,
- The economic dimensions of ‚social impacts' and ‚environmental impacts', there are also economic consequences of most social and environmental impacts that are not usually addressed in economic impact analysis. They can be positive or negative (Ardahaey, 2011).

Nowadays, tourism is an industry with great economic impact that leads to certain social, cultural and physical consequences. In doing so, tourism, like other industries, is used as a national development „tool". The development of tourism in one country has an impact on the country in both positive and negative ways. The given influences are mainly economic, social and cultural. Tourism is a commercial activity that has the effect of increasing employment, earning foreign exchange earnings and improving the living standards of people in the host country. Also, tourism enables the realization of certain infrastructure projects, socio-economic benefits for the local community, in terms of faster economic growth, more jobs, foreign exchange earnings, balanced development of weaker areas and higher government revenue. The development of tourism requires the support of the governments of countries and local communities and populations, with a balanced view of tourism development that processes the benefits and costs of tourism development (Fawaz & Rehnama, 2014). It is very important to emphasize the importance of tourism for the public economy, especially at the local level (Dritsakis & Athanasiadis, 2000).

With increasing tax revenue, the host country government is increasing investment in new infrastructure such as road construction, water supply and sewerage, communications networks, schools, sanitation and health deserts. However, additional expenditure on infrastructure re-

sulting from the increase in tourist accommodation will require additional financial needs for water, roads, transport, health and energy (Lee & Chang, 2008).

The claims of the economic importance of tourism provide greater respect for the business community, government officials and the general public. Community support is important for tourism because it is an activity that affects the entire community. Tourism businesses are heavily dependent on the business community, government and local community residents. The economic benefits and costs of tourism in one way or another affect almost all structures in one country and even in the region. Economic impact analyzes provide tangible assessments of these economic interdependencies and a better understanding of the role and importance of tourism in the region's economy.

Globalization affects all segments of political, cultural, social and economic life, with tourism being the best example of today's great impact of globalization. Given the accelerated growth and development of tourism and its increasingly important role in the entire global market, it has a major impact on other related industries, both directly and indirectly. Also, tourism is gaining important potential for development, given the fact that this commercial activity connects the sale of goods and services, and the characteristic of driving consumers to producers, not the other way around. The impact of tourism can also be seen in creating opportunities for small businesses to expand and develop their business activities, which, under other conditions, would not disrupt global supply chains. The growing economic role and impact of tourism is undoubtedly having a significant impact on the creation of gross domestic product (GDP), both directly and indirectly (Vukadinović, Damnjanović, & Jovanović, 2017).

The effects of tourism on the economy are direct, indirect and induced effects. Direct effects are manifested as a direct result of tourism activities (tourism spending, employment in the tourism sector and taxes paid by tourism activities). Indirect effects are manifested through the impact of tourism activities on other economic sectors (hotels that buy goods from merchants or procure food from producers). Induced effects are changes in economic activity that result from households benefiting from the tourism sector (tourism employees paying tax or spending money on local goods and services). These impacts and the structure of the tourism sector determine the economic impact of the sector on a country (Lemma, 2014).

Tourism development has a significant impact on improving the standard of living as well as reducing poverty and developing social support for the region. Accordingly, a sustainable tourism industry requires the achievement of long-term integration of social and economic goals, leading to an awareness of the close link between these indicators in the development of tourism in the region. The economic impact of the potential contribution of different types of tourism includes: ethnic tourism, sports tourism, congress and exhibition tourism, festival tourism and cultural tourism, all explored as well (Dredge, 2004).

It is very important to emphasize the conditions under which tourism has a negative impact on the socio-economic sphere, such as terrorist attacks, political unrest and other conditions that negatively affect economic development. It can be concluded that the economic and social implications of tourism are very significant, for example, epidemic outbreaks, terrorist attacks, political events and others adversely affect economic development. The social and economic implications of tourism are obviously significant, but its environmental and policy implications should also be taken into account when assessing the overall impact of tourism on the sustainable development of the region (Dwyer, Forsyth, Spurr, & VanHo, 2006).

As one of the fastest growing industries, tourism has proven to be a significant source of economic prosperity. The key question that arises when considering the impact of tourism is that tourism is usually considered as a specific industry, while in most of the applied situations it shows the characteristics of a complex and structured economic activity characterized by a mixture of different industries (Socci, Ali, Ciaschini, Pretaroli, & Severini, 2016).

In the European Union, tourism is a major economic activity that accounts for large consumer spending items and provides a significant source of revenue to government in many jurisdictions through related taxes. Tourism is at the heart of achieving an EU strategy to promote economic recovery and growth. It is not limited to activities that involve the accommodation of tourists, catering, entertainment, transportation of tourists, but tourism and its organization are closely linked to all the main functions, processes and procedures applied in various areas related to tourism as a system. In addition, the tourism industry includes the functions of planning, organizing, coordinating, training and monitoring-evaluation at all levels, both internationally, nationally, regionally and locally, with tourism being integrated into the functional whole of the economy (Simoni & Mihai, 2012).

3. RESEARCH METHODOLOGY

Secondary research was applied in the paper. Of the basic methods of cognition, and for theoretical considerations of the subject of research, analytical-synthetic, inductive-deductive, method of abstraction and generalization were used. From the scientific methods, the content analysis method was used. Data from available literature, scientific and professional papers, the Internet and other sources were also used.

4. ECONOMIC IMPACT OF TOURISM

Tourism as a source of income is not easy to measure at least with any degree of accuracy. However, the most common method for estimating tourism revenue is to determine the „multiplier effect" in the destination. The inflow of money that tourists make through tourism spending is repeatedly transformed into different segments of the economy. Tourists first spend money at a local destination and that money is received by local tourism workers, vendors, hotels, etc. In this way, the money spent by tourists brings income many times higher than the original spending. This is called the „multiplier effect".

The impact of tourism on unemployment is widespread in the economy, affecting almost all parts of services and other sectors. The tourism industry is a high-intensity service industry, and is therefore a valuable source of employment, employing far more people than the manufacturing industry. A large number of business firms such as hotels, motels, restaurants, transport agencies, travel agents, souvenir shops, taxi drivers are experiencing an economic boom. What is particularly important with the tourism industry is the fact that it employs a large number of people with a wide range of jobs, ranging from unskilled to highly skilled workforce.

Not only developing countries but also some developed countries need to improve their balance of payments through tourism. Developing countries with a balance of payments deficit find it advantageous to receive foreign tourists to make up for the negative trade balance. Thus, the tourism industry can play an important role in the economic development of each country. It helps to improve the poor balance of payments of the countries as the tourism industry is the second largest exporting industry.

The economic importance of tourism in a national economy is also reflected in its contribution to infrastructure development. The increase in tourist arrivals in a country leads to an increase in demand for infrastructure facilities. In this way, governments in many countries encourage the private sector to build tourism infrastructure. Tourism contributes to the even regional development of the country. Balanced regional development is an important factor for optimal, undisturbed and overall development. The tourism industry can develop specific tourism areas in each district. Many types of taxes are included in goods and services related to tourists. All tourism earnings increase many economic activities in countries and these economic activities are a great source of taxable earnings for the governments of national economies. Equally important is the impact of tourism on the spread of education and literacy, helping us to expand our mental attitude by interacting with diverse people by learning their languages and culture (Zaei & Zaei, 2013).

The tourism sector is probably the only service sector that provides concrete and quantified trading opportunities for all nations, regardless of their level of development. Also, there is a large uneven distribution of benefits in the tourism sector, which threatens the social, economic and environmental sustainability of tourism in some developing countries. For many developing countries, tourism is one of the pillars of their development process, as it is one of the dominant activities in the economy, while for others, especially in the islands and some small economies, it is the only source of foreign exchange and employment and therefore represents a platform for their economic development. For these reasons, it is very important that tourism planners must understand that these three concepts, environment, economy and society, are inextricably linked (Spanou, 2007).

There are three main methods of analysis that make it possible to calculate the economic impact of tourism: (Zuruba, Ionescua, & Constantina, 2015)

- Analysis of Importance (Significance analysis) is based on considering the size and structure of the tourism sector within national accounts, taking into account the consumption of residents as well as the population (tourists) from abroad. This method is about looking at and determining the tourism sector's share of consumption and gross domestic product (GDP). This method includes a large number of criteria for identifying the definition of visitors and tourists, the classification of tourism consumption, gross fixed capital formation in the tourism sector, ways of measuring the contribution to total tourism activity in gross domestic product (GDP) (Jakson, Houghton, Russel, & Triandos, 2005),
- The second method of analysis - Impact Analysis - looks at the impact of money spent by foreign tourists on top of money returned from foreign tourism in domestic tourism to the economy of the region, whether it is a direct impact on hotels and restaurants, transport, retailers or an indirect impact on income and employment, taking into account the nature of the interaction between the tourism sector and other economic sectors. This method is specific because it can be used to analyze the overall impact of tourism on the economy of the country as a whole, or to analyze the impact of a particular type of tourist spending on a particular type of tourism activity.
- Cost-benefit analysis involves analyzing the feasibility and effectiveness of implementing tourism projects from the point of view of the entire community, with emphasis on measuring private and social benefits such as education and private and social costs, such as the environmental impact of tourism. Tourism is a sector with strong dynamics, in most countries it is on the increase compared to the global economic growth.

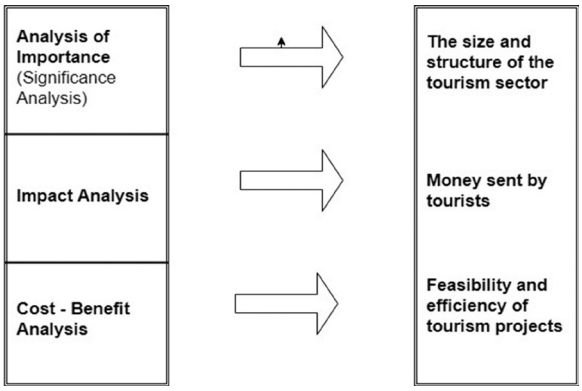

Figure 1. The three main analyses to measure the economic impact of tourism
Source: (Zuruba, Ionescua, & Constantina, 2015)

Accordingly, it is possible to classify tourism functions into two key groups: (Stanić & Vujić, 2016)

Economic functions:

- Direct influence:
  1. GDP,
  2. Balance of payments,
  3. Employment,
  4. Development of underdeveloped areas.
- Indirect impact:
  1. Infrastructure (construction),
  2. Agriculture,
  3. Industry.
- Multiplicative impact:
  1. Consumption of foreign tourists,
  2. Other influences.

Non-economic functions:

- Social function,
- Health function,
- Cultural function,
- Political function,
- Fun feature,
- Function regarding the defense of the country.

The tourism sector was hit during the period of economic crisis, but it recovered relatively quickly and recorded positive trends. Tourism is an important sector for the economy of the new member states of the European Union, representing about 12% of their total GDP contribution, while the direct contribution of travel and tourism is about 5% (ANA, 2017).

The European Union, as an example of a developed region, is an initiative in terms of international tourism development. Contemporary global trends have influenced the creation of various tourist integrations in the European Union, which with their creation and development, these tourist integrations want to preserve their specific values as motives for the future tourist flow (Gligorijević & Petrović, 2009).

It is very important to emphasize the fact that the importance of the euro currency on tourism in the European Union. Certain studies suggest that adopting the euro could lead to an increase

in tourism in the euro area and a diversion of tourism from abroad. In fact, reducing bilateral resistance to tourism between countries using the euro could reduce tourism between euro area countries and third countries (Karacayir, 2016).

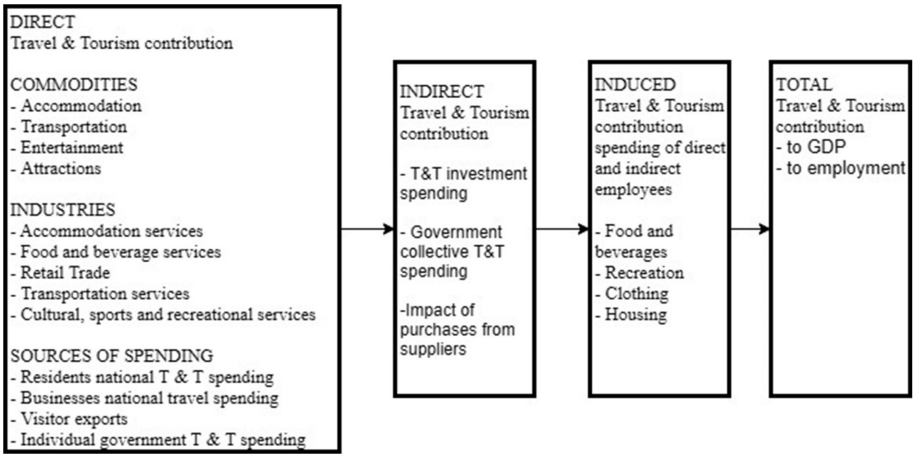

Figure 2. The economic contribution of travel & tourism

Source: (WTTC, 2019)

The specificity of tourism is reflected in the fact that it enables the consumer to reach the producer and not vice versa, with each sale of services and goods to foreign tourists having a significant positive effect, especially on smaller companies, which, due to their modest financial capabilities, could not be part of the global supply chain. Apart from the direct and indirect effects of tourism on the economy, there are also positive and negative effects of tourism.

In addition to the stated positive economic effects of tourism, it should be emphasized that tourism has certain negative effects. First of all, tourism can lead to a fall in traditional employment and seasonal unemployment. A large number of companies and companies buy large quantities of goods during the tourist season and there is an increase in the prices of the given goods. The traditional decline in tourism employment implies the relocation of labor from certain industries such as agriculture, forestry, fisheries and mining to tourism services. Developing countries that want to enhance the tourism sector in order to increase foreign exchange inflows have the stated problem of retaining workforce in primary industries. Seasonal unemployment in destinations that are inactive during the year can be a big problem for some countries, which puts additional strain on local and state resources. The high number of tourists in peak tourist season causes an increase in demand for goods and services, which in turn increases the prices of products and services, which can burden the local population by paying higher prices for food, drinks, entertainment, etc. (Kusluvan & Karamustafa, 2001).

Based on the available data presented in Table 2, it can be concluded that international tourism revenue globally increased from $ 1.221 billion in 2015 to $ 1.245 billion in 2016, an increase of 2.6%. The same trend continued in 2017, when total international tourism revenue was $ 1.340 billion, an increase of 4.9% over the previous year. The same moment was observed in economically developed countries, where tourism revenues amounted to $ 799 billion in 2015, to grow to $ 814 billion in 2016, representing a growth rate of 1.9%. In 2017, tourism revenue in economically developed countries totaled $ 870 billion, up 4.2% from a year earlier. Also, developing economies are experiencing an upward trend in tourism revenue. In 2015, tourism revenues in developing economies totaled $ 423 billion, rising to $ 431 billion in 2016, an increase of 3.9%.

The same trend continued in 2017, when tourism revenues totaled $ 470 billion, an increase of 6.2%. Regionally, there is also an increase in tourism revenue. In Europe, revenues amounted to $ 468 billion in 2015, to grow by just 1.7% over the next year. However, as early as 2017, revenue rose to $ 519.2 billion, up 8% from the previous year. The Asian and Pacific region generated $ 355.6 billion in tourism revenue in 2015, and in 2016 revenue grew to $ 370.8 billion, an increase of 4.1%. In 2017, revenue grew to $ 389.6 billion, up 2.6% from a year earlier. Tourism revenue in the Americas totaled $ 307.3 billion in 2015 and $ 313.7 billion in the non-financial year, an increase of 2.3%. In 2017, revenues were $ 326.2 billion, an increase of just 1.3%. The African continent generates 32.2 billion in tourism revenue in 2015, and next year revenues amount to $ 33 billion, an increase of 4.9%. Revenue growth was also achieved in 2017, when they amounted to $ 37.3 billion, an increase of 8%. The Middle East generates $ 58 billion in tourism revenue in 2015 to increase that $ 1 billion and 1% percent in the non-standard year. In 2017, revenues totaled $ 67.7 billion and grew by 12.8%.

Table 1. Possible effects of tourism

Positive effects	Negative effects
• Increase of revenues/increase of living standard • Employment opportunities • Improvement of infrastructure in tourism • Increase of tax income • Raising awareness and increasing resources for cultural and natural heritage • Capital inflows • Transfer of professionalism and managerial skills • Market connections • Visible effects for local entrepreneurs	• Big dependence on tourism • Increased living costs-accommodation, food and services • Pollution and traffic congestion • Harmful effects on cultural and natural Heritage • Sensitivity of business cycles and changes of business attitude • Little control of tourism development • Unacceptable form and volume of development • Invasion of open spaces

Source: (Kumar, Hussain, & Kannan, 2015)

Table 2. Development of international tourist-financial indicators

	International tourism revenues (% of change)		Market share (%)	Revenues (USD) (billion) per tourist			
Year	16/15	17/16	2017	2015	2016	2017	2018*
World	2.6	4.9	100	1,221	1,245	1,340	1,010
Developed economies	1.9	4.2	65	799	814	870	1,200
Developing economies	3.9	6.2	35	423	431	470	790
Regions by UNWTO:							
Europe	1.7	8.0	39	468.0	468.1	519.2	770
Asia and the Pacific	4.1	2.6	29	355.6	370.8	389.6	1,210
America	2.3	1.3	24	307.3	313.7	326.2	1,560
Africa	4.9	8.0	3	32.2	33.0	37.3	600
Middle East	1.0	12.8	5	58.0	59.0	67.7	1,160

Source: (UNWTO, 2019), (WTTC, 2019), (World Economic Forum, 2019)
**Provisional data*

From Table 3, it can be seen that the direct contribution of travel and tourism to GDP grew year by year in the observed period. The value of this indicator amounted to $ 2.420 billion in 2015, to $ 2.517 billion in the next year and an increase of 4%. In 2017, the value of the direct contribution of travel and tourism was $ 2.646 billion, an increase of 5.1% over the previous year. The

upward trend in this indicator continued in 2018 when its value was $ 2.750 billion, an increase of 3.9% over the previous year. At the same time, the share of this indicator in GDP has steadily increased over the observed period from 3% in 2015, then 3.1% in 2016, 3.2% in 2017, with identical growth in 2018. The overall impact of this indicator is growing year on year. In 2015, the value of this indicator was US $ 7.772 billion, with a 10% share of GDP. Next year, the value of this indicator is $ 8.100 billion, an increase of 4.2% with a concurrent GDP share of 10.2%. The upward trend continued in 2017, when this indicator amounted to $ 8.502 billion, which is a growth of 5% and a slight increase in the share of GDP, at 10.4%. Also, in 2018, there is a fall in the value of this indicator, amounting to $ 8.811 billion, an increase of 3.6% compared to the previous year, with an identical percentage share in GDP of 10.4%.

Table 3. Travel & tourism impact on GDP (in billion US dollars)

	2015	2016	2017	2018
Direct contribution of Travel & Tourism to GDP	2,420	2,517	2,646	2,750
% of whole economy GDP	3%	3.1%	3.2%	3.2%
Growth direct contribution of Travel & Tourism	5.8%	4%	5.1%	3.9%
Total contribution of Travel & Tourism of GDP	7,772	8,100	8,502	8,811
% of whole economy GDP	10%	10.2%	10.4%	10.4%
Growth total contribution of Travel & Tourism of GDP	5.2%	4.2%	5%	3.6%

Source: (UNWTO, 2019), (WTTC, 2019), (World Economic Forum, 2019)

As noted above, the tourism sector is a rapidly growing industry with an increasing share of GDP, while employing a large number of skilled and low-skilled labor. The following table shows that the direct impact of tourism and travel on total employment has steadily increased over the observed period. In 2015, the direct number of employees amounted to 115,297 thousand, and that number would increase to 117,336 thousand in the following year, with a growth rate of 1.8%, whereby the share of this indicator in total employment also increased from 2% to 2.9%. In 2017, this indicator will increase, at 119,627 thousand, with a growth rate of 2% compared to the previous year, while the share of this indicator in the total employment of 3.8%. In the following year, this indicator will increase, amounting to 122,891 thousand, with a percentage increase of 2.7% and the same percentage share in employment of 3.8%. Analyzing total employment, it can be seen that it has been constantly growing throughout the observed period. In 2015, it amounted to 296,101 thousand, and the following year this indicator would amount to 303,431 thousand, with an increase of 2.5% and a simultaneous share in the total employment of 9.7%. Growth was also achieved in 2017 when this indicator amounted to 311,703 thousand, growing at a rate of 2.7%, with a simultaneous increase in the percentage share in total employment, where it amounted to 9.9%. In the last year of the observed period, there is also an increase in the value of this indicator, whose value amounted to 318,811 thousand with a growth rate of 2.3% compared to the previous year and a slight increase in the share in total employment of 0.1%, with participation of was 10%.

In the aftermath of the global economic crisis that has hit all economies, investment activity globally has seen considerable fluctuations. However, in the tourism sector, the situation is far more favorable.

Table 4. Impact of Travel & tourism employment on the overall economy employment (in thousands)

	2015	2016	2017	2018
Direct contribution of travel & tourism to employment	115,297	117,336	119,627	122,891
% of whole economy employment	2%	2.9%	3.8%	3.8%
Growth direct contribution of travel & tourism to employment	2.7%	1.8%	2%	2.7%
Total contribution of travel & tourism to employment	296,101	303,431	311,703	318,811
% of whole economy employment	9.5%	9.7%	9.9%	10%
Growth total contribution of travel & tourism to employment	3.2%	2.5%	2.7%	2.3%

Source: (UNWTO, 2019), (WTTC, 2019), (World Economic Forum, 2019)

Table 5. Capital investment in travel & tourism (in billion US dollars)

	2015	2016	2017	2018
Capital investment in travel & tourism	824.2	850.5	905.0	940,9
% of whole economy investment	2.3%	3.1%	4.8%	4.4%
Growth capital investment in travel & tourism	5.1%	3.2%	6.4%	4%

Source: (UNWTO, 2019), (WTTC, 2019), (World Economic Forum, 2019)

From Table 5, it can be seen that investments in the tourism sector have been growing year by year, where in 2015 they amounted to $ 824.5 billion and in 2016 this amounted to $ 850.5 billion, with an increase of 3.2% in compared to the previous year and 3.1% share in total investments. The upward trend continued in 2017, when tourism investments totaled $ 905 billion, up 6.4% from the previous year and 4.8% in total investment, and in the last year of the observed period there has been an increase in investments in tourism, where their value amounts to $ 940.9 billion, with an increase compared to the previous year of 4% and at the same time a share in total investments of 4.4%.

5. FUTURE RESEARCH DIRECTIONS

In addition to all the aforementioned economic advantages of tourism, which are undoubtedly significant for all countries of the world, some future research should be based on a more detailed analysis of the negative effects of tourism, not only from the economic but also from other aspects. Due to the globalization process, many countries and travel agencies are taking advantage of the economic benefits of tourism to justify their existing and promotional budget. Also, some research should be based on a consideration of seasonal problems of tourism employment / unemployment, especially in developing countries, as well as equal employment in the tourism industry and other primary industries. Particular attention should also be paid to the potential dangers of terrorist attacks and natural disasters, which, in addition to economic losses, endanger the lives of tourists.

6. CONCLUSION

No matter the many problems caused by the global economic crisis that almost all industries have encountered, the tourism industry has shown relatively enviable resilience to the effects of the crisis with a much faster recovery of this industry relative to individual national economies. The strong development of tourism in the last two decades has also influenced the strengthening of

all other industries directly and indirectly related to the tourism industry. The conducted research indicates significant economic effects of tourism on the entire world economy. Analyzing the impact of tourism, it can be concluded that the tourism sector is increasing its share of GDP as a whole. Also, the tourism industry employs a growing number of skilled and low-skilled workforce year after year, which is registering an increase and share in overall employment. There is also an increase in capital investments in the tourism industry from year to year in the tourism sector, as well as a share in total capital investments. All of the above indicates that the tourism industry can be considered very significant for the overall global economy. All the world's regions have seen an increase in the total number of tourists, where the European continent has been the most popular tourist destination so far, but lately other destinations have also seen an increase in the number of tourists, where the Asian region is becoming more popular. It is particularly important to point out that developing countries are also achieving enviable results in the tourism industry, which has become one of the key tools for improving the overall economic situation. In addition to all the economic direct and indirect benefits, the tourism industry has certain negative effects that must also be given considerable attention. It is evident that the tourism industry is becoming one of the key drivers of growth and development of the entire global economy.

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CHALLEGENS OF BUSINESS MODEL DIGITALIZATION IN CASE OF TRAVEL AGENCIES

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Abstract: *This paper presents a new collaborative business model developed for the needs of tourist sector in Serbia. Development of a new digital platform for travel agencies was a joint project involving IT experts and software engineers, and travel and tourism experts from several agencies in Serbia. The aim of the paper was to identify the results and benefits that the new business model could bring, as well as the challenges in implementation. Case study approach was used in order to collect relevant information from practice, to identify potential benefits and challenges for creators and first users of digital platform. In second phase of the research, the goal was to get feedback from travel agencies staff that was using a new digital platform. Through defined questionnaire they were asked to express their attitude about relevant determinants. In the conclusion, the findings from two research phases were compared and analyzed together and significant conclusions were drawn.*

Keywords: *Digitalization, Services, Cofer, PlusPlusNT.*

1. INTRODUCTION

The importance of introducing information and communication technologies has long been recognized in the practice of tourism services, as well as in scientific and professional work in this field. There are over 2.3 million SMEs in tourism in Europe employing around 12 million people (Dredge, et. al, 2018). Obviously, the Internet and innovative technologies have enabled important changes, new approaches to the creation and provision of services, as well as to the financing in tourism (Goertz, 2014; Barnett & Standing, 2001; Ogonowska & Torre, 2014; Bigné & Decrop A, 2019). In a dynamic environment, time is an irrevocable resource. A common trend, especially among the younger generation, is the desire to book travel quickly and efficiently (Law, Leung & Wong, 2004; Sun, et al., 2017). New concepts, such as smart tourism and smart destinations refer to the use of information and communication technologies in the development of innovative tourism services. However, these challenges, changes and trends have long been unrecognized by travel agencies in Serbia. The development of platforms to support tourism services has largely lagged behind what has been happening in developed countries over the last decade and what technological development was enabling.

The aim of this paper is to analyze a new collaborative business model developed for the needs of tourist services in Serbia. At the heart of the model is an innovative portal called Cofer that is based on an aggregate offering (https://cofer.travel). It was developed through a joint project involving IT experts from software company PlusPlusNT and travel and tourism experts from several travel agencies in Serbia. The portal automatically pulls data from CMS (content management system) and the business system of all agencies, processes the data to make the search efficient and provides an overview of the entire offer with the possibility of comparison and online booking. Despite its many benefits, the portal is not well received by end users. In order to analyze the important factors in implementation and identify the factors that are important

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for success, that is, the reasons for the failure, an analysis was made among experts in travel agencies that have implemented the portal in their business.

The case study, used as a research method in the first part of the paper, was focused on different aspects of a new platform. Interviews were conducted with the most important participants in the project, with IT experts and professionals from the tourism sector. The aim of the paper was to identify the results and benefits that the new business model and platform can bring, as well as the challenges in implementation. Potential benefits and challenges have been analyzed from two perspectives: the first is related to the travel agencies' business, namely their internal and mutual business (Business to Business model, B2B) and the second is the traveller perspective (Business to Customer business model, B2C). As there were different experiences when implementing the digital business model in travel agencies, where some agencies were very proactive and flexible, others were too rigid with evident resistance to change. The results shown in case of travel agencies in Serbia could be further tested and evaluated for challenges of business model digitalization in other sectors.

2. DIGITAL BUSINESS MODELS AND E-COMMERCE

Digitalization is changing the way people live and work in many sectors, and that is a kind of test for traditional business models. Digital transformation can be seen as reconstructing the firm around digital operating principles, integrating traditional assets to address new challenges and pursue new opportunities (Bock, et. al, 2017). It is a challenge and opportunity, but could be seen as a threat, as well (Weill & Woerner, 2013, 2018). In case of tourism, digitization provides technology that can create new value or increase value for tourism products and services. Experience in digitization will depend on the ability of the tourism sector to share knowledge, learn and collaborate (Dredge, et al., 2018). Digitization can encourage better communication with service users and tailoring services to their requirements, then improving quality, reaching new destinations, internationalizing, creating new business models, creating value chains. As the Internet and mobile technologies offer various tools for consumers to search and purchase products and services from suppliers directly, role of traditional intermediaries in the industry is changing (Law, et. al., 2015). The importance of digitalisation in tourism is particularly emphasized, as it is a basic prerequisite for the introduction of e-commerce in this sector. When it comes to e-commerce, although marketed in Europe can be viewed as homogeneous, there are significant differences between countries regarding national characteristics, culture, economy, social and political factors affecting the business sector.

E-commerce is one of the fastest growing industries in the whole of Europe, as the Internet enables companies to access larger groups of users and expand their markets. However, the growth of e-commerce is not equally represented in all countries, even within the European Union, where national growth rates are quite different. The highest growth rates were recorded in Eastern Europe, primarily in the countries that later became EU members. The explanation for this trend is that these were economies in transition, the maturity of their markets was not at the level of Western Europe, and thus there was more room for expansion (Ecommerce News Europe, 2014). While growth rates are significantly higher in Eastern Europe (e-commerce growth rate was 30% in Romania), the overall value of e-commerce sector profits is much lower in these countries (Ecommerce News Europe, 2014).

According to the report on European Tourism Market, three key aspects on the future outlook are (TOURIS Mlink, 2012):

- The evolution of m-commerce is expected to be extremely fast, with high international roaming costs being the major obstacle,
- European travellers are forecast to use a smartphone to find travel information and/or make reservations,
- An important development is the rise of travel and tourism reservations through social networks' applications such as Facebook for iPhone.

The Serbian economy is lagging behind in digital transformation in regards to the countries of the European Union. Several recommendations for Serbian digital transformation could be found, one of which is the wider absorption and diffusion of technology (Podovac&Petrović, 2019). In modern tourism, the user is expecting more personalized experiences and customer-centered offer, which improves comfort. ICT allowed creation of two different sub-networks: one is created by individual tourism and is increasing in importance, and the second one by the organized tourism. Implementation of ICT enhanced transition from organized to individual tourism (Hajime, 2015, Petković et al., 2018).

Generally, the service innovation in modern economy requires a wide range of technological expertise that is above the expertise level of service providers. Therefore, the innovations increasingly imply connections, linkages and cooperation of several organizations in different stages of the new service development process (Marinkovic, 2012). Co-production is evolving into co-creation, especially in terms of product innovation (Matzo-Navarro, et al., 2019). Also, there are the conclusions that business model innovation is where the greatest benefits lie (Amit & Zott, 2012). The focus today goes to business models or marketing trends, especially in developed European economies. The changes are not important only for communication with clients and customers, i.e. B2C business models, but also for interorganizational communication and transactions in travel industry.

According to Bughin et al, (2018) more B2B companies had digitized their core offerings and operations over the past three years than had B2C players. Digitizing enabled lowering the costs and improving the reach and quality of their offerings. Blockchain's digitized verification of transactions promises to revolutionize complex and paper-intensive processes, with successful applications already cropping up in smart grids and financial trading (Bughin, et al., 2018).

In general, the market is constantly evolving and new key user groups are emerging with economic power growing. Today's customers are always trying to find the best possible solutions for their wishes and needs. Poor experience with a product or service will very easily redirect them to other options. The dynamics of market segments are changing and very volatile. One factor pointing to this is that among Generation Y members, 40% of mail and 33% of female would switch completely to online shopping if possible, while only 50% of retail and service organizations offer such shopping as an option (Patel, 2015). Mobile commerce accounts for one-third of global e-commerce, and the security of mobile payment technology is critical to further development. A strategy focused on mobile technologies and payments could lower marketing costs because the message is sent quickly through notifications, and locating devices can easily do customer segmentation. In order to fully enable e-business, Serbia needs further harmonization of e-commerce regulations with the relevant EU regulations, abolition of the obligation to keep paper documents, harmonization of foreign exchange business legislation, etc. (Pitić et al., 2018).

3. DIGITAL PLATFORM FOR TRAVEL AGENCIES

A major transformational force within the tourism sector is the digital economy, which is driving a new phase of growth and development in Europe's tourism regions (TOURIS Mlink, 2012). "The potential for structural changes in the travel sector highlights the need for travel agencies to actively select between business models which can best support an effective online strategy" (Barnett & Standing, 2001). Traditional travel agencies must reconfigure their business processes in order to stay competitive (Abrate, et al., 2019). In online travel agencies quality is of strategic importance for competitiveness (Roger-Monzo, et al., 2015). Unfortunately, many global challenges and trends, new customer demands and behaviour have long been without any consequential reaction from travel agencies in Serbia. Contribution that travel and tourism have to the Serbian GDP is still low, as Serbia was ranked 107th globally out of 185 countries in WTTC report for 2018. (Podovac&Petrović, 2019)

The development of platforms to support tourism services has largely lagged behind what has been happening in developed countries and what technological development was enabling. The development of a new platform that was supposed to connect numerous agencies into a common system through which they share all important information started in 2011. It started with a name Tourist Club. After the initial attempts to introduce it to the market, and many feedbacks form agencies and clients, the system was further developed and changed the name to Cofer under which it is now on the Serbian market. Today, this platform offers innovative ways for agencies to work through the digital business model.

Travel agencies perform four basic functions in the tourism market: brokerage and information-advisory (as traditional or classic) and organizer of travel and propaganda (as contemporary functions) (Spasić & Pavlovic, 2018). In the past decade, while e-reservation services have been expanding, travel agencies in Serbia have continued to rely on existing business models that were used in the pre-digital era. Travelers were expected to take the time to visit the agency, search the printed catalogues, spend some time consulting with the travel agent, and finally make their own travel decision. The majority of travel organizers in Serbia did not offer the possibility of online bookings on their websites. Most websites offered only possibility to send a query for individual arrangements. As travel organizers did not have sufficient IT support to provide information on occupancy, sales track through intermediary, current information on their website and inability to implement online billing (Petković et al., 2018).

In the business of travel agencies, it is common that they trade between themselves by taking over arrangements from one another in order to increase the offer. These kinds of jobs are governed by a contract between an agent (tour operator) and a subagent (sales broker). Until recently, these transactions in Serbia were made through phone calls or e-mail, which was slow, unreliable, and inefficient, with a high risk of double bookings. Many transactions of different type in trading between agencies are presented in Figure 1. Each agency had similar business model with direct communication with other agencies by web site, phone, fax, regular mail and web mail. These activities were in many cases time consuming and inefficient.

It is widely accepted that Serbian tourism needs to invest more in online sales channels and promotions. While domestic customers may be accustomed to place their booking through travel organizers, the rise of foreign guests seeking additional web content should encourage local travel agencies and tour operators to invest heavily in online sales and sales support platforms (Petković et al., 2018)

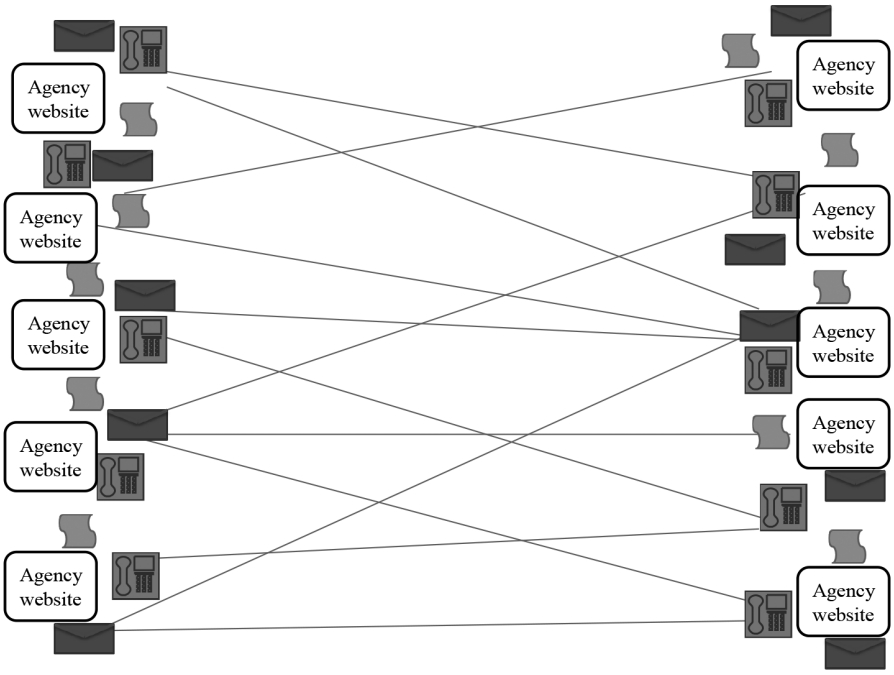

Figure 1. Transactions scheme before the changes

Source: Author, 2019

4. CASE STUDY – COFER PLATFORM

The Cofer platform is a complex solution for companies that organize, offer and sell tourism services in Serbia and in the region. It started under the name Tourist Club in 2010 and in 2018, it registered under a new name Cofer. Development of this platform was a collaborative process bringing together the knowledge of experts from tourism and software engineers.

The platform consists of three separate, interconnected products (Figure 2):

- Cofer Agency - Software that covers the entire value chain of tour operators;
- Cofer net - A solution that enables the automation of mutual trade in tourism products between agencies located in the system;
- Cofer portal - A platform intended for the presentation and sale of travel services by agencies located in the system.

Cofer agency is a software solution that meets the needs of the entire chain of key activities of travel agencies, from entering information about partners and their services, combining them into a tourism product and describing them, selling through different channels (branch network, website, subagent network), to preparation and monitoring the realization of services and the provision of after-sales services. Through comprehensive, real-time reporting, it provides agencies with an insight into the relationship between planned and accomplished activities in order to take the appropriate steps.

Cofer net is intended for B2B business and enables automation of trade in tourism products between authorized partners. The exchange of requests and authorization is done through the system with the possibility of printing the relevant contracts and supporting documents. Through integration with agency software, Cofer net ensures that the subagent network has insight into currently active products, without the need for additional communication. By automatically gen-

erating the necessary documentation (contracts, invoices, etc.), it is possible to minimize the need for human labour, shorten the sales process and significantly improve the up-to-date supply.

Cofer portal is intended for B2C promotion and online sale of tourism products. Clients are offered an up-to-date offer from all agencies located in Cofer system. The number of search criteria and the ability to combine them allows you to quickly find and compare products. Implemented online booking and payment rounds out the benefits associated with the online shopping process.

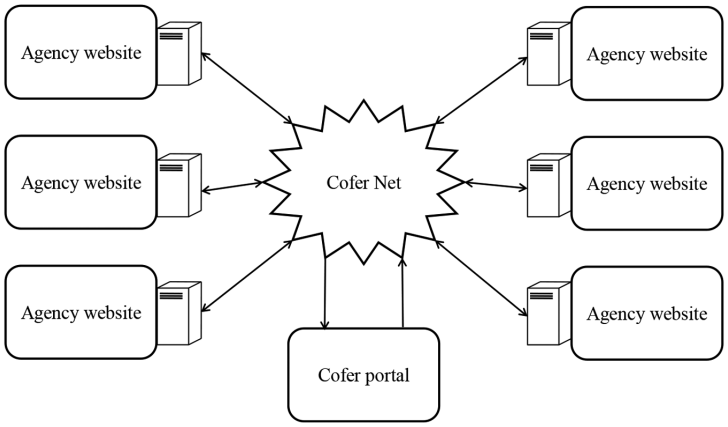

Figure 2. Transactions scheme after the changes: Logical scheme of the Cofer system
Source: Author, 2019

For Cofer tour operators, the portal is an additional channel for selling their products to end users, without the need for employee engagement, thanks to automation of request processing and document generation.

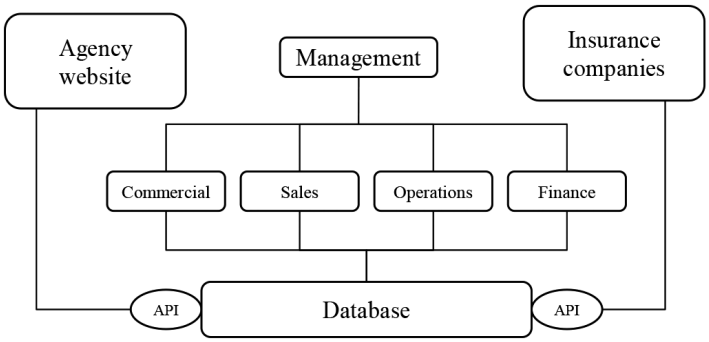

Figure 3: Logical scheme of the system in Cofer agencies
Source: Author, 2019

Figure 3 presents the logical scheme of the Cofer Agency system. Commercial operations are related to: opening of new programs, price calculation, control of rented accommodation capacities, control of leased transport capacities, definition of price lists, preparation of reports (booking lists, rooming lists etc.), then reports on occupancy capacity and realized sales volume, and automatically export data for the site. Sales activities include: creating and printing travel contracts, recording and printing payments, issuing a proforma invoice and a cashier's report. Operational monitoring tasks include: printing vouchers, printing border lists, forming visa lists, exporting insurance data and printing fiscal invoices. Financial monitoring refers to: debt review, invoicing, recording of expenses, processing of checks and reports of realized

financial effects and the like. Management monitoring reports are usually sales reports, income statements and debt reports. From year 2011 till now, the Cofer website (www.cofer.travel) has undergone many changes in order to fulfill numerous agency requirements while enabling effective search for end users.

The research conducted in this study had two phases. In the first phase, from January 2018 till October 2019, several research methods through case study research were used in order to collect relevant information from practice. The goal was to identify benefits and challenges for creators and first users of digital platform. In second phase, travel agencies staff from agencies that were using a new digital platform and were expressing their opinions about relevant determinants. The findings were compared and significant conclusions were drawn.

3.1. Predicted benefits and challenges for service providers – travel agencies

The research on the digitalisation of tourism services was done through a thorough review of the original specifications of services, contracts, progress reports, UX heuristic evaluation and other materials, interviews with employees in the tourism sector and software engineers who worked directly on the new platform. The obtained answers and the results of focus group marketing testing have led to new conclusions. The recognized benefits of the new business model can be categorized into three categories: promotions related to the agency's internal operations, B2B enhancements, and enhancements to the B2C business model.

1. Internal Agency Business: The new platform provides an efficient way of creating offers, simply generates price lists and fully calculates financial obligations in almost all complicated variants that can occur in practice:
   - All data on accommodation facilities and holiday arrangements are stored in a single database and are available to all employees;
   - The information entered into the agency's information system (descriptions, pictures, price lists) is used to show the offer on the agency's website, which makes the process of presenting the offer completely automatic, thus significantly reducing the need for site maintenance staff;
   - Booking is made possible through the agencies' websites;
   - Any changes to the offer (descriptions, pictures, price lists) are transmitted almost simultaneously to the websites, and potential travellers are notified within a short period of time;
   - All documentation required by law is automatically generated from the IT system;
   - All documentation requested by insurance companies (travel insurance policies, etc.) is automatically generated from the IT system.

2. B2B Business Model: New software allows agencies to trade with each other directly, which means that one agency makes a reservation directly in another agency's system, with all the necessary data and calculations (it must clearly indicate that the arrangement was purchased through an intermediary). Since the process is fully automated, there is no risk of duplication of reservations.

It is possible to perform B2B integration with external partners by:
- Automatic bid import;
- Automatic updating of available capacities;

- Automatically update accommodation descriptions and their attributes;
- Automatically forward and update the reservations;
- Automatic cancellation.

3. B2C business model: The traveller has many benefits from the new model: One can quickly find the right arrangement, in different options (for example, can search for two adults and two children, with transportation); find the best price deal comparing different offers; can decide what additional services he/she wants to buy (trips, insurance, ski pass, etc.); he/she is assured of buying arrangements and travelling on his own. At the moment there are more than 100 agencies using this platform. The most recognized on the market are: Argus Tours, Matico, Ponte, Kompas, Robinson.

The research also identified the challenges that need to be overcome in order to move to the digital business model:

- Unlike hotel bookings, price calculations for the sale of the arrangement are much more complicated as many specific cases need to be addressed;
- The capacity, accommodation and transport data must be stored in parallel;
- It is necessary to automatically generate all threatening documentation, including contracts / legal documentation as well as operational documentation;
- It is necessary to make it easy to search for package deals according to different parameters (type of accommodation, type of transportation);
- It is important to provide an efficient business and trading model between travel agencies.

The developed Cofer platform should respond to all these challenges and provide additional opportunities to enhance agency performance. The software practically enables the networking of all agencies in Serbia, creating a kind of tourist services stock exchange, enabling agencies to trade and sell complete arrangements online, either through an agency site, or through a site containing an aggregate supply of all agencies in the system.

However, the implementation of the new system was not done at the intended speed. Numerous focus group tests have revealed shortcomings, which have been corrected during the commercialization phase. Still, the number of end users, travellers, using the platform remained negligible. There was an increase in the number of people who used it to search for the arrangement, but reservations were not made through the platform. This can also be explained by the mistrust that is still present among the population in Serbia when it comes to ordering and paying online.

3.2. Feedback from users in UX heuristic evaluation

Cofer platform operated under the name Tourist Club from 2010 to 2018. First version of the website is presented on Figure 4. In order to get feedback from website users and to improve the site functionality, UX heuristic evaluation was conducted in 2017. The purpose of this analysis was to go through the website pages and evaluate it in terms of profession, design, UX, typography and composition. Generally, this analysis was not crucial to the overall website usability rating. However, when the analysis was combined with recording users in a controlled environment, it gave a realistic picture of the site itself. Additionally, it gave suggestions for improvements from a user experience standpoint.

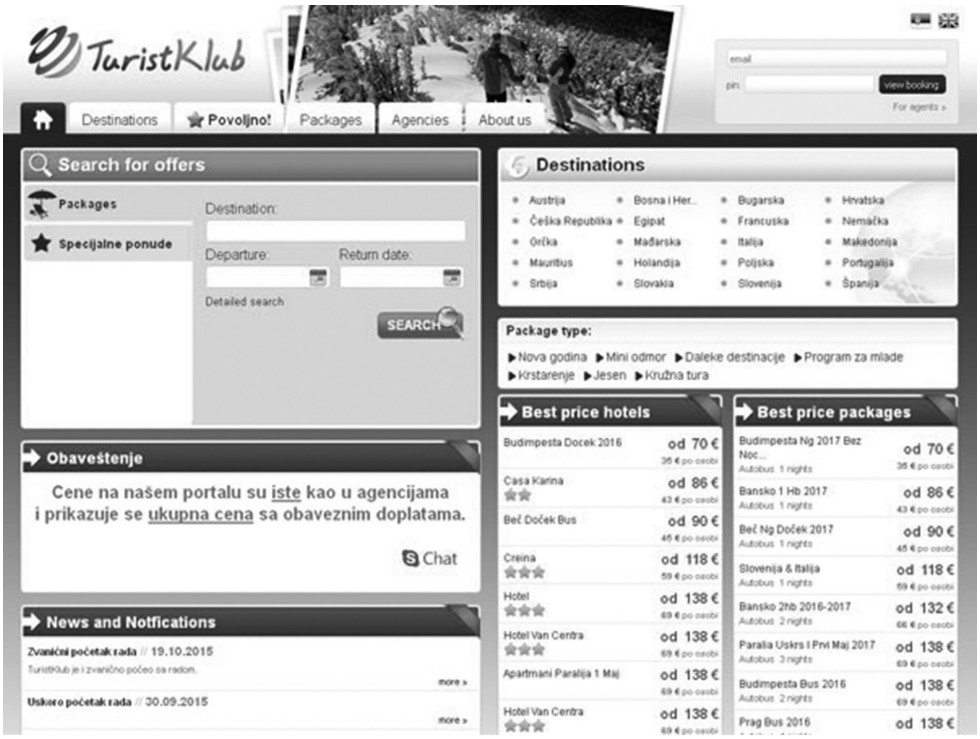

Figure 4. Tourist Club website 2017

Heuristic evaluation was based on the questions related to the following:

- **Visual impression of the website**: Primary purpose visible immediately, Clear design, Nice color palette, Good use of white space, Consistent design, Consistent text and colors, Responsive icons, Images have a purpose, Use of favicon.
- **Content**: Main titles simple and easy to understand, Website easily scans information, Minimal information immediately visible, Clear terminology, Vocabulary appropriate for all target groups, Clear information available for a specific site location, Instant information is what the user expected to find, Links are clear and consistent, Help is available on every page, Significant content is prominent and visible, Search box is easy to identify and with good readability, color selection makes it easy to read, Too much text on the site, Any unused information.
- **Navigation**: Consistent navigation, Easy site identification, Link to homepage displayed in many ways, Clear where to go from the current site, Limited number of links and buttons, Organization of information makes sense, Always clear what happens after the completed action, Easy to identify site location within the map, Clear where one can go beyond the current site.
- **Effectiveness/Functionality:** Website loads quickly, Common 404 error, Clear and purposeful error messages, Login in the top of the right corner, Contact information easy to find, Broken links, Search results intuitive and accessible, Site supports back and forward options, Easy use of contact form, Site generally behaves as expected from the website, Actions available clearly presented, Structure simple and clear without complications, Website pleasing to the eye.
- **Mobile Usability** Back and other relevant buttons exist, Buttons are big enough, Screen orientation works well, Consistent many, Search easy to use, Good flexibility to navigate the entire site, Design is cluttered or minimalist and clear, Loading is fast.

In this phase, after analysis of the respondents' impressions and observations, general conclusions were:

- The information was not clear enough, it was overcrowded and the essential offers were not clearly outlined.
- The first impression of users about the site was not good, it was not the clearest at first that it was a tourist website with the arrangements of many agencies, it was not even clear enough at first glance that it is traveling website.
- Nice photos were missing.
- The search was not legible and clear enough, and for some search information was not available.
- The general conclusion was that the very structure of the information of the whole site had to be improved, as well as the visual set up of the information in order to provide a great user experience.

Based on these conclusions, the former website Tourist Club (Figure 4) was reconstructed and redesigned becoming the Cofer website that is active today (Figure 5). The website has undergone many changes in order to fulfill numerous agency requirements while enabling effective search for end users.

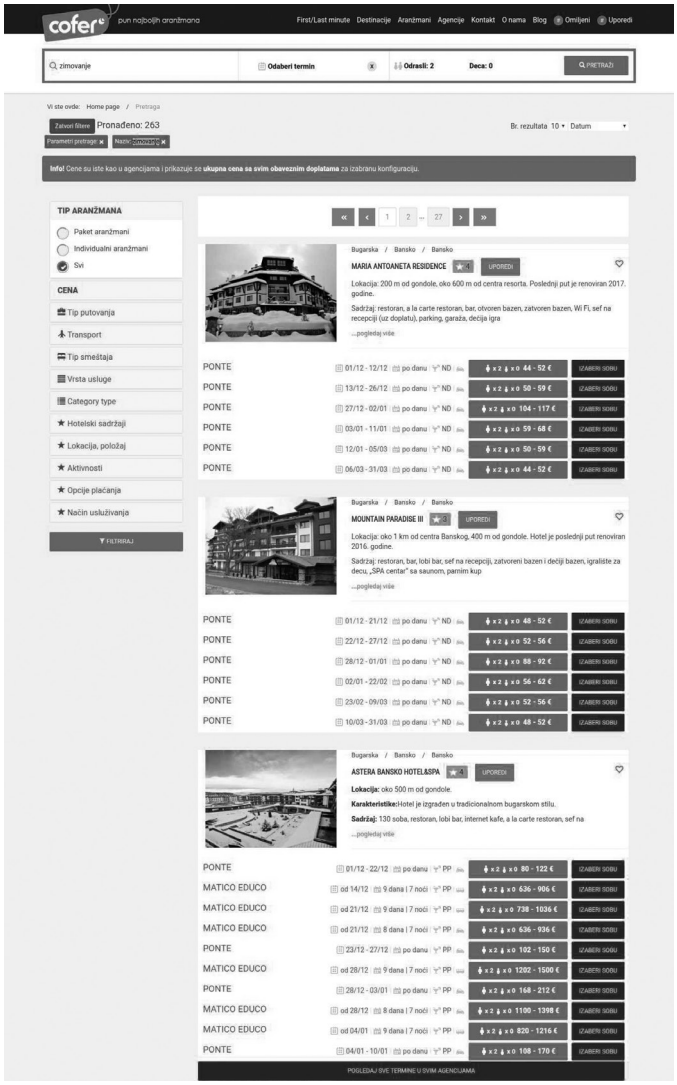

Figure 5. Cofer website 2019

3.3. Attitudes of travel agencies staff in implementation phase

Research studies directed toward attitudes of employees in tourism could bring new insights, related to personal experiences and preferences related to the change that digitalization brings. Technological level reached in different environments builds a specific ecosystem that affects success of digitalisation. A survey that examined the attitudes of tourism employees in Croatia and Serbia (Slivar et al., 2016) found that employees in both countries were ready for teamwork that would provide clients with a unique experience, through new ideas and innovations. They understand the importance of training for the successful implementation of an innovation. However, while the need for employee education is expressed in Croatia, the emphasis in Serbia should be on implementing new technologies. Lack of funds and inadequate ownership structure are an obstacle to innovation in Serbia, where a large percentage of respondents thought that innovation was not a priority due to the nature of the tourist market in Serbia. Respondents (Slivar et al., 2016) believe that it is underdeveloped and therefore should not invest in innovation. These results may be one of the explanations for the rejection of the Cofer platform, both by agency employees, in introduction phase, and by end users, during the commercialization.

The introduction of the Cofer platform has brought about significant changes in the agency's business, and after initial resistance, alignment, training and implementation, it was important to examine the attitudes of employees in travel agencies regarding the digitization of their businesses.

Table 1. Determinants in digitalization of travel agencies (Dredge, et. al, 2018, adapted)

	The most significant determinants in introducing digital business model in tourism
Opportunities – expected from digital technologies on operations of agencies	Customer acquisition
	Improve online brand visibility
	Expand international reach
	Improve service quality
	Increase visitor satisfaction
Difficulties in implementing digital technologies	Training on new digital technology
	Cost and uncertain return on benefits
	Insufficient knowledge to identify opportunities
	Insufficient technical knowledge
	Lack of suitable "off the shelf" products within budget
Motivations why agencies seek to digitalize	Improving online presence for competitiveness
	Improving growth
	Optimistic about future opportunities
	Addressing seasonality
	Improving networks
Obstacles in further implementing digital technologies	Lack of finance
	Current technology level is sufficient
	High training costs
	Rapid pace of technological change
	Cost of high-speed broadband

Therefore, the second part of the research in this paper was conducted using the questionnaire where respondents were asked to express their views on the topics relevant for successful implementation of a digital platform in tourist agencies. The factors that were presented to the respondents were grouped into four dimensions, based on research results published in Digitalization in Tourism Report (Dredge, et. al, 2018), that was a quantitative survey of 2897 SMEs, 73 public administrations, and 85 professional associations. The report analysed the challenges

and opportunities of digitalization in tourism, defined top 5 opportunities expected from digital technologies on SME operations, top 5 difficulties in implementing digital technologies, top 5 motivations why SMEs seek to digitalize and top 5 obstacles in further implementing digital technologies. All recognised determinants are presented in Table 1.

Table 2. Evaluation of determinants by respondents from travel agencies in Serbia

The most significant determinants in introducing digital business model in tourism evaluated from 1 to 5	**Average value (tn)**
Opportunities – expected from digital technologies on operations of agencies	
Customer acquisition	4.21
Improve online brand visibility	4.38
Expand international reach	3.71
Improve service quality	4.17
Increase visitor satisfaction	4.04
Difficulties in implementing digital technologies	
Training on new digital technology	3.25
Cost and uncertain return on benefits	3.39
Insufficient knowledge to identify opportunities	3.88
Insufficient technical knowledge	3.71
Lack of suitable "off the shelf" products within budget	3.63
Motivations why agencies seek to digitalize	
Improving online presence for competitiveness	4.54
Improving growth	4.33
Optimistic about future opportunities	3.79
Addressing seasonality	3.54
Improving networks	4.04
Obstacles in further implementing digital technologies	
Lack of finance	3.58
Current technology level is sufficient	3.13
High training costs	3.08
Rapid pace of technological change	3.67
Cost of high-speed broadband	2.42

In order to test the determinants in travel agencies in Serbia, a research was conducted, with the objective to collect the attitudes of employees from travel agencies toward the opportunities, difficulties, motivations and obstacles, after their experience with digitalization through Cofer platform implementation. The respondents were asked by sending *on-line* questionnaire to the official *e-mail* addresses, asking the respondents to rank the importance of determinants for a successful implementation of the digital model in tourist agencies in Serbia. Each response reflected a personal attitude of employee based on knowledge and experience from education and practice. Likert scale was used; an ordered scale from which respondents choose one option that best aligns with their view. This scale is often used to measure respondents' attitudes by asking the extent to which they agree or disagree with a particular question or statement. A typical scale might be "Strongly disagree, Disagree, Neutral, Agree, Strongly agree". In this case, a five-point Likert scale was used to evaluate the importance of determinant: 1 = Unimportant; 2 = Slightly important; 3 = Important; 4 = Very important; 5 = Critical. Thirty (30) employees with minimum 5 years of experience were asked to participate in the research study, and twenty-three (23) took part in it, resulting in the participation rate of 76.67%. The average importance rating, standard deviation and percentage level of importance for each evaluated determinant were obtained using statistical calculation. The questionnaire categorized main determinants related to introduction of digital business model into four dimensions based on

Digitalization in Tourism Report (Dredge, et. al, 2018). Four dimensions of determinants for successful implementation of digitalization in tourist agencies encompassed: 1. Opportunities – expected from digital technologies on operations of agencies; 2. Difficulties in implementing digital technologies; 3. Motivations - why agencies seek to digitalize and 4. Obstacles in further implementing digital technologies.

Research results show that opportunities that are expected form digitalization from employees of travel agencies are to improve online brand visibility (4.38), customer acquisition (4.21), and improved service quality (4.17). Expanding international reach has the lowest importance in this group. When evaluating difficulties in implementing digital technologies, according to respondents, emphasis is on insufficient knowledge to identify opportunities (3.88), and insufficient technical knowledge (3.71). As motivation determinants in agencies, respondents recognized improving online presence for competitiveness (4.54) as the most important, as well as improving growth and networks (4.33, 4.04). At the end, the main obstacles recognized by respondents were rapid pace of technological change (3.67) and lack of finance (3.58). They do not think that considerations that sufficient technology level is very important obstacle, and the lowest importance is given to costs of high-speed broadband.

4. CONCLUSION

The findings and conclusions of this research add to the literature in the field of developing digital business models in tourism and set an example for practitioners working on introducing innovative platforms in services. This is of crucial importance for attracting the foreign tourists, and new generations of domestic tourists, as they are expecting more digital and more personal experience in booking. Generally, looking at published research papers and reports, some of the key challenges and difficulties observed in digital technology implementation are: digital technology training, high training costs, uncertain return on investment, insufficient knowledge to identify opportunities, lack of technical knowledge, lack of finance. However, these challenges are not present in the observed example, since the platform is very accessible to agencies, the payment for agencies is on a monthly basis, training and technical support are provided, the use of the digital platform is not demanding and can be easily accepted, both by agency staff and by end users. Despite its many advantages, implementation of digital business model is still far from expected. The causes of the slow implementation could be recognized in insufficient development of the overall market, the lack of confidence to use digital platforms and to pay online, as well as resistance to new technologies among agency staff and among users. Future research could show how these challenges are developing and overcome in practice and how the market in Serbia is changing further in the digitalization process. As stated before, the tourism sector is part of a wider system of a country and the possibilities for digitalization in services and utilization of its full potential will depend on the overall system. This is of crucial importance having in mind specific nature of services and service innovations.

5. FUTURE RESEARCH DIRECTIONS

This study covered different aspects of developing and implementing digital platform in travel agencies in Serbia. Limitations of the study are the small sample of respondents from travel agencies, so this result could be used as a pilot study for broader research in the future. Also, comparison of perspectives of travellers as final users and agency staff could be an object of the study. This study could give specific view on digitalization from service consumers. Managing digitalization brings

many decision-making problems for management. Selecting the appropriate strategy is one of the most important. Further research could use the findings from this study to define decision making problem for management. With the goal of selecting appropriate strategy for digitalization of services, relevant criteria could be recognized Opportunities, Difficulties, Motivation and Obstacles, each with two or three sub criteria evaluated as the most important determinants in this study.

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THE IMPORTANCE OF ECOTOURISM FOR THE DEVELOPMENT OF TOURISM DESTINATION – A CASE STUDY OF THE SPECIAL NATURE RESERVE "MEADOWS OF GREAT BUSTARD", VOJVODINA

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Abstract: *Tourism in protected natural areas (PNAs) has an important and very positive role in the tourism development of many countries. Whether the area of the Special Nature Reserve "Meadows of Great Bustard" (SNR) represents a significant potential for the development of tourism will be concluded in this paper by using two scientific methods. The obtained results from a conducted written questionnaire, as the first method, will be examined by a comparative analysis with related or the same results from the world practice research – the second method. This is the main task in this research. The obtained results can examine the main hypothesis that the SNR is a significant tourism potential for ecotourism both at the level of the Republic of Serbia and at the level of the countries in the region, such as Hungary, Romania, Bulgaria, Croatia, Bosnia and Herzegovina, as well as other European countries. The main objective of this paper is to test the main hypothesis and to obtain certain results if this protected area may have an impact on the development of sustainable tourism. By enhancing sustainable tourism and protecting the space of this reserve, by implementing the national tourism offer, higher socio-cultural, economic and ecological benefits can be achieved. The results of this research indicate that forms of tourism such as: ecotourism, science tourism, trips, bird and animal watching, can be a basic form of tourist visits. The most significant potential of the SNR is the highly endangered species of the Great Bustard (Otis tarda), which is the symbol of this protected area.*

Keywords: *Ecotourism, Sustainable tourism, Special Nature Reserve "Meadows of Great Bustard", Nature-based tourism.*

1. INTRODUCTION

The SNR is characterized by very rare nature-mosaics of flatland, steppe, saline soil, and wetlands. However, the basic value of this protected area is the only remaining flock of Great Bustard (*Otis tarda*) in Serbia, located on the southeastern border of its Central European extension (BirdLife International, 2017). The Great Bustard is a globally vulnerable species (VU) (Martin et al., 2000; Gooch et al., 2015) and strictly protected species in Serbia. The local community has little interest in protecting this area, so there are no local benefits from the current tourism development. In contrast, this reserve represents a highly significant destination for researchers of tourism development, from which significant socio-cultural, economic, and ecological benefits can be achieved (Diamantis, 1999; Makame & Boon, 2008). Defining the aims of nature protection and socio-economic development, thus achieving long-term goals of sustainability (Goodwin, 2002; Xu et al., 2009; Farsari, 2012; Araña & León, 2016; Notzke, 2016; Teerakapibal, 2016), requires the engagement of a number of different organizational structures (Price, 2006; Heslinga, Groote & Vanclay, 2017; Leung et al., 2018). A large part of the income from the visits of this reserve would be invested in improving its protection.

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Therefore, this would also be a direct investment in creating an ecotourism destination (Hall, 2010; Holladay & Ormsby, 2011). Ecotourism is present and widely accepted as an activity that influences the overcoming of many obstacles (Nepal, 1997; Cheng, Jin & Wong, 2014) and it has become extremely important in creating the policy for the preservation and development of the social community in many countries (Butcher, 2011; Wardle et al., 2018). This also affects the achievement of socio-cultural, economic, and ecological sustainability (Fennell & Weaver, 2005; Trišić, Štetić & Krstić, 2018), which results in increasingly intensive socio-economic, political, and ecological changes which create highly significant interests for PNAs (Wight, 2002; Burns, 2011; Larson & Poudyal, 2012; Butzmann & Job, 2017; Pyke et al., 2018). These are areas where tourists observe, think, and understand the natural environment and the living world (Eagles et al., 2013). PNAs are significant resources for ecotourism in many countries (Bello, Carr & Lovelock, 2016), including Norway, Sweden, Canada, Australia, and New Zealand (Wearing & Huyskens, 2001), then Finland, Poland, USA, (Wray, Espiner & Perkins, 2010), Germany, Great Britain, Ireland, etc. (Wachowiak, 2005). The aim of the research in this paper is to determine the basic hypothesis, which is whether the SNR is a subject of interest of domestic and international tourists and whether there is a potential for tourism development at the regional and international level. This will be determined by using the survey and the analysis of science - theoretical facts which will be examined through the comparative method with similar research results from the world (Štetić & Trišić, 2018).

2. STUDY PURPOSE AND OBJECTIVES

The area of the Autonomous Province of Vojvodina has 135 PNAs in the area of approximately 141,044.65 ha. That is 6.56% of the total area of the territory of Vojvodina. This area covers significant PNAs, many of which possess the international conservation status. The protection of nature covers: 1 national park, 2 landscapes of exceptional characteristics, 16 special nature reserves, 9 nature parks, 8 strict nature reserves, 23 natural monuments, 2 protected habitats, 3 memorial natural monuments, as well as natural assets of other categories.

The area of the Autonomous Province of Vojvodina has significant ecotourism resources of untouched nature. These resources are a significant plant and animal world that includes endemic plant and animal species, sensitive ecosystems such as numerous wetland habitats and various types of land, numerous special nature reserves, nature parks, and other spatial units. Proper monitoring and protection of economic revenues from ecotourism which can be used to improve the protection system. Ecotourism and nature-based in the PNAs of Vojvodina and SNR, can affect the forms of ecosystems, the structure of the living world, the activities in the area, and the establishment of levels and protection regimes. Initiating nature-based tourism, in the PNAs of Vojvodina and in SNR, the accompanying infrastructure is being built. In this way, the Seeker species are resettled in certain places. In recent years, the demand for ecotourism in Vojvodina's PNAs has increased. Tourism demand is made of domestic and foreign tourists, who recognized the potential for the development of ecotourism in Vojvodina. Research results in this paper can provide guidelines for national strategies of sustainable tourism development with the help of protected PNAs, both in Serbia and in many other countries. The results thus obtained can be significant in helping create the highest quality tourism offer of nature-based forms of tourism.

3. MATERIALS AND METHODS

The SNR covers the area of about 6,774 ha. It is located in the north of the Republic of Serbia in the Banat region. The reserve ranges between 45°52'48'' N and 45°55'15'' N, and from 20°16'09'' E to 20°19'52'' E. A favorable geographical location is reflected in the vicinity of Belgrade (capital city of Serbia), other cities as well as proximity to Hungary, Romania, Croatia, Bulgaria, and Bosnia and Herzegovina is also significant for ecotourism. The habitat of the Great Bustard is a preserved Pannonian landscape which is classified in the IV category by IUCN and it is the I category natural site of exceptional importance (Grujičić, Milijić & Nonič, 2008; Griffin & Stacey, 2011), which is significant for managing the PNAs. The reserve has been nominated for inclusion into the List of Wetlands of International Importance of the Convention on Wetlands (Ramsar, Iran, 1974). The SNR is protected in order to preserve the unique primordial mosaic of steppe, saline soil, and wetlands of great significance for the ecosystem (Mitsch, Bernal & Hernandez, 2015). This area represents the resort for the only remaining population of the Great Bustard in the Republic of Serbia. Since 1997, when this area was declared as an SNR, their number has been reduced from 37 to approximately 30 individuals as recorded by counting in 2015 (Štetić & Šimičević, 2018). After the monitoring of this species in 2017, only 11 individuals have been estimated to be present in the area, which is an alarming fact (Decree on the designation of the Special Nature Reserve "Meadows of Great Bustard" ("Official Gazette of RS", № 5/2010); The report on the implementation of the protection program of the natural sites for 2017, 2018)).

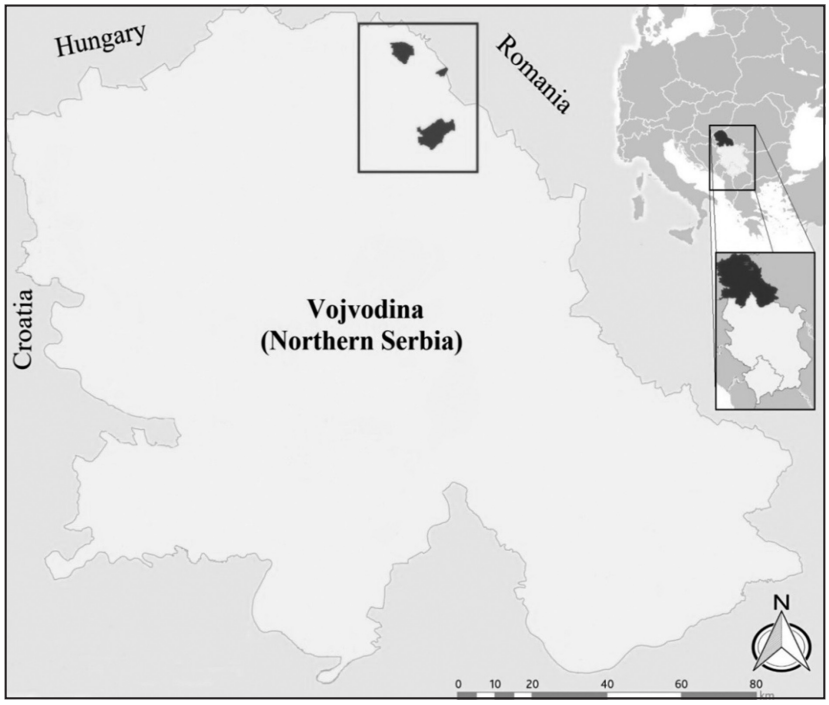


Figure 1. Map of Vojvodina,
Special Nature Reserve "Meadows of Great Bustard" (SNR) - study area
Source: authors

3.1. Methods

In order to determine the degree of ecotourism and sustainable tourism development, it is necessary to conduct a proper analysis and valorization of the basic elements and all potential factors of sustainable tourism development (Lück, 2002; Fennell, 2015; Liburd & Becken, 2017). It is

also important to analyze the views of the users of this area from the aspect of experiences and potential suggestions in order to improve the condition of natural elements and the results of the area protection, which, as the result, can increase the benefits for all the subjects and users of these areas (Holden, 2016; Maksin et al., 2018; Stojanović, Lazić & Đunić, 2018). The analysis of the obtained data of the survey conducted among the visitors in the SNR and those that wish to visit such a tourism destination can be useful in setting the criteria and general aims of eco and sustainable tourism development (Butler, 1999; Kim et al., 2019). These criteria and aims should certainly implement the tourism development of the PNAs in the nature-based tourism offer (Rinzin, Vermeulen & Glasbergen, 2007; Vespestad & Lindberg, 2011) both in the Republic of Serbia and other countries in the region or Europe. From the aforementioned, it was significant to conduct the research and determine the existence and function of 6 selected factors within this SNR which can impact the making of real conclusion regarding the area protection, ecotourism, and sustainable development (Donohoe, 2011). All respondents were asked the questions during or after their travel, within a written or an online questionnaire. The questionnaire, in addition to the general question regarding the respondents (Table 1), contained 6 questions (n_1, n_2, n_3 … n_6) which related to the views on the present factors of the tourism development within the SNR and the level of tourism development (Table 2). Respondents answered the question regarding tourism activities, and answers were ranked by a Likert scale (Joshi et al., 2015). This ranking of answers is identical to the answers rated in the author's questionnaire, i.e. with the answers ranked by relevance on the following scale: 1 – I completely disagree, 2 – I partially disagree, 3 – neutral point of view, 4 – I partially agree, 5 – I completely agree. The results of the questionnaire will be examined by the *One – Simple Test* method and shown tabulated. This test allows us to reach certain conclusions, based on respondents' answers (One-Simple), in situations where we do not have complete information such as attitudes toward certain statements and appearances. One - Simple Test is designed to test the received responses presented as mean values.

Each question (as claim) from the questionnaire will be partially shown tabulated, with the help of graphs in order to conceive the potential results of the research. After examining and presenting these results of the author's research, there will be conducted a comparative method with identical, related, and similar results of a research which was actualized in Finland during a ten-year period. This analysis was carried out with the research results of the visitors that visited different PNAs. Respondents gave answers to different questions on the principle of Likert scale (1-5). Questions were related to the significance of area protection, the motives the visit, and the effects of these destinations on tourism development. The analysis on the significance of the type of PNAs the analysis of travel motives, types of activities within PNAs, and specific views on nature-based tourism was conducted as a part of this research. This comparative method with selected data will provide a unique conclusion of the research and also determine the basic hypotheses of the paper regarding the level of this SNR's significance in creating the tourism offer in the Autonomous Province of Vojvodina (Northern Serbia) which can be of significance to the whole region due to its specific natural characteristics.

4. RESULTS AND DISCUSSION

In order to determine the effects of 6 selected factors on the sustainable development of the SNR and forming a significant tourism offer at the international level, the authors conducted a questionnaire among 650 visitors (N) of the PNAs during their visits of this or some other protected site during 2018. All the answers of the respondents are usable. The cities of the respondents

(domestic tourists N = 472) are Belgrade, Novi Sad, Niš, Kragujevac, Kraljevo, Smederevo, Inđija, Sremska Mitrovica, Sombor, Subotica, and Novi Pazar. The cities of the foreign tourists (N = 178) are Bucharest – Romania (N = 61), Zagreb – Croatia (N = 42), Ljubljana – Slovenia (N = 11), Banja Luka – Republic of Srpska (N = 22), Szeged (N = 9) and Budapest (N = 12) – Hungary, Athens – Greece (N = 9), and Skopje – the Republic of North Macedonia (N = 12).

Table 1. Structure of respondents

Gender	**Frequency**	**Percent**	
Male	337	51.8	
Female	313	48.2	
Total	650	100.0%	
Education	**Frequency**	**Percent**	
Primary	27	4.2	
Secondary	244	37.6	
Higher	157	24.1	
High	222	34.1	
Total	650	100%	
Age structure	**N**	**Min**	**Max**
	650	18	73
	Mean	**Std. Dev.**	
	36.85	14.228	

Source: author's calculation

Table 2. Sustainable tourism development factors within the SNR

n	**N**	**Range**	**Min**	**Max**	**Sum**	**Mean**		**Std. Dev.**
The natural resources of this protected area are used in tourism	650	4	1	5	1558	2.40	.041	1.034
The recommendations for tourism activities in terms of preservation of this protected area are defined	650	4	1	5	1976	3.04	.036	.906
There are sufficient funds for the development of tourism in this protected area	650	4	1	5	1853	2.85	.050	1.269
The participation of the local community is important in the systems of protection and control over this area	650	4	1	5	2048	3.15	.041	1.035
Environmental factors and preserved nature are important for the tourism of this area in the region	650	4	1	5	2616	4.02	.042	1.059
This protected natural area can be significant for the development of tourism at the regional and international level	650	4	1	5	2397	3.69	.053	1.350
Total	650							

Source: author's calculation

Table 3. The definition of the differences of given answers regarding the factors of sustainable tourism development within the SNR using One-Simple Test

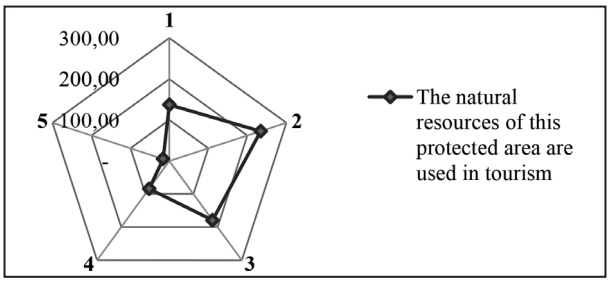
n	Test value 0					
	t	df	Sig. (2-tailed)	Mean difference	95% Confidence interval of the difference	
					Lower	Upper
n_1	59.113	649	.000	2.397	2.32	2.48
n_2	85.527	649	.000	3.040	2.97	3.11
n_3	57.290	649	.000	2.851	2.75	2.95
n_4	77.613	649	.000	3.151	3.07	3.23
n_5	96.907	649	.000	4.025	3.94	4.11
n_6	69.620	649	.000	3.688	3.58	3.79

Source: author's calculation

The following text is the elaboration of the answers to the questions asked.

Table 4. The answers of the respondents regarding the use of natural resources for tourism purposes

The natural resources of this protected area are used in tourism				
		Frequency	Percent	Cumulative percent
n_1	1	137	21.1	21.1
	2	234	36.0	57.1
	3	179	27.5	84.6
	4	84	12.9	97.5
	5	16	2.5	100.0
	Total	650	100.0	



Graph 1. The answers of the respondents regarding the statement – n1

Source: author's calculation

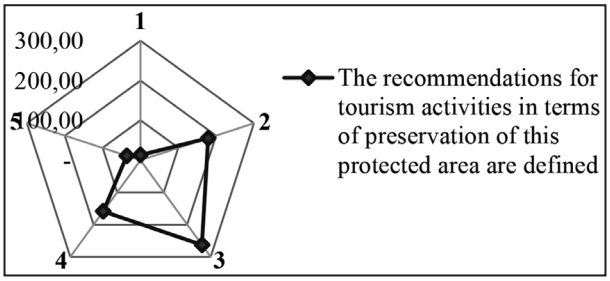
By analyzing the above results, we can conclude that a small number of respondents (15.4%) declared, fully or partially, that the natural resources within the SNR are used as ecotourism potential. On the arrival to the reserve, the visitors chose the natural features of this reserve over the health and cultural ones which are complementary in this destination. This is important in the theoretical understanding of sustainable tourism which must include the socio-cultural, ecological, and economic aspect of tourism development (Weaver, 2010; Navarro, Martines & Jiménez, 2019). Given that 57.1% of respondents indicated that natural resources in the SNR are not used as potential in tourism, it is extremely important to see all the possibilities for changing this attitude. This will be written in further elaboration of this topic.

Analyzing the answers in Table 5 and Graph 2, we can notice that opinions are almost divided. A total of 192 respondents consider this claim untrue, while 195 respondents believe this claim is true.

A total of 263 respondents have neutral opinions on this matter. It is obvious that there are no clearly defined messages for the preservation of the area by tourists. This data indicates negligence on both local and wider community about the development of ecotourism in this PNAs. When planning development strategies, it is important to define recommendations for tourism activities within the PNAs (Banerjee, 2012; Dudley, MacKinnon & Stolton, 2014; Whittle, Stewart & Fisher, 2015).

Table 5. The existence of defined recommendations for tourism activities in terms of preservation of the SNR area

The recommendations for tourism activities in terms of preservation of this protected area are defined				
		Frequency	**Percent**	**Cumulative percent**
n_2	1	13	2.0	2.0
	2	179	27.5	29.5
	3	263	40.5	70.0
	4	159	24.5	94.5
	5	36	5.5	100.0
	Total	650	100.0	

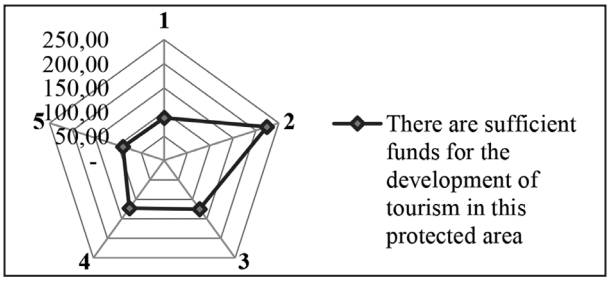


Graph 2. The answers of the respondents regarding the statement - n_2

Source: author's calculation

Table 6. There are sufficient funds for the development of tourism in this protected area

There are sufficient funds for the development of tourism in this protected area				
		Frequency	**Percent**	**Cumulative percent**
n_3	1	88	13.5	13.5
	2	224	34.5	48.0
	3	125	19.2	67.2
	4	123	18.9	86.2
	5	90	13.8	100.0
	Total	650	100.0	



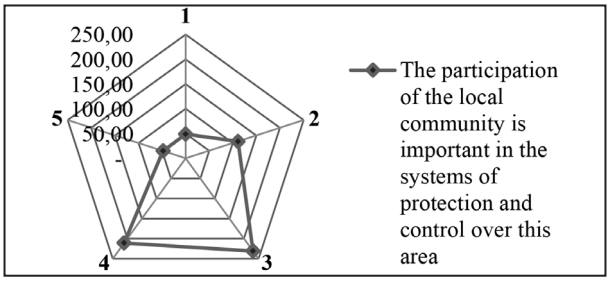
Graph 3. The answers of the respondents regarding the statement – n_3

Source: author's calculation

When answering this question, tourists used the degree of construction and functionality of the tourism infrastructure within the SNR about which they were informed in person on the field or when selecting this reserve for the visit. By investing in the reserve, it is also invested in the local community (Cottrell & Cutumisu, 2006; Butowski, 2019), which is one of the aims of tourism development. However, it is obvious that sufficient funds are not allocated here to improve the protection of space and the development of ecotourism (67.2%). Practice proves that tourists are also willing to pay higher amounts if that is for the best interests of environmental protection and ecological principles (Hjalager, 2000; Hodder et al., 2014; Doran, Hanss & Larsen, 2017).

Table 7. Is the participation of the local community important in the systems of the protection and control over this area?

The participation of the local community is important in the systems of protection and control over this area				
		Frequency	**Percent**	**Cumulative percent**
n_4	1	49	7.5	7.5
	2	111	17.1	24.6
	3	231	35.5	60.2
	4	211	32.5	92.6
	5	48	7.4	100.0
	Total	650	100.0	



Graph 4. The answers of the respondents regarding the statement – n_4

Source: author's calculation

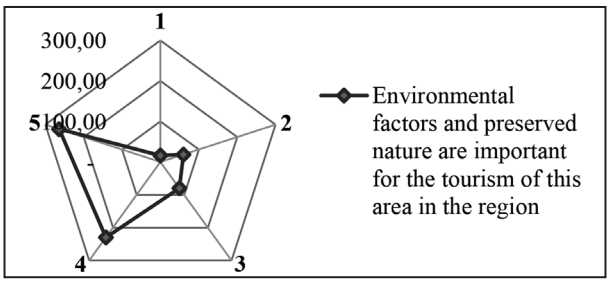
By analyzing the data in Table 7 and Graph 4, we can conclude that 39.9% of the respondents, completely or partially, agree with the statement that the role of the local community is important for the protection and the protection monitoring in the SNR as well as for the promotion of natural and social values within this reserve. The results of this analysis indicate the need to raise awareness about ecology and the development of ecotourism. A large number of respondents who have a neutral attitude, almost half, represent some kind of warning (alert) for further action. There is obviously an insufficiently developed awareness of the importance of the local community, which is later transferred to its role in the making decisions for development of strategy for the SNR. By involving the local community in the systems of protection and management, all additional management objectives and prerequisites for tourism development are achieved (Gunsoy & Hannam, 2013; Mellon & Bramwell, 2016), which means that the local community has multiple significance for ecotourism and tourism development (Park & Kim, 2016; Job, Becken & Lane, 2017; Muñoz et al., 2019). Ecotourism can help in community development by providing the alternate source of livelihood to local community.

A total of 12.3% respondents are neutral on this issue, and 11.7% of the respondents disagree partially or completely with this statement. An extremely high percentage of respondents who expressed total or partial agreement (76%) with this claim should be the direction when plan-

ning the protection of this area or its improvement, as well as in the development of the strategy of tourism development at the national level.

Table 8. Are environmental factors and preserved nature important for the tourism of this area and region?

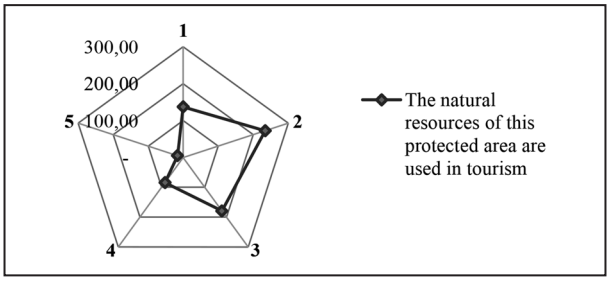
Environmental factors and preserved nature are important for the tourism of this area in the region				
		Frequency	**Percent**	**Cumulative percent**
n_5	1	16	2.5	2.5
	2	60	9.2	11.7
	3	80	12.3	24.0
	4	230	35.4	59.4
	5	264	40.6	100.0
	Total	650	100.0	



Graph 5. The answers of the respondents regarding the statement – n_5
Source: author's calculation

Table 9. Can this protected natural area be significant for the development of tourism at the regional level?

This protected natural area can be significant for the development of tourism at the regional and international level				
		Frequency	**Percent**	**Cumulative percent**
n_6	1	57	8.8	8.8
	2	111	17.1	25.8
	3	50	7.7	33.5
	4	192	29.5	63.1
	5	240	36.9	100.0
	Total	650	100.0	



Graph 6. The answers of the respondents regarding the statement – n_6
Source: author's calculation

Previous statements in support are the answers to this question because it is wholly or partially concurred 66.4% respondents, while neutral and negative attitude has 33.6% of the respondents. These results indicate that a natural resource such as SNR represents a significant tourism potential for ecotourism development at the national, regional and international levels.

5. COMPARATIVE ANALYSIS OF THE OBTAINED RESEARCH RESULTS OF PROTECTED AREAS IN SERBIA AND FINLAND

Research results in Finnish PNAs, as highly significant tourism areas in Europe, can confirm that the SNR can have great environmental and tourism significant at the regional and international level. Surveys in Finland were conducted in a written or online questionnaire during tourists' visits to these areas or their travel selection. The subjects of the research were 74 different PNAs. The period in which the survey was conducted was from 2000 to 2010. The number of respondents was 34,868 and there were 34,828 valid answers. A total of 90% of the respondents were Finns, while the rest of foreign tourists were German (N = 713), Swedish (N = 186), and Dutch (N = 175). Over 30% of the respondents had a college degree, while 25% had a master's degree or higher university degree. Just over 30% of the respondents have visited some of the PNAs for the first time, while others have traveled to these destinations at least once (Konu & Kajala, 2012). A total of 14,580 respondents stated that they prefer natural motives of their travels which exist in PNAs (compatible with the question n_5 from the author's questionnaire). Over 70% of the respondents opted for traveling to national parks and nature reserves. As for nature reserves, the most significant are those areas located in rural areas (1,866 respondents). These are followed by the reserves in main regions (214 respondents) and in heavily populated areas (1,034 respondents). This important data can be used to define the strategy of tourism development of PNAs (Sharpley, 2009; Catibog-Sinha, 2010; Fodness, 2017) both at national and international level (Janssen, 2009; Newsome, Moore & Dowling, 2013; Stumpf, Sandstrom & Swanger, 2016; Saarinen, Rogerson & Hall, 2017) where the geographical position and traffic accessibility are significant for tourism development and the sustainability of a destination (Shultis & Way, 2006; Kim et al., 2015; Saarinen, 2015). This is confirmed by the result of this survey in which respondents state the significance of certain activities due to which they opted for this travel (n_1, n_2). Therefore, 16,808 respondents opted for walking, 3,248 for hiking, 5,920 respondents chose nature photographing, and 2,072 respondents opted for just observing nature. A total of 15.66% of the respondents identified themselves as "explorers", while 17.39% identified themselves as exclusively "nature-loving" travelers (n_1, n_2, n_3). This indicates to the significance of services within the reserve (Jamal & Stronza, 2009) when more service providers can be engaged (Buckley, 2002; Rotherham, Doncaster & Egan, 2005; Farmaki, 2015; Geneletti, Scolozzi & Esmail, 2018) which is important from the aspect of tourism development (Kensbock & Jennings, 2011; Robertson, 2011). Other respondents opted for the importance of protecting nature reserves as tourism destinations (n_5, n_6). As the most significant segments of the experiences they had on their travels in PNAs, over 60% of the respondents stated the following as the most significant: nature experience, landscapes, evoking memories, relaxation, distancing from noise and pollution, good mental state, and discovering new areas (n_5, n_6) (Konu & Kajala, 2012). This would result in the forming of a more quality destination of sustainable tourism development (n_1, n_2, n_3 ... n_6) (Timothy & White, 1999, Bramwell, 2010; Eagles, 2014). This should be the main characteristics of PNAs in relation to users (Okello & Yerian, 2009; Catlin, Jones, Jones, Norman & Wood, 2010; Reimann, Lamp & Palang, 2011; Valdivieso, Eagles & Gil, 2015). With this analysis we have identified the exceptional importance of comparative analyzes of similar research in the world, which give us the opportunity to find optimal solutions for the development of protected areas.

6. CONCLUDING REMARKS

This data indicates that natural motives are significant tourism potential. They are the subject of numerous tourist interests, which is the result of research in this paper. Untouched nature and protection of endangered plants and animals are the basic elements of ecotourism destinations. The environmental factors and preserved nature have an important role in ecotourism and sustainable tourism development. The sustainability of the basic elements of the eco-destination and the improvement of the system of protection requires greater resources. However, the fact that tourism consumption drives the economy and all other activities should not be ignored. Efficient management is the most important factor in the implementation of sustainable development.

By analyzing the above results, it is established that PNAs with well-organized tourism infrastructure, organized protection and monitoring, pristine nature, and a good location can represent significant regional and international tourism destinations. As the result of the comparative analysis, we can conclude that significant investments are required for the protection of the area and species within the SNR. It is necessary to improve the existent tourism infrastructure and to build a new one, to develop an ecological network and to respect certain protection zones, and allowed activities. This would result in the forming of a more quality destination of sustainable tourism development (n_1, n_2, n_3 ... n_6). The reduction of the agricultural land space in the reserve area is important for further tourism development and the protection of the SNR because it directly affects the loss of habitats. It is necessary to actively include the representatives of the local community in the protection and management. Major allocations and investments in the protection would improve the tourism significance of this reserve. With this in mind, the results of these studies give us the ability to predict the required investment for the sustainable development of this region.

7. CONCLUSION

The planned development of a tourism destination must be in coordination with socio-economic, social, and sustainable principles, with regard to the protection of the environment. Unless there is a clear concept of PNAs management, this leads to negative consequences for the environment and threatens the sustainability of the SNR. Planning is particularly important for PNAs in order to adequately use the available resources and to fully include the local community. In this way, the adequate experience of tourists is enabled which affects their satisfaction and experience in a protected area. Bearing in mind favorable geographical and tourism positions of the SNR within Serbia and surrounding countries, this represents a significant potential for a tourism demand of a tourism product such as the SNR. After a conducted survey among 650 domestic and foreign tourists and the questions regarding the levels and degrees of tourism development and the significance of area protection, we came to certain conclusions. According to the answers of respondents, the SNR can represent a significant regional and international ecotourism destination of sustainable development or some other form based on nature and ecology. The reason for this is that the SNR has very rare natural characteristics, such as relief, favorable climate, the systems of wetlands, and rare plant and animal species among which is the Great Bustard (*Otis tarda*) which is within an ace of disappearing from these areas. The aforementioned potentials make this area a unique tourism destination and they are the subject of interest for different types of visitors based on ecology and nature conservation. This is evidenced by the results of a comparative analysis with conducted research among tourists visiting PNAs of Finland. It was concluded here that PNAs can represent very attractive eco destinations where certain significant socio-cul-

tural, ecological, and economic results of eco and sustainable tourism development are achieved. After certain interventions in the SNR, in terms of the construction of tourism infrastructure, intensifying the protection of area and species, the inclusion of the local community in monitoring and management systems, the SNR can be a highly significant destination of sustainable development at the regional and international level. From the above research in Finland and the SNR, the same results are evident when it comes to defining natural motifs and ecological areas during the travel. Based on the results of the survey in Finland, it can be concluded that PNAs are very attractive to visitors, and they can represent a significant tourism destination (Schmudde, 2015). Research of factors for the development of protected areas in Serbia is a very important part of the future development of tourism. According to the answers of the respondents from the author's conducted survey and according to the results from the comparative analysis, the SNR has the same or similar natural potentials for tourism development. Therefore, this SNR can be a significant destination of sustainable tourism development at the national, regional and international level. By this, the hypothesis of this paper has been confirmed.

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ANALYSIS OF MARKETING EFFECTS OF IMPLEMENTING ON-LINE AIRBNB PLATFORM IN REAL ESTATE MARKET AT BALKANS AS A TOURISM REGION

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Abstract: *The base hypothesis is that implementation of the Airbnb on-line platform at the Balkans' real estate market, contributes to Balkans tourism region, with various positive marketing effects. The conducted research has covered the analysis of renting property for the purpose of tourism in the Balkans in some of the major cities and most attractive tourist destinations - Ljubljana, Bled, Zagreb, Dubrovnik, Belgrade, Novi Sad, Sarajevo, Budva, Podgorica, Skopje and Ohrid. By analysing results of the research the base hypothesis is confirmed, with bringing to light following marketing effects: increase in the number of accommodation units registered on-line, extended number of accommodation facilities, growth in number of stays per night, lengthened time spam of a stay, expanded occupancy of accommodation facilities, growth of entrepreneurship of local population, tourism revenue growth. The conclusion is that implementation of such on-line platforms as the Airbnb is of extreme importance for the Balkans tourism region.*

Keywords*: Airbnb Platform, Marketing Effects, Real Estate Market, Tourism, the Balkans.*

1. INTRODUCTION

Development of web platforms in the field of tourism is one of the major breakthroughs in this industry. A good idea represents the core of a great marketing campaign (Radnović, 2019). Their contribution and impact on the way renting is done as well as price forming has greatly changed traditional ways of travel and booking accommodation. Apart from quality tourism services, which are implied in the modern market game, a successful marketing strategy is crucial for the development of tourism. Nowadays, a successful marketing strategy necessarily includes new digital media, primarily the Internet and its services (Radnović, 2019).

Although the Airbnb platform is around for just a decade, since 2008 to be precise, it succeeded to find its way through the market and to come on top of other similar applications. A booking web application is first launched in 1996 and rapidly conquered the market and united worldwide hotel offer at one place. These two applications are not to be compared nor are they competitive due to different target groups and types of accommodation that they have in their offers. The way from the idea to its realization took some time but the speed and level of its develop-

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ment could hardly be foreseen by anyone (Guttentag, 2015). Apart from the very influence on the conventional ways in tourism, the real estate renting market, forming a price of an accommodation, through encouraging such practical application, can be distinguished entrepreneurial spirit. Such way of practice in tourism via internet, became essential when bookings around the world are in question (Zervas, 2017; Guttentag, 2017; Similarweb (2019, November 12, retrieved from https://www.similarweb.com/website/airbnb.com).

The Airbnb platform is accessible via a computer or a mobile phone. It connects landlords and those who desire to hire property for the purpose of tourism.

There is a wide range of accommodation types it offers, from standard private room within a house or an apartment, studios, one room apartments or multiple room apartments, to entire houses available as a whole.

Booking a reservation is done in the same way as before, whether it is done through an agency or other websites.

Listing a property for renting is done by creating a profile at which are presented photographs of the real estate together with detailed description of the premises that are to be rented.

Searching the website or the application is done based on several criteria: by the type of the accommodation (entire place, private room or shared room), date, location and price per night. Creating a profile, except for landlords goes also for tourists who wish to hire some property in this way, the reason is to make personal information transparent, while the data regarding payment is regulated by legislation on data protection.

The description of the real estate that is being rented is, more often than not, very detailed in order to attract as many tourists as possible. Available information about a property is: capacity, type of accommodation, rules that are set by an owner or a landlord empowered to run the real estate and similar. Price per night can be fixed, set by an Airbnb host, or to be adaptive to a season or a change in demand for the given period of time.

What makes the Airbnb application so popular is a close contact with their hosts through forming communities of the Airbnb hosts in the cities, together with advice on how to make a property more appealing and consequently earn more.

The most significant influence on attractiveness of some real estate listed for renting, play public sharing of mutual experience, which are valuable as being informative, for an owner to know what kind of a tourist they are to welcome as well as for a tourist to be informed what to expect regarding accommodation and a host, during their stay in the property of the choice (Jøsang, 2007).

The way the company profits is a tax on connecting a host and a tourist, e.g., in a form of a cut as a certain percentage in a booking price or the cost of the advertised event.

This application offers several measures of verification in order to build trust and protect safety of both end users, and insurance covering the period of stay, and also refund of the paid price decreased by the booking tax if the cancellation is made within assigned time frame set by the host in the profile.

Constant improvement and development of this application bring new options such as instant booking, e.g. a reservation that does not need a confirmation of the host. After the booking is done this way there is a deadline of 24h within which both sides have to confirm the reservation.

Excluding close communication in a shape of advice on how to improve a property that is being rented, there is an incentive for the hosts in a way of proclaiming one a "superhost". This status distinguishes certain accommodation units based on quality they provide and are good examples of successful business activities via this application. To gain such a status, it is necessary to realise sufficient number of bookings, remarkable experience impressions from the previous tourists that have been hosted in the property, and marks of the property itself following criteria of tidiness, cleanness, facilities etc., including behaviour and readiness to act of a host.

Except for basic offer of individual accommodation units, the Airbnb application also offers conducted cooperation with several tourist agencies that are into corporate travel (Griswold, 2016). Also, there is a project to build a real estate complex specially planed for renting through the Airbnb application (Quackenbush, 2018).

The assortment of the secondary offer of this company is rather wide, thus through this application is possible to book restaurants or some activities like organized outings, touristic tours through out a city with a local guide, attending cooking courses or gaining some skills and also getting to know a city through its culture and preparation of a traditional meal or learning a local dance.

Table 1. Available data for the Airbnb platform for the period of 2010-2018

Year	Number of realised registered reservations in millions
2010	0.14
2011	0.8
2012	3
2013	6
2014	16
2015	40
2016	80
2017	115
2018	164

Source: http://insideairbnb.com/ (website data on 16.10.2019.)

Data from Table 1 shows exponential growth of number of realized reservations in millions for a period from 2010 till 2018 (Molla, 2017; Team, 2018). This number of realized reservations indicates that the Airbnb had at its disposal 5 million accommodation units in 2018 (Airbnb, 2018). Another interesting fact in relation to paradoxical success of this company is that at every moment, as it is shown above, this company has at its disposal extremely large number of properties to rent, taking a percentage and booking taxes from them and none of them is owned by it. The available data on the capacity from 2018, proves that it exceeds even the most successful hotel companies around the world (Hartmans, 2017).

Permanently marketing research of customers are very important (2019, October 9, retrieved from https://press.airbnb.com/fast-facts/). Current data available at official website of the Airbnb application (Radnović, 2015) state that the Airbnb offers more than 7 million accommodation units, in more than 100.000 cities, in 190 countries worldwide. More than 500 million of tourists

have booked their accommodation by this application. Novelties such as the activities are still in the development stage and at the moment there are 40 thousand listed in more than 1.000 cities. Current data on the evaluation of the capital of this company points to a figure of $60 billion.

2. A STARTING BASE OF THE RESEARCH

By applying desk research method and using random sampling for analysing marketing effects of the on-line AirBnB platform, the following cities at the Balkans are selected: Ljubljana, Bled, Zagreb, Dubrovnik, Belgrade, Novi Sad, Sarajevo, Podgorica, Budva, Skopje and Ohrid. The sample includes the capital cities of the following Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia; secondary biggest cities and/or attractive tourist destinations of the selected Balkan countries.

The aim is that by analysing current number of active accommodation units registered at the Arbnb platform, namely the average monthly earnings, price per night, occupancy in percentage and in days, as well as other significant statistic parameters, in all mentioned cities, to get an insight into marketing effects of the applying the on-line Airbnb platform to a market of the real estate renting to tourists in the Balkan as a tourism region.

In this analysis, as a base hypothesis is taken a presumption that by using the tourism Airbnb platform in the real estate market at the Balkans brings various positive effects to this region. The period in which the research is conducted is from the mid-September till the end of November 2019.

3. PRESENTATION AND ANALYSIS OF THE COLLECTED DATA

3.1. Slovenia: Ljubljana and Bled

Based on available data from the sources relating to Slovenia, using random sampling method, two cities are chosen for the analysis: The capital city- Ljubljana (2019, Sept 22, retrieved from https://www.airdna.co/vacation-rental-data/app/si/default/ljubljana/overview) and attractive tourist location- Bled . In Ljubljana are 2.472 active accommodation units that are registered at online tourism platforms, out of which 91% at the Airbnb platform. 76% are properties that are entirely available - illustrated in purple on the map bellow (see Figure 1). Almost a half of all available accommodation units are one room apartments. The average price per night is €72, average occupancy is about 74% per year, i.e. 270 days per year, which results in average monthly earning of €1.185.

According to available data from the source (2019, September 22, retrieved from https://www.airdna.co/vacation-rental-data/app/si/default/ljubljana/overview) in the city of Bled are 882 active accommodation units that are listed at online tourism platforms, out of which are 83% at the Airbnb platform. Accommodation units that are let as entire places dominate with 81% - illustrated in purple on a map above (see Figure 2). The average price per night is €100, while average monthly earnings are €1.437.

Viewing spatial distribution of accommodation units leads to the conclusion that in the capital -Ljubljana the biggest concentration is in the centre of the city, while in reputedly attractive touristic places like Bled, distribution a bit broader.

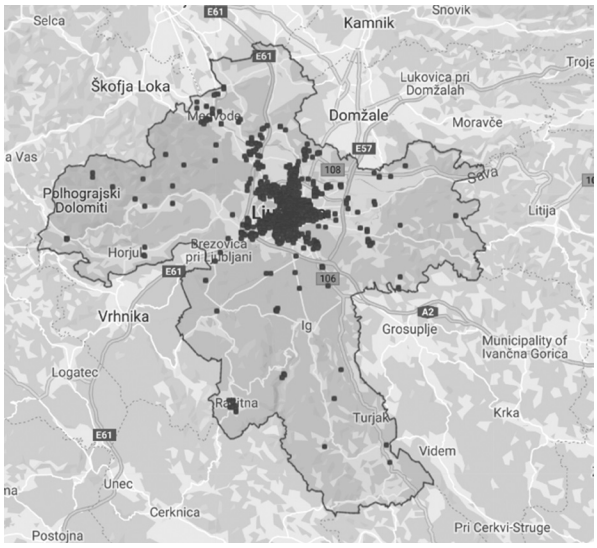

Figure 1. Spatial representation of accommodation unit distribution in the city area of Ljubljana

Source: retrieved from
https://www.airdna.co/vacation-rental-data/app/si/default/ljubljana/overview (2019, September 22)

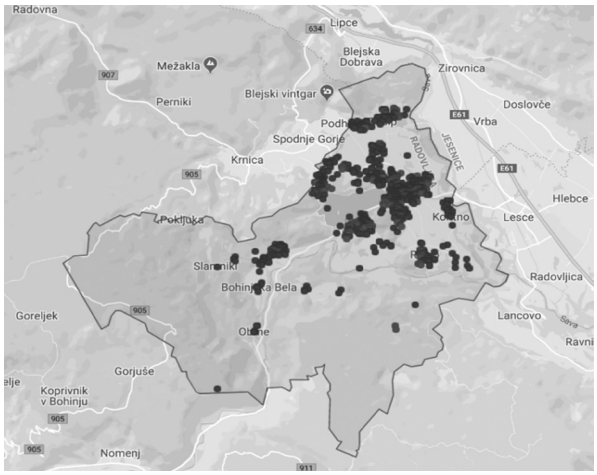

Figure 2. Spatial representation of accommodation unit distribution in the city area of Bled

Source: retrieved from
https://www.airdna.co/vacation-rental-data/app/si/default/bled/overview (2019, September 23)

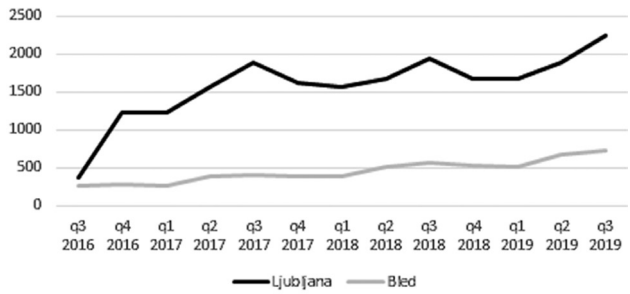

Figure 3. Illustration of the number of registered listings at the Airbnb platform in Ljubljana and Bled by annual quarters for the period of 2016-2019

Sources: retrieved from
https://www.airdna.co/vacation-rental-data/app/si/default/ljubljana/overview (2019, November 15),
https://www.airdna.co/vacation-rental-data/app/si/default/bled/overview (2019, September 27)

On the graph above (see Figure 3) is clearly notable increase in the third quarter over the years, neglecting the first one in the analysis (in 2016), which refers to July, August and September - the peak of the tourist season.

3.2. Croatia: Zagreb and Dubrovnik

In analysing marketing effects of using on-line Airbnb platform in Croatia are chosen the capital city - Zagreb (2019, October 5, retrieved from https://www.airdna.co/vacation-rental-data/app/hr/default/zagreb/overview) and one of the most attractive tourist destinations - Dubrovnik (2019, October 6, retrieved from https://www.airdna.co/vacation-rental-data/app/hr/default/dubrovnik/overview). There are 4.091 registered active accommodation units in Zagreb, at online tourism platforms, out of which even 87% are at the Airbnb platform. 90% make for properties that are rented as entire places – illustrated in purple on the map bellow (see Figure 4). Almost a half are one room apartments, and a quarter respectively goes to studios and two room apartments. Average price per night is €48, with average occupancy of 62% a year, i.e., 222 days, resulting in average monthly earnings of €673.

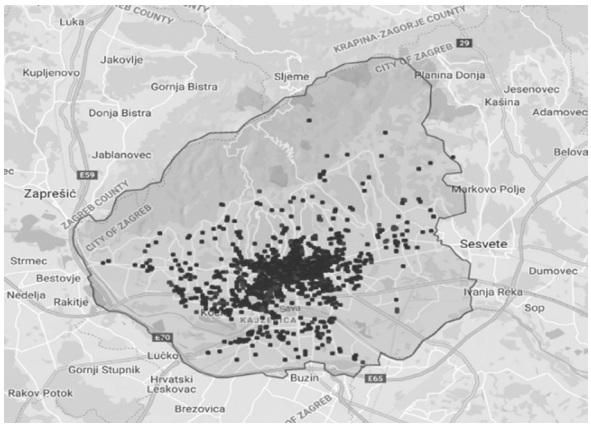

Figure 4. Spatial representation of accommodation unit distribution in the city area of Zagreb

Source: retrieved from https://www.airdna.co/vacation-rental-data/app/hr/default/zagreb/overview (2019, October 5)

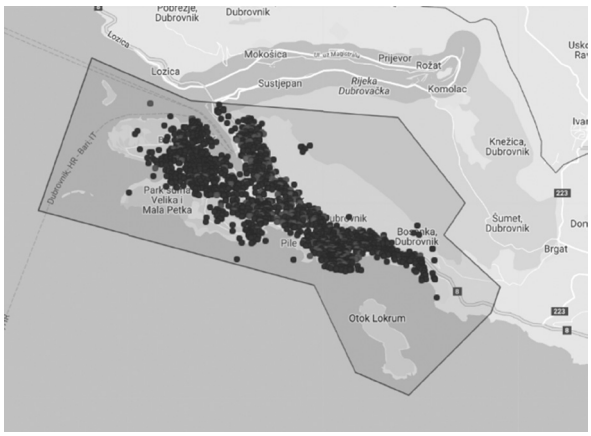

Figure 5. Spatial representation of accommodation unit distribution in the city area of Dubrovnik

Source: retrieved from https://www.airdna.co/vacation-rental-data/app/hr/default/dubrovnik/overview, (2019, October 6)

In the city of Dubrovnik are 7.349 active accommodation units registered at online tourism platforms, out of which 63% are at the Airbnb platform, and 86% of those are listed entire places - illustrated in purple on the map above (see Figure 5). Nearly half are one room apartments, and a quarter are two room apartments while one fifth goes to studios. The average price per night is €90, average occupancy is even 77%, that is to say 281 days per year, which comes to monthly earnings of €1.549.

In Croatia likewise, in the capital city the highest concentration of the accommodation units is within the centre of Zagreb, while attractive tourist destination – Dubrovnik, with its islands, has much broader distribution, basically due to a fact that the Tourism is one of the main industries the local population works in.

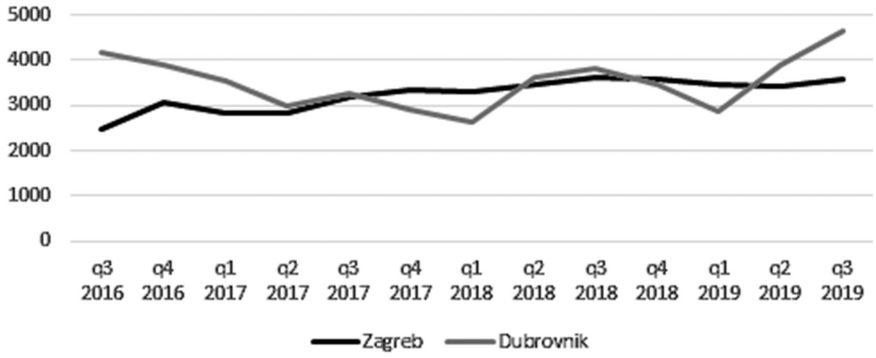

Figure 6. Illustration of the registered listings at the Airbnb platform in Zagreb and Dubrovnik by annual quarters in a period of 2016-2019

Sources: retrieved from
https://www.airdna.co/vacation-rental-data/app/hr/default/zagreb/overview (2019, October 5),
https://www.airdna.co/vacation-rental-data/app/hr/default/dubrovnik/overview, (2019, October 10)

From the graph above (Figure 6) is clear that when Zagreb is in question there are no significant oscillations in the number of registered listings by annual quarters, except that is noticeable slight increase in the number of listed property for renting which is enhanced by growing popularity and at the same manner marketing effects of introducing the Airbnb platform, while Dubrovnik has deeper falls in the first quarter of a year – first three months of a year, which makes sense, considering that the city is at the coast, so the winter time attracts far less tourists. Furthermore, the analysis brings to a conclusion that such dynamics of growth and downfall in quantity of registered and active accommodation units in coastal cities indicates a certain number of properties that is normally used by local population to reside in, which however, are being let during tourism season.

3.3. Serbia: Belgrade and Novi Sad

For the purpose of the analysis regarding the impact of the on-line Airbnb platform in Serbia, the research covered two cities: Belgrade (2019, October 16, https://www.airdna.co/vacation-rental-data/app/rs/default/belgrade/overview), the capital city and Novi Sad, chosen as the second in size and as one of the most attractive tourist destinations in Serbia (2019, October 17, retrieved from https://www.airdna.co/vacation-rental-data/app/rs/default/novi-sad/overview). In Belgrade are 5.564 active accommodation units that are registered at online tourism platforms, 92% of them are at the Airbnb platform. The type of the accommodation that dominates the offer are the properties that are let as entire places - 88% out of total – illustrated in purple on the map bellow (see Figure 7). Exactly one half make for one room apartments. The average price per night is €34, with average capacity of 56% per year, that is to say 204 days annually, making on average €446 a month.

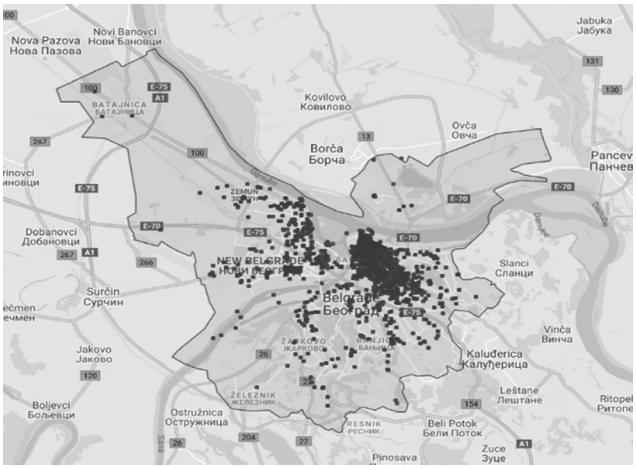

Figure 7 Spatial representation of accommodation unit distribution in the city area of Belgrade

Source: retrieved from
https://www.airdna.co/vacation-rental-data/app/rs/default/belgrade/overview (2019, October 16)

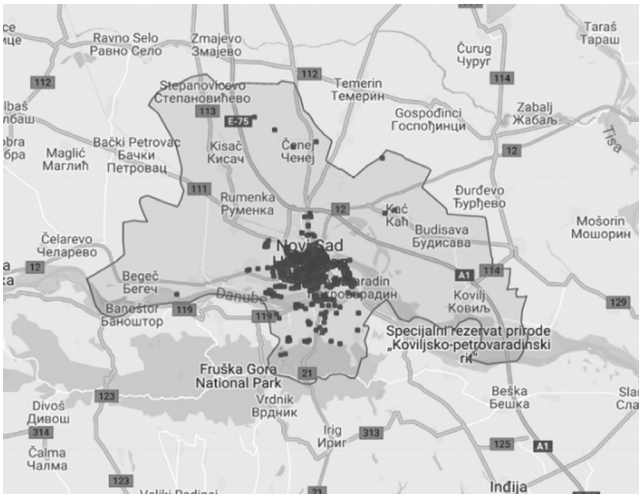

Figure 8. Spatial representation of accommodation unit distribution in the city area of Novi Sad

Source: retrieved from
https://www.airdna.co/vacation-rental-data/app/rs/default/novi-sad/overview, (2019, October 17)

In Novi Sad, there are 1.822 active accommodation units that are registered at online tourism platforms, out of which 97% are registered at the Airbnb platform. 91% is accommodation that is rented as entire place- illustrated in purple on the map above (see Figure 8). Near one half are one room apartments or studios while bigger apartments are scarce to find.

Spatial representation of accommodation unit distribution of the given tourist destinations in Serbia (see Figure 7 and 8) is fairly similar, unlike the two previous cases (Slovenia and Croatia), since in this case the two cities are alike in a way that they function (business, educational, cultural, sport centres). The biggest concentration of the registered accommodation units in both cities is the very centre, nevertheless, there is a notable tendency of growth and broadening the distribution in Belgrade.

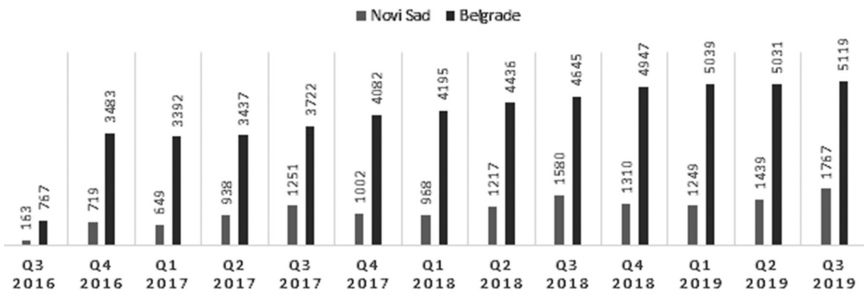

Figure 9. Illustration of the registered listings at the Airbnb platform in Belgrade and Novi Sad by annual quarters in a period of 2016-2019

Sources: retrieved from
https://www.airdna.co/vacation-rental-data/app/rs/default/belgrade/overview (2019, October 16.),
https://www.airdna.co/vacation-rental-data/app/rs/default/novi-sad/overview, (2019, October 21)

Investigating data of the third quarter, e.g. information for the months of July-August-September, for the given period in the graph (see Figure 9), it is noticeable a significant increase in the number of listings. The results of this statistics are explainable by the fact that apartments are chiefly let to students and high school pupils, thus the flats that are normally rented to students during a school and an academic year, are let via on-line Airbnb platform or some similar, during summer months. Apart from fluctuation in number of registered listings, there is a more significant fluctuation in a price, thus, in October that is the fourth quarter the average one is €26, in the third quarter - in July is €48 on average, which makes the mean price per night of €30, in Novi Sad (2019, October 17, retrieved from https://www.airdna.co/vacation-rental-data/app/rs/default/novi-sad/overview). Average occupancy is 45%, or 164 days annually, which makes average earnings of €318 per month.

3.4. Bosnia and Herzegovina: Sarajevo and Mostar

For analysing results of the marketing effect of the AirBnB platform in Bosnia and Herzegovina, two cities are taken: Sarajevo and Mostar. It is established that there are 2.877 active accommodation units that are registered at online tourism platforms, out of which 93% at the Airbnb platform. 87% 91% is accommodation that is rented as entire place- illustrated in purple on the map bellow (see Figure 10). Nearly half of the total number of the available accommodation units are one room apartments and one third two room apartments (2019, October 26, retrieved from https://www.airdna.co/vacation-rental-data/app/ba/default/sarajevo/overview). The average price per night in Sarajevo is €36. And average occupancy is 42%, while the earnings accumulate to €347 a month.

According to website available data (2019, October 27, retrieved from https://www.airdna.co/vacation-rental-data/app/ba/default/mostar/overview) in Mostar are 1.123 active real estates that are let and that are registered at online tourism platforms. At the Airbnb platform is registered 94% out of total number of active profiles. 70% is accommodation that is rented as entire place - illustrated in purple on the map above (see Figure 11). Percentage of one room and two room apartments is rather even, 37% and 33% respectively. The average price per night is the same as in Sarajevo, €36, which is rather interesting piece of information. Average occupancy is 42%, and average earnings are €378. Spatial distribution of accommodation units in Sarajevo is similar to other analysed cities, highly concentrated properties for renting in the city centre with a tendency to extend wider, while in Mostar can be distinguished two regions with the highest percentage of the accommodation units available to tourists via the Airbnb platform.

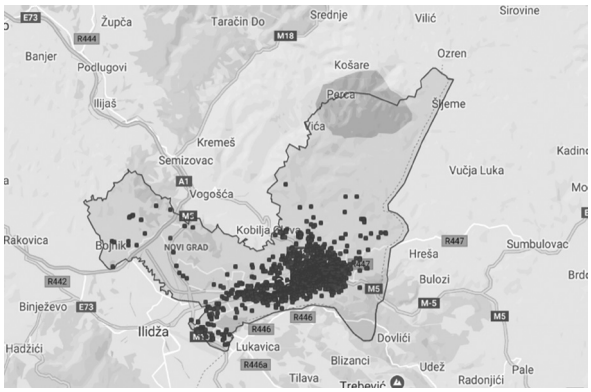

Figure 10. Spatial representation of accommodation unit distribution in the city area of Sarajevo

Source: retrieved from https://www.airdna.co/vacation-rental-data/app/ba/default/sarajevo/overview (2019, October 26),

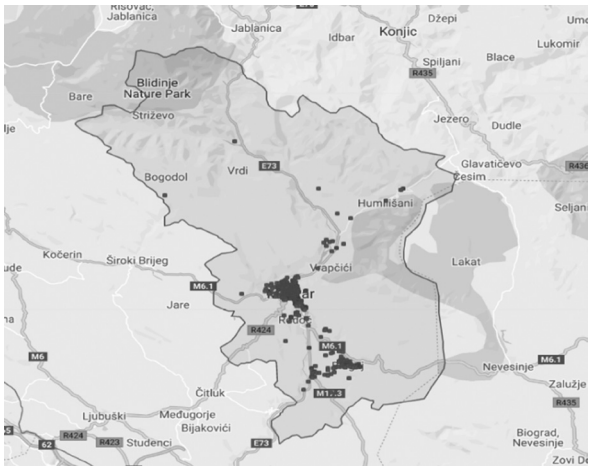

Figure 11. Spatial representation of accommodation unit distribution in the city area of Mostar

Source: retrieved from https://www.airdna.co/vacation-rental-data/app/ba/default/mostar/overview (2019, October 27)

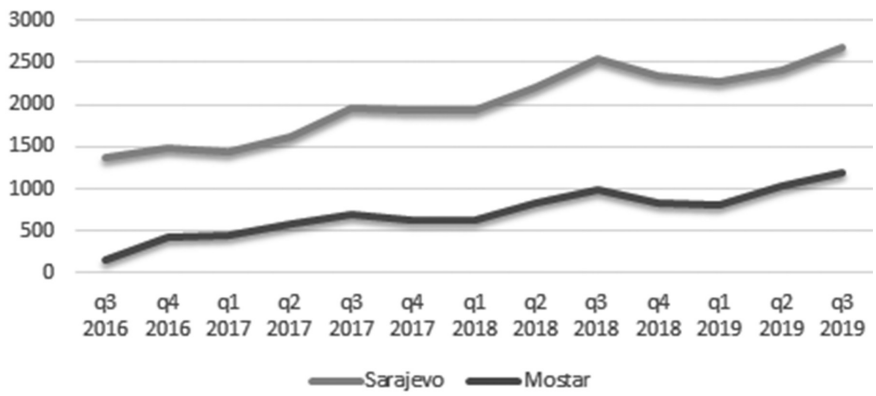

Figure 12. Illustration of the registered listings at the Airbnb platform in Sarajevo and Mostar by annual quarters in a period of 2016-2019

Sources: retrieved from https://www.airdna.co/vacation-rental-data/app/ba/default/sarajevo/overview (2019, October 26), https://www.airdna.co/vacation-rental-data/app/ba/default/mostar/overview (2019, October 31)

In the graph above (see Figure 12) is clearly visible an increase a year after year, observing that there is a significant growth between the first and the third quarter, followed consistently by a slight decrease or stagnation in the fourth quarter.

3.5. Montenegro: Podgorica and Budva

Analysing marketing impact of applying the AirBnB platform on the state of Montenegro, as a sample are taken the capital - Podgorica and Budva as one of the major tourists centres in Montenegro but also at the Balkans and Europe.

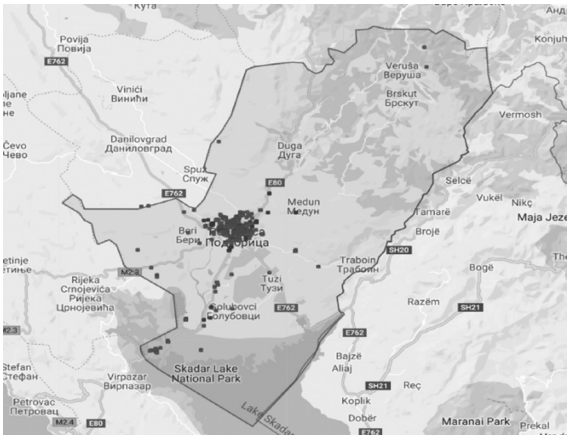

Figure 13. Spatial representation of accommodation unit distribution in the city area of Podgorica

Source: retrieved from
https://www.airdna.co/vacation-rental-data/app/me/default/podgorica/overview *(2019, November 7)*

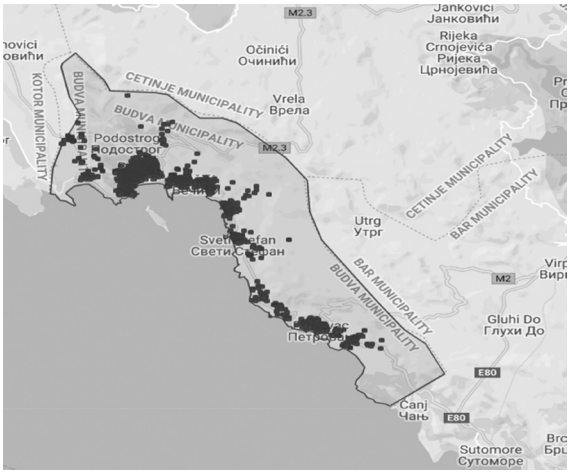

Figure 14. Spatial representation of accommodation unit distribution in the city area of Budva

Source: retrieved from
https://www.airdna.co/vacation-rental-data/app/me/default/budva/overview (2019, November 9)

In Podgorica are 707 active accommodation units that are registered at online tourism platforms, even 97% at the Airbnb platform. 82% is accommodation that is rented as entire place - illustrated in purple on the map (see Figure 13). 60% make one room apartments. Average price per night is €30. Average occupancy is 43%, or 156 days per year. Over 48% accommodation is rented up to 90 days annually. Average earnings made by such way of renting are €306 (2019, November 7, retrieved from https://www.airdna.co/vacation-rental-data/app/me/default/podgorica/overview).

In Budva are 7.668 active accommodation units that are registered at online tourism platforms, out of which 88% at the Airbnb platform. 86% is accommodation that is rented as entire place - illustrated in purple on the map above (see Figure 14). Almost half make one room apartments or studios while multiple room apartments are scarce to find. Average price per night is €61. Since the coastal city is in question, the time in a year plays important role in the price building, e.g. whether summer months are considered or those out of season, prices vary, for instance: In October the price is merely €43, yet in August it is €73. More than 88% of properties are rented up to 90 days a year, i.e. mostly within the season, while some 11% even longer length of time.

Average earnings made by such renting is €700 per month (2019, November 9, retrieved from https://www.airdna.co/vacation-rental-data/app/me/default/budva/overview).

Spatial distribution indicates that the biggest concentration of the available accommodation at the Airbnb platform are in the centre of Podgorica, in contrast to Budva, which has distributed properties to rent along the coastline, since the Tourism industry is essential in this area.

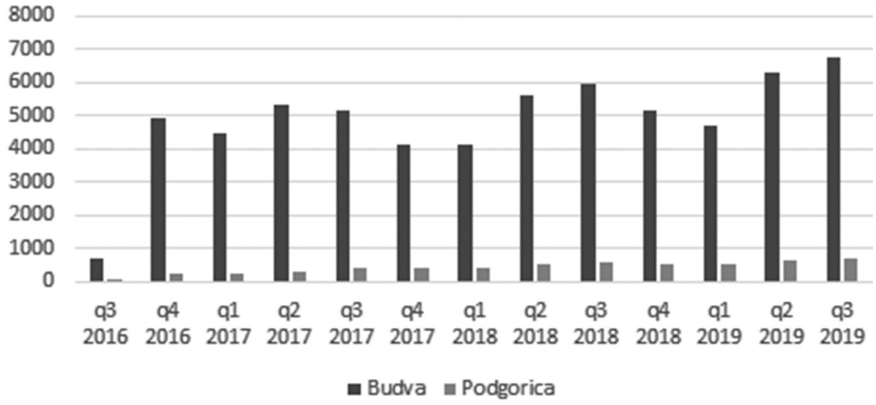

Figure 15. Illustration of the registered listings at the Airbnb platform in Podgorica and Budva by annual quarters in a period of 2016-2019

Sources: retrieved from
https://www.airdna.co/vacation-rental-data/app/me/default/podgorica/overview (2019, November 15),
https://www.airdna.co/vacation-rental-data/app/me/default/budva/overview (2019, November 9)

In the graph is illustrated the growth of a number of listings over annual quarters. It is instantly clear that these two cities are not to be compared because of completely different aspects of tourism in question. What strikes most concerning available data for Budva, is a large increase in a number of registered listings after third quarter of 2016.

In Podgorica, this aspect of a tourism practice is still in its development stage.

3.6. Northern Macedonia: Skopje and Ohrid

According to available data (2019, November 11, retrieved from https://www.airdna.co/vacation-rental-data/app/mk/default/skopje/overview) and (2019, November 12, retrieved from https://www.airdna.co/vacation-rental-data/app/mk/default/ohrid/overview) for the area of Northern Macedonia are chosen two cities to be analysed - Skopje and Ohrid. In Skopje are 1.824 active accommodation units that are registered at online tourism platforms, out of them, 95% are at the Airbnb application. 83% is accommodation that is rented as entire place- illustrated in purple on

the map bellow (see Figure 16). 60% are one room apartments. Average price per night is €28, occupancy 40%, that is to say 146 days per year, average earnings are €283.

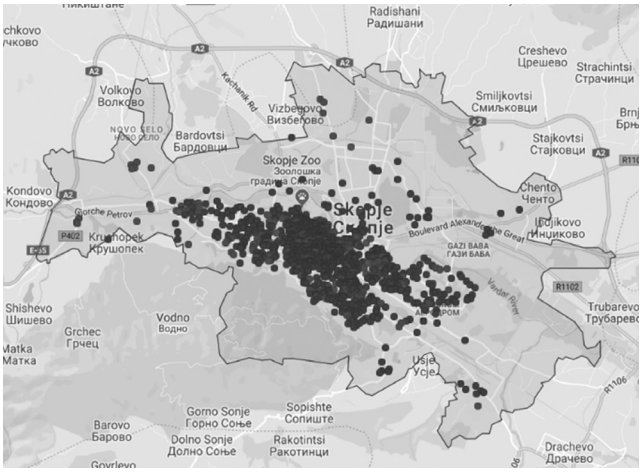

Figure 16. Spatial representation of accommodation unit distribution in the city area of Skopje
Source: https://www.airdna.co/vacation-rental-data/app/mk/default/skopje/overview
(2019, November 11)

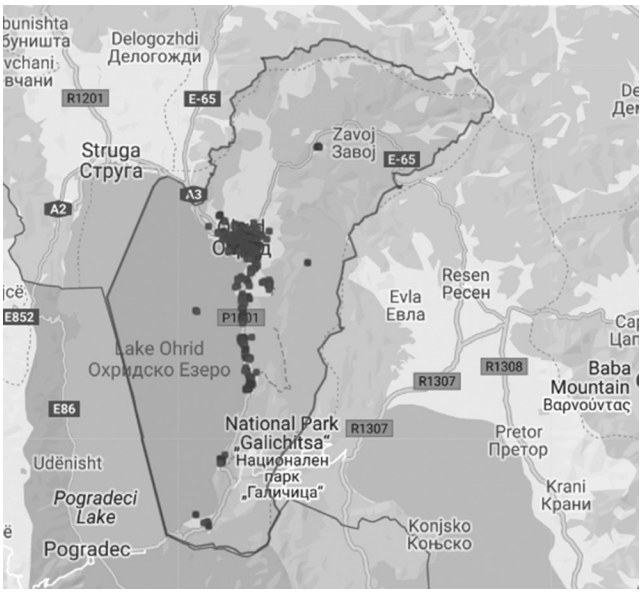

Figure 17. Spatial representation of accommodation unit distribution in the city area of Ohrid
Source: https://www.airdna.co/vacation-rental-data/app/mk/default/ohrid/overview
(2019, November 12)

In Ohrid are 1078 in total active accommodation units out of which 97% at the Airbnb platform. 62% is accommodation that is rented as entire place via this application. Spatial representation in Figure 17 illustrates dominant position of the properties that are rented entirely, and more than a half account for one room apartments. Average price per night is €33, and monthly earnings are €310, with occupancy of 142 days a year, that is 39%.

What is interesting about the regains of these two cities is extreme similarity of growth rates and the number of listings from 2016 till mid-2017. Significant growth is noticeable in the third quarter of 2017 as the maximum peak, or to say, the largest number of registered accommodation units, followed by a slight decrease marked in Skopje.

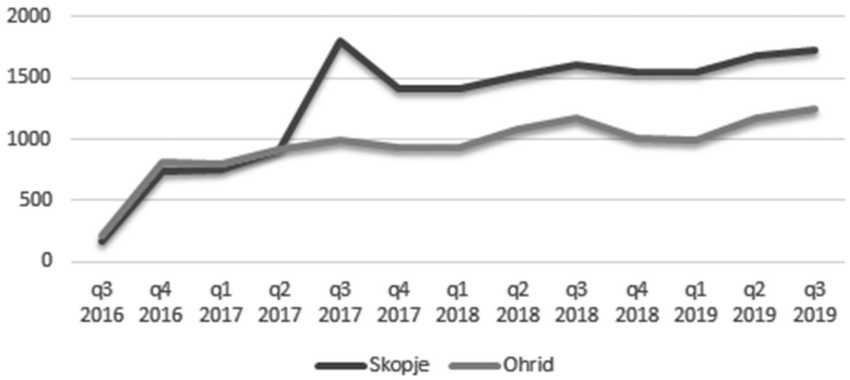

Figure 18. Illustration of the registered listings at the Airbnb platform in Skopje and Ohrid by annual quarters in a period of 2016-2019

Sources: retrieved from
https://www.airdna.co/vacation-rental-data/app/mk/default/skopje/overview (2019, November 15),
https://www.airdna.co/vacation-rental-data/app/mk/default/ohrid/overview (2019, November 15)

Ohrid has no extreme increase yet, the research has shown that the number of listings is steadily growing over quarters, and that this way of booking accommodation to tourists becomes more and more popular each year.

4. CONCLUSION

After separate analysis of the available data for 12 cities in 6 countries, in order to come to conclusion on marketing influence of the Airbnb platform, it is necessary to do cross-sectional analysis that is completed in this part.

In Figure 19, is seen extent of the dominant influence of the Airbnb platform in comparison to other platforms of the same sort. Presented data is conclusive with the third quarter of 2019. The graph leads to conclusion that Budva has the largest number of registered listings. Interesting fact is that the second place according to a number of registered Airbnb accommodation units takes Belgrade ahead of other cities that are just tourist centres.

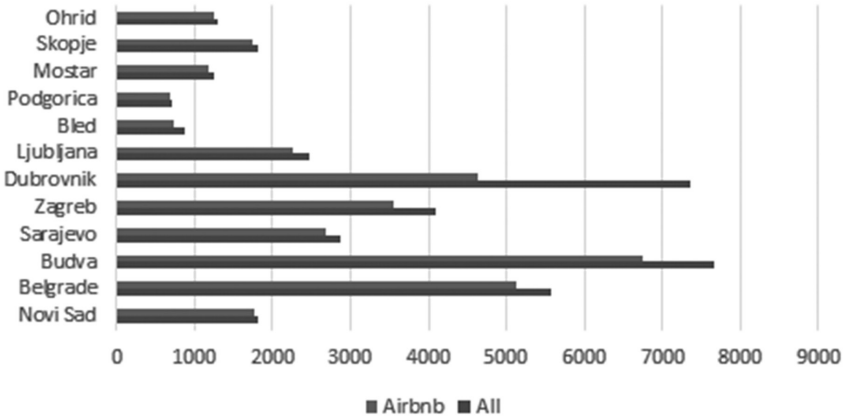

Figure 19. Illustration of total number of the online registered units at all platforms including the Airbnb platform in all analysed cities in a period of 2016-2019

Sources: retrieved from https://www.airdna.co/vacation-rental-data/app

Table 2. Number of Airbnb accommodation units per capital cities

Capital city	Number of Airbnb listings
Ljubljana	2250
Zagreb	3559
Sarajevo	2676
Belgrade	5119
Podgorica	686
Skopje	1733

Sources: retrieved from https://www.airdna.co/vacation-rental-data/app

Analysing data from the Table 2, Belgrade is a city with the most Airbnb registered accommodation units. Apart from registered accommodation units, in this work is analysed monthly income gained through renting apartments via this platform, taking also in consideration the average price per night and average occupancy in days.

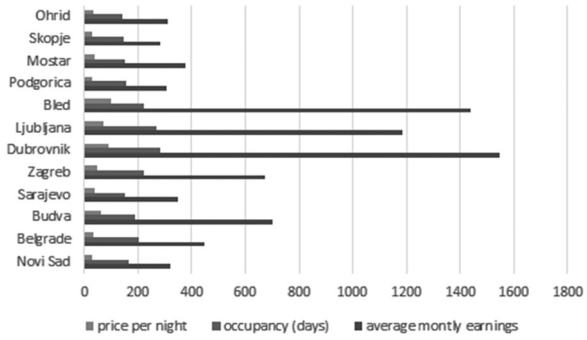

Figure 20. Analysis of average monthly earnings per a city

Sources: retrieved from https://www.airdna.co/vacation-rental-data/app

Observing prices per night, Bled has the biggest one of €100, and the highest average monthly income - Dubrovnik and Bled, €1.549 and €1.437 respectively, what is expected since that two extremely attractive tourist centres are in question.

The smallest price per night has Skopje with €28 and the least mean monthly income of 284. The largest average occupancy has Dubrovnik with 77% and Ljubljana with 74%, or to say: 281 and 270 days per year, while the fewest has Ohrid with 39%, that is, 142 days per year.

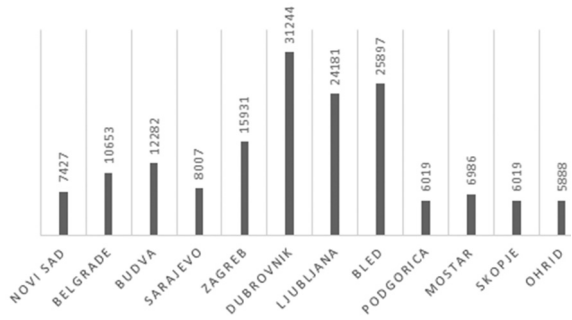

Figure 21. Estimated annual revenue in EUR

Sources: retrieved from https://www.airdna.co/vacation-rental-data/app

Figure 21, reveals that the Airbnb platform has high tendency of the growth in number of listings, and illustrates which of the cities are the locations that are most cost-effective in such tourism practice.

Table 3. Estimated potential annual revenue in relation to estimated price per night and occupancy in percentage and in days

Town	Annual revenue	Average daily rate	Occupancy rate	Occupancy (days)
Novi Sad	7427	38	54%	197
Belgrade	10653	49	60%	219
Budva	12282	89	38%	139
Sarajevo	8007	38	58%	212
Zagreb	15931	77	57%	208
Dubrovnik	31244	140	61%	223
Ljubljana	24181	110	60%	219
Bled	25897	127	56%	204
Podgorica	6019	31	53%	193
Mostar	6986	43	45%	164
Skopje	6019	32	52%	190
Ohrid	5888	37	44%	16

Data is retrieved from https://www.airdna.co/vacation-rental-data/app

Based on available data can be done rough estimation, providing that to date tendency of increase in the number of registered listings at the Airbnb continues, in which region would be most cost effective letting a property via this application, under condition that it is in an attractive location and of a capacity of 4 persons.

Apparently, the most would earn local population in Dubrovnik, then in Bled and Ljubljana with estimated annual earnings of €31.244, €25.897 and €24.181 respectively, with occupancy around 60%, that is, on average 221 days per year. With the same percentage of occupancy in Belgrade and Zagreb can be earned €10.653 and €15.931 annually. In the same potentially achievably price rank belongs Budva (€12.282) with average occupancy of barely 38% yearly, as it is expected, since Budva is primarily a summer resort. This estimation is calculated based on beforehand estimated price per night, which is reached relying on prices of nearby and most alike accommodation units according to location's attractiveness and capacity at the Airbnb platform.

General conclusion of the conducted research is seen in confirmation of the starting hypotheses on existence of significant marketing influence of applying the Airbnb platform in the real estate market at the Balkans as a tourism region that in the first place reflects through the increase in the number of on-line registered accommodation units a year after year, growth of the accommodation capacity, increased number of nights, increase of the length of a stay, growth of occupancy of accommodation capacity, growth of entrepreneurship of local population, current growth and potential increase of revenue, etc. Thus, based on everything analysed in this work, the conclusion is that as far as the Balkan goes, as a touristic region, of extreme significance is implementation of such modern on-line platforms like the Airbnb, since it leads to necessary effectiveness and efficiency in the harmonization of tourism offers – on one side and tourism demands - on other side.

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https://www.airdna.co/vacation-rental-data/app/si/default/bled/overview (2019, September 23)
https://www.airdna.co/vacation-rental-data/app/hr/default/zagreb/overview (2019, October 5)
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https://www.airdna.co/vacation-rental-data/app/rs/default/novi-sad/overview (2019, October 17)
https://www.airdna.co/vacation-rental-data/app/ba/default/sarajevo/overview (2019, October 26)
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https://www.airdna.co/vacation-rental-data/app/mk/default/skopje/overview (2019, November 11)
https://www.airdna.co/vacation-rental-data/app/mk/default/ohrid/overview (2019, November 12)

ADVANTAGES, CHALLENGES AND WEAKNESSES OF SPA TOURISM IN SERBIA

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Abstract: *Spa tourism services have recently reached a synergy of parameters that are bounded by commercial, traditional and therapeutic practices. Spa therapies have been present since ancient times through various forms, depending on the cultural, social and political environment they have existed in. The trend of connecting medicine and spa tourism is generally known and accepted, and as such it multiplies with the following contents: architecture, sustainable development, massage, spa and wellness, traditional and modern medicine. Serbia is rich in spas and, in recent times, has been working on revitalising spa tourism and improving its content. This chapter gives a structured overview of the current situation and shows the possible ways of further development with its advantages and difficulties, for later deeper analyses.*

Keywords: *health tourism, spa tourism, spa destination, challenges.*

1. INTRODUCTION

Spa tourism in Serbia is mainly focused on domestic users. The paradox is that it is expensive for the majority of the domestic population, and again, it has not become attractive enough for foreign tourists. Serbia has an impressive spa capacity. However, the long transformation and revitalisation of this sector has influenced the culture of spa tourism. On the other hand, this sector is available to a particular population with the participation of National Health Insurance Fund. It is necessary to continuously work on the affirmation and improvement of services. Also, new measures in the near future require higher level of staff professionalism and a stronger marketing strategy of this tourist placement.

2. THE VIEW ON THE ECONOMIC BRANCH OF TOURISM

Tourism represents one of the most important industries in many countries today and a potential for their further development and realisation of macroeconomic policy goals. The advantages of tourism are numerous. Apart from the direct impact on the economy of a country, tourism as an economic branch has large indirect and positive side effects that are often neglected.

The direct tourism benefits include: products and services (accommodation, transport, entertainment, attractions), industry (accommodation services, food and beverage services, retail, transport, cultural, sports and recreational services) and sources of consumption (consumption of locals and tourists, domestic companies travel costs, collective expenditure of government entities on tourism

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and travel, export by visitors). The indirect benefits from tourism are: travel and tourism investment spending, government collective spending on tourism and travel. The secondary contribution that tourism has to the economic development of a country is primarily reflected in the employees' spending habits: catering, recreation, retail (Travel & Tourism Economic Impact, 2017).

Tourism is a phenomenon that can be explained and defined through a multidisciplinary approach: tourism today is a blend of social, cultural, economic, and psychological factors. There are numerous definitions of tourism. World Tourism Organization defines tourism as 'activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited' (World Tourism Organization / UNWTO - www.unwto.org).

International Association of Scientific Experts in Tourism (AIEST) formulated the following definition of tourism before the annual Congress held in Cardiff in 1981. The totality of the relationships and phenomenon arising from the travel and stay of strangers, providing that the stay does not imply the establishment of a permanent residence and is not connected with remunerative activities, whether for the purpose of holiday, business activities or studies (Vanhove, 2005).

The classification of tourism, or everything that can be classified, can be done in numerous ways, depending on the criterion. Health tourism today is one of the most promising branches of tourism.

2.1. Health tourism as a separate part of tourism

A fast and stressful way of life, a changing environment and uncertainty have made the issue of health and everything related to it become a dominant direction in the behaviour of a modern man, which also influences purchasing decisions and choosing the product. There are many reasons that have led to a change in people's behaviour and their interest in health programs. Key factors are: demographic trends, innovations in methods, equipment and ways of providing health services and professional skills of employees. When it comes to the demographic factors – most people have the fear of aging and illness. For this reason, persons' interest in health increases, and they turn to a healthy way of life to a particular extent and in a way that suits their lifestyle. Regarding this, a whole spectrum of different products, services and treatments has been developed, and the classic spa offer has been expanded with a whole range of different rehabilitation programs specialised for different professions, detox programmes or innovative dietary supplements, herbal medicine, etc.

The area of health tourism today is not based on classical medical treatments. The offer of health tourism institutions is fully based on the needs of potential users of their services. When it comes to Europe, and also all developed countries, the demographic structure of the population clearly shows that the population is getting older. Better standard of living, health and social care have made Europe's average life expectancy grow. For this population, health and a healthy lifestyle are ways of achieving healing or preventing the occurrence or spread of certain diseases, that are characteristic of this age. However, the situation in this field is changing as well. Although seniors - that is the elderly population - were the target market segments for health tourism, health tourism institutions are turning to new market segments with preventative or aesthetic motives.

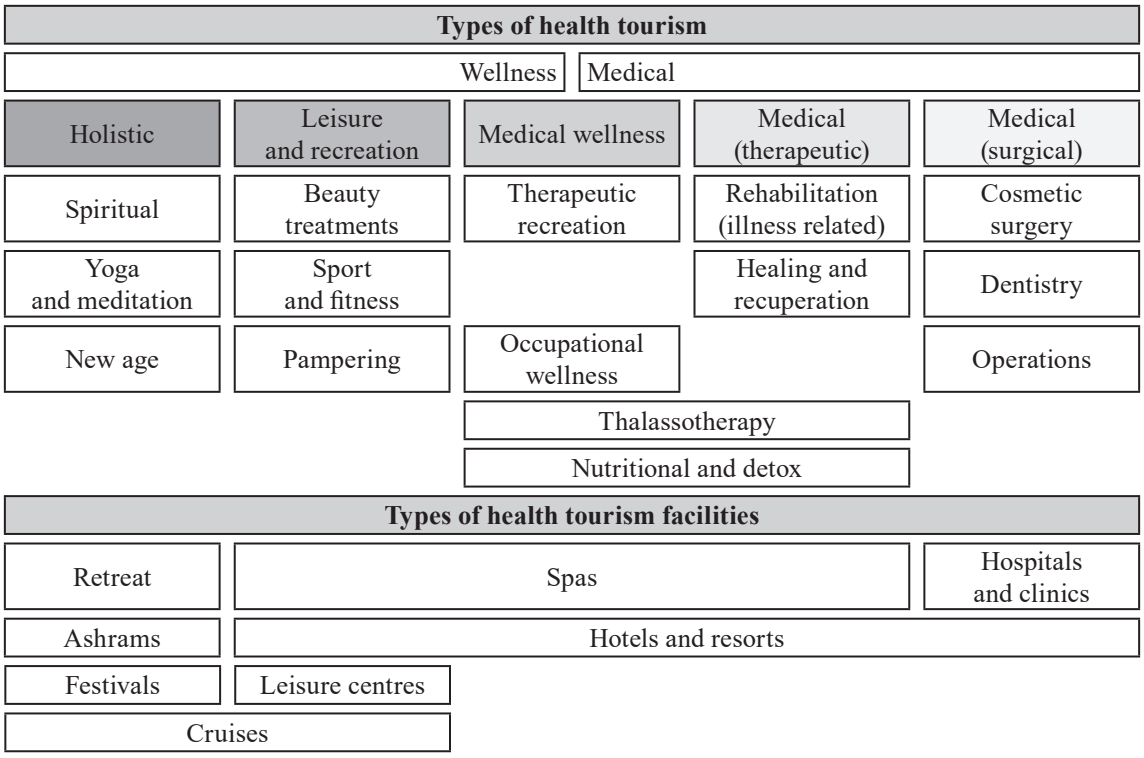

Figure 1. Spectrum of health tourism

Source: Smith, M. & Puczkó, L. (2009).
Health and Wellness Tourism, Oxford: Butterworth-Heinemann pp.7

Another key factor when it comes to profiling health tourism are innovations. They are the basis for the development of modern health tourism and the attraction of different segments of users. Innovations, in this case, denote innovative technology and equipment in addition to adequate treatment and services it provides. Innovations have brought up a wide range of healthcare products and services that are not only used in health tourism institutions but can be applied in home conditions to a certain extent. Innovations in the field of technology and equipment have led to the development of certain types of health, wellness, medical tourism and institutions with no tradition in this field. This has led to more choices for potential users, but also to an increased competition among service providers. In this regard, health tourism institutions offer a package that includes a whole range of complementary services.

There is still some confusion in terminology. In practice, health tourism is often identified with medical or wellness tourism. The fact is that medical and wellness tourism represent a type of health tourism. Health tourism can be defined as an attempt of a tourist facility (e.g. hotels) or destination (e.g. Baden, Germany) to attract tourists by intentionally promoting their health services and facilities, in addition to their regular tourist facilities. These health services may include medical examinations by qualified doctors and nurses at a resort or hotel, special diets, acupuncture, trans-vital injections, vitamin complexes, special medical treatments for different diseases such as arthritis and herbal medication. (Goodrich & Goodrich, 1991).

Professional competence of employees includes knowledge and skills that are oriented towards raising the quality of services and differentiating themselves from other providers of health services. In addition, the professional competence of employees enables a complete application of innovations in practice.

Medical tourism exists when consumers decide to travel abroad due to treatment. This treatment can cover a whole range of medical services, but mostly includes dental care, cosmetic surgery, and certain types of surgery and infertility treatment (Lunt et al., 2011).

Wellness tourism can be defined as a sum of all relationships and phenomena arising from people's travel and stay, with the aim of preserving or promoting their health. They stay in a specialised hotel that provides appropriate expertise and individual care. They require a comprehensive package of services that includes: fitness, beauty care, healthy nutrition, relaxation, meditation and mental activity, education (Muller & Kaufman, 2000).

It is difficult to distinguish medical from wellness tourism in some segments today.

2.2. Valorisation of tourism potentials

The most important criteria of tourist valorisation can be stated[4]: the degree of attractiveness of tourist motives, the development of transport infrastructure, the degree of development of tourist capacities, the equipment on tourist sites and centres, geographic position, cultural and historical heritage, etc. The World Tourism Organization determined the most important criteria of valorisation of tourist potentials in the following way[5]:

Internal factors

A) The degree of use of tourist value (resource)
   a) urbanisation
      - assessment of the type, quality and level of the existing resource equipment;
   b) infrastructure (urban and transport)
      - the level of services offered (high, medium, low),
      - supply level in relation to demand (high, medium, weak);
   c) tourist equipment and services
      - existing accommodation facilities (hotel and non-hotel)
      - complementary tourist offer (restaurants, cafes, nightclubs, crafts, sports, travel agencies) and tourist services;
B) inherent characteristics of tourist values (resources)
   a) natural resources, e.g. beaches (lake, river), quality and quantity are measured,
   b) cultural resources (historical buildings and monuments)
      - architectural value of the building, regardless of when it was built,
      - permanent protection measures.

External factors (factors that determine business tourism)
A) accessibility of resources (traffic infrastructure),
B) proximity of emission centres,
C) specificity of tourist value (comparative analysis with other resources),
D) importance of resources - the impact on the image and market.

A large number of experts (Stanković, S, 1996) believes that the natural tourist values of Serbia are not properly valorised.

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4 The views of several authors have been analysed: Nikolić, Jovičić Ž. Jovičić D. Stanković S. etc.

5 WTO - OMT, L' evalution des projets touristiques, Madrid, 1980.

2. SPA TOURISM IN SERBIA – PARTICULAR SPECIFICITIES

The official definition of a spa is: spa is an area where exists and is used one or more natural healing factors, and which meets the requirements regarding the supplies and equipment for their use, in accordance with the provisions of this Law. Spa is a natural good of general interest, managed by the state, under conditions and in the manner defined by this Law (The Law on Spas, Official Gazette of RS, No. 80/92, 67/93). Spa tourism is a special and very widespread type of motive movement. Two basic characteristics of spa tourism are: 1. relatively long stay, which is explained both by recreational and therapeutic function of thermo-mineral sources; and 2. relatively even distribution of traffic by months, which is explained by the fact that healing waters can be used in medical and recreational purposes throughout the year, but the climate factor that affects the general mobility and spa visits cannot be neglected. If the emphasis in the development of spas is put on recreational and tourist function, the tourist traffic has a slightly more pronounced seasonal feature, which is especially seen in the spa located near the city centres (excursion tourism), but if a spa is well equipped with medical facilities, the healthcare function can be successfully developed all year round.

However, the effect of seasons can be considerably mitigated, not only by the development of a healthcare function, but also by enriching the supply with other amenities that would attract tourists' off-season, contributing to better business results and more even distribution of traffic during the year. Another feature of spa tourism is that spas are places with the most diverse structure of visitors - economic, social, age, etc. Also, there is a possibility to create a diverse tourist offer in spas, that is, the tourist offer is enriched with other types of tourism, so that various cultural, entertainment and sporting events, exhibitions and scientific-professional meetings are organised more often. It is clear that this fact imposes the need for a complex and well-thought-out approach to the tourist valorisation of the mentioned places.

The tables below show the spa potential of Serbia with distinctive specificities.

Table 1. Spa classification according to medical indications

No.	Medical indications	Spa
1.	Locomotor system / Rheumatic diseases Neurological diseases	Banja Badanja, Brestovačka banja, Bujanovačka banja, Bukovička banja, Vranjska banja, Vrnjačka banja, Banja Vrujci, Banja Vrdnik, Gamzigrad, Atomska banja Gornja Trepča, Ivanjica, Jošanička banja, Banja Junaković, Banja Kanjiža, Banja Koviljača, Lukovska banja, Mataruška banja, Novopazarska banja, Ovčar banja, Palanački kiseljak, Prolom banja, Pribojska banja, Ribarska banja, Banja Rusanda, Sokobanja, Stari Slankamen
2.	Gastrointestinal diseases	Banja Badanja, Brestovačka banja, Bujanovačka banja, Bukovička banja, Vrnjačka banja, Atomska banja Gornja Trepča, Prolom banja, Pribojska banja
3.	Gynecological disorders	Bujanovačka banja; Vranjska banja; Vrnjačka banja; Banja Vrujci; Gamzigrad spa; Jošanička banja; Banja Junaković; Banja Koviljača; Lukovska banja; Mataruška banja; Novopazarska banja; Sijarinska banja; Sokobanja; Stari Slankamen
4.	Metabolic disorders	Bukovička banja; Vrnjačka banja; Sijarinska banja
5.	Respiratory system	Brestovačka banja; Bukovička banja; Ivanjica; Niška banja; Sijarinska banja.
6.	Skin diseases	Brestovačka banja; Bujanovačka banja; Vranjska banja; Jošanička banja: Banja Koviljača; Mataruška banja; Novopazarska banja; Ovčar banja; Prolom banja; Pribojska banja, Banja Rusanda.

7.	Cardiovascular and cerebrovascular disease	Vrnjačka banja; Banja Vrujci, Banja Vrdnik, Gamzigrad Spa; Atomska banja Gornja Trepča, Niška banja, Novopazarska banja, Banja Rusanda, Sokobanja
8.	Urinary tract diseases	Bukovička banja; Vrnjačka banja; Banja Vrujci; Prolom banja; Sijarinska banja.
9.	Blood diseases	Banja Badanja; Ivanjica, Banja Rusanda.
10.	Oncology disorders	Ivanjica

Table 2. Therapeutic methods in spas

No.	Spa	Treatment method
1.	Banja Badanja	Water in Badanja is extremely healing and, during treatment, is used in two ways – for drinking and bathing. The iron water is for drinking, while the sulphur water is for bathing.
2.	Brestovačka banja	The spa has five swimming pools and two tubs with thermo-mineral water, and one hydrogalvan tub. Medical and physiotherapeutic services are: bathing in swimming pools, baths, hydro massage, ultrasound, sonophoresis, electrophoresis, diadynamic currents, infrared magnetic field therapy, bioptron light therapy, manual therapy and kinesiotherapy.
3.	Bujanovačka banja	This is the only spa in our country that uses natural gas and carbon dioxide for treatment.
4.	Bukovička banja	The treatment takes place at the Special Hospital for rehabilitation "Bukovačka banja". It consists of drinking mineral water, bathing in a closed therapeutic pool or tub with underwater massage in thermo-mineral water, applying clay, and other physical procedures: electro, mechano, magnet, kinesis, laser.
5.	Vranjska banja	Complete balneo-physical therapy includes electrotherapy, kinesiotherapy, massage (manual and apparatus), swimming in therapeutic pools and tubs, hydro massage and peloid treatment.
6.	Vrnjačka banja	Special Hospital for Treatment and Rehabilitation "Merkur" is the most modern health center for the diagnostics, prevention, treatment and rehabilitation of diseases of digestive system organs, diabetes and bone and joint diseases.
7.	Banja Vrujci	The rehabilitation center provides complete medical treatment: kinesiotherapy, hydrotherapy, electrotherapy and mud therapy.
8.	Banja Vrdnik	In the Special Rehabilitation Hospital "Termal" the treatment is carried out with modern, top equipment for providing all methods of physical medicine and rehabilitation (hydrotherapy, electrotherapy, kinesiotherapy, paraffin, cryotherapy...)
9.	Gamzigrad spa	The treatment takes place in a Special Hospital for Rehabilitation "Gamzigrad" with thermo-mineral water in galvanic baths, tubs, underwater massage. Electrotherapy, phototherapy, kinesiotherapy, thermotherapy, and therapy with hyperbaric oxygenation are also applied.
10.	Atomska banja Gornja Trepča	Physical treatment includes electrotherapy, laser therapy, magnetic therapy, ultrasound and kinesiotherapy, manual massage, and balneotherapy includes bathing in pools and tubs, pearl baths and hydro massage.
11.	Ivanjica	It provides treatment and therapies for disease prevention, treatment, rehabilitation, recovery, recreation and rest. It provides internist and hematology services, laboratory diagnostics, and physical medicine and rehabilitation.
12.	Jošanička banja	Therapies are provided in "Novo kupatilo" with ten baths and one small swimming pool, only therapeutic bathing is applied in treatment, i.e. hydrotherapy, usually 2-3 times a day.
13.	Banja Junaković	The treatment is provided under the supervision of a specialist team of doctors and therapists, using hydrotherapy, electrotherapy, laser therapy, magnetic therapy, paraffin therapy, kinesiotherapy and work therapy.

14.	Banja Kanjiža	The treatment is provided under the supervision of a team of specialized physicians and therapists, using balneotherapy, peloid therapy, electrotherapy, thermotherapy, mechano therapy, kinesiotherapy and manual massage.
15.	Banja Koviljača	In addition to treatment, there are numerous diagnostic procedures and a prevention program that is applied within the wellness center of Kovilje. This institution also has a department for the rehabilitation of children, the first of its kind in the country.
16.	Lukovska banja	The treatment consists of hydrotherapy, manual massage, electrotherapy, underwater massage and mud therapy.
17.	Mataruška banja	The treatment takes place at the Natural Health Center "Mataruška and Bogutovačka Banja" and the Special Hospital for Rehabilitation "Agens".
18.	Niška banja	The treatment takes place at the Institute for Curing and Rehabilitation "Niška Banja", with modern equipment for non-invasive diagnostics, treatment and rehabilitation of rheumatic and cardiovascular diseases and for operative treatment in the field of orthopedic surgery.
19.	Novopazarska banja	The treatment takes place at the Special Hospital for Progressive Muscular and Neuromuscular Diseases Novi Pazar, which has modern physiotherapy apparatus operated by professional personnel.
20.	Ovčar banja	The treatment consists of bathing in thermo-mineral water and covering the affected body parts. Therapies are conducted under the supervision of a specialist physician. During the treatment, balneological, physical and hydrotherapy, massage and medication are used.
21.	Palanački kiseljak	The treatment of patients is carried out at the General Hospital "Stefan Visoki". The therapy includes drinking water, hydrotherapy, underwater and manual massage, electro and phototherapy
22.	Prolom banja	Treatment consist of drinking the healing Prolom water, hydrotherapy, mud therapy, electrotherapy, magnetic, kinesiotherapy, manual massage and laser therapy.
23.	Pribojska banja	Treatment is carried out at the infirmary of the Rehabilitation Center "Pribojska Banja", using modern methods of treatment and rehabilitation. Drinking water is used for treating the functional diseases of digestive tract, bloating, digestion problems. The treatment also includes hydro, kinesis and physical therapy
24.	Ribarska banja	The treatment takes place at the Special Rehabilitation Hospital "Ribarska Banja", which is equipped with modern medical equipment. In addition to kinesiotherapy, the treatment includes electro and work therapy, and swimming in an indoor swimming pool with thermo-mineral water.
25.	Banja Rusanda	Various diagnostic and therapeutic procedures are used in the rehabilitation process, such as: kinesiotherapy, hydro-kinesis therapy, underwater massage, galvanic bath, four-cell baths, local and alternate baths with mineral water, work therapy, electrotherapy, phototherapy, ultrasound therapy, paraffin treatment, peloid therapy, speech therapy, acupuncture, neuropsychological rehabilitation, laser and magnetic therapy.
26.	Selters banja	The treatment is carried out in the medical center of the hotel "Selters" and includes hydrotherapy, kinesiotherapy, electrotherapy, phototherapy, sonotherapy, thermotherapy, work therapy, instrumental and manual massage, and complete respiratory rehabilitation.
27.	Sijarinska banja	The medical unit has the most modern equipment for hydrotherapy, mud therapy, electrotherapy, kinesiotherapy, inhalation and hot baths in healing water.
28.	Sokobanja	In the Special Hospital "Sokobanja", the prevention, diagnostics and treatment of respiratory, cardiovascular, locomotor, rheumatic and neurological diseases are carried out, as well as the medical rehabilitation.
29.	Stari Slankamen	The treatment takes place at the Special Hospital for Neurological Diseases and Posttraumatic Conditions "Dr Borivoje Gnjatić", which specializes in the treatment of hemiplegia.

Vrnjačka Banja has a long tradition as a health resort. Between the 2nd and 4th century AD, the Romans built their health and recuperation resort of AQUAE ORCINAE on Vrnjački thermo-mineral water spring. The modern spa has had a 150-year-long tradition. Before the Second World War it used to be a fashionable centre visited by kings, rulers, and numerous renowned people. According to the quality and the curative quality of the spa, Vrnjačka Banja was compared to Baden Baden and Karlovy Vary. Officially, the first season in the spa was opened in 1868.

Sokobanja spa is located in the central part of eastern Serbia, 234 km away from Belgrade, and 60 km from Niš. It is nestled in the valley between Ozren and Rtanj mountains. The spa existed in the Roman time as well, which is testified by numerous Roman graves and objects as well as by the remains of the Soko-grad fortress. On the Roman foundations, the Turks built a hamam bath in the 15th century, which is the oldest building for curing people in Sokobanja spa. Sokobanja spa is specific for its climatic conditions, its unique flora and fauna and rich cultural-historical heritage. In 1992 the spa became the first ecological municipality in Serbia.

Banja Koviljača was spontaneously established in the area covered with marshes around a spring of healing water. The first written record of Koviljača dates back to 1533. As in those times wealthy Turks visited the spa with their families, they built the first female hamam baths there in 1720. Banja Koviljača became a spa resort during the rule of Serbian King Peter I Karadjordjević, who built a modern sulphur bath in 1908, which has remained in use even today.

Prolom Banja is perched on the eastern slope of Radan mountain, at 550 to 668 m above sea level. It is surrounded by pristine nature of exceptional beauty. In this region the remains of prehistoric spas from the third millennium BC have been discovered. Therefore, some argue that this may be the oldest spa in the world. Following this discovery in 1928 the modern exploitation of mineral water started.

Lukovska banja is a spa that has only recently started to be exploited in modern sense. However, curative springs were used by the Romans as shown by the pipes and ancient ruins found on this site. The settlement also existed during the Middle Ages, as evidenced by old mines, churches and medieval fortifications.

Bukovička spa has celebrated its 200th anniversary as the beneficial effect of this mineral water has been known for a long time. Officially, the spa started operating in 1811 while the spa water was analysed first in 1835. The members of Serbian royal dynasties Obrenović and Karađorđević as well as their court retinue were treated here or visited the spa for rest. The spa was developed following the model of elite European spas.

In the time of Ancient Rome, Roman legionaries found a cure for their diseases on these springs. The first record of the natural healing quality of the water dates back to 1525. The official natural health resort was established in the late 19th century, thanks to a distinguished merchant from the village of Gornja Trepča, who had built the bathing establishment. It was ten years later that the administration of the Vujan Monastery added bathrooms to it and built a 10-room building and an inn. The curative water was analysed for the first time in 1904, and the spa officially started operating in 1955.

The story about Ribarska banja says that people have always been visiting these healing springs to treat their diseases and recover or simply to enjoy the beauty of the landscape. According

to the written sources in Roman times this place used to be a true health resort. In the Middle Ages, during the rule of the Ottoman Turks, a hamam bath was built on this spot. Later, the springs were frequently visited by many Serbian rulers.

At first Vrdnik was a mine. Thermal water gushed forth into the pits of the mine in 1931, but it was not until the 1970s that the spa became a health resort with accommodation capacities and recreational facilities.

The tradition of spa in Banja Kanjiža is 900 years long. However, the first health resort was built at the beginning of the 20th century by Herman Grinfeld, a renowned industrialist. The spa was officially established in 1913.

Having in mind the seasonality in tourism, there are three groups of spas:

- group I is made up of spas which make most of the turnover in the summer. These are the spas with the smallest capacities, incompatible offer and the smallest tourist traffic, which are characterized by a greater distance from the major tourist dispersions of our country. This group of spa participates with only 5-6% in the total number of overnight stays in spas in Serbia. These include: Bogutovačka, Brestovačka and Lukovska spa;
- group II are spas that have a colder and longer winter season, since over 20% of their annual turnover is realized in the period September-April. This includes five of our most popular and most developed spas, which absorb over ⅔ of the total tourist traffic in the Serbian spas - Vrnjačka Banja, Sokobanja, Niška Banja, Mataruška Banja and Banja Koviljača;
- group III of spas absorb around 30% of the spa tourist traffic and they are characterized by a variable and uneven distribution of tourist traffic by months. Mataruška Banja and Gornja Trepča are the most important among these spas, due to their solid construction and good position in relation to communication directions.

The activities and traffic in more than 30 spas are being monitored today in the Republic of Serbia. Some people believe that the number of spas in the Republic of Serbia is greater, but due to the unregulated land documentation and the registry of thermal waters, everything remains at the level of "wild" spas or health resorts (Anufrijev A., Dašić G. 2018). Below is the map of the spas of Serbia.

Tabayashi (2010) analyzed the tourism resources on the alluvial fan and its surrounding areas are examined by dividing them into natural and cultural tourism resources, and tourism facilities, just as they are analyzed in the Joetstu region. Natural tourism resource is a gorge formed by the Kurobe River, which originates in Mt. Washibadake in the northern Alps, and the deepest section is 1500 m. The Kurobe Gorge Rilway runs 20,1 km from Unazuki to Keyakidaira, and one can see a magnificent view of the gorge from the train window. Approximately, 130 ha of cedar forests used to occupy the area of spring-fed water on the Kurobe alluvial fan. However, it has been reclaimed into rice paddies by the field improvement project since the 1960s, and only one cedar forest of 2,7 ha remains at present. The sand of Ishidahama bathing beach is protected by the breakwater in Ishida fishing harbor and Sakai beaches in Asahi town is a rare gravel beach in Japan called jade beach since raw jade stones can be found there. It is also famous as bathing beach. Asahi town is starting point for a climb to Mt. Asahidake (2418m) and Mt. Hakubadake (2932m) in the northern Alps.

For example, our neighbors Hungarians are sea that does not have replaced the spas whose qualities many tourists mostly. Hungary is every year emphasizes its catering, hospitality, culinary and spa tradition. Hungary is in the region excelled in spa tourism. Its area is rich in mineral and thermal waters, which are suitable for the development of spa tourism in the segment of treatment, rehabilitation, or in the segment of rest and relaxation.

Figure 2. Map of Serbian spas

Comparing folder spas in Serbia, we can see that they are located in areas with rich natural environment, clean air, wind power, along rivers or mountain ranges. Some are in the vicinity of large cities (Koviljača spa, Vrnjačka spa, Seltres spa, Kanjiža, Soko spa, Niska spa), and some are in rural areas below mountain ranges in other rich natural habitats of flora and fauna (Prolom spa, Vrujci spa, Mataruska spa, Atomska spa, etc). Options for the development of rural tourism with spas located in rural areas are great but underutilized at the moment. This issue is of particular importance, on which to develop a detailed strategy for the future. In Addition, it is also possible rural and healthy agriculture include in part of rural spa tourism, which will significantly increase the importance of such centres.

3.1. Weaknesses and limitations

The basic problems, which hinder the expansion of spa tourism in Serbia, can be classified in the following way:

- poor tourist offers and the lack of strategic approach to spa tourism planning;
- lack of stable financial sources;
- domination of domestic tourists;
- bad legal acts, which, despite their shortcomings, are poorly applied;
- poor tourist animation of potential clients;
- lack of market research;
- obsolescence of medical equipment;
- unsatisfactory general and tourist infrastructure;
- failure to use the concept of sustainable development and the immoderation in tourism construction have led to a number of negative effects in the previous period, thus threatening the natural healing factors and the overall environment of spas;
- a set of offers that are inaccessible to low-income populations, and
- a scarce number of spas for children rehabilitation.

Identifying weaknesses require additional work in order to create better conditions for treatment and spa. For certain categories of these two services need to connect, so in the future we need to work on the merger of various treatments and spa services, so the effects of health and pleasure are fully met. Also, it is important to note that the spa tourism in Serbia is quite expensive and is therefore unattainable for the majority of the population. In this regard, Serbia would be able to follow the tendency of Hungary, which is the price of their spa centres and spas significantly adjusted extensive population. In terms of culture about visit spa centres is a need to talk further, especially because of the long tradition that Serbia has in spa centres.

4. CONCLUSION

Since tourism is the backbone of economic development, activities in this segment must be continuous. Spa tourism as a product in Serbia is aimed at preserving natural thermo-mineral sources and traditional medicine. Services have been modernised, content and services have been expanded, infrastructure has been improved, but facilities, services, expertise and relaxing packages are demands that are constantly growing. These spa offer demands must constantly be monitored and met.

Spa tourism is an old, yet authentic form of tourism which is suitable for a large number of tourists. It is based on various methods of use of natural curative resources, mostly thermo-mineral waters and a number of skills and practices used to treat both body and soul. A wide range of wellness treatments make use of long-known healing properties of thermo-mineral waters, peloid mud, gasses and climate, ensuring relaxation and relief from stress or treatment of various diseases. Because of natural water, geographic potential and health potential, the spa and health tourism are very important for Serbia.

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ADVANTAGES OF SUSTAINABLE TOURISM IN THE FUNCTION OF DEVELOPMENT OF RURAL AREAS OF REPUBLIC SERBIA – EXAMPLE OF WINARIES

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Abstract: *Sustainable development is becoming a key factor in explaining the increasing socio-economic changes in our country and in the world. A common feature of sustainable and rural development is the insistence on the diversity of rural areas, which emphasizes their self-sustainability with adequate strategies and innovative solutions. The aim of the paper is to examine the potential of wine tourism in the context of adopting the principles and standards of sustainability in Serbia. In this connection, the subject of this paper is to point out the importance of the connection between sustainable and rural development, multifunctionality of agriculture and wine tourism in rural areas of the Republic of Serbia.*

Keywords: *Sustainable Development, Multifunctional Agriculture, Wine Tourism, Rural Development.*

1. INTRODUCTION

The increasingly visible and frequent presence of climate change, the scarcity of resources, have put the importance of using and applying the principles of sustainable development. The very notion of sustainable development indicates a process of qualitative growth that includes economic, cultural and social development in general. It is „a development that meets current requirements without limiting the ability of future generations to meet their needs" (Bogdanov, 2015, p. 59).

An important step in the development of the Sustainable Development Strategy and Concept are also activities at the global, national and local levels in all areas where the environment is directly or indirectly affected.

In response to the increasing threat and degradation of living space, this paper aims to point out the importance of linking sustainable and rural development, multifunctionality of agriculture and rural tourism in rural areas of the Republic of Serbia. The multifunctionality of agriculture contributes to the strengthening of the concept of a healthy and preserved environment, the safety and quality of food, the conservation of air, water and biodiversity, with strict application of environmental standards and principles. The symbiosis of sustainable development and multifunctionality of agriculture is expressed most explicitly through the strengthening of links between agriculture and other branches of agriculture. In doing so, rural tourism embodied through its special segment such as wine tourism deepens and strengthens this connection. The expansion and development of wine tourism contributes to the adoption of specific sustainability principles. The vision of sustainable tourism, which is gaining in importance, enables the more efficient use of ecological resources, as well as highlighting the specificity and diversity of individual geographical regions and their inhabitants.

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The problems of rural areas of Serbia are very heterogeneous. The most significant ones are those related to depopulation, imbalances in rural development, high labor force involvement, uncompetitive agriculture, low level of integration of agriculture and food industry, etc. (Jelic, Jovanovic, 2018, p. 204).

Rural areas are increasingly geared towards the development of rural tourism, for which the Republic of Serbia has significant natural resources. The comparative advantages for the development of agriculture and tourism are based on numerous natural resources, rich flora and fauna, mineral resources, spring waters and unpolluted air, etc.

2. SUSTAINABLE DEVELOPMENT

Sustainability is one of the dominant development paradigms of the world economies. This multidimensional concept integrates the environmental, economic and social component, emphasizing the importance of sustainability in the long term.

There are several definitions of the concept in the literature, but the primacy has the 1987 Brundtland Commission definition, which claims that sustainable development is one that meets the needs of the present without compromising the ability of future generations to meet their own needs (Jovanović Gavrilović, 2008). Also, sustainable development is a prerequisite but also the ultimate goal of an efficient organization of human activities on Earth (Pešić, 2012).

The very concept of sustainable development is also viewed through the prism of 17 global goals that were defined and adopted in 2016 (UNDP, 2016). The goals are very complementary and interconnected, so the success of one goal depends on seeing the challenges that another goal brings with it. On the other hand, an integrative approach ensures the achievement of goals and the effective implementation of sustainability principles at the same time. Accordingly, the Sustainable Development Goals represent a kind of inclusive agenda, as set out in Table 1.

Table 1. Global goals of sustainable development

1. No poverty	10. Reduced inequalities
2. Zero hunger	11. Sustainable cities and communities
3. Good health and well being	12. Responsible consumption and production
4. Quality education	13. Climate action
5. Gender equality	14. Life bellow water
6. Clean water and sanitation	15. Life on land
7. Clean and affordable energy	16. Peace, justice and strong institutions
8. Decent work and economic growth	17. Partnership for the goals
9. Industry, innovation and infrastructure	

Source: https://www.rs.undp.org/content/serbia/sr/home/sustainable-development-goals.html

The presence of climate change, resource scarcity and environmental devastation have further emphasized the importance of implementing sustainable development principles. The resource problem is best described through the *Seneca effect* that implies that economic growth based on resource exploitation is slow and achievable but generates pollution and waste which ultimately leads to decline and economic collapse (Bardi, 2017). On the other hand, the consequences of global warming represent one of the priority problems to be addressed in the coming period. Climate change is a direct consequence of GHG (Greenhouse gasses) over-emissions and the creation of a greenhouse effect on that basis. Specifically, according to the UNDP (*United Nations Development Program*), about $ 100 billion is needed annually, to effectively manage

climate change with a focus on mitigating the effects of natural disasters[3] as other forms of adaptation to temperature change.

The implementation of the principles of sustainable development not only contributes to the achievement of the aforementioned global goals, but also represents a kind of challenge, i.e. a chance to develop and improve the competitiveness of the economy and industries. In this regard, the use of renewable energy sources in production processes is one of the main indicators in the context of monitoring the adoption and implementation of long-term sustainability goals. The concepts of circular economy, energy efficiency, and recycling represent a direct concretization of the idea of sustainable development. With all this in mind, one of the focuses of the work will be on looking at the potential of sustainable development as a driver of tourism development in rural areas of Serbia with an emphasis on wine tourism.

In addition to the benefits and overall potential of sustainable development as a driver of economic growth, there are certain disadvantages that we need to address in our work. Namely, the mentioned shortcomings represent an obstacle in the implementation of the concept and the achievement of the goals. In this regard, (1) the neglect of the time dimension, (2) the presence of false sustainability, (3) the lack of commitment and collaboration, and (4) the lack of understanding of the essence of sustainability, most often contribute to inadequate performance and results (Holmberg, 2009).

2.1. Renewable sources of energy

Alternative sources represent the personification of the circular economy as one form of implementation of the sustainability concept in practice. A common feature of all renewables is that their use reduces CO_2 emissions as a major contributor to the greenhouse effect and global warming presence. Not only is cleaner, alternative energy more energy-efficient and productive from the perspective of the potential of green production in an economy. The use of alternative energy sources is in the function of achieving the global goals of sustainable development, since the form of renewability implies creating equal conditions for the life of future generations (Stojadinović, 2011). Generally, there are several forms of renewable energy sources: biomass, water, wind, sun, geothermal and high/low tide.

Bearing in mind, the above specifics, in practice, however, fossil fuels have primacy. There are several reasons for this. First, the cost of energy generated from the use of renewable energy sources is incomparably higher than that obtained using fossil fuels. Second, the total cumulative energy resulting from the use of water, sun and wind is insufficient to meet the demand for energy. Accordingly, the best balance is the use of renewable and non-renewable resources, with an emphasis on effective management of pollution and climate change. Finally, the use of alternative forms of energy involves the presence of high cost infrastructure (solar panels, wind turbines).

At EU level, the 2020 Strategy was defined, as well as the 7EAP (7th Environmental Action Plan), which foresees a greater use of renewable energy sources by 20%, an increase in energy efficiency by 20%, and a reduction in GHG emissions by 30% compared to 1990. (SOER, 2015). Based on the strategy as a broader framework, policies and other measures have been formulated to further specify in the implementation and achievement of the sustainability goals.

[3] Natural disasters refer to earthquakes, tsunamis and floods as extremely dry periods that are inherent in climate change on planet Earth.

On the other hand, the Republic of Serbia is committed to increasing the share of renewable energy sources from 21% to 27% in gross final consumption by 2020 and 10% in the transport sector (www.zelenaenergija.pks.rs). Serbia currently uses about 35% of its total capacity, with particular emphasis on biomass, hydro, geothermal, wind, and solar energy.

In line with the mentioned advantages, the field of alternative energy sources is of immanent importance from the perspective of overall economic growth and development. Namely, renewable resources are considered to have a multiplier effect in the context of increasing the production of equipment for their use, as well as stimulating and diffusing innovation. The growth of innovative potential contributes to a better competitiveness of the economy as measured by GDP levels, as well as to overall trade (import, export) globally. In this regard, greater reliance in production on wind, solar and biomass energy encourages the development of the economy as a whole, as well as of individual segments or industries, e.g. tourism.

2.2. Sustainable tourism

Contemporary tendencies and trends have led to the development of a special segment of tourism aimed at improving the quality of life of the local community, preserving the environment, as well as increasing the competitiveness of the tourist offer. It is a question of sustainable tourism, which in addition to the aforementioned advantages, also focuses on the more efficient use of ecological resources, respecting the socio-cultural authenticity of the inhabitants, as well as satisfying the interests of all stakeholders (Janković, 2011).

In this regard, the goals of sustainable tourism are compatible with and are in the process of achieving global long-term sustainability. An important element of sustainable tourism is eco-tourism because of its highest growth potential given the forecasts of the World Tourism Organization.

Accordingly, at European Union level, individual regions develop tourist offerings in accordance with the basic principles of long-term sustainability. At the same time, research on tourism and events is an evolving field and it has moved from a main economic focus to a broader perspective. Given the resonance of wine tourism and the role it has for local and rural development, the interest towards the issue of sustainability in wine is more than warranted. (Montella, M. M, 2017). Otto Savoy in France, Palma de Mallorca in Spain, Strandja in Bulgaria and the city of Bonn in Germany are examples of good eco-tourism practices. Namely, bearing in mind the principles and objectives of sustainable development, these European cities are reaping the benefits of using renewable energy sources, smart modes of transport and green building in order to reduce environmental costs and environmental impact. In addition to the above factors, which greatly contribute to the promotion of eco-tourism offer, a timely response of the state in the form of adequate incentives and subsidies is necessary. Being green or sustainable can became a strategic lever for differentiating their business. Some wineries are born green while other become green for achieving marketing purposes (Santini et al, 2013).

On the other hand, the Republic of Serbia has good predispositions for the development of eco-tourism offer. Good geographical location, climate and natural resources in the form of resources speak in favor of the previous statement. However, Serbia is not using its full potential due to lack of adequate infrastructure, adequate waste management solutions and plans, as well as institutional support. In recent years, there have been some changes and shifts in this context. Namely, the expansion of wine tourism has contributed to the adoption of concrete principles

of sustainability in the field of tourism. Bearing in mind the advantages of sustainable development, we will look at its importance through the perspective of wine tourism in Serbia, i.e. through improving the competitiveness of the region and the economy in general.

3. THE NEW RURALITY PARADIGM

Rural space itself expresses a unique natural, geographical, economic, cultural and social environment. The very definition of rural areas involves different approaches and theoretical views by economists, sociologists, agrarian economists and geographers. This is why there is no one commonly accepted definition of urban and rural space.

It is evident that different criteria exist when setting the boundaries of rural areas, which results in each country defining and classifying settlements according to its specific features. This makes it easier to make meaningful political decisions and development strategies.

Ruralism in itself signifies the peculiarities of behavior, the adoption of a particular lifestyle and the values of the inhabitants of rural areas. By this is generally meant an extensive form of agriculture, small settlements with a pronounced collective consciousness, a marked respect for the environment and life within it. Ruralism is a complex and specific whole of social relations within a rural space. It refers to space, organization, arrangement, relationships in that space, which directly and indirectly shape the rural way of life.

Earlier concepts of rural development (both historically and socially) were based on a top-down approach, i.e. an effort to plan rural development beyond rural space itself. That is why the concept of a new rural paradigm takes into account the interests and needs of the rural population, understanding it as a comprehensive, unique space. It developed in response to the inefficiency of the old development model, where rurality was viewed in the domain of wider social and economic systems and their laws. Recent empirical research is based on a descriptive concept within which new typologies of rural areas are developed, based on functional differences between urban and rural and within rural environments (Bogdanov, 2015, p. 98). The turning point in the new thinking involves the entire rural area, and planning with a new methodology: bottom-up. All of this takes on a global character through Agenda 2000 and Leader programs. These programs followed examples of good practice in the local environment of the most developed countries as well as empirical evidence through a case study. An exogenous agricultural policy model has been replaced by an endogenous one.

New concepts of rural development are expressed through concepts such as:

- „Sustainable livelihood of the rural population" - that integrates theoretical and conceptual viewpoints that the rural population is viewed not only from the field of agricultural activity as a food producer, but also from different perspectives: workforce on the farm, employment, processing on the farm, additional income and the like;
- Social protection - earlier top-down concepts considered the material strength and business cooperation of farms to be prejudiced with the support of external funds. This concept is based not only on the direct disposal of money by those in need in rural areas, but also on public works, employment support measures, facilitated access to land, etc.

New information technologies - in response to the inequalities in the development of certain areas and regions, promotes the availability of information technology for rural population, which should provide easier access to the market.

A common denominator for recent theoretical concepts and strategies for rural development is the transfer of funds to rural areas, the introduction of new technologies, investment in adequate infrastructure and human capital in rural areas. Such attitudes can contribute to better exploiting the comparative advantages of multifunctional agriculture in the function of rural and sustainable development.

4. MULTIFUNCTIONAL AGRICULTURE AND RURAL DEVELOPMENT

One way to promote and develop rural areas is to foster sustainable development and create new employment opportunities, especially for young people and women, as well as implement the latest IT solutions. In this regard, one of the significant goals of agricultural policy is the diversification of farm activities for non-agricultural activities and services and the strengthening of links between agriculture and other sectors of the economy (Jelic et al, 2019).

The Sustainable Development Program has different implementation and different goals in terms of the level of development, i.e. developed and underdeveloped countries. For some, economic growth and development are paramount to the care of environmental problems, while for others this relationship is more or less balanced.

As stated earlier, the concept of sustainable development includes three aspects: environmental, economic and social sustainability. Environmental sustainability concerns the protection of natural resources and the conservation of biodiversity; economic concerns are about higher productivity and growth, and social includes institutional development, participation in decision-making, social cohesion and one's own identity.

For the sake of similarity, just as the focus of sustainable development is on three levels, so is the sustainable development of rural areas focused on three dimensions of development (economic, social and environmental).

The concept of multifunctionality, as well as multifunctionality of agriculture, speaks about the role of agriculture not only in the context of food and raw material production but also agrotechnical measures on improving the quality of the environment, preserving biodiversity, air and water, food safety and quality, animal welfare, etc. Thus, the so-called green corridors and areas of particular importance for the development of rural areas were created, with the idea of productivity and specialization of agricultural production. This implies strict application of ecological standards, development of organic agriculture, gradual reduction of state support to agriculture in rural areas. These measures are delivering results in OECD and European Union countries, which coincides with the significant development of their rural environments, thus confirming the quality of these policies.

The term multifunctionality of agriculture includes the following features and characteristics:

- The contribution of agriculture to the conservation of the environment and biodiversity in rural areas, not only for their users, but also for other and subsequent generations;
- The contribution of agriculture to food security - providing food to everyone at all times;
- Contribution of agriculture to food safety - production of food produced to the highest standards of quality and sanitation;

- Contribution of agriculture to the development of rural economy - agriculture is seen as a factor of economic growth and development and conservation of rural areas in economic and social sense (Bogdanov, 2015, p. 63).

Multifunctionality of agriculture as a term is differently treated and applied in different countries, especially in EU countries and other countries that have unfavorable conditions for agricultural production.

An inseparable term from the concept of multifunctionality is the concept of sustainable development. Their complementarity is reflected in the modern understanding of the production process and the adequate use of both human and natural resources, all with the aim of strengthening the link between agriculture and other branches of the economy.

One of the goals of the paper is to analyze the multifunctionality of agriculture and to apply the standards of sustainable development from the "perspective of Serbian wine centers".

5. COMPARATIVE ADVANTAGES OF WINE TOURISM IN VILLAGES OF SERBIA

Generally speaking, there are about 714 km^2 of vineyards in Serbia. Wine production is widespread in Vojvodina (in the north of Bačka, Banat and in the Fruška Gora region), in Šumadija (Oplenac), as well as in the Pčinja region (Aleksandrovac). In this regard, there are several well-known wineries in Vojvodina, of which we state:

- Winery Zvonko Bogdan, Subotica,
- Winery house Kovačević, Irig (Fruška Gora),
- Winery Swiss Lion, Vršački vinogradi,
- Winery Šapat, Slankamen.

In addition to Vojvodina, wineries are also widely represented in the Šumadija region, due to favorable climatic and location conditions:

- Winery Aleksandrović, Oplenac,
- Pik Oplenac,
- Winery Radovanović.

There are several specifics that characterize and are common to these wineries. Namely, the vineyards are located at a low altitude (about 200-300m), which is characterized by a moderately continental climate. Also, predominantly grown wine varieties are: *Merlot, Pinot Grigo, Chardonnay, Cabernet Sauvignon, Muscat Ottonel*, etc. Furthermore, besides production potential, wineries can also be considered as carriers of regional and local tourist offer. In other words, in recent years the popularization of the concept of wine culture has contributed to the expansion of wine tourism.

The Zvonko Bogdan winery, located in the immediate vicinity of Subotica, currently produces around 300,000 bottles of wine on an area of 64ha, 70% of which is directed to the domestic market and domestic demand, while 30% of the total production is exported to regional markets: Montenegro, Bosnia and Herzegovina, and Northern Macedonia. Certainly, one of the goals for the coming period is to export to the European Union market[4].

[4] The data presented in the paper was collected during a visit to the winery.

Accordingly, the importance of wine tourism can be analyzed from an economic and social point of view. Economically speaking, the production of wineries not only meets the needs of the market, but also represents a significant item of domestic exports, which ultimately contributes to the growth of gross domestic product-GDP. Increasing production also implies greater employment at the local level, thereby indirectly stimulating rural and regional development. Also, rising tourism revenues are becoming an important component of local budgets. As you know, most wine centers are located in rural areas of Serbia.

On the other hand, the development of wine tourism in Serbia has brought nearer divergent economic and environmental goals, which has made their activity a sustainable component. Namely, in recent years, wine centers have been paying increasing attention to the environmental aspect through investments in the construction of their own wastewater treatment plants and the use of renewable energy sources in the form of solar panels and biomass. More rational use of electricity and heat, recycling of resources and waste, as well as increasing energy efficiency have contributed to lower operating costs, as well as less pollution resulting from wine production. The paradigm shift and the diffusion of innovation on this basis have defined the new comparative advantages of wine centers, which are crucial for better positioning in the European market and increasing regional and overall competitiveness. Also, the positive domino effect encourages greener production through additional infrastructure construction and a greater reliance on alternative energy sources, which ultimately contributes to the development of the industrial and service sectors as drivers of rural tourism. In other words, results at the local level produce broader (global) effects.

In essence, these tendencies indicate positive changes in the business and economic environment, which are reflected in the balanced economic, environmental and social context as a prerequisite for long-term sustainability.

An important aspect when it comes to Serbia's European integrations is respect for the rules of market economy, nurturing corporate culture and brand cult, which should be in line with traditional family values and traditional customs.

Building on this aspect, the imperative is the need for development, tourism among other (including wine), but in a new and more meaningful way. This should be included as part of the overall rural development strategy in the Republic of Serbia.

The goal of improving the quality of life in rural areas through wine tourism is achieving its benefits through the affirmation of a concept that is supposed to revive villages and rural areas while retaining residents, especially young people in them. Especially when we consider the devastating effects of demographic change and rural depopulation.

The activities of the inhabitants of rural areas and rural administration are conditioned by the climatic and terrain characteristics of the area itself. They continue through the organization of numerous cultural events that should contribute to the promotion and development of tourism in these areas, which entails the development of infrastructure (roads, water supply, sewage system...), as well as the employment of local people in non-agricultural activities. It all speeds and contributes to the economic sustainability of the villages and rural areas of Serbia. Designing and organizing life and work in the countryside also includes the opening of numerous workshops (to revive old crafts, folk crafts, art and cultural workshops...), sports games, renovation and opening of cultural and artistic organizations, etc.

The actuality of best practice models in Europe and Serbia shows that a common feature of all these models, regardless of rural diversity, is their self-sustainability, innovative solutions and adequate strategy.

5. CONCLUSION

The analysis of this paper highlighted the importance of adopting sustainable development principles for the functioning of an economy in the long run. With this in mind, the paper has implemented a multidimensional integrative approach with the aim of looking at all the important aspects of long-term sustainability. In this regard, the focus of the work was on the concepts of rural development and multifunctional agriculture, with an emphasis on a particular type of rural tourism - wine tourism in the Republic of Serbia.

Namely, the emergence and development of sustainable tourism, as an essential feature of a multifunctional economy, contributes not only to the development of rural areas, but also to the reduction of devastation of resources and the environment, thus uniting in addition to the economic, ecological and social component. In other words, we can view these concepts as unbreakable links in the process of achieving long-term sustainability.

Particular emphasis in the paper was on the analysis of wine tourism in the Republic of Serbia. As such, it has numerous benefits and positive effects, which further emphasizes the topicality of the topic. First, it contributes to the rural development of the area where the wine centers are located, through employment growth, attracting new investment, and protection of nature and the environment. Second, enhancing the tourist attractiveness of the region through various cultural manifestations further encourages the development of infrastructure as a necessary component of green economies in the context of harnessing the potential of renewable energy and waste management. Last but not least, positive changes in the business and economic environment contribute to increasing the competitiveness of wine production, which ultimately creates a predisposition for export growth to foreign markets.

However, the link between wine tourism and the adoption of sustainability standards is not exclusively one-sided. One of the conclusions of the paper is that the given relation is two-way in character. In other words, the development of wine tourism contributes to a more effective implementation of the principles of sustainability, but on the other hand, sustainable development as a concept and contemporary idea encourages the improvement of winery performance in the context of achieving better economic, environmental and social results. Accordingly, achieving economic sufficiency with minimal environmental impact is an important result of the application of standards and principles of sustainable development.

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INTERNET ADDRESSES

www.zelenaenergija.pks.rs
https://www.rs.undp.org/content/serbia/sr/home/sustainable-development-goals.html

APPROACHES OF EUROPEAN UNION COUNTRIES TO WASTE MANAGEMENT

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Abstract: *The contemporary world is experiencing dynamic development of tourism, which is inseparably connected with positive impacts, such as employment growth, increase of business activities etc. On the other side we are actively discussing context of tourism and global issues in recent years. With the development of tourism occurs to overload of tourist destinations, causes increasing greenhouse gas emissions, and waste production. This is considered as one of the most serious global issues, right after the lack of water. One option of the effective dealing of corporate waste is the implementation of a waste management strategy in corporate governance. The aim was to compare development of waste production and recycling in the EU regions with emphasis on Czech Republic and compare the approach of Czech companies in tourism on waste management. Based on analysis can be stated that number of wastes gradually decreases, the share of waste recycling on a European scale is increasing. According to research is obvious that companies in tourism have certain reserves in waste management.*

Keywords: *Sustainability, Waste, EMAS.*

1. INTRODUCTION

As a result of globalization processes occurs to intensive development of tourism. Population lifestyle change, desire for knowledge, social statute or changes of the free time are the cause of mass tourism. Intense tourism brings positive but also negative impacts. In an effort to eliminate negative impacts, the concept of sustainable development is increasingly declining, it means that form of tourism, that „ensures that the current needs of tourism participants are met while helping to develop the territory“ (MRD, 2016). Development in context of sustainable tourism is possible only under the conditions of acceptance of these principles into individual companies' management; it means, that companies implement into their management social responsibility resulting from its own business. Social responsibility is defined as: „voluntary integration of social and environmental considerations into day-to-day business operations and stakeholder interactions“. From the definition is obvious that sustainable tourism and social responsibility of companies builds on identical economic, social and environmental pillars (see Figure 1, Kunz, 2012). From these definitions is possible to conclude that companies in tourism (not just them), in the interest of sustainable development should integrate principles of social responsibility into their business processes. Social responsibility of companies represents concept, when company as a part of its business activities takes over shares' responsibility for well-being and sustainable development, at the same time the company expecting the maintain its own competitiveness and economic profit, and these are not two conflicting goals. Companies incorporate principles of sustainable development into operation on a voluntary basis.

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As far as the environmental point of view in concerned, it is unlike the economic or social point of view predominantly connected with negative influences. Environmental questions of sustainable development and social responsibility in waste management concern the sorting and minimization of waste, its recycling or reuse. The individual theories of sustainable development tend to comply with the following measures: do not use resources beyond their recovery capacity, where a renewable resource can be used then no non-renewable resource and no natural resources should be used to exceed Earth's assimilation capacity as a result of waste disposal. Priority aim of everyone, whether you are an individual, a company or the whole society, in waste management should bet the elimination of waste generation followed by waste management. Every business strategy should include a „3R" model (Reduce, Reuse, Recycle). Kelly (2007) warns that customers who want to travel are more environmentally friendly and that the introduction of environmental and social program is part of the choice of accommodation.

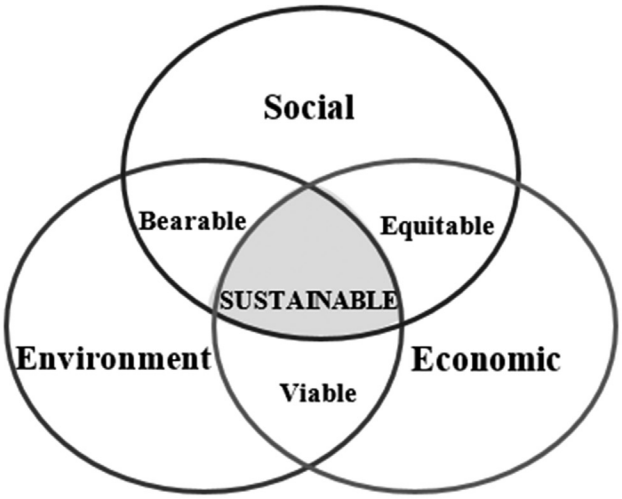

Figure 1. Triple-bottom-line
Source: Kunz, 2012

The choice of destination depends on the attractiveness of the destination, which is also influenced by waste approaches (Arbulu et.al., 2015), there is a non-linear and significant impact of the arrival of tourists, expenditure on tourism specialization and the share of tourism in MSW production. Similarly, Boys et al. (2017) appeals to the need to „respect the sustainability of the destination, since customers who want to travel are more environmentally friendly, and the introduction of environmental and social programs is one of the criteria for choosing accommodation" (Boys, 2017).

Restauration and hotels are one of the main producers of the municipal waste (Křížek, 2014), primarily in the form of biological and mixed, whether it is waste in food processing, unused food, pizza boxes, glass and plastic. A step in reducing municipal waste is reducing food waste. Increased food production has an impact on biodiversity worldwide. It is obvious that increasing agricultural production leads to cultivation of monocultures and agricultural expansion into the rainforest areas, this is reflected in the loss of biodiversity, including mammals, birds, fish and amphibians. Furthermore, the tourism in the area of hotel and restaurant facilities is related to waste management, its controlled reduction, sorting, recycling options, the use of environmentally friendly products and improved consumption planning, respect for the waste management technology of the site etc. (MRD, 2006). In companies which apply social responsibility this mainly involves the introduction of recycling materials (packaging, bottles, organic packaging, straws, etc.). Both employees and customers can contribute to reducing the environmental im-

pact of operations. The „greening“ of hotel operations in the context of corporate social responsibility (CSR) shows the close links between CSR and hotel human resource management (Bogdanecz, 2005). Branco (2006) says, that the adoption of CSR is responsible for the increased productivity, loyalty, good reputation of workers and brings long-term competitive advantage.

2. METHODS AND DATABASE

There are a number of sets of indicators and criteria for assessing corporate social responsibility and sustainable business. The question of waste management is a part of many comprehensive indices and methodologies for assessing sustainable development, or CSR. As mentioned above, tourism businesses are concerned with the elimination of waste outbreaks, the reduction or recycling of waste (then its recovery). Subsequently, the Business Leaders Forum (Business Leaders Forum, 2019) indicator is used as a priority, it measures ecological corporate culture in the field of waste by an indicator „The Proportion of recycled waste”, or by inverse indicator „Amount of unsorted and misused waste”. Eurostat maintains a set of EU sustainable development and resource efficiency indicators, which have been set to monitor progress sustainable development goals in EU (Eurostat Supports the DSGs, 2019).

Organizations using CSR are encouraged to implement the Environmental Management System (EMS) for the environment and incorporate the principles of ecological behavior into the thinking of the employees themselves. Introduction of Environmental Management System currently represents the most widespread way a business can declare implementing environmental protection into its strategies, that means the environmental impacts of products and services are also considered. This system can be implemented through EMAS programme or norm ISO 14001. Another indicator of ecological behavior is gaining the award of an eco-label, it means that the company has incorporated environmental requirements into its product (physical or service). Eco-label management today is an example of innovative hotel management (Dzida, 2006).

Secondary data from CENIA, EUROSTAT information databases were also used for the article. Due to insufficient data base, waste production according to NACE Rev. 2 will be analyzed (services, excluding services dealing with waste handling) and production of towns and municipalities, i.e. Municipal waste. For the description of the waste management the indicators MDR a Forum will be used, i.e. the share of waste recycling in the total waste production and the amount of waste generated. Approach of accommodation facilities to waste management issues was identified through a pilot questionnaire survey a due to the unwillingness of respondents to respond to these forms of data collection, also third -party research, Internet declarations of hotel facilities and the current situation of eco-hotels and registered businesses under EMAS or ISO 14001 and eco-labels. The analysis put forward a hypothesis as to whether Abdul said that there is a non-linear relationship between the number of tourists and the amount of municipal waste generated. The analysis is based on a comparison of EU regions with an emphasis on the Czech Republic.

3. ANALYSIS WASTE IN REGION EU

Approximately 2.427 billion tonnes of waste (safe and dangerous, generated by households and businesses were produced in the EU annually (2008) and after a period of decline since 2008, waste production continues to grow (2016 – 2.537 billion tonnes, Figure 2). Consumer behavior in the long run has contributed to the increase in waste production.

The development of waste in Czech Republic between 2004-2016 was more balanced. Figure 2. shows that the Czech Republic had an inverse development compared to the EU by 2012, since 2012 the Czech Republic's waste production has followed the EU development. Between 2014-2016, the growth rate of production in the Czech Republic was about 7% higher than in the EU.

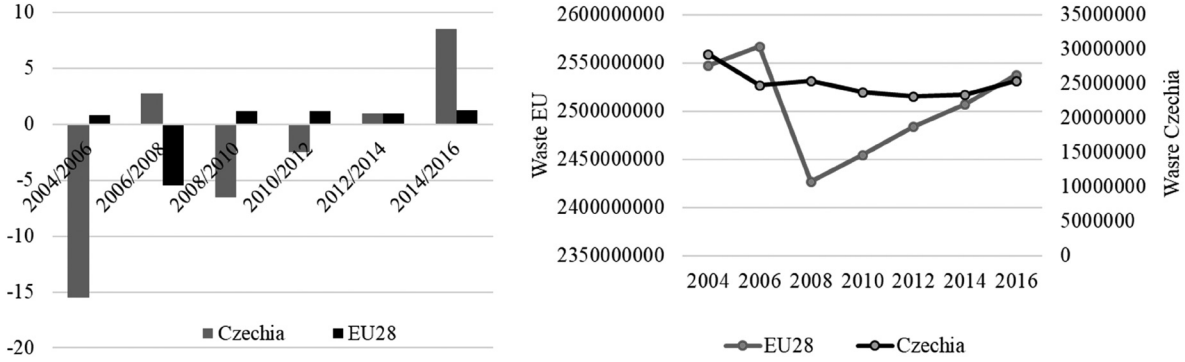

Figure 2. Annual change of production waste (household and NACE)

Source: Generation of waste by economic activity, 2019

The total amount of waste consists of business and household waste. The business activities of all NACE sectors are 91,54 %, in 2008 it was 90,9 %. Latvia and Portugal had a higher share of households in total waste production. France, Spain, Romania and the United Kingdom had the lowest share of waste generation enterprises (Figure 3.). Cyprus, Lithuania and Malta share the least in the production of business waste within the EU28. Within the EU28, there is an increase in the production of business waste (between 2008/2016 by 5,6 %). Latvia (+ 87 %), Sweden (+ 67,8 %) and Finland (+ 51 %) accounted for a significant share of waste in growth between 2008/2016.

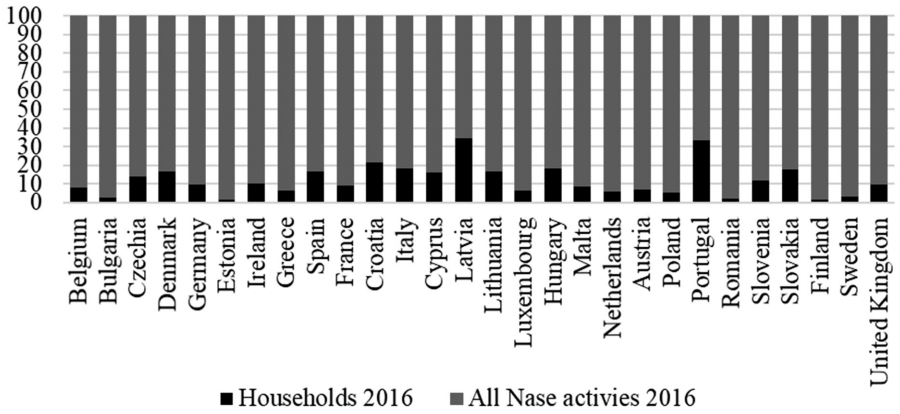

Figure 3. Share of households and enterprises of NACE in total waste, amount of household waste and enterprises of NACE in tonnes

Source: Generation of waste by economic activity, 2019

Conversely Ireland (34 % down), Bulgaria (28,6 % down) and Spain (14 % down) dampen the increase in business waste between 2008 and 2016. The Czech Republic with an 86,73 % share of industry in waste, is one of the regions with and above average (13,27 %) share of households in waste production with values above the median (median 9,85 %). The share of Czech businesses in total waste production decreased compared to 2008 (87,64 %, 2008).

The amount of waste in the EU services sector has increased since 2008, after years of decline (Figure 4, Eurostat, Waste NACE, 2019). According to the forecast production in services will

continue to grow. However, the service sector was not the source of the sharp increase in total waste after 2008. The focus of waste accumulation is industry, the largest producer of waste is construction. Services accounted for 5,8 % of waste production in 2004 and their share in the total amount of waste is gradually decreasing, (except 2008, 6,1 %), to 4,6 % by 2016. The Czech Republic accounts for 0,91 % (2016) of the total EU waste production (businesses and households) of 1,0 % in 2016, 1,05 % in 2008, in the services sector, an increase of 0,24 % compared to 2008.

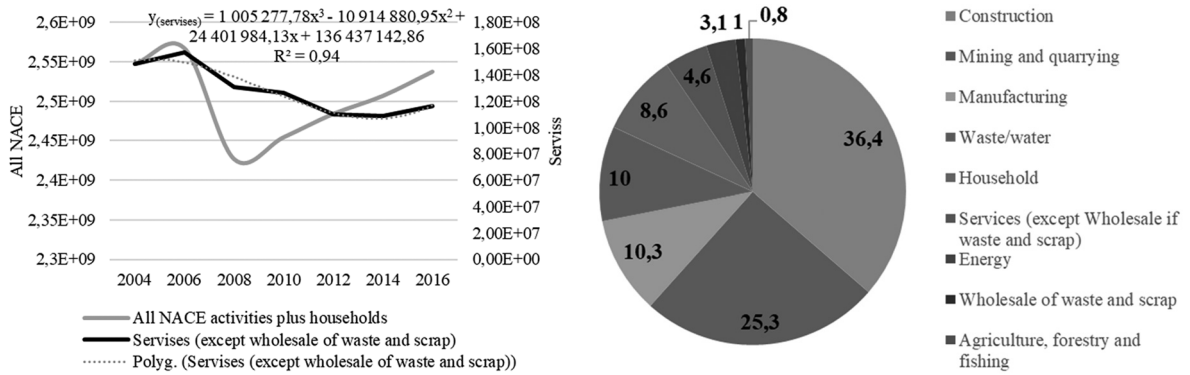

Figure 4. Waste in EU to 2004 – 2016, Services share in total waste production 2016

Source: Eurostat, Generation of waste by economic activity, 2019

4. DEVELOPMENT OF MUNICIPAL WASTE IN EU

As far as municipal waste is concerned, it accounts for only 10 % of total waste production and its main sources are also construction, mining and quarrying, production, waste trades households (Figure 4), although they are only a fraction of the waste, the issue of management is far more complex. On average, 501 kg of municipal waste per person was produced in the EU28 in 2009 (a total of 256 995 thousand tonnes in the EU). In 2017, the amount of municipal waste decreased to 468 kg per person, which was in total 248 653 thousand tonnes in the EU (Eurostat, Waste municipality, 2019).

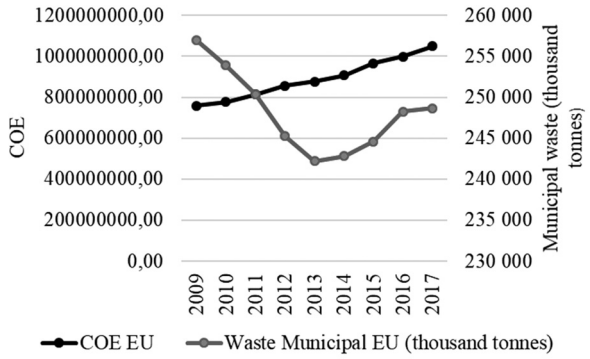

Figure 5. Municipal waste (in tonnes) and tourism in EU

Source: Municipal waste, 2019, Tourism 2019

In the case of EU, municipal waste the development of waste in the EU is not very different. The situation is similar in the Czech Republic; both curves have the same trajectory. The development of municipal waste in the EU tends to be shown in Figure 6. Although municipal waste accounts for only 10 % of total waste generation, households are the main sources of waste. However, there are regions where the high values are due to tourists in regions, e.g. Cyprus, Malta or Croatia.

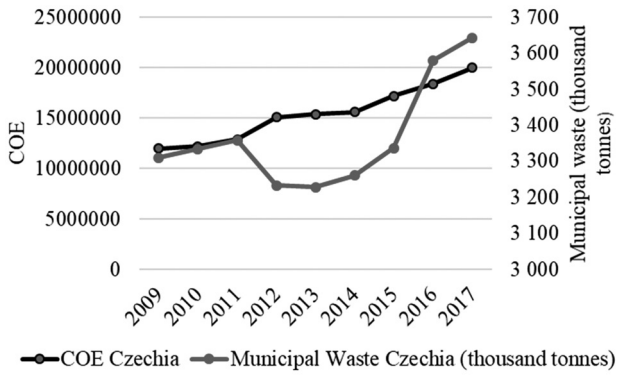

Figure 6. Municipal waste (in tonnes) and tourism in Czechia
Source: Municipal waste, 2019, Tourism, 2019

According to figure 7, the regions of Denmark, Cyprus, Germany, Luxembourg or Malta have the highest proportion of municipal waste per capita in the EU per capita, which is not the dominant country in the number of domestic and foreign tourists staying in the COE in 2017.

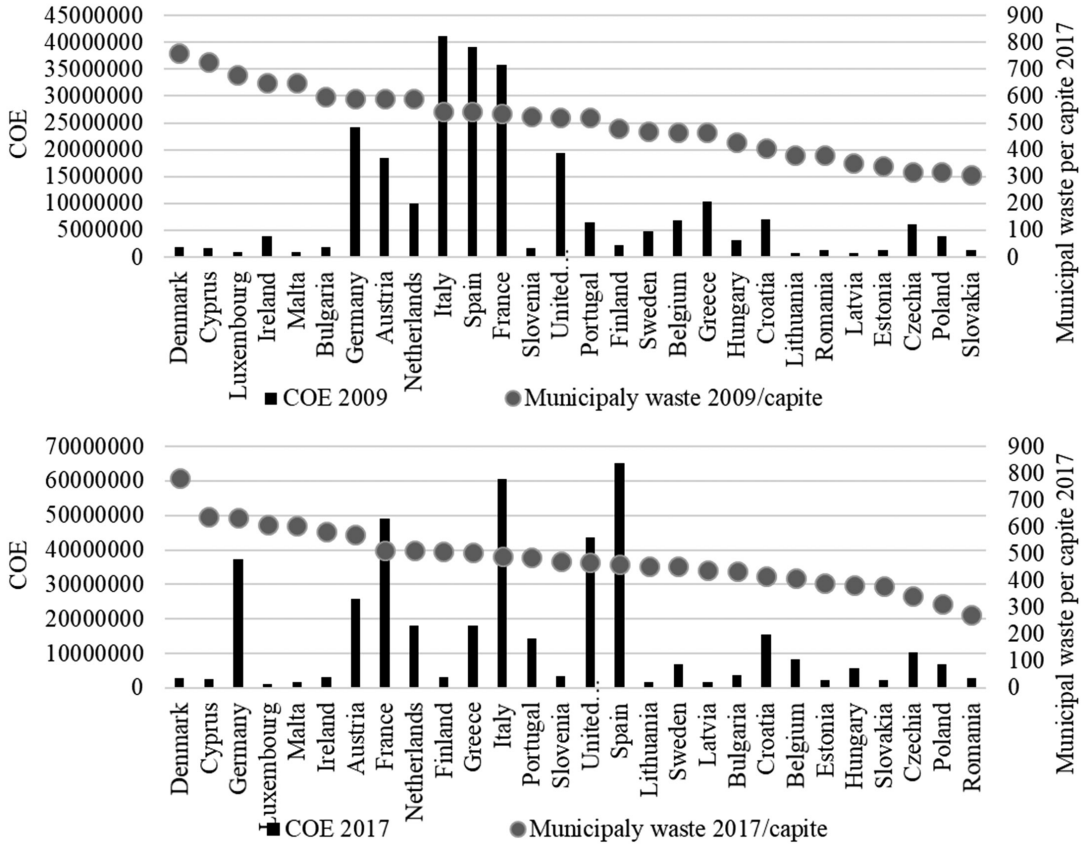

Figure 7. Municipal waste per capita and tourism in EU
Source: Municipal waste, 2019; Tourism, 2019

The Czech Republic was one of the regions of the EU with the lowest amount of municipal waste per capita, arranged before Poland, Romania. The Czech Republic maintained its position from 2009. Like Arbula (2015), they focused on finding relationships at the Czech level. A non-linear relationship was found between the number of tourists staying in collective accommodation facilities and the amount of municipal waste at the level of the Czech Republic.

According to the model of the regression equation (1, 2), it is assumed that in the unchanged situation the municipal waste of the Czech Republic will increase in the future (minimum 14 476 458 tourists in CAE, R^2 (determination coefficient) = 0,873; Durbin Watson 2,41 sig. model <0.05, see Figure 8, Table 1[3].

$$y = b_0 + b_1x_1 + b_2 x_2 + e \quad (1)$$

$$y = 6,\ 24E{+}06 - 4{,}12E{-}01x + 1{,}42E{-}08x^2 \quad (2)$$

Where:

b - parameter; e - deviation; x_n - independent variable; n - 1;2;3…n; y - dependent variable

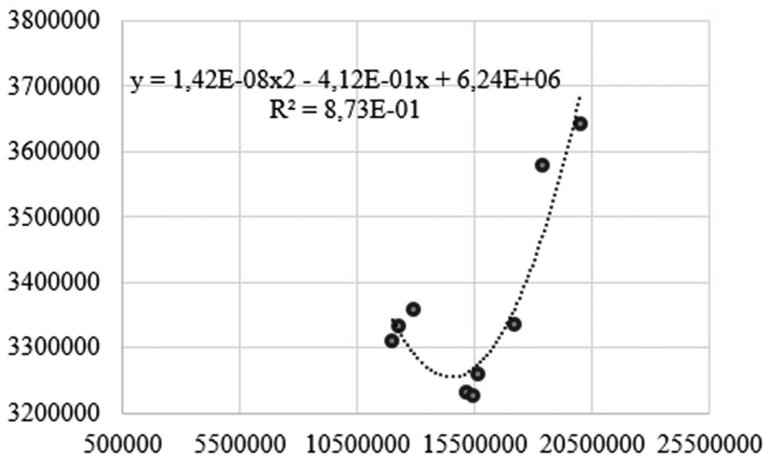

Figure 8. Regression analysis of number of tourists and volume of municipal volume

Source: Own processing

Table 1. Results of regression analysis of number of tourists and volume of municipal volume

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
HUZ	-0.412	0.100	-7,721	-4,113	0,006
HUZ**2	1.423E-0.008	0.000	8,414		
Constanta	6238856.73	773416.15		8,067	0,000
	Sum of Squares	df	Mean Square	F	Sig.
Regression	1,503E+11	2	76512203366	20.58	0,002
Residual	22312482157	6	3178747026		
Total	1,753+11	8			

Source: Own processing

5. DEVELOPMENT OF MUNICIPAL WASTE RECYCLING IN EU

The proportion of the EU28 municipal waste recycling is 46,4% in 2017 and has been gradually increasing since 2009. On the positive side, the continued increase in municipal waste recycling has pushed the EU towards the 2030 goal (EUROSTAT, 2019). By 2025, the proportion of recycled waste in the EU should increase to 55 %, and by 2030 to 65 %.

[3] The model is well chosen with respect to the achieved values

Germany (67,7 %) has the most active approach to municipal waste recycling and it is also the largest producer of municipal waste in the EU28. In addition, Austria (57,7 %), Slovenia (57,8 %) and Netherlands (54,2 %), these countries have low levels of municipal waste and they belong to the recycling dominators. Malta had the lowest share of municipal waste recycling in total waste in 2017 (6,4 %).

Other countries with a low share include Romania (13,9 %), Cyprus (16,1 %) and Greece (18,9 %). The Czech Republic is below the EU28 average and median (average 37,71 %, median 37,75 %). The increase in the share municipal waste recycling is more dynamic in the EU than in the Czech Republic. If we evaluate the development of the recycling ratio (Figure 9.) then it is obvious that Slovakia, Croatia, Romania or Lithuania increased, the regions of Austria, Belgium, Denmark and Sweden decreased.

On the other hand, Latvia has greatly improved its position. Within the Visegrad Four, Czechia maintains the best position throughout 2009-2017. The Czech Republic ranks 7th in the share dynamics (increase by 157 %).

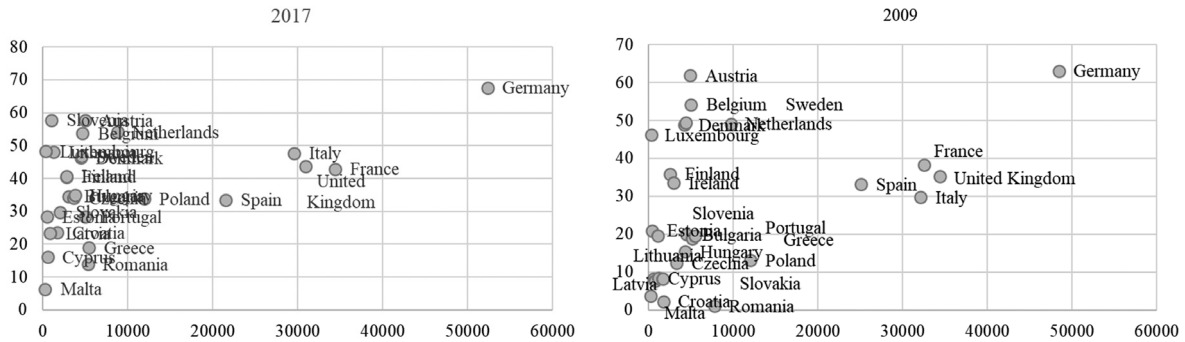

Figure 9. Share of municipal waste recycling and municipal waste volume in 2017 and 2009

Source: Own processing, x volume of municipal waste; y recycling share municipal waste

It is clear from Figure 10 that even here, it is not possible to prove a link (linear dependence) between the proportion of municipal waste recycling and the volume of tourists staying in collective accommodation establishments. When evaluating the share of recycling in the number of tourists, there is no obvious dependence. Countries with intensive tourism realize both active and passive waste management policy in the form of recycling rates. For example, Luxembourg with a lower value of tourists shows relatively high recycling rates, similar to Bulgaria, compared to Spain, Italy or France.

In terms of summarizing the evaluation of the quantities of municipal waste per capita, municipal waste volume in tonnes and recycling rate, Figure 11 shows the position of individual EU regions. The x-axis expresses the situation in 2017 and the y-axis expresses dynamics as a year-on-year change in 2017/2009 (Kahoun, 2010). Development suggests that regions such as Slovenia, Hungary and Bulgaria or Romania are in the II. Quadrant (Step Leading Step).

In Europe, the dominant Germany, together with Greece, Denmark and France (Quadrant III - Continued decline) lose a good position and fall. The Czech Republic is (along with eight other EU countries) in the IV quadrant (losing a lead), similar to Slovakia. The Czech Republic gained its position due to higher values of waste growth dynamics per capita and total volume.

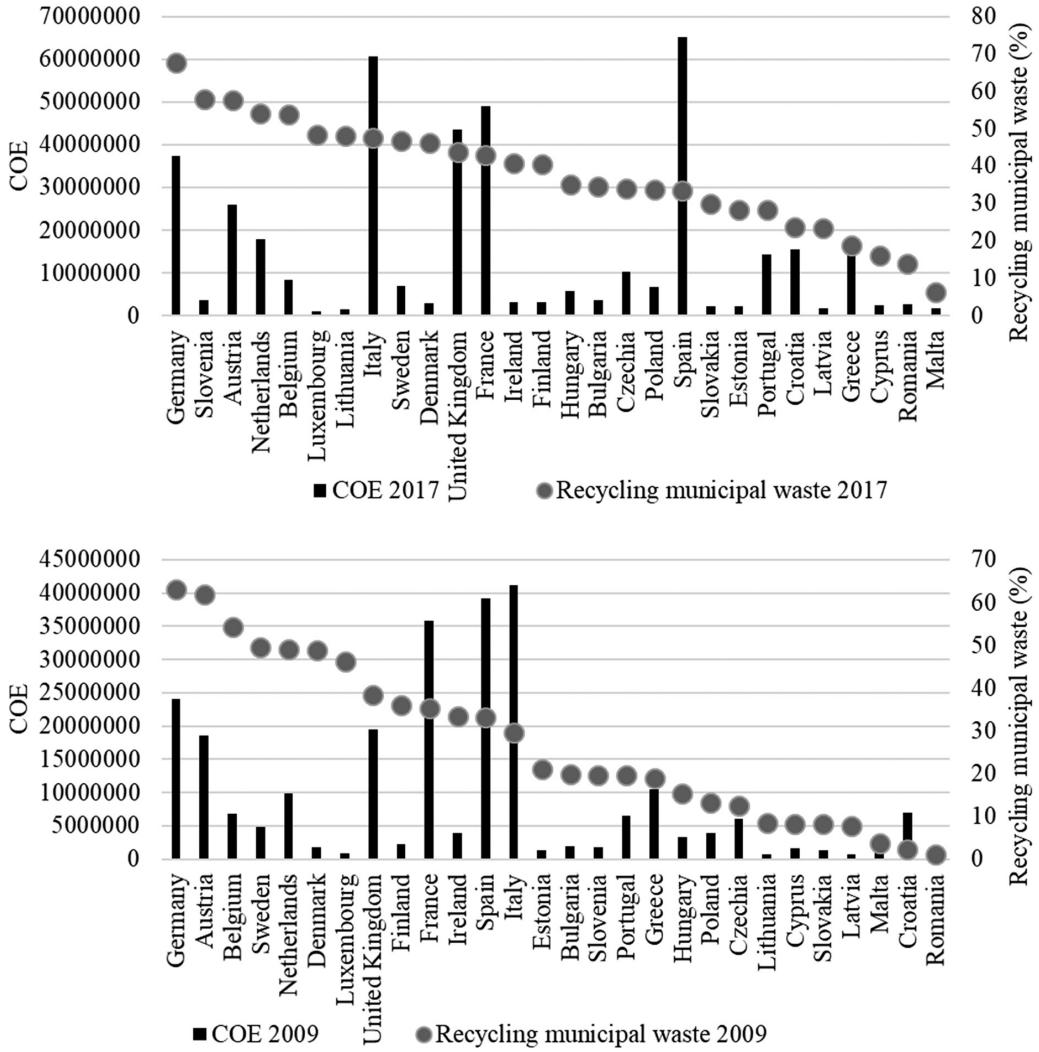

Figure 10. Share of municipal waste recycling 2009 and 2017

Source: Own processing, data Recycling municipal waste, 2019; Tourism, 2019

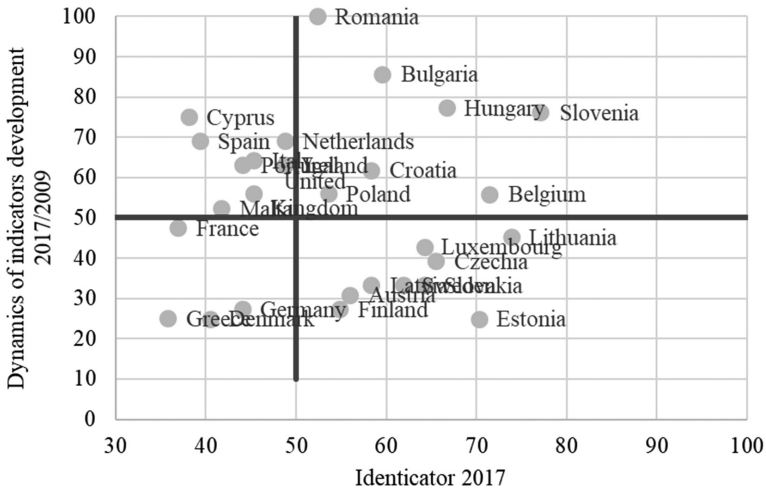

Figure 11. Position of EU regions

Source: Own processing, method Kahoun, J. & Kadeřábková, A., 2007

6. IMPLEMENTATION OF ECOLOGICAL MANAGEMENT IN EU REGIONS WITH EMPHASIS ON THE CZECH REPUBLIC

In the "Waste Management Plan of the Czech Republic for 2015–2024" (Ministry of the Environment, 2014) the Czech Republic set to recycle 46 % by 2016 and 50 % by 2020. Above all, it is about reducing municipal waste of commercial subjects. The Czech Republic is trying to meet the obligations arising from the EU Commission proposal in advance. The Czech Republic's goal is to ban landfilling of untreated mixed municipal waste by 2024, which is 6 years earlier than proposed in the current strategy for circular economy within the EU. In addition, the Ministry proposes to introduce a ban on landfilling recyclable and combustible waste (with a net calorific value above 4 MJ/kg). Some stakeholders are concerned that the combination of these measures will lead to the excessive development of incinerators at the expense of recycling and reuse of raw materials.

A survey in 12 EU countries (RAVE, 2017, Table 2) showed that EMAS is one of the options for achieving the target; the majority of respondents attached great importance to the introduction of EMAS on the issues of the circular economy. The problem with the reluctance to register EMAS or ISO in the Czech Republic is in regulation. However, the Czech Environmental Regulatory Authority has expressed significantly greater confidence in EMAS and sees no reason why EMAS registered organizations should not receive greater regulatory relief. The advantage of registration is the administrative simplicity of reporting annual declarations. For enterprises with EMAS registration or ISO 14001 certification, it is sufficient to submit either an environmental statement or an EMS certificate.

Table 2. Potential to better integrate EMAS into existing policies to help public authorities achieve their environmental objectives in priority areas

Policy area	Value
Circular Economy	4,4
Waste	4,4
GHG emissions and climate change	4,4
Consumer information (on the environmental performance of product and organisations	4,3
Air pollution	4,2
Noise	4,1
Water pollution	4,0
Environmental impact assessment	4,0
Non-financial reporting	3,8
Chemicals, human health and the environment	3,8
Nature and Biodiversity	3,7
Land, Marine and Coast preservation	3,5

Source RAVE, 2017

Undertakings without registration must specify a system for carrying out pollutant release and waste management and how to avoid environmental damage. ISO 14001 (including energy audit) or ISO 5001 certified companies do not need to perform an energy audit every 4 years. If we consider that only those companies that have implemented EMAS systems, ISO 14001 (Survey, 2019) standards or hold the certificate Eco-friendly service behave environmentally, then the situation in accommodation services and restaurants in the Czech Republic would be very poor. Currently, in the Czech Republic out of a total of 25 registered enterprises in 2017 (20 in 2019), no hotel or other accommodation facility has registered EMAS (environmental declaration verification). In contrast, in the EU there are 199 establishments in accommodation establishments

in 2017 (2019; 187 establishments, (see table 3). NACE 55 companies took advantage of the possibility to implement in their management in 2006 in 9 cases (NACE H) of ISO 14001 (certification), a total of 2122 enterprises were registered, in 2018 there was a decrease. They are mostly large businesses, hotel chains (for example Mc Donald).

Table 3. Potential to better integrate EMAS and ISO 14001 into existing policies to help public authorities achieve their environmental objectives in priority areas

Organizations	Number of company registrations Share in registrations within enterprises		Number of company registrations Share in registrations within enterprises (in %)	
	EU	CZ	EU	CZ
EMAS (55)	187	0	0,011	0
EMAS *	3728	20	0,01526	0,00692
ISO 14001 (55)	2106	7	0,10538	0,00005
ISO 14001*	68950	3925	0,28228	0,26606

Source: EMAS 2019

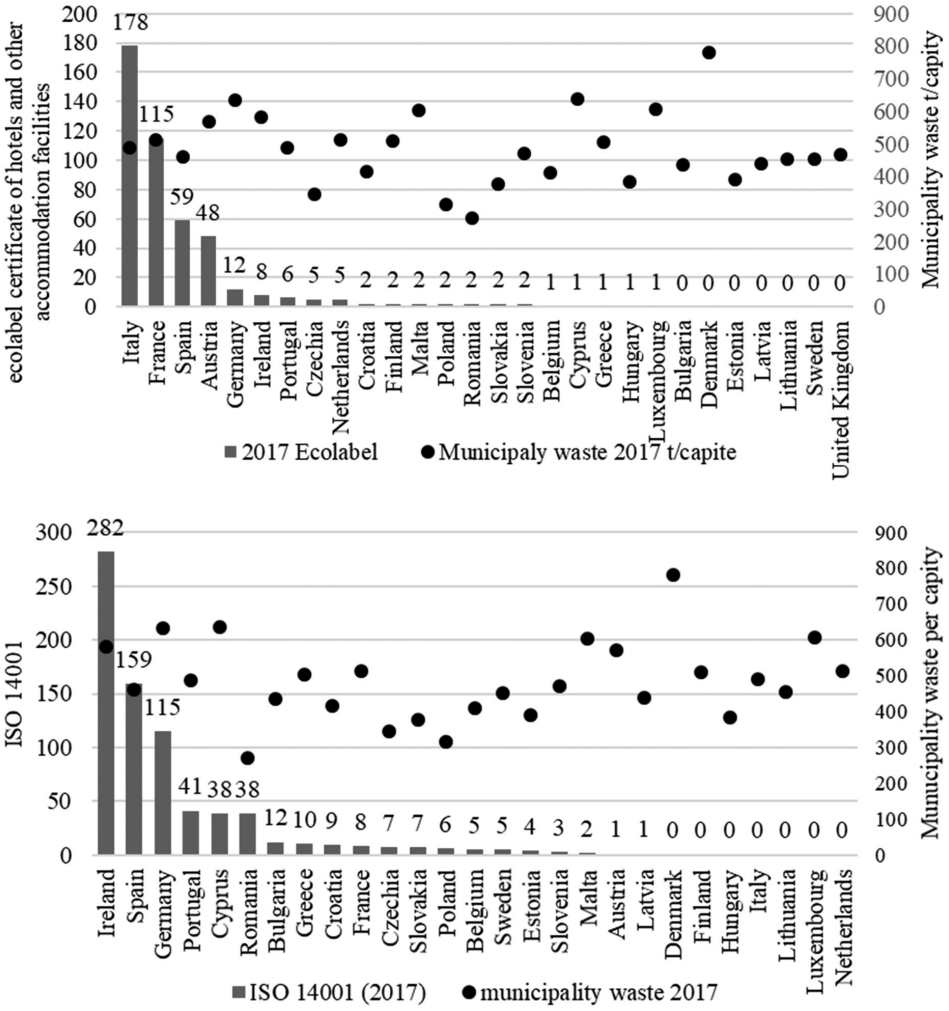

Figure 12. Registration Ecolabel EU and ISO 14001 in NACE H - municipality waste in 2017

Source: Own processing, data Municipality waste 2019, Survey, 2019

Regarding the award of eco-labels, in 2017 (see figure 12) 454 accommodation establishments were registered in the EU, i.e. 20.95%. Italy, France and Spain play the first place in the field of certification.

Currently (2019) has 469 hotels listed. In the case of the Czech Republic, 5 hotel establishments were certified in 2017, which has been a decrease by two certifications since 2008. In 2019, only one company is registered on the Ecolabel website, namely the Centre of Environmental Education and Ethics Rýchory-NORTH. According to fig. 12, it is clear that the scope of certified environmental accommodation services does not guarantee a low level of municipality waste per person.

Another brand that can be acquired by accommodation and catering companies in the framework of the provision of services is the Czech eco-label "Green Eco-label". A total of 205 certifications were registered in 2008, 7 related to hotels. Three of them also owned the Ecolabel certification. The number of registrations is decreasing; the decrease also applies to hotel facilities. In 2014 there were only tree hotels (see Tab. 4).

Table 4. Statistics eco-friendly product/service in Czechia (2006-2017)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Valid Ecolabel licenses	205	207	192	185	98	90	92	83	72	51
Product groups with applicable Ecolabel criteria in place	59	62	64	43	37	36	30	20	18	20
Eco-label holders (manufacturers, importers, etc.)	92	92	102	88	56	56	56	51	45	39

Source: Statistical Environmental Yearbook of the Czech Republic, 2019

7. EXAMPLES OF PRACTICE

Do you environmentally friendly in Czech hotels? A total of 16 hotels were evaluated in the pilot survey (see figure 13). Research has shown that hotels are trying to solve the problems of waste management according to their own beliefs and possibilities, among the hotels of non-EMAS certified businesses. Internet information shows businesses that have permission to manage unnecessary certificates or standards, but when using environmentally friendly means intuitive and common sense.

All hotel businesses sort waste, only one hotel replied that it sorts partially. In most cases, waste is sorted in the background of the facility. Only one hotel reports that they are already sorting in hotel rooms. Two 4* hotels are considering introducing this alternative.

The responses show that hotels recycle waste partially. Up to 50 % do not recycle, 25% only partially and only 2 hotels report recycling. After a consultation, however, it is mainly composting. As mentioned above, the reduction of the global problem should not be approached only by the subsequent treatment of waste but by an effort to prevent its generation. According to the piloting, it is clear that hotel companies are trying to effectively buy and train employees to use food effectively in preparation and cooking, but also to sort solid waste.

The problem is that even though employees are trained, they do not adopt an ecological lifestyle. In two hotels, there was a problem with keeping the sort. The monitored enterprises are trying to refrain from disposable packaging of delicacies (mustard, ketchup, honey, etc.), disposable packaging uses very few devices. Also, disposable plastic dishes (plastic cups, paper trays) are also minimally used.

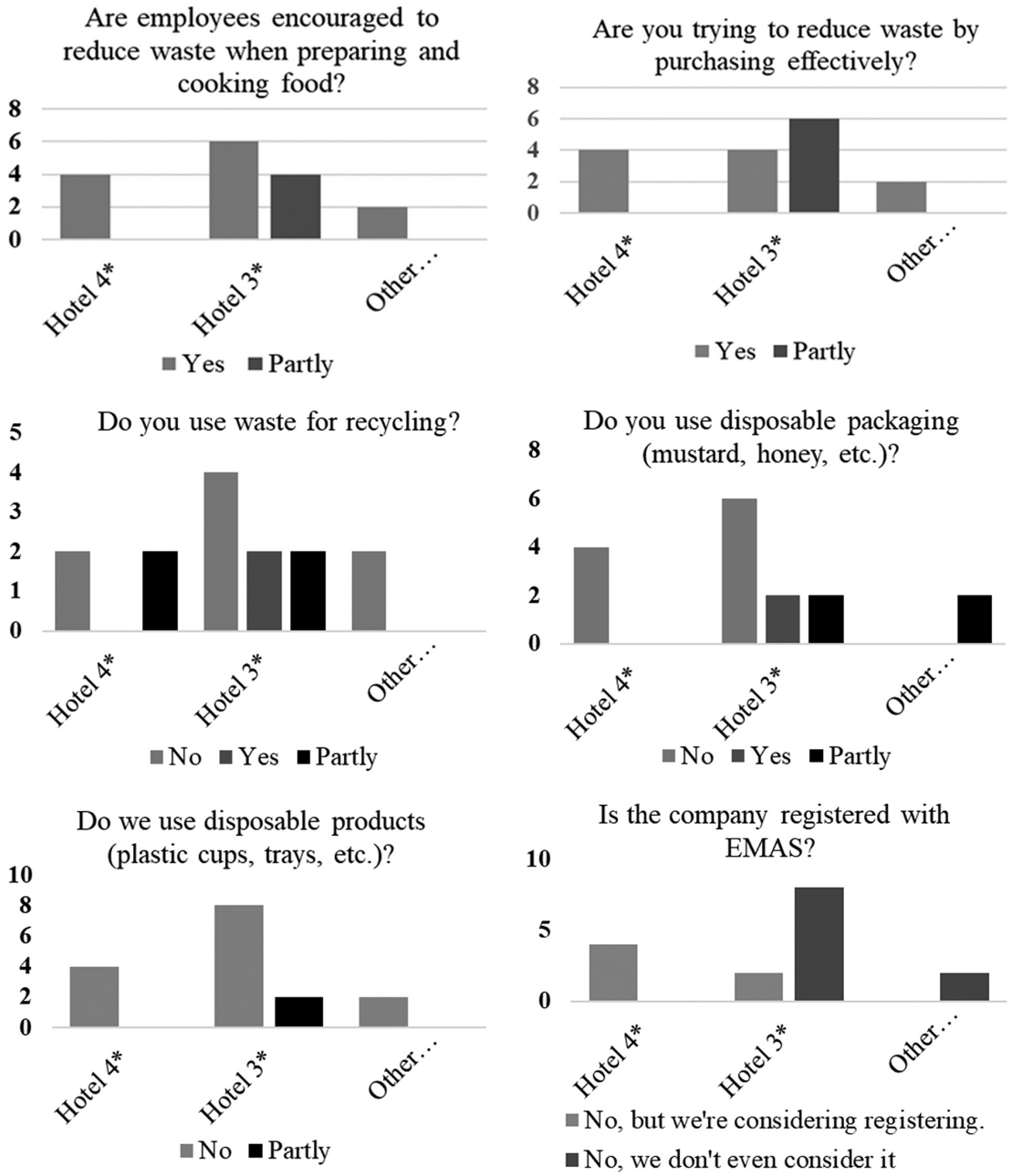

Figure 13. Survey
Source: Own processing

For example, Hotel Mandarin (Hotel Mandarin, 2019) uses pallets to make furniture and uses hotel slippers to make Christmas decorations. Hotel Augustinian House sorts all types of waste and tries to reduce it. To reduce paper waste, guests were asked to sign the jars to help reduce waste production. The consumption of these cups decreased three times. Balance Club Praha (BalanceClub Praha, 2019) consumes 84,300 disposable cups and 200,000 plastic bags per year, over a million paper towels. To reduce plastic dishes and disposable cups, they will use reusable cups, reduce the use of plastic straws, offer the option of serving drinks in their own delivered containers, expand bio-waste containers and Phenol Free eco-receipts, and increase employee educational activities. As part of sustainability and social responsibility, the Hilton Prague (Idnes, 2019) has undertaken to recycle all used soaps from 15th October 2019, which will then be shipped mainly to third world countries. The initiative is intended to help prevent the spread

of diseases and to serve as an example of how to waste resources, another step in the Hilton hotel chain, after the existing recycling of shampoo and other cosmetics packaging and unnecessary mattresses. In the Czech Republic, McDonald's restaurants (McDonald´s, 2018) sort all packaging from customers in restaurants. They recycle packaging from suppliers, paper packaging from food sold to customers. McDonald's recycled 56 % of the packaging materials and another 34 % were processed by energy recovery. In addition, most of the packaging shipped by Czech McDonald's restaurants is made from recycled materials. The main benefit of these steps is the reduction of landfilling and the subsequent further expansion of landfills, which seems to be an increasing problem not only in the Czech Republic but also abroad. McDonald removes the packaging for the return journey. On the second part, by changing plastic drinking straw to paper drinking straw, increases waste for waste combustion, which is not in accordance with EU or Czechia policy.

8. CONCLUSION

The results analysis show disparities between EU countries. In the Czech Republic, as in the EU, the amount of municipal waste is growing. Poland and Romania have the most municipal production waste per capita; the Czech Republic has position above average between regions of the EU. However, if we assess the service sector where accommodation and restaurants belong, their share in the generation of total waste is reduced. Similarly to the development of waste generation in the EU28 in the services sector, the share of waste from services in the Czech Republic is below the European average. The year-on-year increase in waste generated by services in Czechia (dynamics 120.6%; 2014/2016) is faster than in the EU28 (106.7%; 2014/2016). The year-on-year change between 2016/2008 has an inverse character (EU28 88%, Czechia 101.4%). The position of the Czech Republic is not favorable within the summary of selected indicators of waste management, consideration should be given to eliminating the increase in the total amount of municipal and per capita waste. The growth rate of total waste is faster than in the EU28.

Companies have many options for adopting environmental management. One of them is the implementation of EMAS or the ISO 14001 standard. In Czech conditions, as in research (Seggara, 2011), only a small proportion of small hotels in restaurants consider adopting sustainable solid waste management practices, although acceptance would be appropriate. By accepting the hypothesis, it can be stated that there is a non-linear relationship between the amount of waste and the number of tourists and that as the number of tourists increases, the amount of municipal waste produced increases, still many businesses have a negative approach to implementing CSR (Radvan, 2012). The share of eco-labelled enterprises in the Czech Republic has been gradually decreasing. According to hotel research and information, hotel complexes are trying to take on corporate social responsibility, but are reluctant to invest time and money in certification and building a management system. Businesses usually implement a social responsibility policy to their best conscience. However, there is a need to adopt a systemic management of CSR and also to increase State support (Radvan, 2010). A systemic solution to corporate social responsibility is a step towards creating sustainable development, as stated by Frans Timmermans, President of the European Commission (Barend, 2019).

„***Our planet and our economy cannot make it possible to survive if we further implement the take-and-throw approach***."

ACKNOWLEDGMENT

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EMPIRICAL ANALYSIS OF SLOVENIAN HOTEL INDUSTRY PERFORMANCE WITH THE RELATIVE RESIDUAL INCOME APPROACH

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Abstract: *This paper's focus is on the relative residual income approach as a firm's performance measure. The aim is to analyse the financial performance of the Slovenian hotel industry for a period from the year 2009 to 2018, with a relative residual income measure that takes into account the required return on equity capital. Taking into account the required return on equity is essential in firm's performance valuation as is the opportunity cost for investors. To add value, a firm's return on equity must exceed the required return on equity. Our results show that relative residual income of Slovenian hotel industry is negative for the entire analysed period. The same resulted for groups of large, medium-sized, and small firms. The situation is improving but is still not at the desired level that is adding value of equity capital for owners. Our further analysis shows that the Slovenian hotel industry is riskier than all Slovenian firms (i.e. average risky firm) in the observed period. However, the return on equity is much lower than of all Slovenian firms in the observed period. This gives additional support to our findings.*

Keywords: *relative residual income, hotel industry, tourism, required return on equity capital, performance measure.*

1. INTRODUCTION

In the last decade we were facing a significant growth of tourism demand. Official statistics often shows only the direct effects of tourism in the economy, while the World Travel & Tourism Council (WTTC) emphasizes that the effects of tourism are much wider. The WTTC defines the effects of tourism as direct, indirect and induced (consumption of tourism workers who are directly or indirectly employed by the tourism industry). Globally, in 2018, the average growth of tourism industry in GDP was 3.9%, exceeding the global average growth of GDP, which reached 3.2%. The direct and indirect effects of tourism were estimated at 10.4% of global GDP, 4.4% of total investment and 6.5% of total exports. The expectations about the industry's future growth are also favourable (World Travel & Tourism Council, 2019b).

The largest tourism destination for international arrivals in the world is the Europe (World Travel & Tourism Council, 2019a). The WTTC estimates the direct effects of tourism in Europe in 2017 at 3.6%, while the overall impact is assessed to be 9.9% (World Travel & Tourism Council, 2018). Growth of the volume and value of tourism in Europe differs among countries. In 2018, the strongest growth was evidenced in Southern/Mediterranean Europe (World Travel & Tourism Council, 2019a).

For Slovenia, which is located in the Southern/Mediterranean Europe, the tourism industry is an important branch due to the following reasons. Recent data for Slovenia shows that in 2018 the total impact of tourism industry on Slovene GDP amounted to 12.3%. 2018 was the fifth con-

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secutive record year for the Slovene tourism industry. The number of tourist arrivals amounted almost to 6 million and, overnight stays to 15.7 million. Data from 2018 show that the industry employs approximately 57,800 persons, which represents 6.5% of all employees (STO, 2019).

The most important tourism industry within the Slovene tourism sector, represent hotels and similar establishments, both in terms of total revenues and number of employees (AJPES, 2019). Within the Standard Classification of Activities (SCA), hotels and similar accommodation (I55.100) are classified within Activities of catering. In the period 2007-2017, the total number of all overnight stays in Slovenia increased by 52.4% and in hotels and similar accommodation facilities by 39.8%. In 2017, the share of overnight stays in hotels and similar establishments in relation to total lodging facilities amounted to 62.2%, the share of revenue was 86.5%, and the share of employees reached 93.2% (Vesenjak, 2018).

Despite the fact that statistical data show a good performance of the industry, this is not the case when we consider hotels' financial results. In the period 2007-2017 hotel revenues grew up in nominal terms by 31.9% (real growth of 13.7%), while at the same time total room revenue was up by only 1.1% (real growth of -12.8%) (Vesenjak, 2018). Stubelj et al. (2011) found that the Slovenian hotel industry did not generate value for their owners. Their analysis was performed on data from the period 2005-2008. The principal reason for these results were excessive costs of operations, that lead to low or even negative return on equity.

In accordance with the presented statistics, it is obvious that the tourism industry represents an important branch in the case of the Slovenian economy. This is an argument in favour of performing an empirical analysis on the relative residual income of Slovenian hotel firms. Since statistical data show a good performance of the industry, while on the other hand financial data indicate that the industry is not performing well, our research question is: *Does Slovenian hotel industry has positive relative residual income and creates value for their owners?*

Our empirical analysis was performed on data of large, medium-sized and small hotels and similar establishments (those who operate in STA I55.100) for the period 2009-2018. Data was collected from GVIN financial database, from hotel industry firms' balance sheets and income statements. We gathered also other data from different databases for the purpose of the required return on equity capital estimation.

The paper is organized as follows. After the introduction the theoretical background of the research is presented, where the methodology of relative residual income and required return on equity capital is explained. The description of data used is presented in the fifth part. The obtained results of the analysis and the discussion constitute the seventh part. The eight part concludes the paper.

2. RESIDUAL INCOME APPROACH AS AN INVESTMENT DECISION-MAKING MEASURE

Investing in a firm is risky. Investors can reduce the risk diversifying their investment in different assets, but they cannot eliminate all the risk. To be compensated for the risk they require a proper return. If we assume that investors are risk averse, they seek the highest possible return for the maximum risk they can accept. Equity capital is a rare commodity; it is a production factor and is not for free. In order to get the necessary equity, capital firms must demonstrate the ability to compensate investors for risk. Earning the required return is a mandate for all capital firms.

For efficiency analysis of invested capital in firms, investors can use measures such as return on equity, return on assets, return on invested capital, and others. These measures, however, miss one crucial factor, that is the required return of equity capital.[3] A positive return on equity is not enough to satisfy investors; investors expect to be rewarded according to the risk of the investment. Only if an equity investment's return is higher than the required return that accounts for risk, the investment adds value to invested equity in a firm.

Investors and managers must be interested in the value of their business. Financial management theory is based on the premise that the managers' primary objective should be to increase the value of investors' (i.e. owners') equity capital.[4] The question is how to select the appropriate decision-making measures and find the most influent factors of stock prices? According to Glen (2005, p. 308) managers will not be able to define the consequences of their managerial decisions without being aware of these factors. One possible solution is the concept of residual income as a performance measure and valuation tool. The concept lies on the economic reasoning that profitability adds to equity capital. The concept was introduced in early 1920s; however, it was not frequently used since, despite its interesting underlying. The stimulus for its return to the management financial horizon was Stewart's publication in 1991 in which the authors presented their "modernized" version of residual income: Economic Value Added or EVA® (Christensen, Feltham, and Wu, 2002). According to this model, a firm's positive net income (as accounting category) does not necessarily imply that a firm is creating value for its owners.

The Residual Income Valuation model (RIV) is an appealing approach and was getting attention in the accounting literature. The reason is its apparent ability to give a constructive role to accounting data in equity valuation. By contrast, valuation based on the future cash flows suggests a general irrelevance of future earnings and other accounting data (Ohlson, 2005, p. 323). In addition, Jamin (2005) found that in contrast to the theoretical prediction, the performance of the RIV model is not much better than simple ratios analysis. But, according to Halsey (2001, p. 258) the RIV model is theoretically equivalent to the model of free cash flows that belongs to equity capital. Both models are derived from the dividend discount model. Dechow, Hutton, and Sloan (1999) believe that despite the ambiguous empirical support, the model provides a useful framework for empirical research for three main reasons: 1) it provides a unifying framework for a large number of previous 'ad hoc' valuation models using book value, earnings and short-term forecasts of earnings. 2) Second, the model provides a basic framework upon which subsequent research can build, and 3) the focus of the model on the relation between current information variables and future abnormal earnings is heuristically appealing. Cheng (2005) found out that integrating the factors that increase abnormal ROE into the residual income valuation model significantly increases its explanatory power. The research of Lundholm and O'Keefe (2001) examined why practitioners and researchers get different estimates of equity value, when they use a discounted cash flow model versus a residual income model. According to the authors, both models are derived from the same underlying assumption, that price is the present value of expected future net dividends discounted at the cost of equity capital. Unfortunately, in practice and in research they frequently yield different estimates. Ludholm and O'Keefe argue that previous studies were not correctly implemented using inconsistent assumptions that lead to large differences in value. They demonstrate that properly applied, both models yield identi-

[3] If we measure the efficiency of all capital sources (debt and equity) the proper rate of return to take into account is the weighted average cost on capital (WACC).

[4] This means maximizing the value of firms' assets, which leads to maximizing the equity value. For the purpose/objectives of the firm look in Brealey et al. (2012), Brigham and Ehrhardt (2017), Arnold (2013), Damodaran (2016), and other financial literature.

cal valuations for all firms in all years. The research of Biddle, Chen, and Zhang (2001) tested the predictions against the linear information dynamics proposed by Ohlson (1995) and Feltham and Ohlson (1996), with supportive results. Their findings are important for further developments of the links between firm's value and the economics of value creation. Balachandran and Mohanram (2012) studied the association of residual income and invested capital with future earnings. They found that: 1) earnings growth associated with high growth in residual income is more likely to be persistent while earnings growth associated with high growth in invested capital is more likely to reverse. 2) Future returns are positively associated with growth in residual income and negatively associated with growth in invested capital. Based on their findings they argue that residual income allows investors understand and evaluate different sources of earnings growth.

3. THE MODEL

Residual income at present time can be estimated according to the following equation (Halsey, 2001, p. 258):

$$RI_0 = E_0 - r \cdot BV_{-1} \tag{1}$$

Where RI_0 is the present value of residual income, E_0 is the present value of net income, r is the required return of equity capital, BV_{-1} is the book value of equity capital in the previous period. The value of expected residual incomes can be expressed as:

$$\frac{RI_1}{r} = \frac{E_1 - r \cdot BV_0}{r} \tag{2}$$

The value of equity capital with constant growing expected residual income can be calculated as:

$$V_0 = BV_0 + \frac{RI_1}{r - g_{RI}} = \frac{E_1 - r \cdot BV_0}{r - g_{RI}} \tag{3}$$

Where RI_1 is the expected residual income, E_1 is the expected net income, BV_0 is the book value of equity capital, and g_{RI} is the expected growth rate of residual incomes. Following the assumption that a company adds value for its owners, the residual income has to be positive. For the purpose of our empirical analysis, we will express residual income in relative terms relative residual income) taking into account the average book value of equity capital in a year. The equation is the following:

$$RI_t(\%) = \frac{RI_t}{\frac{BV_{t-1}+BV_t}{2}} = \frac{E_t - r_t \cdot \frac{BV_{t-1}+BV_t}{2}}{\frac{BV_{t-1}+BV_t}{2}} = \frac{E_t}{\frac{BV_{t-1}+BV_t}{2}} - r_t \tag{4}$$

If we substitute with ROE:

$$RI_t(\%) = ROE_t - r_t \tag{5}$$

Where ROE_t is return on equity capital for year t, RI_t is the net income for year t, BV_{t-1} is the book value of equity capital at the end of the year t-1, E_t is the net income for year t, BV_t is the book value of equity capital at the end of the year t, and r_t is the cost of equity capital for year t.

4. REQUIRED RETURN ON EQUITY CAPITAL

The required return on equity capital is the essential parameter for our analysis. Required return on equity was estimated using the Capital Asset Pricing Model, or CAPM.[5] According to CAPM a required return on equity is calculated as follows:

$$r_i = r_f + \beta_i \cdot (r_m - r_f) \tag{6}$$

Where r_i is a required return on equity, r_f is the risk-free rate, β_i is the beta coefficient (measure of market risk), r_m is the market return on equity, and the $(r_m - r_f)$ is the market risk premium.

Despite a wide set of more or less complicated models for the required return of equity estimation the most widely used model in practice is the CAPM. However, we must understand that the model is based on very strong assumptions. Blitz, Falkenstein, and Van Vliet (2014) divide the CAPM assumptions in the following groups: 1) There are no constraints (e.g., on leverage and short-selling); 2) Investors are risk averse, maximize the expected utility of absolute wealth, and care only about the mean and variance of return; 3) There is only one period; 4) Information is complete and rationally processed; and 5) Markets are perfect (i.e. all assets are perfectly divisible and perfectly liquid, there are no transaction costs, there are no taxes, and all investors are price takers). Despite being the most used model in practice the discussion on the validity of the CAPM is still undergoing.[6] The skepticism on the validity of the CAPM was among others also expressed by Fama and French (1992). In their paper, they demonstrated that the CAPM does not explain a substantial fraction of market returns. Despite some very strong and unrealistic assumptions, due to its "simplicity", CAPM is a widely used model for determining the required return on equity (Brigham and Ehrhardt, 2011; Wright, Mason, and Miles, 2003).

5. REQUIRED RETURN ON EQUITY CAPITAL ESTIMATION

Using the CAPM in practice is all other than straightforward. One must estimate the input variables which is a challenging task especially on a capital market like Slovenian.[7] The estimation of a risk-free rate, beta, and market risk premium is not simple and we do not have an ideal practical solution.

For our empirical analysis, we used all data from the U.S. market as we found coverage for all the analysed years. Data from different markets were not included to prevent additional bias. We retrieved the unlevered beta from Damodaran database (2019) for the Hotel/Gaming industry. To estimate a market risk premium, we followed two approaches. As a base, we assumed a long-term sustainable market risk premium of 4%[8] to which we added a country risk premium for each year. We calculated a country risk premium as the relative volatility of stocks and bonds market, multiplied with the average of credit-rating estimated default swap[9], and a credit

5 The model was independently developed by Treynor (1961, 1962), Sharpe (1964), Lintner (1965a,b), and Mossin (1966).

6 For criticism in relation to the CAPM look in McGoun (1993), and Fernandez (2015).

7 The Slovenian capital market is not efficient. It is small, with only nine actively traded stocks in the first quotation, and twenty stocks traded in the standard quotation. Total market capitalization of Ljubljana Stock Exchange (Ljubljana Stock Exchange, 2017) at the end of year 2017 was 5.3 billion Euros, the annual turnover around 350 million Euros. The fact is that it is not possible to assess the risk from market data.

8 According to Brigham and Ehrhardt (2017) most analysts use a market risk premium in the range of 4% to 7%.

9 Data from Bloomberg (2019).

default swap for Slovenia net of United States credit default swap. Adding a country risk premium in the CAPM is not theoretically supported[10], but is widely used in practice. The rationale for our approach is that a long-term market risk premium is stable over time, with short-term fluctuations in the investor's risk aversion. We count for these fluctuations, adding a country risk premium. Greater the aversion to risk, greater is the market risk premium. In the second approach we used the average of the implied market risk premium estimations in the last ten years, which we calculate for each year. The fluctuations of the risk aversion are incorporated in the implied market risk premium. In this second approach we also assumed that investors could sweep away country specific risk with global diversification, and consequently a country risk is not rewarded. We retrieved the data for all variables that we estimated (the market risk premium, implied market risk premium and country risk premium) from Damodaran (2019). We estimated a long-term equilibrium risk free rate of return as the average yield to maturity of U.S. indexed bond[11] for the last ten years (monthly data). We added the expected inflation of 2% taking into account the European Central Bank (2019) target inflation rate.[12]. We got the data for the market (systematic) risk measure – beta from the Damodaran database (2019) for the U.S. Hotel/Gaming industry. The betas are estimated by regressing weekly returns on stock against the local index using 5-years of data. Damodaran (2019) uses a composite of the two-year regression beta and the five-year regression beta, weighting the former 2/3rd and the latter 1/3rd. We use the unlevered beta, which we levered for each firm with the Hamada equation as following:

$$\beta_l = \beta_u \cdot \left[1 + (1\text{-}T) \cdot \left(\frac{w_d}{w_s}\right)\right] \tag{7}$$

Where: β_l is the leveraged beta, β_u is the unleveraged beta, w_d and w_s weights of equity and debt capital, where $w_d+w_s=1$, T is the corporate tax rate. The used end estimated parameters for the CAPM are presented in Table 1. The leveraged beta is greater for small firms[13] due to higher leverage.

Table 1. Used and estimated CAPM parameters

Variable/Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Unlevered beta US (Hotel/Gaming)	1.00	1.24	1.20	1.21	0.78	0.80	0.65	0.64	0.72	0.68
Nominal risk-free rate (%)	4.65	4.43	4.20	3.90	3.69	3.55	3.42	3.24	3.07	2.93
Estimated market risk premium (%)	4.67	4.68	5.39	6.51	6.67	6.24	6.10	5.97	5.57	5.65
Levered beta BF	1.55	1.98	1.97	2.01	1.32	1.40	1.03	0.98	1.10	0.96
Levered beta MF	1.61	2.05	1.93	2.01	1.15	1.40	0.88	0.92	1.10	1.06
Levered beta SF	2.31	2.86	2.75	2.62	1.57	1.51	1.12	1.12	1.30	1.09
Levered beta of all firms	1.61	2.06	2.01	2.06	1.30	1.41	0.99	0.98	1.12	1.00

Legend: BF is for large firms, MF is for medium-sized firms, SF is for small firms

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

Table 2 presents the estimated parameters for all aggregates and in total. We estimated the beta for the aggregates of large, medium-sized, and small firms, and the aggregate of all the firms in our sample that represent the Slovenian hotel industry. We can see that small firms have greater required return on equity capital, as they have greater aggregate financial leverage. We did not use any additional premium for small firms.

10 For more details see Kruschwitz, Löffler, and Mandl (2012).

11 Data from FRED (2019).

12 The European Central Bank (2019) aims at *inflation* rates of below, but close to 2% over the medium term.

13 All the parameters, variables, and ratios that we used in our analysis for the groups of large, medium-sized, small and all firms are calculated summing the data from the income statements and balance sheets of firms allocated in the group.

Table 2. The estimated required return on equity capital for the Slovenian hotel industry

Required return on equity capital in %/Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Large firms	11,86	13,68	14,80	17,01	12,47	12,26	9,68	9,10	9,18	8,37
Medium-sized firms	12,16	14,04	14,59	16,98	11,37	12,29	8,75	8,73	9,21	8,91
Small firms	15,41	17,84	19,02	20,94	14,20	12,95	10,23	9,94	10,29	9,08
All firms	12,16	14,09	15,04	17,32	12,35	12,35	9,44	9,09	9,32	8,61

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

According to Table 2 we can see that the cost of equity capital decreased significantly from 2012 to 2018. This was mostly caused by the decreasing value of beta coefficient (Table 1).

6. FIRMS' DATA USED

The data was collected from the balance sheet and statement of income for Slovenian firms for the period 2008–2018 for all the large, medium-sized, and small firms in the hotel industry. We aggregated the data all together and in groups of large, medium-sized, and small firms. The division between large, medium-sized, and small firms is in accordance with the Slovenian corporate law. The data was obtained from the GVIN financial database. The primary collection of data is performed by the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES). Our sample includes 81 firms. For some firms' data was not available for all the observed years (some firms did not operate in the whole analyzed period). We used all available data for the observed year. We excluded from our further analysis all the firms with negative equity capital. The data for the groups of Slovene hotel firms are presented in Table 3.

Table 3. Financial data for groups of Slovenian hotel industry firms

In 1000 euros/Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net income LF	8.633	-10.004	-14.507	-17.700	-31.760	-28.139	-45.340	1.165	16.103	15.844	21.205
Net income MF	-6.699	-9.510	-9.722	-9.275	-36.151	-5.368	-12.963	-8.721	-617	6.007	-1.373
Net income SF	1.087	1.548	-186	1.597	2.755	3.815	3.091	3.292	3.459	3.369	5.697
Total	3.022	-17.966	-24.414	-25.379	-65.156	-29.692	-55.212	-4.264	18.945	25.220	25.529
Equity capital LF	404.821	426.407	393.707	435.162	404.012	366.310	320.505	337.332	349.192	397.552	435.641
Equity capital MF	171.003	172.830	168.527	175.742	153.308	146.463	142.334	195.677	182.146	192.400	189.521
Equity capital SF	36.370	39.933	45.141	45.663	48.542	52.661	60.951	67.857	75.866	81.466	96.181
Total	612.194	639.170	607.374	656.567	605.862	565.434	523.791	600.866	607.203	671.418	721.343
Debt LF	270.016	280.849	281.694	334.805	323.802	302.767	288.158	236.067	224.311	251.427	218.059
Debt MF	119.596	127.011	133.086	128.192	122.010	83.577	128.850	81.609	95.954	122.933	126.683
Debt SF	58.571	62.858	71.242	70.974	68.058	64.548	64.820	58.820	68.798	78.657	69.378
Total	448.183	470.718	486.022	533.971	513.870	450.892	481.827	376.495	389.064	453.017	414.120

Legend: LF is for large firms, MF is for medium-sized firms, SF is for small firms, total is for all firms.

Source: GVIN, 2019; own calculations

7. RESULTS AND DISCUSSION

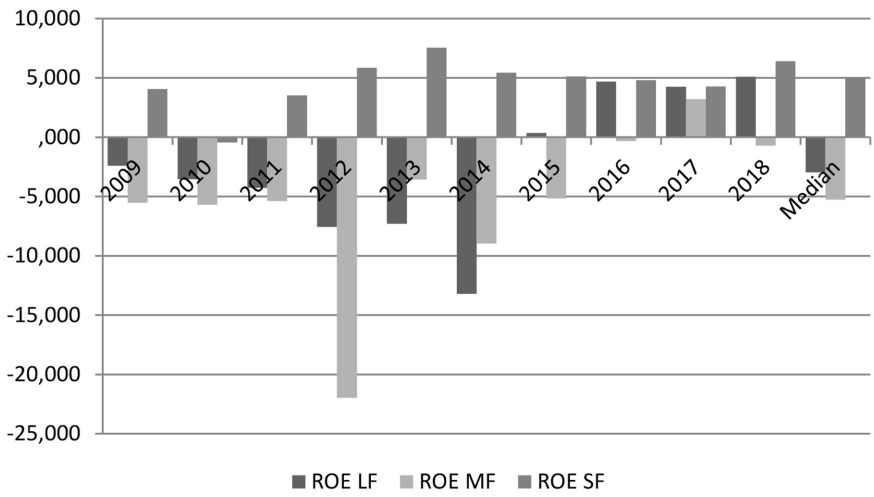
The described methodology (see chapter 4 and 5) was applied on data described in chapter 6. ROE for the aggregate Slovenian hotel industry was negative until 2015 (Table 4 and Figure 1), mostly due to the negative income of some large and medium-sized firms. Small firms had a positive ROE for all the observed years, except for the year 2010. We have also performed the nonparametric Kruskal-Wallis test for differences of ROE between hotel firms of different sizes (for the entire analyzed period). The difference was highly significant (adj. p=0.001) between medium-sized and small firms, and highly significant (adj. p=0.018) between large and small firms. The difference in ROE between large and medium-sized firms was not significant.

Table 4. Return on equity (ROE) for groups of Slovenian hotel industry firms for the period 2009-2018

ROE in %/Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Median
ROE LF	-2,41	-3,54	-4,27	-7,57	-7,31	-13,20	0,35	4,69	4,24	5,09	-2,97
ROE MF	-5,53	-5,70	-5,39	-21,97	-3,58	-8,98	-5,16	-0,33	3,21	-0,72	-5,27
ROE SF	4,06	-0,44	3,52	5,85	7,54	5,44	5,11	4,81	4,28	6,41	4,96
ROE AF	-2,87	-3,92	-4,02	-10,32	-5,07	-10,14	-0,76	3,14	3,94	3,67	-3,39

Legend: LF is for large firms, MF is for medium-sized firms, SF is for small firms, AF is for all firms

Source: GVIN, 2019; own calculations



Legend: LF is for large firms, MF is for medium-sized firms, SF is for small firms, AF is for all firms

Figure 1. Return on equity (ROE) for groups of Slovenian hotel industry firms for the period 2009-2018

Source: GVIN, 2019; own calculations

The relative residual income (in %) is negative in the entire analyzed period (Table 5 and Figure 2). These results simply indicate that in aggregate capital owners/investors in Slovenian hotel industry firms lose value on their invested equity capital. The results improved in the last few years due to the increasing ROE and the decreasing required return on equity, but relative residual income is still not positive. We have performed also the non-parametric Kruskal-Wallis test for differences between relative residual income of groups of large, medium-sized, and small firms in the analyzed period. The difference resulted not significant (adj. p=0.127).

Table 5. Relative residual income (ROE-r) for groups of Slovenian hotel industry firms for the period 2009-2018

ROE-r in %/Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Median
ROE-r LF	-14,27	-17,22	-19,07	-24,58	-19,78	-25,47	-9,33	-4,41	-4,94	-3,28	-15,75
ROE-r MF	-17,69	-19,74	-19,98	-38,95	-14,95	-21,27	-13,91	-9,06	-6,00	-9,63	-16,32
ROE-r SF	-11,35	-18,28	-15,50	-15,09	-6,66	-7,50	-5,12	-5,12	-6,01	-2,67	-7,08
ROE-r AF	-15,04	-18,01	-19,05	-27,64	-17,42	-22,49	-10,20	-5,96	-5,38	-4,94	-16,23

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

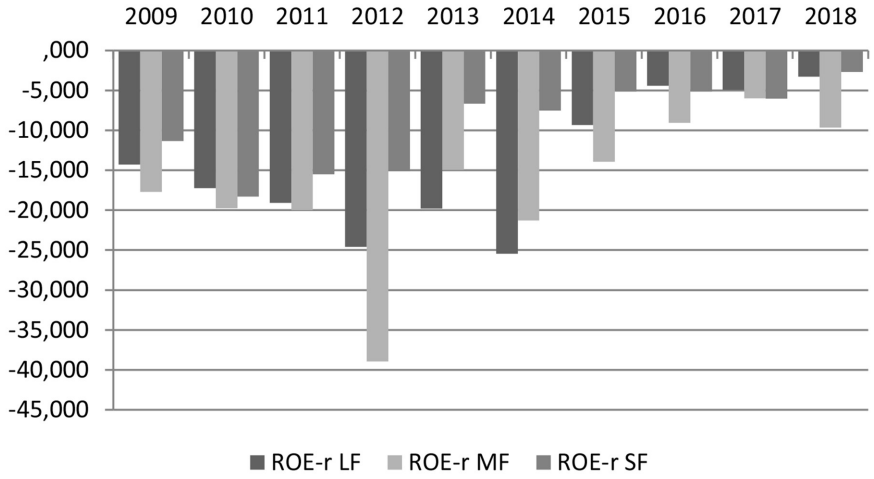


Figure 2. Relative residual income (ROE-r) for groups of Slovenian hotel industry firms for the period 2009-2018

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

We have also calculated the changing rate of the required return on equity capital, ROE, and the relative residual income. The results are presented in the Table 6 and Figures 3, 4 and 5. We see that the greatest improvement occurred in 2015, due to the increased profitability and the decreased required return on equity, mostly due to the decreased risk measure beta (see Table 1). Beta decreased for two reasons: 1) due to the decrease of the unlevered beta (lower estimated risk for U.S. Hotel/Gaming industry), and 2) due to the financial deleveraging of Slovenian hotel firms and consequently a lower n levered beta.

Table 6. The rate of change of the required return on equity capital, the rate of change of ROE, and the rate of change of the relative residual income

In % points	2010	2011	2012	2013	2014	2015	2016	2017	2018
Δr AF	1,93	0,95	2,28	-4,97	0,00	-2,91	-0,35	0,23	-0,72
ΔROE AF	-1,05	-0,10	-6,31	5,25	-5,07	9,38	3,89	0,81	-0,28
ΔROE-r AF	-2,97	-1,05	-8,59	10,23	-5,07	12,29	4,25	0,58	0,44

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

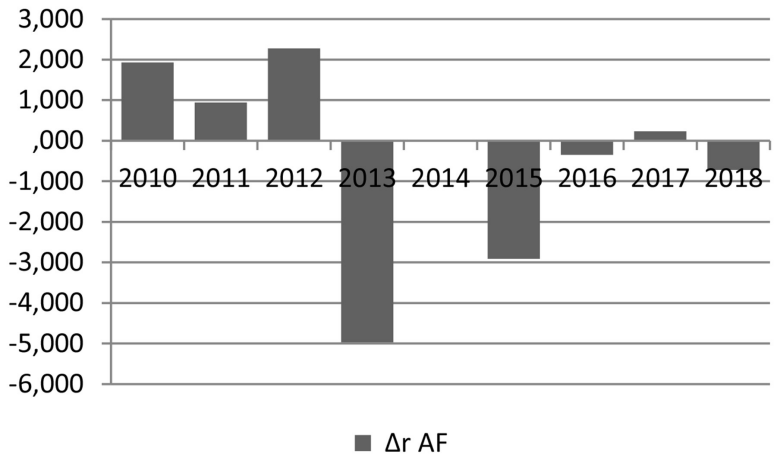


Figure 3. The rate of change of the required return on equity capital

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

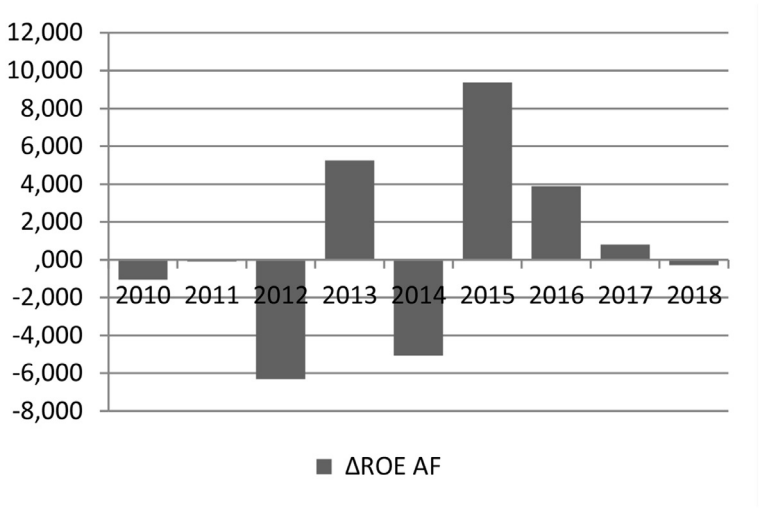


Figure 4. The rate of change of ROE

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

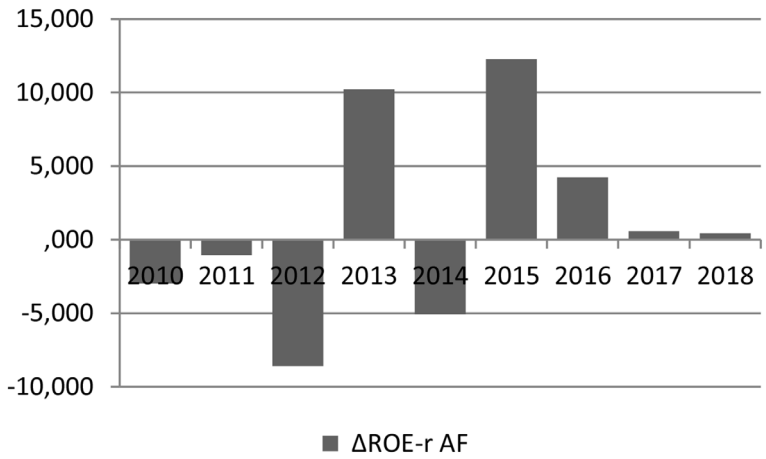


Figure 5. The rate of change of the relative residual income

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

An obvious question that arises after thorough examination of the results above is, how come that the hotel industry did not earn enough to compensate a required return of equity for their owners? We have also done a market analysis comparing the results with all Slovenian companies. We are also interested if our estimated required cost of capital was too high and maybe the primary reason of poor results. In Table 7 and Figure 6 we present the ROE of all Slovenian firms and the ROE of all the analysed firms. We can see from the Table 7 that the ROE of all Slovenian firms is much higher in all the observed years.

Table 7. ROE of all Slovenian firms and ROE of all analysed firms

Aggregate ROE in %	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Median
ROE of all Slovenian firms	1,51	-0,69	1,21	0,88	0,45	2,37	4,86	7,79	8,29	9,06	1,94
ROE of Hotel industry	-2,87	-3,92	-4,02	-10,32	-5,07	-10,14	-0,76	3,14	3,94	3,67	-3,39
Difference	4,38	3,23	5,23	11,20	5,52	12,51	5,62	4,65	4,35	5,43	

Source: GVIN, 2019; own calculations

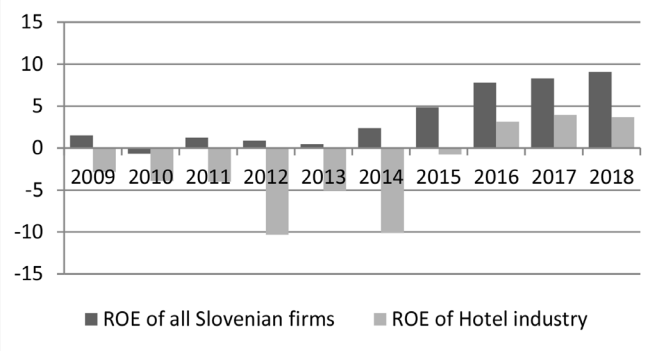


Figure 6. ROE of all Slovenian firms and ROE of all analysed firms
Source: GVIN, 2019; own calculations

We have also compared the required return on equity for all the Slovenian firms and for the Slovenian hotel industry (Table 8 and Figure 7). We used the theoretically supported assumption that the market beta equals 1. As we can see, the required return on equity is higher for the hotel industry in all the years, except the years 2015 and 2016 when it was slightly below the required return on equity for all Slovenian firms. The difference is logical due to differences in the risk (beta).

Table 8. The required return on equity capital of all Slovenian firms (beta=1) and required return on equity for the hotel industry

Required return on equity capital in %	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Median
Required return on equity capital of all Slovenian firms	9,31	9,11	9,59	10,41	10,37	9,79	9,52	9,21	8,64	8,59	9,41
Required return on equity capital of Slovenian hotel industry	12,16	14,09	15,04	17,32	12,35	12,35	9,44	9,09	9,32	8,61	12,26
Difference	2,85	4,98	5,45	6,91	1,98	2,56	-0,07	-0,12	0,69	0,02	

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

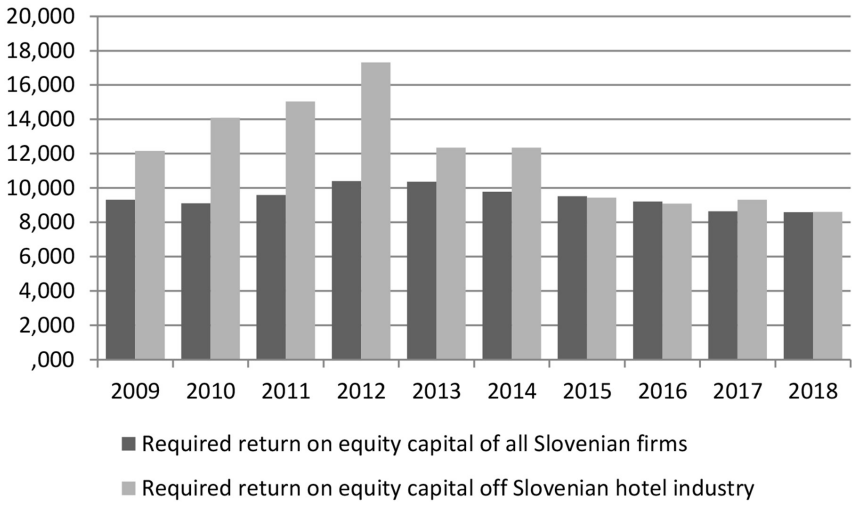


Figure 7. The required return on equity capital of all Slovenian firms (beta=1) and required return on equity for the hotel industry

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

We have also estimated the accounting beta to assess the undiversifiable (systematic) risk of the hotel industry. We examined whether the result is in line with the used market betas from the U.S. market that we levered according to the debt of the Slovenian hotel industry. Levered betas show that the hotel industry is riskier than the market portfolio in all the observed years except the years 2015 and 2016 in which were slightly below the market risk. Accounting betas are calculated with accounting data. The problem of accounting betas' estimation is that earnings are not reported so frequently (once, or in the best case four times per year) in comparison to market data. Strict adherents to market data are contrary to accounting measures for more reasons. But, especially during the recent financial crisis investors realized that financial markets do not provide complete and reliable information, so that absolute faith in them is unjustified and support the necessity of accounting-based risk measures (Toms, 2012). We use the accounting beta as a complementary measure to give additional explanation power to our results. For the calculation, we have done a linear regression of aggregate Slovenian hotel industry firms ROE, as a dependent variable, and Slovenian firms ROE, as the explanatory variable. We apply the following regression equation:

$$ROE_{HI} = \alpha + \beta \cdot ROE_M + \varepsilon \tag{8}$$

Where ROE_{HI} is the aggregated return on equity for the Slovenian hotel industry in year *t*, α is the intercept, β is the accounting systematic risk measure, ROE_M is the aggregated return on equity of all Slovenian companies, and ε is the error term. The estimated accounting beta was 1.17. Despite the short time series of data, the explanatory variable coefficient was highly significant at p=0.004[14], and R squared=0.63. That means that we can explain 62% of the variability of the hotel industry ROE with all Slovenian firms ROE. The results show that in the analysed period, the hotel industry is riskier and requires a higher required return on equity, which is in line with the results in Table 8 (Median), and the levered market betas in Table 1.

[14] Mainly due to the fact that we used hotel industry aggregated data. Industry betas are usually calculated from market returns data with a regression for each firm separately and then averaged within the industry. For the sake of our comparison the method we used is correct.

But, unfortunately the ROE of the hotel industry is lower than the Slovenian firms ROE (see Table 7) which is relatively speaking not a proper compensation for the risk.

Table 9. Relative residual income for Slovenian hotel industry firms and all Slovenian firms

ROE-r in %	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Median
ROE-r Hotel industry	-15,04	-18,01	-19,05	-27,64	-17,42	-22,49	-10,20	-5,96	-5,38	-4,94	-16,23
ROE-r Slovenian firms	-7,80	-9,80	-8,38	-9,53	-9,92	-7,42	-4,66	-1,42	-0,35	0,47	-7,61

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

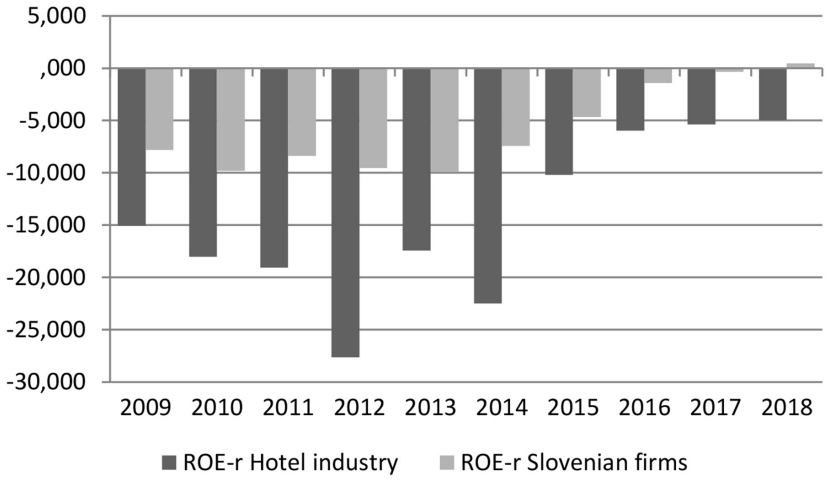


Figure 8. Relative residual income for Slovenian hotel industry firms and all Slovenian firms

Sources: Damodaran, 2019; FRED, 2019; European Central Bank, 2019; GVIN, 2019; Bloomberg, 2019; own calculations

According to the Table 9 and Figure 8 we can argue (given the estimated required return on equity) that the Slovenian firms ROE is around "equilibrium" (required return on equity equals achieved return on equity)[15] in years 2016-2018, but we cannot argue the same for the Slovenian hotel industry. However, also the relative residual income for all Slovenian firms is mostly negative in the observed period.

8. CONCLUSION

Due to the importance of the hotel industry for the Slovenian economy, we examined if the hotel industry had positive residual income and created value for its owners in the period 2009-2018. Stubelj et al. (2011) performed a similar analysis using data for the period 2005-2008, and the results showed that hotel industry was far from creating value for their owners. To bee sustainably profitable an industry must meet the needs of all stakeholders of which the most important are: owners, managers, employees, customers, suppliers, local community, and the state. Owners provide equity capital, which is a scarce commodity, and a firm essential resource. To raise enough equity capital for business needs and investment purposes the firm must be able to constantly achieve the capital firm purpose that is increase the value of assets to increase the value for owners.

[15] With the limitation that theoretically we need some more net income for achieving the same market return (due to issuing costs of equity and transaction costs). This is also dependent of the market to book equity value ratio. We put equilibrium in parenthesis because we compare the required returns on equity with the achieved (ex-post) returns on equity and not the expected (ex-ante) returns on equity.

We found that relative residual incomes of Slovenian hotel industry were not positive for the whole analyzed period 2009–2018, which means that firms did not create value for their owners and that they did not generate enough profits to cover the required return on equity capital, i.e. the required return on equity capital that takes into consideration the risk adjusted opportunity cost. The same resulted for groups of large, medium-sized, and small firms. The situation is improving but is still not at the desired level that is adding value of equity capital for owners. Our further analysis shows that the Slovenian hotel industry is riskier than all Slovenian firms (i.e. average risky firm) in the observed period. However, the return on equity is much lower than of all Slovenian firms in the observed period. This gives additional support to our findings.

There are many possibilities for further research. Future research could examine more in details the reasons that lead to negative residual income in the whole analyzed period. It would be also interesting to perform an international comparative analysis of performance. Such findings could be of a great support to hotel industry managers and policymakers.

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HUMAN RESOURCES DEPARTMENT ROLE IN EMPLOYEES TRAINING AND EDUCATION IN SERVICE SECTOR

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Abstract: *Modern organizations are aware that their development to the greatest extent depends on the employees' education and they put all of their efforts in employing appropriate individuals as well as in providing the prerequisites to the employees for constant advancement of knowledge in order to have the organization's development as the consequence. Responsibility for the development of human resources is a priority for the entire organization from strategic to operational level. The task of the strategic level of management in organizations is to create a commitment to continuous improvement of employees' knowledge and skills and creation of basic preconditions for their development. The operational level implies the existence of a human resources department which, by constant monitoring of the work process, has a role to continuously develop and adapt human resources systems in accordance with the needs of the organization. Within this paper the results of the research will be presented on conditions the organizations in service sector on the territory of Novi Sad municipality provide during training and education of the employees as well as of peculiarities of the activities in relation to the bearers of responsibility for human resources in the organization.*

Keywords: *human resources development, employees training and education, human resources department.*

1. INTRODUCTORY CONSIDERATIONS

Modern operations impose the need on organizations for finding ways and methods that will provide them the survival on the market. In the stable environment following the organizations till the beginning of the 80-ties, the focus was directed on identifying the factors influencing and forming their business as well as the tools, methods and approaches which would provide as efficient utilization of the material resources as possible. The means the practitioners and theorists have designed today provide the functioning but do not guarantee an organization's survival, development and competitiveness. Even since the long past 1954. Drucker, P., (1954) announced the incoming of a society and employees of knowledge as the main development holders, Senge, P., (1990) affirmed the concept of learning organizations, Stewart, T., (1997) offered as a solution the concept of intellectual capital showing that the intensity of the ambient changes has as the consequence the development of new areas and practices of management dealing with the issues of managing the intangible properties. Organizations are searching for a faster answer in terms of methods, models, tools, practices and approaches that will provide them the market competitiveness. The common factor in all the concepts developing as the answer to the changes and as a condition of organizations' development are people.

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The Human Resources field suffered numerous changes in the previous fifty years (Dyer, 1999., Rothstein, 1999). The very function of the resources has come a long way from personnel department wherein it had exclusively administrative role to the function of human resources management which finally admitted the legitimacy of people as the only inexhaustible and renewable resource that is also focused on development of practices, the purpose of which is directing individual skills, abilities and interests towards the organizational goals accomplishment. (Schuler, 1998). Nowadays, human resources are observed as a set of available talents of people as potential partners in creating and realization of organizational strategy (Schuler, Jackson, 2000). Employees today are aware of the fact that the organization's success depends on the quality of the available human resources; moreover, in many sectors of labor market there is a true war for the best individuals. Organizations reach the quality people by an adequate modeling of the elements of human resources management, namely by a quality and efficient planning, recruiting and selection you can come to the professionals that will be capable of performing successfully the tasks that certain posts require, that will have the appropriate conditions for development and that will be satisfied at their workplaces. In the context, human resources management applies a clear integrative approach providing the right people on the right places, in the right time with the appropriate competence and motivation for accomplishing the planned performances and develop their potential in the process of the company's growth and development.

For a long time, employees training and education as well as the function of the human resources management have been perceived as an expense and not as an investment; and reduction of labor force is still one of the main strategies of the expenses' decrease (Uchitelle, Kleinfield, 1996). The most comprising study on the influence of employees training and education on business results is certainly Hansson's, B., study (2001) in which he conducted the research in 6000 organizations in 26 different countries of Europe and proven their positive influence on fluctuation decrease, increase of performance, profit and growth of the stocks' price. Another significant research on the influence of training and education on organizations' operations is the research conducted on the territory of Great Britain (Tamkin, Campbell, Hillage, 2004), showing that investing into education of the employees by the gained profit overcomes the expenses per worker, that the more performable organizations employ more educated employees and that different types of training influence on improvement of various results. Numerous research over the years have shown that the practices in managing and development of human resources essentially influence on an organization's outputs (Miles, Snow, 1984., Schuler, Jackson, 1987., Lengnick-Hall, Lengnick-Hall, 1990., Baird, Meshoulam, 1988., Jackson, Schuler, Rivero, 1989., Wright, Snell, 1998., Jackson, Schuler, 1995., Wright, Smart, McMahan, 1995., Barney, Wright, 1998., Kepes, Delery, 2007., Shih, Chiang, Hsu, 2006) but also, that there still remains the problem of adjusting the practices to the conditions in which a company is operating and to the characteristics of the work force it disposes of.

The adjustment to the changeable circumstances and the readiness for learning and adopting new knowledge and skills become more important than the competencies for performing a certain job. The employees have to be prepared to respond to the problems and challenges they face with for the first time. Such an ambient influences on the system of education and educational institutions, on employees and employers and poses the necessity of promoting and creating the frames for implementation of the concept of training and education on workplace.

For an average employee additional training means promotion of the skills, job satisfaction and increase of its own values on labor market. The best response for the organizations to future challenges represent highly-educated and motivated workers. One of the ways the human re-

sources department can contribute to creation of the competitive advantage is defining the program of training and education of employees for the purpose of creating the intellectual capital (Noe, et al., 2000)

The concept of developing education of both individuals, as members of society and of the employees as members of organization becomes one of the key factors for acquiring competitive advantage in today's economy of knowledge and a condition for organizations' survival. Developing human resources within an organization, educating and training at the workplace is one of the ways to achieve the goal. All of the data lead to the conclusion that organizations become the most important educating institutions of today.

Within this paper the results of the research will be presented on conditions the organizations on the territory of Novi Sad municipality provide during the employees training and education as well as of peculiarities of the conditions in relation to the responsibility bearers for human resources in the organization.

2. TRAINING AND EDUCATION OF THE EMPLOYEES

The purpose of trainings is acquiring new knowledge, skills and behaviors and their application in everyday operations. So that a company would gain competitive advantage, the training has to be directed not only on qualifying the employees for work on the current operations but also on development of their knowledge and skills in accordance with the strategic course of the organization's development which will, as the consequence, have creating and strengthening of the human capital. (Noe, 2001).

Training implies any learning activity directed towards acquiring specific knowledge and skills necessary for successful job or task performance. (Šiber, 1999.) The trainings would relate to the efficient and safe handling of some machine, improving skills for selling, presentations and similar. Whereas the trainings are oriented to the job, development is on the other hand directed towards the future requirements in terms of knowledge and skills aimed at the advancement and not on performance of the job. Development is primarily directed to future needs of an organization for human resources and only afterwards on developmental needs of an individual within the organization. Human resources department in most of the organizations is responsible for coordination of the activities related to the training and education of the employees because it has the best view of the importance of the employees' career development and the significance of development of the organization as a whole. On the other hand, managers are most probably the best source of the technical information necessary for acquiring skills as well as for decisions on when the employees have the need for training (Noe, 2001). Close cooperation and constant interaction between managers and the human resources department represents the winning combination in estimating the employees' developmental potentials. It has been estimated that the organizations in the USA spend 54 milliard dollars on their employees' education (Robbins, Coulter, 2005). Naturally, managers are responsible for the decisions on the type of training necessary for the employees, when it is necessary to them and what form should the training have.

The employees' training is an important activity of human resources development. An organization, as it has been mentioned, in today's ambient cannot afford itself to remain the same. It has to be prepared for changes, implying also that the employees have to be ready for the changes. Since the workplace requires changes, the employees' skills should be changed and adjusted to new demands of the workplace.

All of the above mentioned leads us to the need of a systematic tracking and promotion of knowledge on the level of organization, wherein the following model of human resources development process in organizations can be helpful, containing the following elements (Šiber, 1999):

1. *Determination of an organization's educating needs* - the basic task of this phase is to determine what knowledge, skills and abilities the employees should possess for successful job performance and achievement of the organizational goals, what are the employees not having or having insufficient knowledge and skills and whether the education will solve the deficiencies. In order to answer these questions, it is necessary to conduct thorough analyses on three levels: the analysis of the organization, the analysis of the job and the analysis of the performer of the job, i.e. the individual.
   a. *the organization analysis* provides general frame, course and needs for education. Aimed at determining the educational needs from the organization's perspective, its goals, business strategy, organizational units, culture, changes, resources and possibilities of education. In order to conduct the quality analysis of organization's educational needs it is necessary to include the analysis of human resources consisting of defining the human resources requirements, necessary skills and programs of their provision. In the human resources analysis for the purpose of determining the educational needs, the starting point is the following: the existing review of knowledge and skills, projection of needed knowledge and skills and the developmental component including forecasting of the employees' knowledge and skills according to the future courses of the organization's development.
   b. *the job analysis* can be defined as "a process of collecting relevant information on business and specifying knowledge, capabilities, skills and other requirements necessary for a concrete job performance" (Schuler, 1995). The job analysis results are job descriptions and workplaces specification, the function of which is a detailed description of the tasks included in the job, establishing the connections and relations the job has with other jobs and determining the knowledge, skills and abilities the employee has to have in order to successfully perform the job.
   c. *the analysis of an individual* provides the answer to the question to whom the education is needed for as well as what is the knowledge that would be the subject of the development. The basis for determining an individual's educational needs represents the analysis of compatibility of the needed and available knowledge, skills and abilities for performing a certain job. The education of individual is necessary at the change of working requirements, change of technology, change of standards, etc. The information on to whom the additional education is needed can be collected from numerous sources: the objective data (on the performance, quality of work, rejects, stoppages in production, absenteeism, fluctuation, accidents at work, etc.), estimation of the work success, annual plans of development, opinions and suggestions of the managers, opinions and suggestions of the employees, plans of career development, centers of estimation of the individual potentials, outgoing interviews, etc.

2. *determination of the education goals* – The goals represent a starting point for conceiving the educational programs but also a foundation for determining the criteria of the success estimation. Within an organization it can be observed general and special goals of education. General goals of education are (Katz, 1974):
   a) enhancing the organization's competitive capacity,
   b) improvement of the employees' performance,

c) actualizing the employees' knowledge and skills,
d) avoidance of the managerial obsolescence,
e) solving the organizational problems,
f) directing of the newly-employed,
g) satisfying the individual growth needs.

Special goals of education are directed to the segment of behavior or areas of working successfulness that should be changed or advanced. Frequent special goals of the organizations are: improvement of the relationship with the consumers, changing attitudes, enhancing the team work skills, a more efficient time management, increase of work security, decreasing labor costs, increasing the capacities for solving the problems, etc. All the special goals are necessary to be accorded with different educational needs, groups and programs. They can be determined in terms of behavior or results that should be accomplished.

3. *determination of education contents and program* – the contents and programs of education are associated with the needs and goals they result from. Several levels and types of educational needs determining the specific contents of certain education programs occur in organizations.

4. The first level is aimed at training the employees for the actual business and removal of the gap between the expected and real successfulness usually originating as the consequence of discord between the work requirements and the educational profile of the performer. The second level of educational needs is associated with broadening individuals' knowledge and therewith also the increase of possibilities of performing more complex and various operations within the same organizational level. The third level of organizational needs is related to individual development of career, realization of succession plans and similar, namely to the preparation of the employees for performing more complex and demanding jobs. The fourth level of educational needs relates to the future. It includes the programs of education and specialization founded on the predicted outlook of needed knowledge and skills for the purpose of a certain strategy realization. Each level of educational needs sets different requirements in view of educational programs and contents.

While the levels of educational needs point to the intensity and depth of the needed education, the types of educational needs point to the contents, namely to the skills and knowledge that should be aimed at. Based on Katz's categorization of skills and knowledge within organization it can be can categorized four kinds of educational needs (Katz, 1974):

a) basic knowledge and skills (modern jobs are increasingly requiring a higher level of skills often lacking to the new employees, but also to those with longer years of service, for example mathematics, fast reading, orthography and similar. Numerous companies have perceived the need for development of basic skills and accordingly apply programs of enhancing general knowledge of their employees.

b) technical, vocational skills (including special knowledge, techniques, methods, procedures and similar often required for successful performance of some specific job. These skills are related to a specific job or vocation. Also, within them there is a need for constant improvement in actualizing the knowledge.

c) interpersonal skills (including communication, interpersonal relationships, leading, labor relations, etc.)

d) conceptual, strategic skills (the skills of strategic and operative planning, forming of organization, establishing the policy, adaptation to changeable environment, etc.). These skills are most often a part of educational needs of medium and top-level managers).

Different categories of educational needs demand special programs, and also the decision in what way to satisfy them within or outside of the organization. In general, there are two types of programs: the programs of education at the workplace and programs of education outside the workplace that can be divided into two categories: the one happening in the company and outside the company, namely at faculties or education centers. The type of education program will depend, as already mentioned, on the level and type of educational needs, namely on the part of education related to the conceptual, strategic and interpersonal skills but also the specific, specially developing vocational skills and knowledge demand educational programs provided by faculties or other educating institutions. The essence of this phase is that organizations based on general rules and principles, establish the educational needs, goals and programs of education as well as the means of their realization and target groups aimed at.

5. *selection of methods and techniques of education* – Different methods are associated with specific goals and programs of training and education. Generally, all methods can be divided in two groups, namely, the methods of education at the workplace and methods of education outside the workplace.

   a. *The methods of education at the workplace* – The importance of education at the workplace is also confirmed by great investments of companies in this activity. It is necessary for the newly-employed but also for the experienced workers during changes in technology, operating procedures and standards. The organizations applying this aspect of education have to define clearly the policy but also to specify the responsibility for conducting the policy. The methods of education at the workplace include: individual instructions, job rotation, vocational practice, training period, mentoring and students practice. The advantages of education at the workplace are the connection and direct applicability of the learned in performing a job, cost savings, continuity in work and other, whereas the disadvantages are lower quality of work, possibility of damaging the equipment, problems of the people doing the training and similar. Actually, it is often forgotten that the one doing a job well does not also have to know to transfer the knowledge in training others, meaning that the people performing the training should be carefully chosen.
   b. *the methods of education outside the workplace* – Included in the methods of education outside the workplace are lectures, audio-visual techniques, programmed learning, computer aided learning, interactive video, conferences and discussions, simulations, methods of cases, role play, business games, etc.

The selection of an appropriate method depends on the educational program and the goals. The key question is what should be learned. The most compatible method has to fulfill the following (Cascio, op.cit., 375): starters' motivation for job promotion, clear illustration of desired skills and knowledge, active participation, practicing capacity, providing feedback information on the

course of learning, the material structured from easier to heavier tasks, adaptation to specific problems, possibility of transfer of the learned into other situations. The researches show (Carroll, Paine, Ivancevich, 1972) that some methods are more efficient in acquiring knowledge and some at changing the attitudes for upraising the skills of solving problems, etc.

6. *educational programs' evaluation* – represents the final phase in the process of education and development of educational problems in which it is checked to what extents have the set educational goals been realized. In principle, the educational programs' evaluation has two purposes: to determine whether the program has reached its goals and whether it has come to the transfer of the learned into work, namely to the change of the work behavior and success and to determine the quality of organization, contents and realization of the programs for further advancement.

3. RESEARCH RESULTS

The paper's problem is to determine to what extent the economic subjects in service sector have recognized the need for training and education of their employees, as the important strategic element of creating competitive advantage and the most cost-effective investment.

The research hypothesis is:

- that there is a difference in training and education of employees in relation to bearers of responsibility for human resources (general manager, human resources department, human resources agency, legal department, no one).

The paper's goals:

- Determining whether the observed organizations have the human resources department,
- Determining the responsibility for human resources in the observed organizations,
- Investigating the spread of the activities of human resources management from the point of view of training and education in the observed organizations,
- Examine whether the need for permanent education and training is recognized from the point of view of the examinees themselves,
- Examining the level of job satisfaction and degree of utilization of examinees' potentials in the observed organizations.

In this research a questionnaire is used as a method of examination, conceived on the basis of reference analysis in the theoretical part of the paper. The very questionnaire is focused on examining the employees on the territory of Novi Sad is designed with questions related to the examinees' demographic characteristics as well as with a set of dependable variables and accumulation of questions related to the problems of training and education from the organizational aspect. From the statistical methods the analysis of frequency and crosstab analysis have been used. The results are processed in the statistics package SPSS. The instrument is designed for the needs of the research in accordance with the paper's goals and hypothesis.

The questionnaire consists of 27 questions of overt and covert type, the questions that besides circling the answer have a possibility of adding the replies and scales in which the examinees by circling one of the offered alternatives express the level of acceptance or refusal of the question's contents.

The total number of examinees is 170, employed in 120 different economic subjects in service sector on the territory of Novi Sad. The selection of organizations is made on the basis of random sample and on geographical attachment to the territory of Novi Sad wherein the research has been conducted. The questionnaires have been submitted to the employees in written forms. Anonymity has been secured for all of the examinees, and of personal data the name of the company, qualification, age, total length of years of service and name of the job currently performed by them has been asked. The examinees have been filling the questionnaire independently with the predicted time up to 30 minutes.

It should be emphasized that the obtained results do not have to represent objective indices in all the cases, but are based on individual estimates of the employees.

The answers of the examinees from the questionnaire have been processed, as needed, and in relation to the dependent variables: gender, form of the company (private, public and shareholding), vocation, age, years of service, existence of human resources department and bearers of responsibility for human resources activities in the organization.

Within the paper the research results will be presented in relation to the bearers of responsibility for human resources activities (general manager, human resources department, human resources agency, legal department, no one (under which the examinees implied the companies' owners which are also the managers) and someone else (managers of departments) in order to determine the eventual particularities and differences in training and education of the employees.

In order to check to what extent in the very systematization is the need for the function of human resources recognized, it has been checked whether the human resources department exists at all. In (47,3%) of the organizations there is human resources department, in (45%) of the organizations there is no such department and (7,7%) of the examinees replied with 'I do not know'. In today's doing business when the human resources department is a necessity, the results in our ambient are still at a low level. The need for the department having a role of a strategic character in managing an organization, unfortunately, is still not recognized.

In the examined organizations the responsibility and works related to the employees is taken over by the general manager (39,1%), human resources department (35,5%), human resources agency (0.6%), legal department (11,8%), no one (6.5%) and someone else (5,9%). The domination of general manager as someone eventually deciding is not surprising when it is about activities in connection with human resources, which, on the other hand, speaks on a still centralized system and high level of autocracy. Since a very small number of organizations has participated in the research (0,6%) in which the human resources agency is the bearer of the activities related to the employees, they will be shown within the results of the research but will not be included into the discussion due to the size of the sample which is inadequate for defining the conclusions.

Regarding bearer of responsibility for human resources in relation to the company's activity, in private companies it is the general manager (48,1%), human resources department (24,7%), human resources agency (1,3%), legal department (3,9%), no one (10,4%) and 11,7% of the examinees replied someone else; in public companies the responsibility is taken by the general manager (35,2%), human resources department (39,4%), legal department (19,7%), no one (4,2%) and someone else (1,4%); and in the stock holding companies the responsibility is taken

by the general manager (21,1%), human resources department (68,4%) and legal department (10,5%). As it is noticeable, the general manager domination is indisputable in private companies; a somewhat better situation is in the share holding companies wherein the domination of human resources department is evident. The domination of general manager in private companies can be the consequence of a still undivided ownership and managerial role, namely in the large number of organizations the owners themselves are in the function of general managers.

In organizations wherein there is the human resources department the responsibility and the operations related to the employees is taken over by the general manager (15%), human resources department (73,8%), legal department (10%), and someone else (1,3%).

The first task of an organization from the aspect of human resources and falling into the process of job analysis is to clearly define the jobs' descriptions that are the basis for following and development of the employees' skills but also a tool for the performances and output estimation of the employees. By the question whether there are descriptions of jobs in their organizations the goal was to find out whether the organizations have the basic tool in the human resources management process. In the total sample in (78,7%) of the investigated organizations there are workplaces descriptions, in (20,1%) of the organizations there are not and (1,2%) of the examinees replied that they didn't know. In organizations wherein the general manager takes over the responsibility for human resources, there are workplaces descriptions (74,2%), in (25,8%) there are no such descriptions and no one of the examinees replied 'I do not know', in the organizations where there is the human resources department, the workplaces descriptions exist (88,3%), do not exist (10%) and 1,7% of the examinees replied 'I do not know'; in the organizations wherein the legal department takes care of the employees the workplaces descriptions exist (85%), do not exist (10%) and 5% of the examinees replied 'I do not know'; in the organizations wherein no one is in charge of the concern on the employees, the workplaces descriptions exist (63,3%), do not exist (36,4%); and in the organizations where the examinees responded that someone else is in charge of taking care of the employees the workplaces descriptions exist (50%) and do not exist (50%). According to the shown results, it can be concluded that the non-existence of the workplaces descriptions is alarming in even 50% of the organizations wherein in charged for human resources is someone else, namely the managers of departments and that they lack the education in human resources area and that they unwillingly delegate the responsibility related to people.

Whether there are deviations from what is defined in the jobs' descriptions and what the employees really do, it was checked with the question how much did the job descriptions corresponded to what they really did. In the total sample (61,3%) of the examinees considers that the job descriptions correspond, (36,3%) hold that they do not correspond and (2,4%) replied 'I do not know'. Regardless of the fact that most of the examinees answered that the workplaces' descriptions correspond to what they do, the number of examinees considering that the job descriptions do not correspond to what they do is not negligible, if we take into consideration that job descriptions represent the basic tool for recruiting, selection, human resources development as well as for setting the goals, defining the training program, performance estimate, etc. From the aspect of human resources responsibility bearer: in the organizations wherein the general manager takes over the responsibility for human resources, the workplaces descriptions correspond to what the employees do (66,2%), do not correspond (32,3%) and (1,5%) of the examinees replied 'I do not know'; in the organizations where the human resources department assumes the responsibility for human resources, the job descriptions correspond to what the employees do (58,3%), do not correspond (40%) and 1,7% of the examinees replied 'I do not know'; in the organizations

wherein the human resources agency takes on the responsibility for human resources, the job descriptions correspond to what the employees do (100%); in the organizations wherein the legal department takes on the responsibility for human resources the job descriptions correspond to what the employees do (65%), do not correspond (35%) and no one of the examinees replied 'I do not know'; in organizations wherein no one is responsible for human resources, the job descriptions correspond to what the employees do (27,3%), do not correspond (54,5%) and 18,2% of the examinees replied 'I do not know'; in the organizations where someone else takes on the responsibility for human resources, the job descriptions correspond to what the employees do (70%), do not correspond (30%) and no one of the examinees replied 'I do not know'.

It is interesting to notice that in the organizations in which there is the human resources department, the job descriptions do not correspond to what the employees actually do (40%), which leads us to the presupposition that the work analysis has not been done well regardless of the fact that in 88,3% of the organizations there are jobs' descriptions or that the employees in the department are not competent in the area. It is also interesting to notice that in the organizations wherein someone else is taking on the responsibility for human resources, the job descriptions correspond with 70%, leading us to the presupposition that such organizations have probably engaged specialized human resources agencies during their operations or that they have in-line managers that are well conversant with the activities of the work analysis.

Since the role of the employees' performance estimate is multiple, next goal was to examine the status in our organizations. In the total sample there are formal processes of the performance estimate (48,3%), there are no formal processes of the performance estimation (43,2%) and (8,3%) of the examinees replied 'I do not know'. In the organizations wherein the general manager is responsible for human resources, there are formal processes of the performance estimation (37,9%), there are not (47%) and 15,2% of the examinees replied 'I do not know'; in the organizations where the human resources department takes on the responsibility for human resources, the formal processes of the performance estimation exist (75%), do not exist (20%) and 5% of the examinees replied 'I do not know'; in the organizations wherein the agency for human resources takes on the responsibility for human resources the formal processes of the performance estimate exist (100%); in the organizations wherein the responsibility for human resources is taken on by the legal department the formal processes of the performance estimate exist (30%%), do not exist (65%) and 5% of the examinees replied 'I do not know'; in the organizations wherein no one takes on the responsibility for human resources, the formal processes of the performance estimation exist (9,1%), do not exist (90,9%); and no one of the examinees replied 'I do not know'; in the organizations wherein someone else takes on the responsibility for human resources the formal processes of the performance estimation exist (30%), do not exist (70%) and no one of the examinees replied 'I do not know'. Apart from the organization wherein the bearer of human resources responsibility is the human resources department, the formal processes of the performance estimation in most of the organizations do not exist. The purpose of the performance estimation is multiple. Based on the performance estimate the salary level, salaries' increase, advancement, transferal, allocation to lower level workplaces and dismissals are determined. The estimate assists in identifying the employees' education and improvement. Owing to the performance estimate, the employees are enabled to track how successful they are and to what extent they realize the results expected from them. Out of these reasons the formal procedure of the estimation well lead to the removal of subjective impressions of the one estimating (for example, the manager) and also, to a large extent, enables including a large number of criteria during the estimation in order to acquire an objective image on possibilities of each

individual employee. The manager has to contact the employees because even the best employees can achieve the wanted results only if they know the concrete goals, and the management can settle their devotion only if having clear criteria and expectations and if he/she conveys it to the employees precisely. Also, the employee has to be informed on the estimate results in order to know to what extent he/she realized what is expected from him/her. Management based on the results and their natural continuation – reward per performance, become the essence of modern approach to management.

Regarding the periodical evaluation of the employees increasingly taking over the high position in operating plans of the management, it was interesting to find out the performance estimate frequency in our companies. In the total sample the estimate performance is held in a month (1,8%), three months (19,5%), six months (7,3%), a year (15,2%), randomly (30,5%) and is not held at all (25,6%); from the aspect of the responsibility bearer for human resources, in the organizations wherein the responsibility for the employees is taken on by the general manager, the performance estimate is held in a month (1,6%), three months (17,2%), six months (6,3%), a year (14,1%), randomly (29,7%) and is not held at all (31,3%); in the organizations wherein the responsibility for the employees is taken on by the human resources department, the performance estimate is held in a month (1,7%), three months (27,6%), six months (12,1%), a year (20,7%), randomly (29,3%) and is not held at all (8,6%); in the organizations wherein the responsibility for the employees is taken on by the agency for human resources, the estimate performance is held in three months (21,1%), six months (5,3%), randomly (42,1%) and is not held at all (26,3%); in the organizations where no one takes on the responsibility for the employees, the performance estimate is held in a year (18,2%), randomly (18,2%) and is not held at all (63,6%); in the organizations where the responsibility for the employees is taken on by someone else, the performance estimate is held in a month (10%), three months (10%), a year (10%), randomly (30%) and is not held at all (40%); on the basis of the shown results, it can be seen that the performance estimate in most of the organizations is held randomly based on which the system of advancement could be taken into question, transferal, rewarding, etc. It is also interesting that in the organizations (29,3%) wherein the bearer of responsibility for the employees is human resources department, the performance estimate is random, pointing us to the possibilities of incompetence of the department in its work, incompetence of the employed in the department, etc.

As it has already been stated in the employees' work estimate the human resources department should be included, the manager of the department where the employee works and the directly superior should be included because they represent the team of people that can, to the best extent, define the requirements, skills, abilities and behavior necessary to the employees for certain job so that thereby they are the most competent for an objective estimate performance. In the total sample, the employees' work is estimated by the sector manager (34,1%), direct superior (53,9%), human resources department (1,2%), someone else (10,8%); from the aspect of the responsibility bearer for human resources: In the organizations wherein the human resources responsibility is taken on by the general manager, the employees' work is estimated by the sector manager (41,5%), direct superior (44,6%), human resources department (1,5%), someone else (12,3%); in the organizations wherein the responsibility for human resources is taken on by the human resources department, the employees' work is estimated by the sector manager (36,7%), direct superior (58,3%), human resources department (1,7%), someone else (3,3%); in the organizations wherein the responsibility for the human resources is taken on by the human resources agency, the employees work is estimated by the direct superior (100%); in the organizations wherein the responsibility for human resources is taken on by the legal department, the employees' work is estimated

by the sectors manager (25%), direct superior (70%), someone else (5%); in the organizations wherein no one takes on the responsibility for human resources, the employees' work is estimated by the sectors manager (9,1%), direct superior (63,6%), someone else (5%); in the organizations wherein the responsibility for human resources is taken on by someone else, the employees' work is estimated by the sectors manager (22,2%), direct superior (44,4%), someone else (33,3%); The results show that in most of the examined organizations the employees' performance is estimated by the department manager and direct superior and that the participation of the human resources department is really small even in the organizations wherein it is the bearer of the operations related to people, fortifying the presupposition on human resources department incompetence in the organizations and disables the systematic tracking and development of the employees. Tracking the employees' performance exclusively by the direct superiors and departments' managers will surely not completely provide the objective image on the employees' performance.

A reward system can be observed in a narrow and broad sense (Bogićević Milkić, 2006) In the narrow sense, the reward system includes money, goods, status and/or services provided by the employer to the employees in exchange of the put in work, whereas in the broad sense it includes also the system for the employees' performance estimate since, besides the developmental purpose, the estimates can have an important role in determining the salaries, salaries increases and different types of incentives as well. The basic role of the reward system in an organization is to bring into accord the individual interests of the employees and the strategic goals of the company through attracting and keeping capable people, encouraging the employees to develop their abilities and knowledge, motivation of the employees and creation of the culture wherein the employees care for the success of the company they work in. By the question how satisfied they are and whether there is the reward system at all for the employees, the focus was to find out whether the organizations use the reward system as a tool in their business operations. In the total sample, the employees are completely satisfied with the reward system (13,1%), partially satisfied (31%), dissatisfied (23,2%) and 32,7% of the examinees replied that there was no reward system; from the aspect of bearer of responsibility for human resources in the organizations wherein the responsibility for human resources is taken on by the general manager, the employees are completely satisfied with the reward system (12,3%), partially satisfied (27,7%), dissatisfied (18,5%) and 41,5% of the examinees replied that there was no reward system; in the organizations wherein the responsibility for human resources is taken on by the human resources department, the employees are completely satisfied with the reward system (18,3%), partially satisfied (38,3%), dissatisfied (27,6%) and 16,7% of the examinees replied that there was no reward system; in the organizations wherein the responsibility for human resources is taken on by the agency for human resources, 100% of the examinees answered that there was no reward system. In the organizations wherein the responsibility for human resources is taken on by the legal department none of the employees is completely satisfied, partially satisfied are (30%), dissatisfied (25%) and 40% of the examinees replied that the reward system did not exist; In the organizations where no one takes on the responsibility for human resources, the employees are completely satisfied with the reward system (9,1%), partially satisfied (9,1%), dissatisfied (36,4%) and 45,5% of the examinees replied that there was no reward system; in the organizations where someone else takes on the responsibility for human resources, the employees are completely satisfied with the reward system (20%), partially satisfied (30%), dissatisfied (20%) and 30% of the examinees replied that there was no reward system;

The results show an expressed dissatisfaction of the employees with the existing reward systems and a great percentage of the organizations wherein it does not exist at all. The differences

between the bearer of responsibility for human resources are small but it is noticeable that in the organizations where the human resources department runs the operations related to the employees there are the most satisfied ones (18,3%) and partially satisfied (38,3%) with the existing reward system.

It was also interesting to investigate whether earnings, as a basic element of the reward system, in accordance with the results of the work, namely are the employees clear with what are the activities and behaviors the organization is valuing. In the total sample, a great dissatisfaction is expressed by the accordance of the earnings with the work outputs with 53,3% of the dissatisfied examinees, 38,5% satisfied and 8,3% of the examinees that answered 'I do not know'. From the aspect of human resources responsibility bearer: In the organizations where the responsibility for human resources is taken on by the general manager, the earnings are in accordance with the work outputs (40,9%), not in accordance with the work outputs (50%) and 9,1% of the examinees answered that they did not know; In the organizations where the responsibility for human resources is taken on by the human resources department, the earnings are in accordance with the work outputs (43,3%), not in accordance with the work outputs (45%) and 11,7% of the examinees answered that they did not know; In the organizations where the responsibility for human resources is taken on by the human resources agency, the earnings are in accordance with the work outputs (100%); In the organizations where the responsibility for human resources is taken on by the legal department, the earnings are in accordance with the work outputs (20%), not in accordance with the work outputs (80%) and no one of the examinees replied 'I do not know'; In the organizations where no one takes on the responsibility for human resources, the earnings are in accordance with the work outputs (18,2%), not in accordance with the work outputs (72,7%) and 9,1% of the examinees replied 'I do not know'; In the organizations where someone else takes on the responsibility for human resources, the earnings are in accordance with the work outputs (40%), not in accordance with the work (60%) and none of the examinees answered 'I do not know'; The results show that in most of the organizations the earnings are not accordant to the work outputs which leads us to the presupposition that the existing reward systems, although in a small number of organizations, are wrongly defined. The most expressive discrepancy between the earnings and work outputs is in the organizations where the responsibility for human resources is taken on by the legal department, someone else and in the organizations where no one is responsible for the employees.

As it has already been mentioned, the training and education of human resources in today's ambient are not perceived as the expense but as the investment into the future and for that purpose it was important to check how many organizations in our ambient organize the employees' training and advancement at all. In the total sample, the trainings and advancements are organized in 57,4% of the organizations, are not organized in 33,7% of the organizations and 8,9% of the examinees replied 'I do not know'. From the aspect of human resources responsibility bearer: The trainings and development in the organizations wherein the general manager takes care of the employees are being organized (43,9%), are not being organized (45,5%) and 10,6% of the examinees replied 'I do not know'; in the organizations wherein the human resources department takes care of the employees, the trainings and development are being organized (80%), not being organized (13,3%) and 6,7% of the examinees replied 'I do not know'; in the organizations wherein the human resources agency takes care of the employees, the trainings and development are being organized (100%); in the organizations wherein the legal department takes care of the employees (55%), are not being organized (25%) and 20% of the examinees replied 'I do not know'; in the organizations wherein no one takes care of the employees, the

trainings and development are being organized (27,3%), not being organized (72,7%) and none of the examinees replied 'I do not know'; in the organizations wherein someone else takes care of the employees, the training and advancements are being organized (40%), are not being organized (60%) and none of the examinees replied 'I do not know'; According to the research results it can be noted that in the organizations with the human resources department (80%) the need for improvement of the employees is mostly recognized, which is not the case with the organizations wherein the care on the employees is taken by the general manager, legal department, someone else (co-owners, managers) and wherein there are no bearers of activities related to people.

Having in mind the intensity of changes influencing on operations, it was interesting to check how often do organizations organize training and improvement of their employees. In the total sample, again, dominant is the result showing that in our organizations training and improvement are not being organized (42,6%) and from organizations that are organizing them the greatest percentage (24,3) are doing it in the period of six months. From the aspect of responsibility for human resources: In the organizations in which the general manager is responsible for human resources, the employees had the training in the past six months (19,7%), during a year (10,6%), three years (16,7%) and have never had the training (53%); in the organizations in which the human resources department is responsible for human resources, the employees had the training in the past six months (37,7%), during a year (18,6%), in three years (13,6%) and have never had the training (30,5%); in the organizations in which the agency for human resources is responsible for human resources, the employees had the training in three years (100%); in the organizations in which the legal department is responsible for human resources, the employees had the training in the past six months (5,3%), a year (21,1%), three years (36,8%) and have never had the training (36,8%); in the organizations in which no one is responsible for human resources, the employees had the training in the past six months (9,1%), a year (18,2%), three years (9,1%) and have never had the training (63,6%); in the organizations in which someone else is responsible for human resources, the employees had the training in the past six months (30%), three years (20%) and have never had the training (50%); In the answers of the examinees still dominating is the standpoint that the trainings are not being organized, however in the organizations wherein the bearer of activities related to the employees is the human resources department, observable is the drift and the trainings are most frequently organized in the period of six months, whereas in the organizations in which the bearer of activities related to the employees is the legal department, the most frequent organization of the training is in the period of three years.

The training at beginning of employment has had a half of the examinees (50%) in the total sample. From the aspect of human resources responsibility bearer in the organizations in which the general manager takes care of the employees, the training at the employment had (38,5%) of the examinees and did not have (61,5%); in the organizations wherein in charge of the employees is the human resources department, the training at employment had (64,4%) of the examinees and did not have (35,6%) of the examinees; in the organizations wherein in charge of the employees is the human resources agency, the training at the employment had (100%); in the organizations wherein in charge of the employees is the legal department, the training at the employment had (40%) of the examinees and did not have (60%) of the examinees; in the organizations wherein no one is in charge of the employees, the training at the employment had (60%) of the examinees and did not have (40%) of the examinees; in the organizations wherein in charge of the employees is someone else, the training at the employment had (40%) of the

examinees and did not have (60%) of the examinees; It can be noticed that the training at the employment is dominant at the organizations in which in charge of the employees is the human resources department. On the other hand, it is highly surprising that in the organizations in which no one is in charge of human resources also dominant is the training at the employment.

Additional training for the job they perform in the total sample is being organized in (40,2%) of the organizations showing us the intensity of changes in the ambient influencing on the changes in workplaces' requirements but also on the growing need for continual education. From the aspect of human resources responsibility bearer: The additional training for the job they do in the organizations wherein the general manager takes over the responsibility for human resources had (28,8%) of the examinees, did not have (69,7%) and (1,5%) of the examinees replied 'I do not know'; in the organizations where the human resources department takes on the responsibility for the additional training for the job they do had (58,3%) of the examinees, did not have (36,7%) and 5% of the examinees replied 'I do not know'; in the organizations wherein the human resources agency takes on the responsibility for human resources, the training for the job they do had (100%) of the examinees; in the organizations wherein the legal department takes on the responsibility for human resources, the training for the job they do had (30%), did not have (70%) and no one of the examinees replied 'I do not know'; in the organizations wherein no one is responsible for human resources, the additional training for the job they do had (27,3%) of the examinees, did not have (72,7%) and no one of the examinees replied 'I do not know'; in the organizations where someone else takes on the responsibility for human resources, the additional training for the job they do had (30%), did not have (70%) and no one of the examinees replied 'I do not know'. *It is evident that the greatest need for additional knowledge and skills is recognized in the organizations with human resources department and the least recognized in the organizations in which the general manager, legal department, no one or someone else takes care of the employees.*

In the total sample, the employees needed in the greatest number of organizations (46,7%) three months to master the knowledge and skills necessary for performing the job, six months (14,2%), a year (14,8%) and more (8,3%). From the aspect of responsibility bearer for the employees: The time it took to the employees to master skills and knowledge for performing the jobs in the organizations wherein the general manager is responsible for human resources was three months (42,4%), six months (16,7%), a year (13,6%), did not need additional time (22,7%), and it took them more than a year (4,5%); in the organizations wherein the human resources department is responsible for human resources, it took them three months (53,3%), six months (15%), a year (18,3%), did not need any additional time (5%), and it took them more than a year (8,3%); in the organizations wherein the human resources agency is responsible for human resources, it took them three months (100%); in the organizations wherein the legal department is responsible for human resources, it took them three months (52,6%), six months (5,3%), a year (21,1%), did not need the additional time (15,8%), and it took them more than a year (5,3%); in the organizations wherein no one takes on the responsibility for human resources, it took them three months (27,3%), six months (18,2%), a year (9,1%), did not need any additional time (9,1%), and it took them more than a year (36,4%); in the organizations wherein someone else takes on the responsibility for human resources, it took them three months (40%), six months (10%), a year (0%), did not need any additional time (40%) and it took them more than a year (10%); The results of the research show that the employees need three months the most to master the needed knowledge and skills for doing the job, however, the result in the organizations in which no one is responsible for human resources is interesting because the examinees have stated that they

needed more than a year to master the necessary skills and knowledge. It is obvious that in the organizations wherein no one takes care of the employees and thereby no one is in charge of managing the employees' knowledge, but everything happens uncontrollably, we have an expressed cost in decreased productivity because the employees spend too much time in mastering knowledge for doing the job.

From the aspect of the employees the focus was to investigate whether they have acknowledged the need in the past year for additional knowledge and skills. In the total sample the need for additional knowledge had (67,5%) of the examinees showing us that the very employees notice the changes their job requires. From the aspect of bearer of responsibility for human resources, in the organizations wherein the general manager is in charge of human resources, the employees believe that they need additional knowledge (56,1%), do not need (42,4%) and (1,5%) of the examinees replied 'I do not know'; in organizations wherein the human resources department is in charge of human resources, the employees believe that they need additional knowledge (81,7%), do not need (18,3%) and no one of the examinees replied 'I do not know'; in the organizations wherein the human resources agency is in charge of human resources, the employees believe that they do not need additional knowledge (100%); in organizations wherein the legal department is in charge of human resources, the employees believe that they need additional knowledge (65%), do not need (35%) and none of the examinees replied 'I do not know'; in the organizations wherein the no one is in charge of human resources, the employees believe that they need additional knowledge (72,7%), do not need (30%) and no one of the examinees replied 'I do not know'; in the organizations wherein someone else is in charge of human resources, the employees believe that they need additional knowledge (80%), do not need (10%) and (10%) of the examinees replied 'I do not know'; The greatest need for additional knowledge in the past year has been recognized by the employees in the organizations wherein the bearers of responsibility for human resources are human resources department and in the organizations wherein no one is in charge of the employees. If we compare the answers of the employees in the organizations wherein there is the human resources department to this question with the frequency of organizing additional training (most often in six months), it can compromise the selection of the trainings being organized for the employees.

The importance of training and development should be clear both to the organizations and to the employees. The organizations by training and development of the employees strengthen their human capital and the market competitiveness and the employees get the possibility of advancement and strengthening of their competitiveness on the labor market. The importance of the training in the total sample has been recognized by (78,7%) of the examinees, (7,1%) of the examinees thought that the developments were not important for their job and (12,4%) of the examinees replied 'I do not know'. In the organizations wherein the general manager is responsible for human resources, the employees thought that the trainings and education were significant for their job (78,5%), were not significant (7,7%) and 13,8% of the examinees replied 'I do not know'; in the organizations wherein human resources department is responsible for human resources, the employees thought that the trainings and education were significant for their job (84,7%), were not significant (3,4%) and 11,9% of the examinees replied that they did not know; in the organizations wherein human resources agency is responsible for human resources, the employees thought that the trainings and education were significant for their job (100%); in the organizations wherein legal department is responsible for human resources, the employees thought that the trainings and education were significant for their job (78,9%), were not significant (10,5%) and 18,2% of the examinees replied that they did not know; in the organizations

wherein no one is responsible for human resources, the employees thought that the trainings and education were significant for their job (63,6%), were not significant (18,2%) and (18,2%) of the examinees replied that they did not know; in the organizations wherein someone else is responsible for human resources, the employees thought that the trainings and education were significant for their job (80%), were not significant (10%) and 10% of the examinees replied that they did not know; In all the organizations regardless of the bearers of responsibility for human resources, the employees think that the trainings and specializations are important for their job. Somewhat less recognized importance of trainings is in the organizations wherein no one is responsible for human resources.

What is the benefit from the trainings and developments and to what extent an organization valorizes the investment into knowledge and sets it as the foundation of the advancement, namely, whether the training influences on advancement in the total sample (59,2%) of the examinees replied that it did, (27,2%) replied that it did not influence and (12,4%) of the examinees replied that they did not know. From the aspect of human resources responsibility bearer: In the organizations wherein the general manager is responsible for human resources, the training and education influence on the possibility of advancement (62,1%), do not influence (27,3%) and 10,6% of the examinees replied that they did not know; in the organizations wherein human resources department is responsible for human resources, the training and education influence on the possibility of advancement (60%), do not influence (25%) and 15% of the examinees replied that they did not know; in the organizations wherein human resources agency is responsible for human resources, the training and education influence on the possibility of advancement (100%); in the organizations wherein the legal department is responsible for human resources, the training and education influence on the possibility of advancement (57,9%), do not influence (21,1%) and 21,1% of the examinees replied that they did not know; in the organizations wherein no one is responsible for human resources, the training and education influence on the possibility of advancement (40%), do not influence (50%) and 10% of the examinees replied that they did not know; in the organizations wherein someone else is responsible for human resources, the training and education influence on the possibility of advancement (60%), do not influence (40%) and none of the examinees replied that they did not know; As it was noticed, in most of the organizations the training and education influence on the possibility of advancement but the training is still not being organized to a significant extent (33,8%), which leads us to the presupposition that training is left to the employees' free will.

As the criteria of advancement at the workplace in the total sample the examinees have isolated the work outputs (41,5%), experience (14,2%), years of service (9,3%) and something else (35%). From the aspect of human resources responsibility bearer: In the organizations wherein the general manager takes the responsibility for the employees, the promotion depends on experience (13,6%), years of service (12,1%), work outputs (45,5%), something else (40,9%); In the organizations wherein the human resources department takes the responsibility for the employees, the promotion depends on experience (13,3%), years of service (6,7%), work outputs (48,3%), something else (38,3%); In the organizations wherein human resources agency takes the responsibility for the employees, the promotion depends on work outputs (100%); In the organizations wherein the legal department takes the responsibility for the employees, the promotion depends on experience (27,8%), years of service (22,2%), work outputs (33,3%), something else (27,8%); In the organizations wherein no one takes the responsibility for the employees, the promotion depends on experience (27,3%), work outputs (27,3%), something else (54,5%); In the organizations wherein someone else takes the responsibility for the employees, the promotion depends

on experience (10%), years of service (10%), work outputs (60%), something else (30%); It is noticeable that in the organizations the promotion depends on the work outputs and at the most in those in which no one is responsible for human resources. If the promotion depends to the greatest extent on work outputs and the work outputs are not accorded with earnings, undoubtedly the motivation of the employees for further advancement is brought into question. Also noticeable are the answers that the promotion depends on something else wherein the examinees have mostly stated the political determination, relations with the superiors, poltroon policy, family relations, etc.

If the employees perceive the advantages of training and development, namely if that would influence on the possibility of advancement within the organization, surely their motivation in investing into knowledge would be greater. According to the results of our research, in the total sample the employees are motivated to do the training (34,3%), are not motivated (37,3%) and 27,2% of the examinees replied that they did not know. Such results are not surprising having in mind who are the bearers of responsibility for human resources and that to the greatest extent the training is the issue of the very individual and not a defined need incorporated into the strategy of the organization itself. The organizations in which the general manager takes on the responsibility for human resources, the employees are motivated to attend the trainings (31,3%), not motivated (43,8%) and 25 % of the examinees replied that they did not know; The organizations in which the human resources department takes on the responsibility for human resources, the employees are motivated to attend the trainings (41,7%), not motivated (30%) and 28,3% of the examinees replied that they did not know; The organizations in which human resources agency takes on the responsibility for human resources, the employees are motivated to attend the trainings (100%); The organizations in which the legal department takes on the responsibility for human resources, the employees are motivated to attend the trainings (20%), are not motivated (50%) and 30 % of the examinees replied that they did not know; The organizations in which no one takes on the responsibility for human resources, the employees are motivated to attend the trainings (27,3%), are not motivated (45,5%) and 27,3 % of the examinees replied that they did not know; The organizations in which someone else takes on the responsibility for human resources, the employees are motivated to attend the trainings (40%), are not motivated (20%) and 40 % of the examinees replied that they did not know;

The training and specializations are a planned activity that should be adjusted to the strategic course of development and needs of the organizations. In the total sample the organizations organize the training and specializations according to the determined plans (22,5%), the need (36,7%), depending on the offer (6,5%) and independently on anything (26,6%). From the aspect of human resources responsibility bearer: The trainings and specializations in the organizations wherein the general manager takes on the responsibility for the employees are being organized according to the plans (18,3%), need (41,7%), depending on the offer (10%), independently on anything (30%); The trainings and specializations in the organizations wherein the human resources department takes on the responsibility for the employees are being organized according to the plans (33,3%), as needed (36,7%), depending on the offer (5%), independently on anything (25%); The trainings and specializations in the organizations wherein the human resources agency takes on the responsibility for the employees are being organized according to the plans (100%); The trainings and specializations in the organizations wherein the legal department takes on the responsibility for the employees are being organized according to the plans (15%), need (50%), independently of anything (35%); The trainings and specializations in the organizations wherein no one takes on the responsibility for the employees are being organized ac-

cording to the plans (14,3%), the need (28,6%), depending on the offer (14,3%), independently (42,9); The trainings and specializations in the organizations wherein someone else takes on the responsibility for the employees are being organized according to the plans (28,6%), need (28,6%), depending on the offer (14,3%), independently on anything (28,6%); it can be noticed that in the organizations in which there is the human resources department, the trainings are organized to the greatest extent according to the plans and need, pointing to the positive role of this function in the company's operation. In the other organizations, the trainings are mainly organized according to the need, pointing to a random business operation and on corrective, instead of preventive actions which certainly necessitate greater expenses.

Whether development is a matter of an individual or a coordinated activity with the organization it has been checked by the question would they have the organization's support during the development. In the total sample (53,8%) of the examinees replied that they would have the organization's support and even (47,2%) of the examinees replied that they would not have the organization's support during the development which can be the consequence of undefined needs for skills and knowledge on behalf of the organization itself. From the aspect of human resources responsibility bearer: In the course of training and development in the organizations wherein responsible for the human resources is the general manager, the employees would have the organization's support (55,6%) and would not have the organization's support (44,4%); in the organizations wherein responsible for the human resources is the human resources department, the employees would have the organization's support (57,6%) and would not have the organization's support (42,4%); in the organizations wherein responsible for the human resources is the human resources agency, the employees would have the organization's support (100%); in the organizations wherein responsible for the human resources is the legal department, the employees would have the organization's support (63,2%) and would not have the organization's support (36,8%); in the organizations wherein responsible for the human resources is no one, the employees would have the organization's support (72,7%); in the organizations wherein responsible for the human resources is someone else, the employees would have the organization's support (55,6%) and would not have the organization's support (44,4%); The greatest support the employees have in the organizations wherein responsible for the employees is the legal department and the least in the organizations wherein no one takes the responsibility for human resources.

Whether the training and development are a matter of privilege and the chosen ones it has been investigated by the question whether all the employees have the possibility of training and development. In the total sample 33,1% of the examinees responded that they all had the possibility of training and development, 46,2% of the examinees responded that they did not have and 18,7% of the examinees replied that they did not know. In the organizations where the general manager is responsible for human resources all the employees have the possibility of training and development (38,5%), all the employees do not have the possibility of training and development (44,16%) and 16,9% of the examinees replied that they did not know; In the organizations where the human resources department is responsible for human resources all the employees have the possibility of training and development (32,2%), all the employees do not have the possibility of training and development (47,5%) and 20,3% of the examinees replied that they did not know; In the organizations where the human resources agency is responsible for human resources all the employees have the possibility of training and development 100 %; In the organizations where the legal department is responsible for human resources all the employees have the possibility of training and development (21,1%), all the employees do not have

the possibility of training and development (47,4%) and 31,6% of the examinees replied that they did not know; In the organizations where no one is responsible for human resources all the employees have the possibility of training and development (18,2%), all the employees do not have the possibility of training and development (72,7%) and 9,1% of the examinees replied that they did not know; In the organizations where someone else is responsible for human resources all the employees have the possibility of training and development (50%), all the employees do not have the possibility of training and development (40%) and 10% of the examinees replied that they did not know. From the aspect of bearer of responsibility for human resources it is noticeable that there are the least the privileged ones in the organizations wherein someone else is responsible for the employees. It would be interesting to check what structure of the employees in the organizations has the possibility of development and what it depends on.

How much the organizations value the employees' development can be seen through the palette of privileges offered (short working time, possibility of choosing the shift, paying for the education expenses, no privilege, some other privilege). In the total sample they are short time of work (18,3%), possibility of choosing the shift (18,9%), paying for the education expenses (25,4%), some other privilege (8,3%) and no privileges (12,4%); It can be noticed that the organizations offer various privileges for the employees that are developing, which can be additional motivation. From the aspect of human resources responsibility bearer the privileges for the training and development period in the organizations wherein the general manager takes care of the employees are short time (20,4%), the possibility of shift choosing (33,3%), paying for the education expenses (18,5%), some other privilege (13%) and there are no privileges (14,8%); in the organizations wherein the human resources department takes care of the employees are short time (25,9%), the possibility of shift choosing (14,8%), paying for the education expenses (42,6%), some other privilege (9,3%) and there are no privileges (7,4%); in the organizations wherein the human resources agency takes care of the employees it is the possibility of choosing the shift (100%); in the organizations wherein the legal department takes care of the employees are short time (31,3%), paying for the education expenses (37,5%), some other privilege (6,3%) and there are no privileges (25%); in the organizations wherein no one takes care of the employees are the possibility of shift choosing (20%), paying for the education expenses (20%), and there are no privileges (60%); in the organizations wherein someone else takes care of the employees are the possibility of shift choosing (40%), paying for the education expenses (30%), some other privilege (10%) and there are no privileges (20%);

The employees' satisfaction with the possibility of advancement and presenting of the ideas can greatly contribute to the lower fluctuation, higher motivation and creation of the culture in which any effort for the operations improvement is valued. By the possibilities of advancement and idea presenting in the investigated organizations in the total sample completely satisfied were (28,4%) of the examinees, not satisfied (22,5%) and even (46,7%) of the examinees responded that they did not know. From the aspect of human resources responsibility bearer: The employed in the organizations in which the general manager takes care of the personnel, satisfied with the possibility of advancement and idea presentation are (25,4%), dissatisfied (46%) and 28,6% of the examinees replied 'I do not know'; The employees in the organizations in which the human resources department takes care of the personnel, satisfied with the possibility of advancement and idea presentation are (28,3%), dissatisfied (51,7%) and 20% of the examinees replied 'I do not know'; The employees in the organizations in which the human resources agency takes care of the personnel, satisfied with the possibility of advancement and idea presentation are 100(%);The employees in the organizations in which the legal department takes

care of the personnel, satisfied with the possibility of advancement and idea presentation are (31,6%), dissatisfied (57,9%) and 10,5% of the examinees replied 'I do not know'; The employees in the organizations in which no one takes care of the personnel, satisfied with the possibility of advancement and idea presentation are (36,4%), dissatisfied (36,4%) and 27,3% of the examinees replied 'I do not know'; The employees in the organizations in which someone else takes care of the personnel, satisfied with the possibility of advancement and idea presentation are (30%), dissatisfied (30%) and 40% of the examinees replied 'I do not know'; It is surprising that the greater dissatisfaction with the system of advancement and the possibility of ideas presentation is expressed by the examinees in the organizations wherein the main bearers of the human resources activities are the human resources department and legal department.

The satisfaction of the employees with the organization as a whole can be a good indicator of the loyalty and degree of identifying with the organization. In the total sample the employees in the investigated organizations are completely satisfied (30,4%), dissatisfied (19,6%) and even (50%) of the examinees replied 'I do not know'. From the aspect of human resources responsibility bearer: In the organizations in which the general manager takes care of the human resources the employees are satisfied with the organization as a whole (28,8%), dissatisfied (16,7%) and 54,5 % of the examinees replied 'I do not know'; In the organizations in which the human resources department takes care of the human resources the employees are satisfied with the organization as a whole (38,3%), dissatisfied (15%) and 46,7% of the examinees replied 'I do not know'; In the organizations in which the human resources agency takes care of the human resources the employees are satisfied with the organization as a whole (100%); In the organizations in which the legal department takes care of the human resources the employees are satisfied with the organization as a whole (15,8%), dissatisfied (36,8%) and 47,4% of the examinees replied 'I do not know'; In the organizations in which no one takes care of the human resources the employees are satisfied with the organization as a whole (9,1%), dissatisfied (27,3%) and 63,6% of the examinees replied 'I do not know'; In the organizations in which someone else takes care of the human resources the employees are satisfied with the organization as a whole (40%), dissatisfied (30%) and 30% of the examinees replied 'I do not know'; In the total sample it can be notice that a very small number of the employees are satisfied with the organization and that a great number of the examinees replied 'I do not know'. The greatest dissatisfaction the examinees expressed in the organizations with legal department and in the organizations in which no one takes care of the employees and the least satisfaction was expressed by the examinees in the organizations with human resources department.

Whether the employees think that their capacities have been completely utilized one of the goals was to investigate by the question what is their degree of knowledge and skills utilization at work. In the total sample the employees use up to 25% of their knowledge (14,8%), up to (50%) of their knowledge (36,7%), up to 75% of their knowledge (32,5%) and up to 100% of their knowledge; from the aspect of responsibility bearer for human resources: In the organizations wherein responsible for human resources is the general manager the employees use up to 25% of their knowledge (13,8%), up to 50% of their knowledge (33,8%), up to 75% of their knowledge (32,3%) and up to 100% of their knowledge (20%); In the organizations wherein responsible for human resources is the human resources department the employees use up to 25% of their knowledge (20,3%), up to 50% of their knowledge (39%), up to 75% of their knowledge (30,5%) and up to 100% of their knowledge (10,2%); In the organizations wherein responsible for human resources is the agency for human resources the employees use up to 75% of their knowledge (100%); In the organizations wherein responsible for human resources is the legal department

the employees use up to 25% of their knowledge (11,1%), up to 50% of their knowledge (44,4%), up to 75% of their knowledge (44,4%) and none of the examinees thinks that his degree of the knowledge utilization is 100%; In the organizations wherein no one is responsible for human resources the employees use up to 25% of their knowledge (9,1%), up to 50% of their knowledge (54,5%), up to 75% of their knowledge (27,3%) and up to 100% of their knowledge (9,1%); In the organizations wherein someone else is responsible for human resources the employees use up to 25% of their knowledge (10%), up to 50% of their knowledge (20%), up to 75% of their knowledge (40%) and up to 100% of their knowledge (10%); It can be noticed that regardless of the bearer of responsibility for human resources in the organization, a very small number of the examinees thinks that their knowledge, abilities and potentials are completely utilized.

Permanent development of knowledge becomes the requirement of every workplace nowadays. In the examined organizations in the total sample, (53,3%) of the examinees thinks that the permanent development of knowledge is necessary for them, (35,3%) regards that they do not need it and (11,4%) of the examinees replied 'I do not know'. From the aspect of human resources responsibility bearer: In the organizations wherein the general manager is responsible for human resources, the employees believe that the permanent development of knowledge for the job they do is necessary for them (52,3%), that it is not necessary for them (38,5%) and 9,2% of the examinees replied 'I do not know'; In the organizations wherein the human resources department is responsible for the human resources, the employees believe that the permanent development of knowledge for the job they do is necessary for them (55%), that it is not necessary for them (30%) and 15% of the examinees replied 'I do not know'; In the organizations wherein the human resources agency is responsible for the human resources, the employees believe that the permanent development of knowledge for the job they do is necessary for them (100%); In the organizations wherein the legal department is responsible for the human resources, the employees believe that the permanent development of knowledge for the job they do is necessary for them (52,6%), that it is not necessary for them (36,8%) and 10,5% of the examinees replied 'I do not know'; In the organizations wherein no one is responsible for the human resources, the employees believe that the permanent development of knowledge for the job they do is necessary for them (45,5%), that it is not necessary for them (36,4%) and 18,2% of the examinees replied 'I do not know'; In the organizations wherein someone else is responsible for the human resources, the employees believe that the permanent development of knowledge for the job they do is necessary for them (50%), that it is not necessary for them (50%) and none of the examinees replied 'I do not know'; In most of the organizations regardless of the bearer of responsibility for human resources, the employees believe that the permanent development of knowledge is necessary for them. Organizing the trainings according to a plan (which is not the case in our organizations) would be one of the prerequisites of better business operations.

As it was already stated in the theoretical part of the paper, there are various models of training and education. In the investigated organizations, in the total sample present are briefing (12,2%), the employees' orientation (5,6%), the profile addition (3,6%), training period (21,9%), professional and technical training (23%), additional education (12,8%) and rotations and provisional transfers (20,9%). From the aspect of human resources responsibility bearer from the models of education in the organizations in which responsible for human resources is the general manager, present are briefing (13,3%), the employees' orientation (8,3%), the profile addition (5%), training period (25%), professional and technical training (31,7%), additional education (18,3%) and rotations and provisional transfers (21,7%); in the organizations in which responsible for human resources is the human resources department, present are briefing (14,3%), the employees' orientation (7,1%),

the profile addition (7,1%), training period (30,4%), professional and technical training (35,7%), additional education (19,6%) and rotations and provisional transfers (26,8%); in the organizations in which responsible for human resources is the human resources agency, present is professional and technical training (100%); in the organizations in which responsible for human resources is the legal department, present are briefing (20%), training period (35%), professional and technical training (10%), additional education (15%) and rotations and provisional transfers (45%); in the organizations in which no one is responsible for human resources, present are briefing (20%), training period (40%), professional and technical training (20%), and rotations and provisional transfers (20%); in the organizations in which someone else is responsible for human resources, present are briefing (37,5%), the employees' orientation (25%), training period (25%), professional and technical training (12,5%), and rotations and provisional transfers (37,5%); It can be noticed that in relation to the bearers of responsibility for human resources there is the difference in the presence of education model. What can be singled out as interesting herein are the results showing a very small presence of the employees' orientation regardless of all the advantages it provides.

As the main barriers to the maximum utilization of their potentials and knowledge the employees, in the total sample, perceive the inadequate equipment (9,8%), bad collective (6,1%), bad organization of work (30,4%), burden with unskilled work (18,2%), insufficient support of the associates (13,3%) and insufficient concern on the company's development (22,4%). From the aspect of human resources responsibility bearer: In the organizations in which the general manager is responsible for the employees, they believe that it is the inadequate equipment (15,5%), bad collective (12,1%), bad organization of labor (46,6%), burden with unskilled work (31%), insufficient support of the associates (15,5%) and insufficient concern on the company's development (39,7%); the employees for whom the human resources department is responsible believe that it is the inadequate equipment (17,6%), bad collective (5,9%), bad organization of labor (33,3%), burden with unskilled work (19,6%), insufficient support of the associates (23,5%) and insufficient concern on the company's development (33,3%); the employees for whom the legal department is responsible believe that it is the inadequate equipment (10,5%), bad collective (10,5%), bad organization of labor (52,6%), burden with unskilled work (31,6%), insufficient support of the associates (21,1%) and insufficient concern on the company's development (15,8%); the employees for whom no one is responsible believe that it is the bad collective (10%), bad organization of labor (70%), burden with unskilled work (30%), insufficient support of the associates (10%) and insufficient concern on the company's development (40%); the employees for whom someone else is responsible believe that it is the inadequate equipment (16,7%), bad organization of labor (66,7%), burden with unskilled work (16,7%), insufficient support of the associates (33,3%) and insufficient concern on the company's development (16,7%);

4. CONCLUSION

According to the shown results of the research, as well as to the determined differences, it can be isolated some characteristics on the trainings and education of the employees in the organization in relation to the various bearers of responsibility for human resources and therewith confirm the main hypothesis that there are differences in trainings and education of the employees in relation to different bearers of the activities:

The organizations in which *the main bearer of human resources management function is the general manager* are characterized by the following: There are workplaces descriptions (74,2%), descriptions of work corresponding to what the employees do (66,2%), the formal processes of

performance estimation do not exist (47%), the performance estimation is held randomly (29,7%) and not held at all (31,3%), the performance is estimated by the sector manager (41,5%), direct superior (44,6%), the reward system does not exist (41,5%), the earnings are not in accordance to the work outputs (50%), the training and specializations are not being organized (45,5%), have never had the training (53%) of the examinees; the training at the employment did not have (61,5%), the additional training for the existing jobs is not being organized (69,7%), three months is the period needed for mastering knowledge and skills necessary for performance of the job (42,4%), the employees think that the trainings were necessary to them in the past year in order to better master their job (56,1%), the employees believe that the developments are significant for their job (78,5%), the trainings and education influence on the possibility of advancement (62,1%), the promotion depends on the work outputs (45,5%) and something else (0,9%); the employees are not motivated (43,8%) to attend the courses, the trainings are organized according to the need (41,7%) and are organized independently on anything (30%); the organization's support during the development would have (55,6%) and would not have (44,4%) of the employees; all the employees do not have the possibility of training and development (44,16%); of the privileges during the development the most present are short time (20,4%), the possibility of choosing the shift (33,3%); the employees are not satisfied with (46%) the possibilities of the advancements and presenting the ideas, the employees utilize only up to 50% of their knowledge (33,8%), the employees think that the permanent development of knowledge is necessary to them for the job they do (52,3%); of the models of training and education the most present are the training period (25%), professional and technical training (31,7%) and rotations and provisional transfers (21,7%); the barriers in the maximum utilization of knowledge are bad organization of labor (46,6%), burden with unskilled work (31%) and insufficient concern on the company's development (39,7%);

The organizations in which *the main bearer of human resources management function is the human resources department* are characterized by the following: there are workplaces descriptions (88,3%), descriptions of work corresponding to what the employees do (58,3%), the formal processes of performance estimation exist (75%), the performance estimation is held in three months (27,6%), a year (20,7%), randomly (29,3%), the performance is estimated by the sector manager (36,7%), direct superior (58,3%), the employees are partially satisfied with the rewarding system (38,3%), the earnings are in accordance to the work outputs (43,3%), the trainings are being organized (80%), they have had the training in the last six months (37,7%), the training at the employment had (64,4%) of the examinees, the additional training for the job they do had (58,3%) of the employees, for mastering knowledge and skills necessary for performance of the job it took them three months (53,3%), the employees think that the trainings are necessary to them (81,7%), that they are significant for their job (84,7%), the trainings and education influence on the possibility of advancement (60%), the promotion depends on the work outputs (48,3%) and something else (38,3%); the employees are motivated (41,7%) to attend the courses, the trainings are organized according to the plans (33,3%), to the need (36,7%); the organization's support during the development would have (57,6%); not all the employees have the possibility of training and development (47,5%), of the privileges during the development the most present are short time (25,9%) and paying for the education expenses (42,6%), the employees are not satisfied with (51,7%) the possibilities of the advancements and presenting the ideas, the employees are satisfied with the organization as a whole (38,3%) and (46,7%) of the employees replied 'I do not know'; the employees utilize the most up to 50% of their knowledge (39%) and up to (75%) of their knowledge (30,5%), the employees think that the permanent development of knowledge is necessary to them for the job they do (55%), of the models of training and education the most present are the training period (30,4%), professional and technical training (35,7%) and rotations

and provisional transfers (26,8%); the barriers in the maximum utilization of knowledge are bad organization of labor (33,3%), insufficient support of the associates (23,5%) and insufficient concern on the company's development (33,3%);

The organizations in which *the main bearer of human resources management function is the legal department* are characterized by the following: The workplaces' descriptions exist (85%); descriptions of work correspond to what the employees do (65%); the formal processes of performance estimation do not exist (65%); the performance estimation is held randomly (42,1%) and not held at all (26,3%); the performance is estimated by the sector manager (25%) and direct superior (70%), the rewarding system does not exist (40%), the earnings are not in accordance to the work outputs (80%), the trainings are being organized (55%), the trainings have been organized in the past three years (36,8%) and have never been organized (36,8%); the training at the employment did not have (60%) of the employees, the training for the jobs they do did not have (70%) of the employees; the period needed for mastering knowledge and skills necessary for performance of the job is three months (52,6%), the employees think that the trainings are necessary to them for the better job performance (65%), that they are significant for their job (78,9%), the trainings and education influence on the possibility of advancement (57,9%), the promotion depends on the experience (27,8%), years of service (22,2%), work outputs (33,3%) and something else (27,8%); the employees are not motivated (50%) to attend the courses, the trainings are organized according to the need (50%) and are organized independently on anything (35%); the organization's support during the development would have (63,2%); all the employees do not have the possibility of training and development (47,4%), of the privileges during the development the most present are short time (31,3%) and paying for the education expenses (37,5%), the employees are not satisfied with the possibilities of the advancements and presenting the ideas (57,9%), the employees are satisfied with the organization as a whole (36,8%) and (47,4%) of the examinees replied 'I do not know'; the employees utilize only up to 50% of their knowledge (44,4%) and up to 75% of their knowledge (44,4%), the employees think that the permanent development of knowledge is necessary to them for the job they do (52,6%), of the models of training and education the most present are: training period (35%) and rotations and provisional transfers (45%); as the barriers in the maximum utilization of knowledge they perceive: bad organization of labor (52,6%) and burden with unskilled works (31,6%);

The organizations in which *no one is the main bearer* are characterized by the following: there are workplaces descriptions (63,6%); descriptions of work corresponding to what the employees do (54,5%), the formal processes of performance estimation do not exist (90,9%); the performance estimation is not held at all (63,6%); the performance is estimated by the direct superior (63,6%); the employees are dissatisfied with the rewarding system (36,4%) and (45,5%) of the examinees replied that that there was no reward system; the earnings are in accordance to the work outputs (72,7%), the trainings are not being organized (72,7%); for the job they do they have never had the additional training (63,6%), the training at the employment had (60%) of the employees; for mastering knowledge and skills necessary for performance of the job the employees took more than a year (36,4%); the employees think that the trainings are necessary for their job (63,6%); the trainings and education do not influence on the possibility of advancement (50%), the promotion depends on something else (54,5%); the employees are not motivated to attend the courses (45,5%), the trainings are organized independently from anything (42,9%); during the training and development they would not have the organization's support (72,7%); not all the employees have the possibility of training and development (72,7%), during the development the employees have no privileges (60%), the employees are not satisfied with the possibilities of the advance-

ments and presenting the ideas (36,4%); the employees are dissatisfied with the organization as a whole (27,3%) and 63,6% of the employees replied 'I do not know'; the employees utilize the most up to 50% of their knowledge (54,5%); the employees think that the permanent development of knowledge is necessary to them for the job they do (45,5%), that it is not necessary (36,4%); of the models of training and education the most present is the training period (40%); as the main barriers in the maximum utilization of knowledge and potentials the employees perceive: bad organization of labor (70%) and insufficient concern on the company's development (40%);

The organizations in which *the main bearer is someone else* are characterized by the following: The workplaces descriptions do not exist (50%); descriptions of work corresponding to what the employees do (70%); the formal processes of performance estimation do not exist (70%); the performance estimation is held randomly (30%) and is not held at all (40%); the performance is estimated by the direct superior (44,4%) and someone else (33,3%); the employees are partially satisfied (30%) with the reward system but also 30% of the employees replied that the rewarding system did not exist; the earning is not in accordance with the work outputs (60%); the trainings are not being organized (60%); the employees have never had the training (50%); the training at the employment did not have (60%) of the employees; the additional training for the job they do did not have (70%) of the employees; for mastering the knowledge and skills necessary for the job performance three months have been necessary to the employees (40%) and did not need any additional time (40%); the employees believe that the trainings are necessary for their job (80%); the trainings and education influence on the possibility of advancement (60%); the promotion depends on the work outputs (60%) and something else (30%); the trainings are organized independently on anything (28,6%); the employees would have the organization's support during the training (55,6%); not all the employees have the possibility of training and development (40%); of the privileges during the training and development the most present are choosing the shift (40%) and paying for the education expenses (30%); the employees are not satisfied with the possibilities of the advancements and presenting the ideas (30%) and 40% of the examinees replied 'I do not know'; the employees are dissatisfied with the organization as a whole (30%) and 30% of the examinees replied 'I do not know'; the employees utilize up to 50% of their knowledge(20%) and up to 75% of their knowledge (40%); the employees think that the permanent development of knowledge is not necessary to them for the job they do (50%); of the models of education the most used are: briefing (37,5%) and rotations and provisional transfers (37,5%); as the main barriers in the maximum utilization of their knowledge and potentials the employees perceive: bad organization of labor (66,7%), insufficient support of the associates (33,3%);

For the purpose of increasing an organization's competitiveness in service sector it is necessary to devote to the most relevant resource today, to the employees. As the research shows, the necessary premise is the existence of the human resources department, which too great number of organizations still does not have. Undoubtedly, in the organizations in which there is the human resources department the employees have a much greater level of motivation, satisfaction with the job and organization and a clearer image on the necessity, importance and valuing of the continual education as the basis of an individual and organizational development and competitiveness. However, as shown by the research, also in the organizations in which there is the human resources department there are problems of insufficiently accorded descriptions of works with the employees' jobs, dissatisfaction with the reward system, non-accordance of the earnings with the work outputs, etc., pointing us that this department and its role in the organizations is still at the origination and that further development in improvement of all the activities of the human resources management process is necessary.

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TOURISM, AGRICULTURE AND VILLAGE DEVELOPMENT – STRATEGIC OBJECTIVES OF ECONOMIC DEVELOPMENT OF KRUSEVAC

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Abstract: *Social, economic and infrastructural development as well as environmental development are the priorities of the Sustainable Development Strategy of the City of Krusevac for the period 2010-2020. Economic development has four strategic goals - supporting local economy and entrepreneurship, attracting investment, developing agriculture and villages - rural development and tourism development. Rural development, which implies the development of agriculture and rural areas, is one of the goals which realization will contribute to the faster economic development of the city. The City Administration, line ministries, local partners and farmers themselves contribute to the development of agriculture and rural areas by implementing activities related to increasing the productivity and competitiveness of agriculture and the processing sector along with applying new knowledge, improving land and land structure and diversifying rural activities. The integration of agriculture and tourism can significantly contribute to the economic development of the City of Krusevac and the entire Rasina District, too. The City of Krusevac has recognized advanced agricultural and tourism potentials that can be utilized for faster economic development; therefore, activities to develop and connect them are undertaken by the city.*

Keywords: *agriculture, village, tourism, City of Krusevac.*

1. INTRODUCTION

The Rasina District and the City of Krusevac have an exceptional geographical position, favorable climatic characteristics and rich cultural and historical heritage. They are located in the fertile basin of the two rivers Morava and Rasina, at the crossroads of the Balkan Peninsula and the European Union. The characteristics of land, relief and climate favor the development of various agricultural branches, and agriculture itself is a traditional economic activity concerned by a large part of the population in this area. Tradition, cultural and historical heritage are enormous potential for the development of different types of tourism. The development of rural tourism based on agricultural potentials and the integration of agriculture and tourist facilities, are strategic goals of the city economic development which presents one of the priorities of Sustainable Development Strategy of the City of Krusevac. Agricultural potentials significant contribution to the economic development of the city and the whole Rasina District, has been recognized; therefore, they are advanced and improved through various activities in order to make their contribution to economic development larger, completer and more significant.

Priority of Strategy for sustainable development of the city of Krusevac is economic development, and strategic objectives are supporting of economy and entrepreneurship, attracting investments, development of agriculture, rural areas and tourism. The research subjects of this paper represent actions and measures that contribute to the development of agriculture and rural as well as development of tourism, with the aim to pointing out their contribution to the overall economic development of the city of Krusevac and Rasina District.

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2. RASINA DISTRICT AND KRUSEVAC MUNICIPALITY – NATURAL AND HUMAN RESOURCES

Rasina District covers an area of 2,668 km^2, which is 3.34% of the total area of the Republic of Serbia, and has 241,999 inhabitants in six municipalities (Krusevac, Aleksandrovac, Trstenik, Brus, Varvarin and Cicevac). The district is located at an altitude of 250-2017m, in the fertile basin of rivers Rasina, Južna Morava, Zapadna Morava and Velika Morava, and it is surrounded by mountain ranges of Kopaonik, Jastrebac, Goč, Željin and Gledićke Planinine. The Rasina District is characterized mostly by hilly relief, while in the valleys of rivers, there are fertile lowland areas. The average altitude of the district is 300 m, with 35% of the surface covered with forests, significantly contributed by Jastrebac, which is the most wooded mountain in the Balkans. The municipality areas of Aleksandrovac, Brus and Trstenik extend on the slopes of mountains Goč, Željin and Kopaonik, while the of Cicevac and Varvarin municipalities are located in the valleys of Južna Morava, Zapadna Morava and Velika Morava, where fertile land is the mainstay of agricultural development. The climate in the Rasina District is moderately continental, with warm summers, cold and moderate winters, while spring and autumn last relatively short. Wind Košava blows in the river Morava valley but of lower intensity than in the Danube region. The lowest temperatures appear in January and the highest in July, and the average air temperature is 11ºC. (RPK)

The Rasina District geographical and climatic characteristics are conducive to the development of all agricultural branches with significant contribution of Agricultural Fair, which is held annually in Krusevac. This Fair is the most significant agribusiness event of the Rasina District, representing livestock feed producers, seed products producers, agricultural machinery and equipment, wines, brandy, honey and handicraft products manufacturers, banks and insurance companies.

The Rasina District, as well as the City of Krusevac itself, have significant cultural and historical sites, which makes this part of Serbia an extremely important place on the tourist map. These are the archeological park „Lazarev grad", Lazarica Church, National Museum, monument to Prince Lazar, Donžon tower, Prince's palace, Milić of Mačva Gallery, Mosaic hall, Monument to the Kosovo Heroes, Simić House, Wall painting „Obretenje Lazarevo", Warriors Monument 1912 -1918, St. George's Church, Sculpture „Mother Serbia and Mother Greece", Memorial Park „Slobodište".

Region's rich tourist offer is presented by: Jastrebac - the highest mountain near Krusevac, mountain Kopaonik known as the „Roof of Serbia", Ribarska Banja - one of the oldest spas in the southeastern Balkans, an oasis of clean mountain air and healthy food, and Bela Voda, famous for its natural resources - white stone sandstone and mineral water springs. Parts of Serbian spiritual heritage receiving great attention are: the mountain Mojsinjske planine, known as the „Serbian little Sveta Gora", the Church of the Protection of the Blessed Virgin Mary on river Rasina and the Church of St. George in the center of Krusevac, as well as the monasteries Drenča, Naupar, Mrzenica, Ljubostinja, Rudenica, Sveti Roman, Veluće and the monastery of the Holy Virgin Cover.

Krusevac, Trstenik, Brus and Aleksandrovac tourist organizations actively contribute to bringing the tourist offer closer to potential guests, tourists and visitors. According to geographical location, favorable climatic characteristics and extremely rich historical and cultural heritage, this region has all the preconditions for economic development.

Population growth and its dynamics are a key factor in development. Population growth of the world population is conditioned only by natural growth, while population growth in one country depends not only on natural growth but also on population migration.

According to the 2002 census, there were 259,441 inhabitants in 296 settlements in the Rasina District, and 241,999 according to the 2011 census. The population decline has been noticeable in the last two decades (Table 1). According to the 2011 census, the population of Rasina District made up 3.36% of the total population of the Republic of Serbia, and according to the 2002 census this indicator was at the level of 3.46%, which also indicates a decrease in the population of Rasina District. (RSZ a))

According to the 2011 census, there were 2,487,886 households in Serbia, with an average of 2.88 members per household. There were 77,270 households in the Rasina District, which is an average of 3.13 members per household. (RSZ a)). The tendency of population decline in Rasina District is followed by the tendency of decrease in the number of households, except for the City of Krusevac itself, recording an increase in the number of households, which is shown in the following table.

Table 1. Demographic statistics by municipalities of Rasina District, in the period 2001-2013

Indicator Year Municipality	Number of households		Population		Birth rate		Mortality		Natural population growth	
	2002.	2011.	2002.	2011.	2001.	2013.	2001.	2013.	2001.	2013.
Aleksandrovac	8.789	8.146	29.389	26.522	9,0	6,5	9,0	15,7	-3,4	-9,1
Brus	5.840	5.320	18.764	16.317	7,7	7,7	7,7	16,1	-4,3	-8,4
Varvarin	5.998	5.544	20.122	17.966	9,5	5,6	9,5	17,9	-5,9	-12,3
Trstenik	15.600	14.342	49.043	42.966	8,1	6,8	8,1	16,3	-3,9	-9,5
Kruševac	40.188	40.947	131.368	128.752	10,6	8,5	10,6	14,4	-1,8	-5,8
Ćićevac	3.332	2.971	10.755	9.476	10,0	5,7	10,0	14,5	-5,0	-8,8
Rasina District **(in total)**	**79.747**	**77.270**	**259.441**	**241.999**	9,6	7,6	9,6	15,2	-3,0	-7,6

Source: NBS a), b)

Population density reflects the spatial distribution of the population and is important for considering the spatial frameworks of labor supply and spatial differentiation of the national market, which is important for the development of both social and economic activities. Population density in the Rasina District is slightly below the population density level in Serbia and amounts to 89 inhabitants per square kilometer. Krusevac is the most densely populated city presenting the administrative, educational and cultural center of the region, and the least populated is the Brus municipality, which is a mountainous area in relief.

The birth rate tends to decline in the Rasina District but in recent years, birth rate has slightly increased or remained at the same level, so as the result, the district birth rate has remained at the same level in recent years. The highest birth rate is in the Krusevac municipality and the lowest one is in the municipalities of Varvarin and Cicevac.

Generally, the population of Serbia is in the process of aging, and there are the same tendencies in the Rasina District. The number of young and middle-aged population is declining and the number of the old population is increasing. The average age of the total population in Serbia is constantly increasing - in 2011 it was 42.2 years, in 2014 it was 42.6 years, and in 2018 it was

43.2 years, which places Serbs among the oldest nations in the world. The average age of the population in Rasina District was 45 years in 2018 (RZS c)).

Human capital is an important factor in the development of the national economy. Macroeconomic aggregates of production and consumption are closely related to human capital - through labor and its employment, occupation, activity, labor status, but also through the relationship between economic activity and inactivity in the total population. Demographic aging is intense in the Republic of Serbia, and the trend is expected to continue in the future. The workforce is reducing, its age structure is deteriorating, which is reflected in both labor productivity and then economic growth. At the same time, the number of pensioners is growing among the economically inactive population and the ratio between the number of employees whose earnings funded pensions and the number of those receiving them is deteriorating. The financial pressure of the population social protection systems - the pension and the health system, increases in such circumstances. These trends are also visible in the economic structure of Rasina District population.

Table 2. Employment and unemployment by Rasina District municipalities, 2011 and 2018

Municipality	2011.				2018.	
	Total population	Economically active	Unemployed persons	Unemployment rate	Employed persons	Unemployed persons
Rasina District (in total)	241.999	97.385	23.387	24,0	56.499	22.125
Aleksandrovac	26.522	10.460	1.576	15,1	6.433	2.093
Brus	16.317	7.324	1.005	13,7	3.761	1.852
Varvarin	17.966	6.645	825	12,4	3.298	964
Kruševac	128.752	51.299	15.419	30,1	31.611	11.917
Trstenik	42.966	17.991	3.767	20,9	9.121	4.421
Ćićevac	9.476	3.666	795	21,7	2.273	878

Source: NBS d), NZS

There were 23.387 unemployed persons at the Rasina District at the end of 2011. and 22.125 at the end of 2018. according to the records of the National Employment Service. The following table shows that the total number of unemployed persons in the Rasina District has decreased and the increase in the number of employees in the city of Krusevac contributed to this, while an increase in the number of unemployed persons was recorded in all other municipalities of the Rasina District.

If we compare the employment, unemployment, activity and inactivity rates in the Republic of Serbia and the Rasina District, in 2018, we will see that in the Rasina District the employment and activity rates are lower and the unemployment and inactivity rates are higher (Table 3).

Table 3. Employment rate, unemployment rate, activity and inactivity rates in the Republic of Serbia and the Rasina District in 2018 (%)

	Employment rate	Unemployment rate	Activity rate	Inactivity rate
Republic of Serbia	47,6	12,7	54,5	45,5
Rasina District	44,4	16,1	52,9	47,1

Source: NBS e)

The structure of employees by industry is such that 26% and 23% of the population are employed in agriculture or in the manufacturing industry, and in these activities twice as many men are employed than women. This is followed by employees in education, health care and public administration employing 5% to 7% of the Rasina District population. Women are em-

ployed three times more than men in the education and health care sector while in public administration this ratio is more uniform. (NBS e)).

The educational structure of the population shows the quality of the workforce, and it is also significant from the consumption aspect, since consumer preferences for certain types of goods and services differ depending on the level of education. The population educational characteristics during the second half of the 20th century indicate a tendency to improve the population educational structure and increase the share of the population with secondary and academic education, while the part of population over age of 60 is related to primary education only.

The educational structure of the Rasina District population is dominated by secondary educated population that makes up 44% of the total population of the district, followed by the primary educated population (24%), while academic education and college degree education are present with 7.1% and 5.3% of the total Rasina District population, respectively. In addition to such an unfavorable population educational structure, there are also 2.78% of illiterate persons, most of whom are age over 65. If we analyze population educational structure by computer literacy, we can observe a large number of computer illiterate persons - 121,405, which is 50% of the Rasina District population. All these indicators point to the extremely unfavorable educational structure of the Rasina District population. (NBS e)).

3. THE IMPORTANCE OF AGRICULTURE AND RURAL AREAS FOR THE DEVELOPMENT OF RASINA DISTRICT

Economic entities from the processing industry (chemical, machine, wood-processing, textile and food), trade, transport and construction have the greatest influence on the development of Rasina district, as well as the City of Krusevac, and this is confirmed by the fact that they employ about 90 % of total employed population. According to the Business Registers Agency, there were 9,396 business entities registered in Rasina District in 2016, presented by 2,179 companies and 7,217 entrepreneurs. It can be observed that entrepreneurs make up over 75% of all economic entities of the Rasina District, and their number continues to increase, primarily due to active policy for small and medium-sized enterprises (SME) development measures, which provide subventions and credit lines. There is significant contribution due to the harmonization of the SME Development Strategy with the Small Business Act.

The SME Development Strategy refers to the period 2015-2020 and is part of the strategic framework for the competitiveness development of the Republic of Serbia economy. It draws SME closer to funding, enhances and develops human resources, improves the business environment and access to new markets, with particular attention to promoting, encouraging and developing entrepreneurship for women and young people, as well as social entrepreneurship.

The Small Business Act, adopted by the EU 10 years ago, points to the importance of SME and their major contribution to faster economic development hence SME are necessary to place at the center of political and economic activities. SME need to be leaders of employment and economic growth at the local level, too, because they significantly contribute to the creation of an economic structure that must meet the needs of consumers.

The Regional Chamber of Commerce (RCC) has an important place in the economic development of the Rasina District and the City of Krusevac itself. Through its activities, RCC

promotes entrepreneurship and SME development, enables the exchange of experiences in the domestic and international environment as well as establishment of business relations and provides expert assistance in the legal regulations interpretation. RCC encourages the exchange of business ideas by organizing seminars, presentations, workshops and conferences. RCC also promotes businessmen by developing profiles of companies (companies and entrepreneurs) and by promoting businesses subjects in the country and abroad, leading to increased exports, mutual businessmen connecting, saving in information and education costs, improving business and competitiveness. In this way RCC contributes to the identification of needs and problems of businessmen, as well as to the implementation of joint actions of the RCC Krusevac, National employment services Krusevac, the Regional Development Agency and local self-governments to eliminate them. Also, great support for SME development comes from the Regional Center for SME Development, which provides advisory and information services, and helps through various specialist trainings for starting a business and developing entrepreneurial spirit, especially for young people. For the last ten years, the Business Incubator has been renting out business premises at preferential prices to the unemployed, individuals and legal entities with good business ideas, and has been helping them through various consulting and entrepreneurial trainings. The role of the Union of Employers and the Association of Entrepreneurs in professional connecting, should not be overlooked, thus contributing to problem solving, but also to networking to exchange experiences and information and to act jointly in the markets.

Economic development SWOT analysis of the City of Krusevac shows that agriculture and rural territory represent extremely important part of this analysis because both the great strengths and the great chances, but also the great weaknesses and threats come from the agriculture sector. Serbia is traditionally an agricultural country, and the same applies to the central part of the country and the Rasina District, which has a favorable geographical position and climatic conditions conducive to diversified agricultural production. The villages have an attractive infrastructure so agriculture is the basis of the processing industry. The opportunity for faster development of agriculture, and thus overall economic development, comes from urban institutions that have adopted a package of incentive measures, as well as from farmers' associations connecting businessmen and farmers, thereby ensuring higher agricultural production, market expansion and better placement. The opportunity must be search in the development of rural tourism and attracting foreign tourists, as there is a significant cultural and historical heritage and conditions for the development of religious and health-recreational tourism. The weaknesses and threats to the development of agriculture are the weaknesses and threats to the overall economic development, which relate to the unfavorable demographic trends and the departure of young and educated personnel to major cities or abroad, as well as the underdeveloped entrepreneurial spirit.

The institutions of the City of Krusevac make great efforts to reduce these disadvantages and threats through a variety of entrepreneurial training for the entrepreneurship development of women (especially women in rural areas), young people and social entrepreneurship. The establishment of the Faculty of Agriculture in Krusevac contributes significantly to this issue. Along with the professional education of young people in the field of animal husbandry, vegetable growing and crop production, fruit growing and viticulture, this academic institution will certainly influence the stay of young people in the rural areas, mitigate the negative demographic trends not only in Krusevac, but in the wider region and provide the application of acquired knowledge in career development in (agro)business and promotion of their own farms.

Table 4. SWOT analysis of economic development of the City of Krusevac

Powers	**Weaknesses**
• Long-standing industrial tradition • Broken network of business support institutions • Professional workforce • Budget funds for the promotion of employment and agricultural development • Available farmland • A large number of livestock farms • Professional associations in agriculture • Agriculture as a basis for the development of the processing industry • Satisfactory rural infrastructure (electricity, water, sewage system, telephone, road) • Opportunities for diversified agricultural production • Potential for the rural tourism development	• Insufficient investment • There is no free land for investment and unresolved property relations • Distance from the highway (23km) • There are no investor reliefs • There is no consensus on the directions of economic development • Incomplete railway electrification • Migration of young and educated staff to major cities and abroad • Underdeveloped entrepreneurial spirit • Existing production volume cannot meet market needs chances
Chances	**Threats**
• Workforce in accordance with the demands of the economy • Cooperation with the Diaspora and inclusion in EU funds • Adoption of a package of incentive measures • Construction of industrial zones • Establishment of a more efficient City Administration • Connecting businessmen and farmers and jointly joining the market and marketing • Formation of farmers' associations and raising production to a higher level • Expansion of estates and attraction of foreign tourists threats	• Unemployment • Grey economy • Adverse demographic trends • Slow economic development • Incomplete privatization process • Insufficient inter-institutional cooperation • Low focus on foreign tourists

Source: City of Krusevac, Sustainable Development Strategy

Potential basis for greater investments in agricultural production is represented by favorable geographical position and climatic characteristics, fertile agricultural land, good rural infrastructure, existence of geothermal and mineral waters, developed advisory service, favorable agro-ecological conditions and high interest of farmers for the application of modern achievements. The Rasina District stands out for its production of planting materials (fruit, vine, conifers, ornamental shrubs), field crops and vegetable crops, and livestock production (breeding cows, pigs and poultry) has always been significant. Organic production is not sufficiently represented in the Rasina District, although there are conditions for its development. Less than 1% of the area is under organic production, primarily berries. There are prerequisites for starting, expanding and promoting organic livestock production, especially in mountainous areas.

There are significant advantages in the Rasina District for such production. Above average favorable natural conditions are: ecologically preserved natural environment at the foot of the mountain Kopaonik and Jastrebac, areas under meadows, pastures and forests (Jastrebac is the most forested mountain in the Balkans), clean water and air. However, natural conditions are not sufficient so coordinated activities are needed at all levels, causing multiple results in the demographic context hence it would slow down and to some extent stop the emptying of mountain villages. (Katić et al., 2010, p 250).

The Local Sustainable Development Strategy of the City of Krusevac prioritizes economic development, which is impossible to achieve without attracting investment, agricultural and rural development and tourism development.

By adopting the Regulation on the allocation of subsidies in agriculture and rural development in 2018, the Republic of Serbia has prescribed incentives for the preparation and implementation of local rural development strategies too, which helps local communities in the implementation of the adopted strategy. (Regulation on the allocation of subsidies in agriculture and rural development in 2018). It implements agricultural and rural development measures aimed at improving the quality of life in rural areas, reducing poverty, sustainable resource management, protecting the environmental and improving the institutional framework for the development of agriculture and rural areas.

The development of agriculture and rural areas is one of the strategic goals of the Sustainable Economic Development Strategy of the City of Krusevac and the specific goals that need to be achieved in order to provide the strategic goal are increasing the productivity and competitiveness of agriculture, diversification of rural economic activities, application of new knowledge and skills as well as improvement of land structure. All of these issues are represented in Table 5.

Increasing the productivity and competitiveness of agriculture can be achieved by stimulating the development of agricultural production (plant and livestock production, as well as the production of planting material), supporting the introduction of new quality standards, supporting the processes of farmers association and strengthening their capacities. This refers to support for the transition from conventional to organic production, support to farms in the processes of implementation and certification of safety and quality systems, as well as increasing the yield of agricultural products by timely control of diseases and pests and by monitoring meteorological indicators, i.e. by building meteorological stations. Support to the processes of farmers association and strengthening of their capacities includes support to agricultural associations, their networking with domestic and foreign agricultural associations, the formation of agro-clusters and the development of agricultural cooperatives. It will be allocated 28.2 million RSD from the city budget to achieve these goals in the period 2010-2020. Donors will participate with 3 million RSD, and farmers themselves with 800 thousand RSD. (City of Krusevac, Sustainable Development Strategy)

The establishment of local partnerships and the creation and implementation of local rural development strategies, contributes to the achievement of sustainable development through the addition of value, improving the rural economy, improving the quality of life, improvement and promotion of natural and cultural heritage, the environment as well as fostering social dialogue of the rural population and the quality management of local resources (National program for agriculture for the period of 2018-2020)

Certain laws have been adopted in the field of agribusiness, but legislation needs to be further improved. International quality standards have significant importance in order to improve and ensure food quality. The involvement of farmers, entrepreneurs, farmers' associations and producers of agricultural products, along with coordination of local and state institutions, is also important for setting strategic goals and for implementing the strategy. (Ristić, 2013, p. 240).

The City of Krusevac, the Agricultural Office of the City of Krusevac, the Institute of Forage Crops Krusevac, the Agricultural Expert Service of Krusevac, the Regional Center for Rural Development and the Regional Center for SME participate in these activities. The aim of these measures is to increase production and quality of agricultural products, to increase supply to the domestic market and to export, with more efficient use of resources and reduction of production costs, which would also increase the economic effects.

Table 5. Vision, mission and goals of economic development of Krusevac city

PRIORITY VISION	**STRATEGIC GOALS**	**SPECIFIC OBJECTIVES**
PRIORITY: **Economic development** *VISION:* **Krusevac as business, industrial and agricultural center, attractive for work, life and investments**	Supporting the economy and entrepreneurship	Strengthening competitiveness and improving the business environment
	Attracting investments	Providing an adequate location with adequate infrastructure and promoting the development possibilities of the Krusevac City
	Development of agriculture and villages	Increasing agricultural productivity and competitiveness
		Diversification of rural economic activities
		Applying new knowledge and skills
		Improvement of land structure
	Tourism development	Tourism development to conserve natural resources
		Education and improvement of conditions for tourism development, stimulation of interest of entrepreneurs and rural households
		Improving the quality of tourist facilities, integrating tourist, educational, hospitality, trade, service and production activities
		Using modern communication, management and marketing

Source: City of Krusevac, Sustainable Development Strategy

Activities and measures for the advancement of agricultural production are conducted by the Agricultural Advisory Expert Service since its forming 1900 to these days, implementing the work of special services (animal husbandry, fruit and wine growing service, crop growing service, crop protection service, agroeconomics, testing laboratory and agricultural pharmacy). Counseling is carried out in cooperation with farmers, through various forums, workshops, visits, consultations, lectures. Practice shows that counseling produces better results if the real problems of agricultural producers are taken into account. The active farmers participation in the development of plans for the agriculture improvement and their mutually work with advisers to identify and understand existing problems is necessary, because in addition to identifying problems, the potentials, goals and measures needed to overcome them are determined. (Miladinović, 2007, pp 289-293).

Agricultural advisory expert service encourages agricultural production development undertaking a wide range of measures and activities, which contribute implementation of Local Economic Development Strategy: gives notices of calls for proposals for stimulating funds awarded by the Budgetary Fund for the Development of Agriculture, Entrepreneurship and SME of the City of Krusevac and the Ministry of Agriculture, Forestry and Water Management, monitors the implementation of agricultural production loans granted by commercial banks whose interest and credit processing costs have been paid by the city, organizes and implements an agricultural fair and agricultural exhibitions, organizes professional lectures and study tours in order to learn about good practices examples, encourages and helps the development of cooperatives, monitors the occurrence of plant and animal diseases, provides information on the realization of autumn sowing and harvesting, and on the preparation for the spring harvest and produces a promotional materials due to affirmation of rural potential development (City of Krusevac, Department for Agriculture).

Diversification of rural economic activities includes activities to support capacity building for processing and packaging of agricultural products, marketing support and promotion of agricultural and other agricultural products, and establishment of business incubators in villages in order

to identify and support activities that can generate income in rural areas. These activities are attended by the Institute of Forage Crops Krusevac, the City of Krusevac, the Agricultural Office of the City of Krusevac, the Agricultural Expert Service Krusevac, the Regional Center for Rural Development and the Krusevac Tourist Organization. The city earmarked 18 million RSD from the budget, donors 13 million RSD and farmers themselves 3 million RSD for this purpose (City of Krusevac, Sustainable Development Strategy). The aim of these measures is to achieve positive economic effects through modernization of production capacities and promotions of marketing.

The application of new knowledge and skills as a specific objective will be realized through holding seminars and demonstrating workshops aimed at improving all areas of agricultural production, introducing experts and advanced farmers with new technologies through seminars, fairs, exhibitions. Also, there will be involve building and strengthening local capacities for the preparation of projects initiated by national and international organizations, formation and organization of rural business and management schools and innovation centers in the City of Krusevac. The city has earmarked 26 million RSD for these activities, 9 million will be provided from donors, and farmers will participate with 4 million RSD. (City of Krusevac, Sustainable Development Strategy). Improving management wants to improve production and increase positive economic effects.

Agricultural producers themselves have a significant role in the realization of the goals and since they will be helped by the state and the city, should slowly realize transition from a traditional peasant household to a modern, economically viable agricultural holding. This transition begins with creating the optimum size of estates, because in agriculture, fruit growing and viticulture there is a need for large areas, using machinery and employing entire families. Opposite to this, the production of vegetables, flowers and livestock does not require such large areas, but requires great knowledge, motivation and secure placement. Certainly, it is necessary to act on the consolidation of estates, which is an opportunity for the agriculture of the Rasina District, but also for agriculture in Serbia, with the assistance of the local level administration, banks and the state, of course (Adžić, 2007, pp.31-32.).

Improvement of land structure as the fourth specific objective of agricultural and rural development is realized through ameliorative measures of land repair in order to preserve the fertility of agricultural land, through activities to improve anti-hail protection, construction and arrangement of field roads, protection of land from floods, torrents and erosion, as well as incentives for consolidation agricultural land.

Particular attention is paid to changing the agricultural land cultivation, the use of agricultural land, the exploitation of mineral, raw materials (clay, sand, pebbles, peat, etc.), the use of agricultural land, the use of arable agricultural land for non-agricultural purposes, in the case of raising forests, artificial meadows and pastures, as well as the protection, use and improvement of agricultural land.

Carriers of these activities are the Institute of Forage Crops Krusevac, the Agricultural Expert Service of Krusevac, the City of Krusevac, the Office of Agriculture of the City of Krusevac, the Regional Center for Rural Development, the Ministry of Agriculture, Forestry and Water Management, the Directorate of Urban Planning of Krusevac and the Public Utility Company of Serbia. The funds are provided from the budget of the city and the Ministry of Agriculture, Forestry and Water Management. These activities will contribute to the expansion of arable land and the preservation and increase of fertility of the land and irrigated area.

Long-term directions of Rasina region agriculture development are in accordance with the Strategy for Agriculture and Rural Development of the Republic of Serbia: the establishment of a market economy, increasing the profitability of agriculture and concern about the rural areas development (Law on Agriculture and Rural Development, Article 4).

4. ECONOMIC DEVELOPMENT OF RASINA DISTRICT AND TOURISM

In addition to rural development, respecting agriculture and village development, tourism development presents important strategic goal in the Sustainable Development Strategy of the City of Krusevac. Achieving this goal would ensure the conservation of the exceptional natural resources of this region, although development requires the education of entrepreneurs and rural households to increase the quality of tourism facilities. Linking agriculture and tourism, integrating service, tourism, hospitality, educational and commercial activities and following contemporary trends in marketing, management and communications, would certainly lead to the improvement of tourism.

Rural tourism is of particular importance for the development of agribusiness systems, as a spectrum of activities, services and additional facilities offered to tourists in rural areas where agricultural production takes place at the same time. Tourism on family farms can attract more tourists and generate additional income for the farm. This tourist product must be based on the principles of sustainability and non-mass supply; therefore, tourists should be offered specific elements of the rural environment, traditional hospitality and the lifeway values of the local population. Rasina District, the City of Krusevac, as well as whole Serbia have significant potential for the development of this tourist product, due to its preserved nature, tradition, cultural and historical values. Rural tourism should be based on rural experiences in rural areas, with full affirmation of activities such as: agritourism / rural household - farm, outdoor activities, eco-tourism and combined forms of tourism. Rural tourism in the Rasina District should be promoted in both the domestic and foreign markets, with a particular focus on the target market for tourists from major cities. At the same time, promotion should also be realized in foreign markets that already have a developed interest in rural experiences, such as: Great Britain, Germany, France, Italy, Austria, Hungary, etc. The richness, conservation and attractiveness of natural resources, the large number of traditional agricultural households and the growing interest of the international market in rural tourism experiences indicate great potential for the development of rural tourism in both Serbia and the Rasina District. In this regard, better infrastructure in rural areas and the inclusion of the organic food concept in the tourist offer would be extremely important (Babić, Stojiljković, 2016, p.451).

Natural resource conservation activities are carried out through projects of access control to tourist sites, construction of parking spaces, construction of bicycle and pedestrian paths, installation of tourist signposts and signage, equipping of Churches and monasteries with necessary accompanying equipment and cleaning and landscaping of beaches and bathing areas. The leaders of these activities are the City Administration, the Directorate for Urbanism and Construction, the Business Center, the Tourist Organization of the City of Krusevac, the line ministries, the local communities and the Institute for the Protection of Monuments.

Improving the services quality in the tourism sector is carried out through activities of continuing education on rural tourism and raising awareness of the tourism importance as a strategic economic branch. Organizing workshops on old crafts, customs and traditions, preparing and

serving traditional dishes, organizing promotions and study trips in at home and abroad are some of these activities, too. Carriers of these activities are the City Tourism Organization, City Administration, Ethno Restaurants, Rural Women's Association, Local Tourism Organizations in the City, Office for Local Economic Development, Local Television Stations, Agricultural Expert Service of Krusevac, Cultural Education Community and the Department of Finance, Economy and Ecology.

Increasing the quality of tourist facilities along with combining service, tourism, hospitality, educational and commercial activities is carried out by increasing the hotel offer (spa, fitness, wellness, congress), increasing the quality of accommodation facilities, such as houses, pensions, apartments. Souvenir production with city symbols, placement of healthy organic food through tourism offerings, construction and improvement of accommodation capacities in monastery residences and connection with Orthodox centers in Greece, Russia, Bulgaria, Macedonia, Montenegro and Republika Srpska, should be include too, as well as tourism connecting with agriculture and other economic branches and development of entrepreneurship and entrepreneurial ideas. The leaders of these activities are the Tourist Organization of the City of Krusevac and the City Administration, with the cooperation of partners such as interested individuals, hotels, restaurants and other catering establishments, agricultural farms, organic food producers, local communities and religious communities.

Monitoring of modern trends in marketing, management and communications is necessary to connect different types of tourism - rural, religious, recreational, wine, health, cultural, gastronomic, excursion, manifestation, congress tourism - and can be realized through the creation of web sites, portals and services, promotional material and movies. Such use of internet technologies contributes to better promotion of tourist potentials and better approaching of tourist events and contents to potential domestic and foreign tourists, as well as active participation of the local population in the tourist economy. In this context, development and improvement of the „year-round" tourist destination is relevant, too.

All these activities that contribute to the development of tourism are financed from the republican and city budget.

In order to provide support to SME in the field of agribusiness and tourism development, entrepreneurs of the Rasina District, as well as all entrepreneurs in the Republic of Serbia, are provided with the funds of the Development Fund and programs for encouraging entrepreneurship. Entrepreneurs can get at least 75.000 RSD of grants and legal entities - at least 250.000 RSD, while the largest amount of grants for all businesses is 12,5 million RSD. For legal entities, the repayment period of these loans is up to 10 years with a grace period of one year and up to 8 years. Entrepreneurs are also provided with a grace period of one year and the repayment period cannot be less than 2 years. The interest rate is 1% per annum, with a bank guarantee, or 2% per annum, if other means of securing the loan are used. (Development Fund of the Republic of Serbia)

The Chamber of Commerce of the Rasina District, in cooperation with the Offices for Local Economic Development in the Rasina District municipalities and the Republic Agency for Development of SME, provides special credit lines to small and medium-sized enterprises. One such support is the Italian Credit Line Program opened in 2016 and will be close in 2022. The interest rate is 4.35% per annum, repayment is made in semi-annual installments, with a grace

period of 2 years, and the loan amount is from 5 thousand to 1 million euros for entrepreneurs and micro enterprises, and from 50 thousand to 1 million euros for small and medium-sized enterprises. Conditionally, 70% of the loan have to be used to purchase equipment, techniques and technology of Italian origin, certified to be Italian products by the Italian Chamber of Commerce. The equipment, technique and technology purchased in this way are exempt from value added tax (VAT). The program includes Bank Intesa, Halk Bank, Komercijalna Banka and Unicredit Bank. (SDA)

Providing tourism services at individual farms not only provides additional income for the farm but also contributes to agricultural development and tourism development. In addition to traditional agricultural products, guests should also be offered elements with local environment and local population characteristics.

The great potential for the development of rural tourism in Serbia, therefore in the Rasina District, comes from the growing interest of farms in providing such services, as well as the growing interest of the international market in demanding these services. In addition to the activities predicted and implemented by the Sustainable Development Strategy of the City of Krusevac, introducing organic food into the tourist offer, using the internet for online bookings and the many benefits provided by social networks, traditionally with modern and contemporary can be combined and thus contribute to the development of agribusiness and tourism. The tourism industry has thus become highly dependent on global networks and the Internet, which contribute significantly to the realization of economic effects. (Vujović et al., 2012, p 55). All of these require numerous improvements, changes and restructurings, as well as significant financial resources and cooperation of all relevant actors - from the level of the individual agricultural farms and local institutions to the state level.

The city of Krusevac has been categorized as a tourist destination of the second category, with all the necessary prerequisites to become an exceptionally attractive tourist destination, in accordance with the Law of Tourism and Tourism Strategy of the Republic of Serbia in the period from 2016 to 2025. The City of Krusevac adopted the Program for Tourism Development of the city of Krusevac for period 2019-2024 which provides a concrete proposals and directives to the all tourism acters from the City of Krusevac area in order to advance activities in tourism domain. This should increase the competitiveness of the tourism economy and ensure the visibility of the city of Krusevac at the Serbia tourist map (The City of Krusevac, Program for Tourism Development of the City of Krusevac 2019-2024) hence the main goals are:

- sustainable economic and ecological development of tourism in the City of Krusevac,
- strengthening the competitiveness of the tourism industry and related activities in the domestic, regional and international markets,
- increasing the share of the tourism sector in the gross domestic product of the City of Krusevac,
- increase in the number of employees in the tourism sector and their participation in the structure of the employees total number in the City of Krusevac,
- creating an image of the City of Krusevac as an attractive competitive tourist destination, and
- long-term protection of natural and cultural resources in the function of tourism.

Table 6. Tourist economy of Krusevac, 2017

Tourist and catering facilities	Accommodation capacities		Tourist arrivals			Tourist nights		
	Rooms	Beds	Total	Domestic	Foreign	Total	Domestic	Foreign
5.678	219	464	25.443	19.216	6.227	96.465	82.601	13.864

Source: City of Krusevac, Tourism Development Program of the City of Krusevac 2019 - 2024.

In total, 5.678 companies were engaged in tourism and catering (with accommodation capacity of 219 rooms, with a total of 464 beds) at City of Kruševac Territory, In 2017 (December, 31) During 2017, Krusevac was visited by over 25 thousand tourists and over 96 thousand overnight stays were realized by domestic and foreign tourists. This is a 22% increase in tourists number and a 14% increase in overnight stays, compared to 2016. (City of Krusevac, Tourism Development Program of the City of Krusevac 2019 - 2024.) The average length of stay for domestic tourists is 4 days, for foreign tourists 2 days.

The City of Krusevac offers the following tourist products to tourists:

- Short City breaks, cultural and historical tourism, health tourism (wellness and spa programs at the Ribarska Banja Spa) and religious tourism - which represent tourism products of the first category; these products have already positioned themselves in the market and for which it is realistic that they can be further developed and commercialized in the next five years,
- Manifestation tourism (Balloon festival "Kruševac kroz oblake", International festival "Viteški megdan u Lazarevom gradu", Medieval wedding in the Church of Lazarica, International Festival of Humor and satire "Zlatna kaciga", Vidovdan Children's Carnival, Vidovdan Souvenir Fair, Motocross championship, International Festival of Orthodox Movie "Snažni duhom", "Belovodska rozeta", "Kulturno leto" in Ribarska Banja Spa), active vacation (fishing, hunting, hiking, cycling) and sports and recreational tourism (football stadium, indoor and outdoor swimming pools, tennis courts, outdoor athletic - soccer block) - which represent tourist products of II category, currently having a specific position on the market, but require longer period development, and
- Tourism products of the third category (business, rural and educational tourism) having potential for development, but it is currently not developed adequately.

Rural tourism is a specific type of tourism that attracts tourists interested in rural culture with its nature, in learning about the traditions and countryside lifestyle and the quality of the environment. Environmental issues, such as protection, preservation and improvement of the environment, are given special attention, which is reflected in numerous programs, funds and incentives for agricultural producers and other economic entities that conserve the environment. Ecologically responsible behavior is of great importance for the Republic of Serbia as well, since ecological and economic sustainability are important prerequisites for the reconstruction and development of rural areas. (Djekić et al., 2011, p 51). The City of Krusevac with a favorable geographical position and a large number of villages has extremely advantageous opportunities for rural tourism development, which is recognized in the Sustainable Development Strategy of the city of Krusevac and in the Tourism Development Program of the City of Krusevac 2019-2024. The benefits and opportunities for the development of rural tourism are particularly pronounced in the villages towards Ribarska Banja Spa or the villages on the slopes of Jastrebac Mountain as well as in the villages by the side of the Morava River and the Lake Ćelije.

The City of Krusevac tourist organization, in cooperation with the City Administration, has issued a „Guide to the implementation of domestic homecraft categorization „, to keep potential hosts informed about the elements of rural tourism. Intensive work is being done to educate the local population regarding to point out the economic justification for dealing with this type of tourism. Lectures are organized in the villages, on the topic of encouraging the development of rural tourism and improving the quality of tourist offer, all with the aim of increasing the number of registered rural households engaged in rural tourism and maintaining and improving the quality of their services.

Rural tourism is a necessary component of sustainable environmental development, of the tourism economy, but of the overall economy, too. That is why it is necessary to use existing natural resources. In the presence of the exposed natural environment, tourists have the opportunity for walking, recreation, excursions to the monastery and other cultural and historical monuments, the possibility of seasonal hunting and fishing, picking forest fruits and herbs. Better use of existing natural resources for the development of rural tourism is contributed by: continuous training of the local population in accordance with the leading trends of rural tourism; continuous contact with existing and potential rural tourist households; investment in rural infrastructure; standardization of services; categorization of rural households and existing private accommodation in the rural area; continuous quality improvement of existing and introduction of new services in the countryside; formation of a specific tourist product and offers of rural tourism households; marketing placing on the domestic and international markets; improving manifestation rural tourism. So far, two "Fair Tourism, Healthy and Natural Creativity" fairs have been organized with the intention of maintaining each year in a different village.

Insufficient tourism revenues, lack of a clearly defined tourism brand, insufficient accommodation capacity, lack of financial resources for tourism development, underutilization of available EU funds and favorable loans from the Ministry of Tourism, youth motivation to stay in the countryside, problems in the development of rural tourism (old population and the lack of a younger population to stay in the countryside), the presence of a grey economy in the area of housing services and the insufficient commercialization of cultural and historical heritage and tradition are just some of the problems and weaknesses of the tourism economy of the City of Krusevac. Continuous planning, organizing, leading and control of all activities could transform these weaknesses to become strengths, advantages, chances and opportunities, which would shape the city of Krusevac as a recognizable competitive tourism destination, contributing to the image of the city in a wider environment.

5. CONCLUSION

Agriculture is a traditional activity in Serbia, especially in those regions where there are natural conditions and benefits for its development, which is the case in the Rasina District. Geographical location, relief and land features, favorable climatic conditions, cultural and historical heritage and human resources are potentials that can be used for the development of the agricultural activity itself, but also for faster economic development of this region.

An important direction for the future development of agriculture is the preservation and optimal use of available natural resources, increasing the volume of agricultural production, changing the production structure in favor of production forms intended for export, production of high quality products of processing higher stages, production of food and beverages in accordance

with the requests of the tourism economy. The aim of such development concept is to settle domestic demand of the population and tourists, industrial processing and export of agricultural food products. Agricultural development must focus on the modernization and change of production structure, in the direction of greater market orientation, cost efficiency and the implementation of healthier, so-called „Clean production technologies".

Rural tourism, as a form of non-mass tourism that most links agriculture and tourism, should be encouraged on small family farms, with the aim of attracting tourists through the preservation of tradition conveniently combined with the necessary modern elements, and generating additional income for rural tourist households. This tourism product must be based on the principles of sustainability, in order to permanently provide adequate content to tourists, respectively to true traditional elements of the rural environment, such as the pure nature, traditional hospitality and lifestyle values of the local population. It is understood that these traditional elements need to be combined with modern amenities (due to the demands of tourists), which do not disturb the rural environment. The richness, conservation and attractiveness of natural resources, the large number of traditional agricultural households and the growing interest of the international market in rural tourism experiences indicate great potential for the development of rural tourism in the Republic of Serbia as well as in the Rasina District. In addition to the necessary restructuring, important for agricultural and tourism development (in line with EU recommendations), emphasis should also be placed on improving rural infrastructure and integration of organic agricultural production into the agricultural production structure and rural areas tourism supply.

As economic development is one of the priorities in the Sustainable Development Strategy of the City of Krusevac, so the development of agriculture and villages is one of the strategic goals of economic development, supporting economy and entrepreneurship, attracting investments and tourism development. In order to develop agriculture and rural areas, activities have been implemented to increase the productivity and competitiveness of agriculture, to diversify rural economic activities, to apply new knowledge and skills, and to improve the land structure. These activities involve the City Administration, local city institutions, small and medium-sized enterprises, entrepreneurs, farmers themselves and line ministries, therefore cooperation of all levels participants and joint financing ensure the successful realization of the predicted activities. There are preconditions for the development of rural tourism, especially if other types of tourism (religious, health, excursion) can be realized, and connection of tourism and agriculture could achieve remarkable results. Demand for such services is on the rise, the interest of individual farms for the providing of these services, is increasing, too, by improving the production of healthy organic food the quality of services also would be increased, which would lead to better overall results, not only agriculture and rural development and tourism, but also overall economic development of the region.

City of Krusevac has recognized the potential for the development of agriculture, villages and tourism, therefore the economic development of the city and the region are based on them. By implementing various measures and activities carried out by the City of Krusevac and local regional institutions, significant development of agriculture and tourism is achieved. These activities are in line with the activities implemented at the state level so significant funds from the budget are allocated to them. Regardless of the natural advantages, the problem of Serbian agriculture, including Rasina region agricultural too, is the unfavorable age and ownership structure, as well as insufficient knowledge of marketing, economy and ecology. Large investments, a close approaching to export standards and increasing competitiveness are needed in order for agricultural production to be the backbone of rural development.

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PRIORITIZATION OF STRATEGIES FOR BREZOVICA SKI RESORT DEVELOPMENT USING SWOT-AHP METHODOLOGY

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Abstract: *Purpose of this chapter is to define relevant strategies for the development of ski resort Brezovica. To this end, the hybrid SWOT-AHP methodology was applied to get insight at the current state. The SWOT analysis included a total of 24 factors. Based on the current situation, appropriate development strategies have been defined. A total of 6 strategies have been defined. However, conventional SWOT analysis does not allow the evaluation and ranking of these strategies. That is why the AHP methodology is introduced. According to the results, the WT1 strategy (development all-year-round tourist offer availability) is top ranked. Also, sensitivity analysis of SWOT groups and factors of highest importance (S1, W2, O1, T4, and T6) was performed. According to the results of the sensitivity analysis, all changes in the rank of the strategies are the result of changes of more than 10% relative to the initial values of SWOT groups and factors, so it can be concluded that the proposed model is stable and the results obtained are relevant.*

Keywords: *SWOT, AHP, Brezovica.*

1. INTRODUCTION

Tourism represents an important part in many economies. For example, tourism generates 10% of GDP and represents 9% of total employment in the European Union (EU). Further, international arrivals to EU destinations are expected to increase by an average of 9 million a year through 2030 (+1.9% a year) (European Union tourism trends, 2018). Also, in less developed regions, the local community may derive significant economic-social benefits from tourism (Zhenhua, 2003). According (Mansury and Hara, 2007) tourism may be primarily viewed as a branch of industry which simultaneously promotes economic growth and equality, by including the use of local inputs – local commodities, as well as the involvement of the local manpower. Unfortunately, Serbian tourism potentials have not been sufficiently valorized, because tourism has never been an important subject of the Republic of Serbia development policy.

In particular, winter tourism can represent one of the main sources of income for local population across several industries, including accommodation, food services, transportation, arts and entertainment, and retail trade (Ballotta et al., 2020). Until 1999, winter tourism was a significant source of income for the population of the Štrpce municipality, thanks to the Brezovica ski resort located on the territory of the municipality. One of the main problem ski resorts faced is current climate evolution. For that reason, ski resorts experience increasing difficulty to provide services for the whole of the winter season. If winter sports resorts are particularly vulnerable to climate change (Agrawala, 2007; Simpson et al., 2008), this is even more dramatic for those that are located at lower altitudes.

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In addition to climate problems, Brezovica ski resort has faced many other challenges since 1999. In order to analyse current status and to define strategies for development SWOT analysis is applied. It is one of the most efficient and commonly used tools in the preliminary decision-making phases and as a precursor to strategic planning (Srivastava et al., 2005). It is used in the case of strategy planning, in order to identify the potential and priorities for the accomplishment of the development strategy (Buta, 2007). However, one of the main disadvantages of conventional SWOT analysis is the inability to evaluate the results (SWOT groups, factors and strategies). This drawback can be eliminated using the appropriate multicriteria decision making (MCDM) methods (Stojčetović et al., 2018, p. 863). To that end (Kurttila et al., 2000) introduced a hybrid SWOT-Analytical Hierarchy Process (AHP) model which has been one of the commonly used approaches. A potential advantage of using AHP within a SWOT analysis is possibility for the quantitative assessment of SWOT factors and the inclusion of decision makers' preferences in planning (Kurttila et al, 2000).

The SWOT-AHP method has been successfully applied in many areas: environment (Kurtila et al., 2000; Masozera et al., 2006), sport (Lee and Walsh, 2011), telecommunication (Mehmood et al., 2014), energetics (Stojčetović et al., 2016; Stojcetovic et al., 2018). Also, SWOT-AHP has also been applied in the tourism sector (Kajanus et al., 2004; Fabac and Zver, 2011) as well to determine and evaluate strategies: (Kangas et al, 2003) evaluate the management strategies of a forestland estate; (Yuksek i Alkin, 2006) determine the business strategy in textile firm; (Nikolić et al., 2015) to determine and prioritize strategy in tourist sector.

2. METHODOLOGY

In order to define and prioritize strategies, the model presented in Figure 1 was applied. The proposed model consists of 4 steps and is based on the hybrid SWOT-AHP methodology. The goal of this paper is to define and prioritize strategies for tourism development in Brezovica.

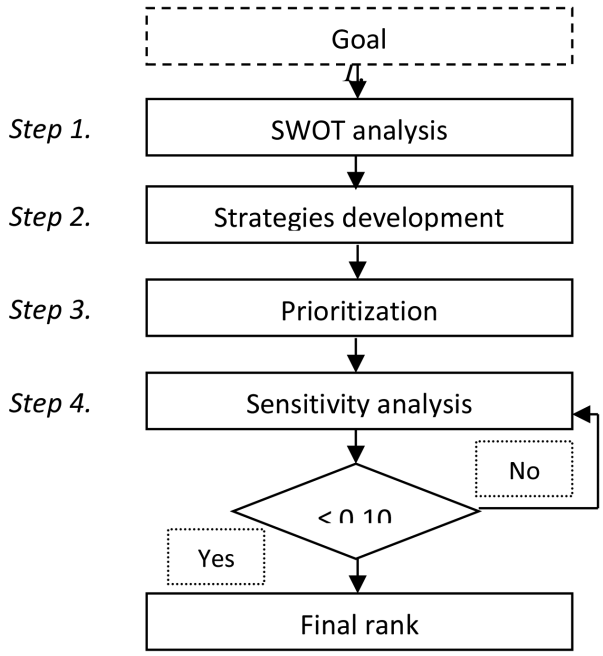

Figure 1. Proposed model

The basics of the methods applied in the proposed model are presented in the text that follows.

2.1. SWOT analysis

The description of internal strengths and weaknesses as well as external opportunities and threats is the core of SWOT analysis (Houben et al., 1999). SWOT analysis is most often presented in the format shown in Table 1.

Table 1. SWOT analysis

	Internal factors	External factors
Desirable factors	Strengths (1…..n)	Opportunities (1…..n)
Undesirable factors	Weaknesses (1…..n)	Threats (1…..n)

The success of any organization or project depends on the internal and external environment. SWOT analysis provides insight into both environments in a way that makes the relevant decision possible. The result of a SWOT analysis is a list of statements or factors that describe current or future trends from the internal and external environment, which are generally general and brief (Eslamipoor and Sepehriar, 2014). However, when is used properly, SWOT analysis can provide a good basis for strategy formulation (Kajanus et al., 2004).

According to Stojčetović et al. (2016) SWOT analysis is easy to conduct and does not require specific knowledge for its implementation and understanding. Despite the advantages, the use of conventional SWOT analysis does not allow determining the significance of each SWOT factor (Shinno et al., 2006). Therefore, the result of a SWOT analysis may be a superficial and imprecise list or an incomplete qualitative examination of internal and external factors (Kurttila et al., 2000).

2.2. Analytical hierarchy process

The AHP method was developed by Saaty (1980). Applying the AHP methodology can decompose a complex problem into a multi-level structure of goals, criteria and alternatives (Sharma et al., 2008). AHP structure is shown on Figure 2.

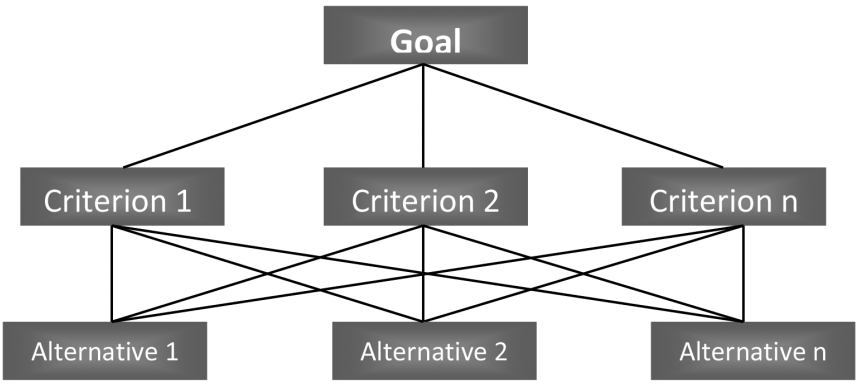

Figure 2. AHP structure

In order to solve the problem of hierarchical structure, AHP procedure is defined as follows (Shahabi et al., 2014):

1. Step 1: The hierarchical structure is defined so that the goal is at the top of the hierarchy while the criteria and strategies are positioned in descending order;

2. Step 2: At each level, a pairwise comparison matrix is obtained. A scale (Table 2) ranging from 1 (equal importance) to 9 (absolute importance) is used to identify the priorities of each criterion (alternative) over the other criteria (alternatives);
3. Step 3: All pairwise matrices are synthesized to calculate the relative and global weights of each criterion, sub-criterion and alternative.

Defining a hierarchy is a very important step of the AHP, although it is often not given adequate importance. The hierarchy needs to be defined in the right way, otherwise this initial step may lead to a decision that is not relevant.

To perform pairwise comparisons of all relevant criteria/alternatives, Saaty proposes to form an *n x n* pairwise comparison matrix A:

$$A=\begin{pmatrix} a_{11} & a_{12} & \cdots & a_{11} \\ a_{21} & a_{22} & \cdots & a_{2n} \\ \cdots & \cdots & \cdots & \cdots \\ a_{n1} & a_{n2} & \cdots & a_{nn} \end{pmatrix} \tag{1}$$

whereby a_{ij} values are obtained using the 9-point scale defined by Saaty (1980).

Table 2. Saaty scale

Intensity	**Definition**	**Explanation**
1. 1	2. Equal significance	3. The two activities contribute equally to the goal.
4. 3	5. Moderate significance	6. Experience and evaluation slightly favor one activity over another
7. 5	8. Strong significance	9. Experience and assessment strongly favor one activity over another
10. 7	11. Very strong or demonstrated significance	12. One activity j is strongly favored over another; its dominance has been demonstrated in practice.
13. 9	14. Absolute significance	15. Evidence favoring one activity over another is the highest possible level of validation.
16. 2, 4, 6, 8	17. Inter-results	18. They are used to make a compromise between the priorities outlined above.

Matrix A is a positive reciprocal matrix in which a_{ij} represents the preference ratio of the alternative *i* with respect to the alternative *j*. The a_{ij} value is the reciprocal of the a_{ji} value. That is,

$$a_{ij}=1 / a_{ji} \tag{2}$$

If the pairwise comparisons are consistent then a_{ij} elements of matrix A satisfy the equation:

$$a_{ij} * a_{jk} = a_{ik}, \text{ for each i, j, k.} \tag{3}$$

Weighting factor of criteria/alternatives can be marked with w_i.

If matrix A is consistent a_{ij} can be represented as $a_{ij} = W_i / W_j$, for each *i* i *j* (4)

Therefore, if A is consistent then: $A*W=\begin{pmatrix} \frac{w_1}{w_1} & \frac{w_1}{w_2} & \dots & \frac{w_1}{w_n} \\ \frac{w_2}{w_1} & \frac{w_2}{w_2} & \dots & \frac{w_2}{w_n} \\ \dots & \dots & \dots & \dots \\ \frac{w_n}{w_1} & \frac{w_n}{w_2} & \dots & \frac{w_n}{w_n} \end{pmatrix} * \begin{pmatrix} w_1 \\ w_2 \\ \dots \\ w_n \end{pmatrix} = n * \begin{pmatrix} w_1 \\ w_2 \\ \dots \\ w_n \end{pmatrix}$ (5)

By normalizing the matrix A = $[a_{ij}]_{nxn}$ the weight factor is calculated as follows:

$$a_{ij}^{*} = \frac{a_{ij}}{\sum_{i=1}^{n} a_{ij}} \text{ for each j=1,2,…, n.} \quad (6)$$

Then:

$$w_i = \frac{\sum_{i=1}^{n} a_{ij}}{n} \text{ for each j=1,2,…,n.} \quad (7)$$

To determine the level of consistency, a consistency index (CI) is proposed and can be calculated according to the following equation:

$$CI = \frac{\lambda_{max} - n}{n - 1} \quad (8)$$

Where λ_{max} is a parameter for validation in AHP. The closer the value of λ_{max} is to *n*, the more consistent the estimate is.

The consistency ratio can be calculated using the following formula:

$$CR = \frac{CI}{RI} \quad (9)$$

wherein RI (Random index) is a random consistency index whose values for (n≤10) are given in Table 3.

Table 3. Average RI values

n	1	2	3	4	5	6	7	8	9	10
RI	0	0	0.58	0.90	1.12	1.24	1.32	1.41	1.45	1.49

When CR<0.10, the matrix can be evaluated as acceptable, otherwise, the matrix should be modified to reach an acceptable size (Ren and Sovacool, 2015). Factor homogeneity within each group, fewer factors in the group, and a better understanding of decision problems can improve the consistency index (Saaty, 1993).

2.3. Research area

Brezovica is a ski resort on the south of Kosovo[4*] (Figure 3). From 1999. to 2008., the territory of Kosovo* was provisionally administered by the international community and NATO, and in 2008. the provisional administration of Kosovo* declared independence. Kosovo* has no direct access to the sea and possesses a mostly hilly-mountain terrain. However, it has a favourable climate and multiple natural, cultural, and historical resources.

The Ministry of Trade and Industry has signed tourism development agreements with Albania (2006), Macedonia (2013). Also, Kosovo* and Macedonia have established a joint committee for cross-border economic cooperation, where tourism is given special attention. Capacity utilization in Kosovo* regions in percentage for the period 2013-2017 is shown in Table 4. However, capacity utilization is insufficient.

Figure 3. Kosovo* geographical position

4, * ”This designation is without prejudice to the status of Kosovo in accordance with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.”

Table 4. Capacity utilization in Kosovo* regions in percentage for the period 2013-2017

Region/ year	Đakovica	Gnjilane	Mitrovica	Peć	Prizren	Priština	Uroševac
2013	1.64	3.48	2.99	4.57	4.57	18.43	12.58
2014	3.78	1.73	2.30	4.29	4.29	17.21	2.10
2015	5.44	4.51	6.53	11.67	11.67	25.05	4.93
2016	5.39	2.43	4.00	5.36	5.36	17.52	4.38
2017	3.50	5.12	9.22	13.42	13.42	15.52	5.00

Source: State statistical office in Kosovo, 2017.

Brezovica ski resort is situated on northwest side of Shar mountain at altitude of 900 to 2.500 meters. In the highest parts of mountain snow stays up to 280 days which make this resort ideal environment for winter sports and recreational tourism. Ski resort Brezovica represents a system of 5 ropeway (2 is off) and 5 ski lifts (1 is on), interconnected with 16 km of ski paths of the average length of 3.000 meters (Figure 4).

Numerous successful competitions are held before 1999. at national and international level. From 1999. due to political and legal issues, ski resort working with minimal capacity. Also, the infrastructure is damaged and collapsed significantly. Brezovica ski resort has repeatedly been subject to takeover/privatization by the Kosovo Privatization Agency. However, privatization has not been realized.

Figure 4. Brezovica ski trails

3. RESULTS AND DISCUSION

In the *Step 1.* a SWOT analysis of the Brezovica ski resort was carried out. For the purposes of SWOT analysis, existing documents were reviewed as well as relevant literature. Also, a survey of the management of the Brezovica ski resort was conducted. Based on the above, an initial SWOT matrix was formed containing 40 factors. Then, all the identified SWOT factors were evaluated using scores from 0-insignificant to 1-essential with incremental increments of 0.1. Only factors rated ≥0.8 are included in the final SWOT matrix (Table 5) and will be used to define and evaluate strategies.

SWOT analysis enables the generation of 4 categories of strategies: SO (optimal use of strengths for taking advantage of opportunities), ST (use of strengths for minimizing threats), WO (using of opportunities for minimizing weaknesses), WT (minimizing threats by considering weaknesses) (Alptekin, 2013; Terry and Westbrook, 1997). In *Step 2*., based on the SWOT analysis, appropriate strategies have been defined to improve the current situation in the tourism sector and to help its future development. A total of six strategies have been defined (Table 4). The strategies defined are briefly described in the text that follows.

Exploitation of unique natural, ecological and cultural features in order to differentiate from competitors (SO_1) – In Brezovica, i.e. Šar mountains, there are 1,800 plant species and 147 species of daily butterflies, 45 species of amphibians and reptiles, about 200 species of birds and 32 species of mammals, making it one of the fauna-richest areas of Europe (Damnjanović, 2009). Also, near Brezovica there are two small mountain lakes and 27 lakes on the Shar mountain territory.

Creating a joint offer with North Macedonia with the support of EU funds (SO_2) - A grant from the European Union Funds is one of the ways to provide the necessary funds to realize project ideas. These funds, among others, promote and encourage cross-border cooperation between neighboring countries. In this regard, suitable projects could be defined to cover regions extending into the Shar mountain range in the border zone of countries. In this way, in addition to providing the necessary financial resources, the tourist offer of the region can be enriched.

Defining new tourist contents and improving the quality in accordance with the needs of tourists and available potentials (ST_1) – Currently, only skiing is available to the tourists in the Brezovica ski resort. There are no other tourist contents. This has a negative impact on increasing the number of tourists and extending of stay of the existing ones. Therefore, it is necessary to provide conditions for new tourist offer (such as backcountry skiing, cross country skiing, snow-shoeing, snow playing, sledging, sightseeing, paragliding etc.). In this way, tourist satisfaction and higher income can be achieved.

Defining a Tourism Development Strategy (WO_1) - Currently there is no strategic document for tourism development. The consequence is a lack of clearly defined directions and development goals.

Development of human resources through cooperation with educational institutions (WO_2) - One of the problems in the tourism sector is the lack of quality human resources. The currently available human resources in Brezovica ski resort are over 50 years old. This means that in the next decade, almost all employees will be eligible for retirement. On the other hand, there are not enough expertly educated young people who can fill the future needs in the tourism sector.

Therefore, close cooperation with educational institutions is required as human resources development is a long-term process.

Development all-year-round tourist contents availability (WT_1) - Currently, to the tourists is only offered content during the winter months, mainly from January to March. The contents offered are for winter sports only. The rest of the year (9 months) is completely unused. In order to attract more visitors and increase revenue, it is necessary to define appropriate tourist contents that will be available throughout the whole year. Mountaineering, hiking, climbing, horse-riding, mountain biking and other activities (alpine coaster, fishing etc.) can be some of the added activities. Also, possibilities of congress tourism development should be considered.

Table 5. SWOT analysis and strategies

	STRENGTHS	**WEAKNESSES**
	S_1 *Significant development potential and tradition in the tourism sector;* S_2 *Wealth of natural resources and attractive areas as well as diversity of flora and fauna;* S_3 *Environmentally friendly and healthy environment;* S4 *Hospitality;* S_5 *Rich spiritual and cultural heritage and numerous local traditional events*; S_6 *Proximity to roads and airports.*	W_1 *Lack of strategy and goals;* W_2 *Constant decline in infrastructure quality level*; W_3 *Minimal using of accommodation facilities*; W_4 *Lack of additional content;* W_5 *There is no organized tourist content in summer*; W_6 *Low consumption of visitors;* W_7 *Lack of quality staff to work in the tourism sector.*
OPPORTUNITIES O_1 *Extending the tourist season throughout the year by adding new content and improving infrastructure*; O_2 *Rural tourism development*; O_3 *Donor financial and expert support*; O_4 *The stabilization of the macroeconomic and political environment*; O_5 *The possibility of cooperation with North Macedonia through EU funds for tourism.*	**SO strategy** **SO_1** Exploitation of unique natural, ecological and cultural features in order to differentiate from competitors. **SO_2** Creating a joint tourist offer with N. Macedonia with the support of EU funds	**WO strategy** **WO_1** Defining a strategy for tourism development **WO_2** Human resource development through collaboration with educational institutions
TREATHS T_1 *Adverse political and legal situation*; T_2 *Negative impact of global warming on precipitation and season length*; T_3 *A significant share of the gray economy*; T_4 *High expectations of visitors in terms of quality and variety of content offered*; T_5 *Not enough interested investors*; T_6 *Needs for continuous innovation of the tourist offer.*	**ST strategy** **ST_1** Defining new tourist contents and improving the quality in accordance with the needs of tourists and available potentials	**WT strategy** **WT_1** Development all-year-round tourist contents availability

However, after defining potential strategies is necessary to make the strategies assessment (*Step 3*). For this purpose, the AHP methodology is applied. First of all, the importance of the SWOT groups in relation to the goal was determined (Table 6). The importance of each SWOT group is shown in Table 6, where it can be noticed that the highest importance is associated to the SWOT group *Opportunities* (0.461).

Table 6. Pairwise comparison of the SWOT groups

	Strengths	**Weaknesses**	**Opportunities**	**Threats**	**Importance of the SWOT group**
Strengths	1	2	1/3	3	0.262
Weaknesses		1	1/2	1	0.153
Opportunities			1	3	0.461
Threats				1	0.124

Inconsistency 0.07

Then, a comparison by SWOT factor pairs within each SWOT group was performed (Tables 7-10).

Table 7. Pairwise comparison of the SWOT factors – Strengths

	S_1	S_2	S_3	S_4	S_5	S_6
S_1	1	2	1	4	2	3
S_2		1	1	3	2	1
S_3			1	4	1	2
S_4				1	1/3	1
S_5					1	2
S_6						1

Inconsistency 0.03

Table 8. Pairwise comparison of the SWOT factors - Weaknesses

	W_1	W_2	W_3	W_4	W_5	W_6	W_7
W_1	1	1/2	1/3	1/3	1/2	1/3	1/2
W_2		1	1	3	3	4	3
W_3			1	2	3	1	3
W_4				1	1	1	3
W_5					1	2	3
W_6						1	3
W_7							1

Inconsistency 0.07

Table 9. Pairwise comparison of the SWOT factors - Opportunities

	O_1	O_2	O_3	O_4	O_5
O1	1	2	2	3	2
O2		1	2	3	1
O3			1	3	1
O4				1	1
O5					1

Inconsistency 0.05

Table 10. Pairwise comparison of the SWOT factors - Threats

	T_1	T_2	T_3	T_4	T_5	T_6
T1	1	3	1	1/2	3	1/2
T2		1	1/2	1/3	1	1/3
T3			1	1/3	1	1/3
T4				1	3	1
T5					1	1/3
T6						1

Inconsistency 0.02

Finally, importance of SWOT groups and factors is presented in Table 11.

Table 11. The importance of the criteria and sub-criteria of the SWOT analysis

SWOT group (importance)	SWOT factor	Importance (local)	Importance (global)
Strengths (0.262)	S_1	**0.280**	0.07336
	S_2	0.185	0.04847
	S_3	0.208	0.054496
	S_4	0.065	0.01703
	S_5	0.161	0.042182
Weaknesses (0.153)	W_1	0.060	0.00918
	W_2	**0.276**	0.042228
	W_3	0.216	0.033048
	W_4	0.126	0.019278
	W_5	0.131	0.020043
	W_6	0.129	0.019737
	W_7	0.063	0.009639
Opportunities (0.461)	O_1	**0.338**	0.155818
	O_2	0.231	0.106491
	O_3	0.175	0.080675
	O_4	0.097	0.044717
	O_5	0.160	0.07376

Threats (0.124)	T_1	0.169	0.020956
	T_2	0.075	0.0093
	T_3	0.114	0.014136
	T_4	**0.279**	0.034596
	T_5	0.084	0.010416
	T_6	**0.279**	0.034596

Table 12. Final rank of defined strategies

Strategy	Importance	Rank
WT_1	0.211	1
ST_1	0.196	2
SO_1	0.183	3
WO_1	0.152	4
SO_2	0.136	5
WO_2	0.122	6

Inconsistency 0.05

The results presented in Table 10. indicate the dominant influence of the following factors: S_1- *Significant development potential and tradition in the tourism sector* (0.280); W_2 - *Constant decline in infrastructure quality levels* (0.276); O_1 - *Lack of strategy and goals* (0.338). Within the SWOT group Threats to the factors T_4 - *High expectations of visitors in terms of quality and variety of content offered* and T_6 - is associated the same importance (0.279). It can be observed that the highest importance is given to O_1, consequently with a great influence on the selection of strategy. Based on the above results, the final ranking of the considered strategies was obtained and it is presented in Table 12.

Strategy WT_1 - *development all-year-round tourist contents availability* stands out as the top ranked strategy. On this basis it can be concluded that it is necessary to extend the duration of the tourist season from the current 3 months to 12 months. Second-ranked strategy ST_1 may be a contributing factor to the implementation of the WT_1 because it implies defining new tourist contents and improving the quality in accordance with the needs of tourists and available potentials.

In order to check the reliability of the results, a sensitivity analysis was also performed (*Step 4*). It aims to determine how changes in the importance of SWOT groups or factors affect changes in the ranking of strategies. All SWOT groups as well as the most significant factors were analyzed (Table 13).

According to the results of the sensitivity analysis, it can be noticed that the highest sensitivity was expressed by the SWOT group *Threats* (+15) and the lowest by *Strengths* (+44.5). In case of a change in the importance of the factors S_1, W_2, T_4 and T_6, even a change to the maximum or minimum value of the importance does not change the ranking of the strategies. Certain changes in strategy rankings are achieved by reducing the value of O_1 to 0 (Table 12). All changes leading to a change in strategy rankings are ≥10% of the SWOT group and factor benchmark, so it can be concluded that the results obtained are relevant.

Table 13. Sensitivity analysis

SWOT group	Initial priority	Minimal change		
		+ or -	Strategy	Priority
Strengths	26.2	+44.5	SO_1	21.6
			SO_2	10.5
			ST_1	23.8
			WO_1	10.8
			WO_2	9.7
			WT_1	23.7
Weaknesses	15.3	+24.5	SO_1	16.3
			SO_2	13.5
			ST_1	17.5
			WO_1	18.5
			WO_2	16
			WT_1	18.3
Opportunities	46.1	-27.8	SO_1	17.7
			SO_2	11.4
			ST_1	19.2
			WO_1	17.6
			WO_2	15
			WT_1	19.1
Threats	12.4	+15	SO_1	16.7
			SO_2	13.2
			ST_1	17.6
			WO_1	19.1
			WO_2	14.4
			WT_1	19
S_1		There is no change in the ranking of the top ranked strategy even with max decrease or increase.		
W_2				
O_1	33.8	-33.8	SO_1	18.5
			SO_2	15.6
			ST_1	18.7
			WO_1	16.2
			WO_2	12.4
			WT_1	18.6
T_4		There is no change in the ranking of the top ranked strategy even with max decrease or increase.		
T_6				

4. CONCLUSION

In this paper, the SWOT-AHP methodology was applied to determine the current state of the Brezovica ski resort. Also, based on the determined situation, 6 appropriate strategies for tourism development were defined. WT_1 (development all-year-round tourist contents availability) stands out as the top strategy. The above strategy envisages extending the tourist offer to the whole year. In this way, a significantly higher number of tourists can be expected, which will contribute to increased revenues but also to better utilization of existing resources and infrastructure.

In order to verify the results obtained, a sensitivity analysis of SWOT groups and factors was conducted. Only with a significant change of importance (≥10%) of SWOT groups and factors, changes occur in the ranking of strategies, which leads to the conclusion that the results obtained are reliable. Also, the proposed model is characterized by universality which allow it can be applied in other areas.

In the future studies it is necessary to determine the appropriate additional tourist contents that will complement the offer of the Brezovica ski resort and be available throughout the year. In this regard, the attitudes of existing and potential visitors/tourists should also be included. Also, the model proposed in this paper can be improved by including relevant stakeholders in the process of analyzing and defining strategies.

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THE ROLE AND CHARACTERISTICS OF RURAL TOURISM IN SERBIA: CASE STUDY OF VOJVODINA REGION

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Abstract: *Serbia is a land of rural character and is one of the most agrarian countries in Europe. The rich natural, cultural and historical diversity of the Republic of Serbia creates exceptional conditions for the development of rural tourism, as well as the placement of the wide offer for different segments of demand in the tourist market. Understanding consumer behaviour in rural tourism is a necessary condition for the successful diversification of any rural socio-economic system. The aim of the research is to examine the attitudes and preferences of potential users of rural tourism services in the Republic of Serbia. It is important to identify tourist needs in order to create the best supply of rural tourism. Rural tourism provides a new and different experience that cannot be achieved at traditional mass tourism destinations. These results could provide useful insight for decision makers, in particular as regards local planning strategies.*

Keywords: *Rural Tourism, Agrotourism, Tourists, AP Vojvodina.*

1. INTRODUCTION

Contemporary tendencies in the tourism market impose the need to continuously design, plan, shape and improve the tourism product. The definition of tourism, adopted by the International Association of Scientific Experts in Tourism (AIEST), reads: "Tourism is a set of relationships and phenomena that result from the visitors' travel and stay in a place, if that stay is not based on permanent residence and if no business is associated with such stay."(Unković and Zečević, 2006). Tourism is currently one of the world's leading socio-economic phenomena and the fastest growing and transformative industry in the world. Today, tourism is one of the most propulsive social and economic activities in the world (Petković et al., 2011). It has certain peculiarities by which it differs from other economic activities, namely (Unković and Zečević, 2006):

- Heterogeneity of its structure,
- High degree of elasticity of demand for tourist services and inelasticity of supply,
- The seasonal character of the business is emphasized,
- Specific features regarding the nature of this activity.

The development of tourism as a highly labor-intensive activity can significantly increase employment and thus contribute to solving the unemployment problem, which is one of the burning problems of many economies today. In terms of the impact of tourism on employment, two types of employment are most commonly mentioned: direct and indirect employment. Direct employment refers to employment in activities that are directly related and dependent on tourism (for example, employment in hotels, restaurants, travel agencies, nightclubs, etc.). Indirect employment refers to employment in activities that are indirectly related to tourism and derive significant benefits from tourism (such as agriculture, construction, trade, gas stations, etc.). The development of tourism has an impact on both direct and indirect employment (Bošković, 2010).

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FAO (Food and Agriculture Organization of the UN) sees the development of tourism in rural areas as a direct agricultural interest, because it provides a market for its products, both inside and outside the farm, helping to reduce poverty among smallholder farmers and rural areas in general, and it also provides an additional source of income for the farm by adding value to the primary products, as well as by employing surplus labor and available space and facilities. Small family farms find it extremely difficult to survive in a market in which major players are large agricultural producers, and rural tourism is ideal to diversify their activities and ensure the sustainability of the farm. The development of tourism is an impetus for introducing improvement in the agricultural production, processing and supply of food, as well as introducing modern standards (including the promotion of high-quality food, actualization of safety issues). For tourism as an economic activity, agriculture and farming are not only a necessary source of food, but also a source of attractive activities and the creator of attractive surroundings, landscapes and biodiversity, which help to increase the diversity of tourist offer. Tourism, on the other hand, brightens the rural setting because the local community has the tangible material benefit of maintaining its attractive traditional appearance (Milovanović and Đorđević Milošević, 2012).

Serbia has great potentials for development of rural tourism. Rural regions are extremely rich in colourful flora and fauna, geothermal springs, healing mud, organic product production, and cultivation, as well as diverse folklore and cultural heritage. The rich natural, cultural and historical diversity of the Republic of Serbia creates exceptional conditions for the development of rural tourism, as well as the placement of the wide offer for different segments of demand in the tourist market (Đenadić, et.al, 2016). Tourism has been identified as the key sector which can drive the diversification of the rural economy and can support Serbia (Erdeji, et.al, 2013). Rural Tourism can play a key role in Serbia in terms of diversifying rural economy, thereby creating employment opportunities which will generate additional incomes for rural households and reduce unemployment. Along with rural areas tourism, development comes to actualization of significant export earnings, as throughout the food consumption in touristic objects, as well as throughout increased trade turnover, more intensive traffic, activation of cottage industry etc., and all in function to increase employment (Cvijanović et. al., 2007). Therefore, it is necessary to implement a sustainable rural tourism policy in the future to maximize the positive and minimize the negative effects (Gajić, 2010).

In order to utilize the full potential of rural tourism and to create a sustainable, competitive tourist product of rural tourism, it is necessary to conduct market survey and examine needs, motives and preferences of consumers. The aim of the research is to examine the attitudes and preferences of potential users of tourism services. The research should answer the questions: how much are potential users aware of rural tourism, what would be their main motives for using these services, which are the limiting factors when choosing a destination in rural areas, are there any specific activities which would particularly attract them, etc. Rural tourism providers can respect the needs and requirements of potential users in order to define and organize specific activities for them.

2. CONCEPTUAL DETERMINANTS OF RURAL TOURISM

The Council of Europe has defined rural tourism as a tourism that encompasses all the activities in the rural or village area, the most important features being the quiet environment and the absence of noise, a clean environment, communication with the hosts who introduce guests to the farm jobs and domestic food (Ružić, 2009). The Organization for Economic Co-operation and Development (OECD) has provided a definition of rural areas for the purpose of comparing rural conditions and trends, although there are wide variations in rural problems, views and

policies at national level. At the municipal level, according to the OECD, rural areas are those with a population density of less than 150 inhabitants per km^2. Rural area in Serbia is defined as an area whose main physical and geographical land use is the use of land for the production of agricultural and forestry products. According to this definition, approximately 70% of the territory of Serbia can be classified as rural area, where about 43% of the population lives. This data further underscores the importance of rural tourism as a business activity that would provide jobs for people who have decided to stay in their villages and preserve their heritage from oblivion (Rural Tourism Handbook, 2015).

Rural tourism is one of the priorities in the tourism development of many European countries. The rural tourism market is on the rise, while at the same time the future of many rural areas is uncertain, due to changes in agricultural production or the attractiveness of urban areas due to a higher standard of living (Swarbrooke, 1996).

One of the most comprehensive definitions of rural tourism has been given by the Pan-European Non-Governmental Organization (EuroTer), according to which rural tourism, within the tourism economy, is a "tourist valorization of agrarian areas, natural resources, cultural heritage, rural settlements, local traditional customs and products through specially designed tourism products that reflect the identity of the area and meet the needs of guests in terms of accommodation, food and drink, recreation and activities, animation and other services, with the aim of sustainable local development , but also by providing adequate responses to the needs of today's guest within the newly created relationships between the city and the village (rural area) "(Horwath Consulting Zagreb, 2009).

Rural tourism represents the broadest concept that covers all tourism products and services within a rural area. It is not necessarily a supplementary activity on the farm that generates additional income, but it can also be a professional activity. In addition to tourism on agricultural holdings, it also includes the areas in which they predominate: the natural environment, the rural environment, small settlements and villages, hamlets, segregated agricultural holdings with agriculture and forestry as the main economic branches (Žanko 2013).

Smith et al. (2010) provide the following definition of rural tourism: Rural tourism describes the forms of tourist activities that take place in rural areas and which include local culture, traditions and economic activities, outdoor activities, as well as the experiences that have been achieved in undisturbed rural ambience. The local community plays an important role in promoting rural tourism product.

Rural tourism in Serbia is defined as tourism that offers the visitor a „rural environment" by enabling him to experience in a unique way the web of life, nature, culture and people. This means that the visitor enjoys authentic, original experiences and a return to the roots or essence of the rural lifestyle. Rural tourism is based on the principles of sustainability and includes a range of activities and services organized by the population in rural areas on the basis of the elements that characterize those rural areas. The offer in rural tourism does not include only the visible characteristics of nature, architecture, folklore, gastronomy, but also the invisible ones, such as, for example, traditional hospitality, customs, culture of preserving nature, culture of communication, beliefs and legends of local people of different nationalities and religions who have developed a specific way of life in a particular area. It is this experience of a unique multidimensional network of life realized through personal contact with the local population

that makes rural tourism unique. The importance of rural tourism stems from the interaction of agricultural production, manufacture of traditional products, the presentation of tradition, local and traditional food and tourist services.

The problem of defining rural tourism has become even more difficult, because very often in the professional literature, the term rural tourism is identified with the term agrotourism. Sirgy (2001) considers that agrotourism is only a part of the segmentation of rural tourism (in addition to hunting, eco, health, cultural, wine, gastronomic and others).

Agrotourism is a form of rural tourism that involves tourists staying in a rural environment, which provides opportunities for active participation in the life and work of the rural estate. Tourists can take part in fruit and vegetable harvesting, horseback riding, learning about wine, buying farm souvenirs and the like. Agrotourism is becoming an increasingly important sector of tourism, as people are increasingly interested in how, where and who produces food. Agrotourism is a type of tourist rural family business where the main activity is agricultural production, while tourist accommodation and catering services are an additional activity. In addition to basic catering and lodging services, other tourist services (activities, service packages) can be organized on the farm, which aim to provide guests with an opportunity for an active vacation, or to maximize the use of tourism potential of the estate. The owner of the estate, as a rule, lives on the farm itself with his family, while the tourist services use excess space within the estate. Therefore, the guest, in constant and direct interaction with the host and his family during the visit to the estate and first-hand has the opportunity to get acquainted with customs, tradition, the way and culture of life, cultural micro-world, traditional agricultural production, typical products and local gastronomy (Baćac, 2011). Like any other form of tourism, agrotourism has important elements that make it different and special, distinctive and attractive to tourists. The key elements of agrotourism are the following (Jelinčić, 2007):

- Located in rural areas,
- Functionally rural: based on small entrepreneurship, outdoors in direct contact with nature, based on heritage and traditional rural activities,
- Allows participation in the activities, traditions and lifestyle of the local population,
- Provides personalized contact,
- Settlements and buildings are rural (small scale),
- Traditional in meaning, growing slowly and organically, associated with local families,
- Different types, a complex sample of rural environment, economy, history and localities,
- High share of tourist revenue that benefits the local community, etc.

Rural tourism is a complex type of tourism because it is composed of different types of tourism that occur in rural areas, and from the aspect of tourist offer or product, the following forms stand out (Demonja, Ružić, 2010; Todorović, Štetić, 2009): ecotourism, cultural tourism, hunting and fishing tourism, sport and recreation tourism, adventure, camping tourism, gastronomic tourism, wine tourism, health tourism, cultural tourism, religious tourism, educative tourism, nautical tourism, residential tourism, etc. Among the types and shapes of rural tourism, tourism on agricultural estate is the most prominent.

From the above, it is evident that tourism is a complex phenomenon that is not easy to define, nor is there a unique definition of a tourism product. The tourism product is a result of the work and effort of the tourist offer on the one hand, and on the other is the result of the current un-

derstanding, wishes and needs of tourist users (Senečić, Grgona 2006). The tourism product is composed of several components (Midlton and Clarke, 1993):

- Attractions of the tourist area because tourists are attracted by events related to a certain area, such as cultural, sports, health or other events or some of the natural characteristics of the area,
- Products and services offered by a specific tourist area, such as entertainment, recreation and the like, which are complementary to meeting the tourist needs,
- The accessibility of the tourist area, which represents the spatial distance from the permanent residence of the tourist and the time spent to overcome this spatial distance.

The entities involved in rural tourism are firstly the farm, and then the village collectives and associations, local self-government, tourism organizations and agencies, as well as the competent ministries. All the above-mentioned entities should work together to promote rural tourism and thereby promote all the benefits of doing so. The most important factor in rural tourism is accommodation services with additional local facilities (Gašić and Ivanović, 2018). Within the framework of rural tourism, agrotourism (farm holidays), nature tourism (nature tourism), green tourism, special interests (gastronomy and wine, observation of plant and animal life), active holidays (horseback riding, biking, trekking, etc.), and historical and cultural forms of tourism are emphasized.

The Autonomous Province of Vojvodina is a relevant research area as the largest part of its territory (about 90%) is rural. Vojvodina has a great opportunity for the development of rural tourism, first of all, because of its favorable geographical position, developed agriculture, which forms the basis for the development of this type of tourism. The development of rural tourism in this climate would eventually halt the departure of young people from the countryside and create conditions for increasing employment, since tourism is an area in which human labor is very important, because it requires a large amount of personal services, and there is also the possibility of restoring and reusing abandoned homes with an authentic look.

A wide variety of destinations are available to rural tourism service users. Every tourist country today strives for branding its own tourist destination, creating a pre-recognizable image and creating the distinctive identity of a desirable tourist country. In order to position a destination, the unique features of a destination, often intertwined with traditional ones, are often emphasized in order to preserve originality. When it comes to destinations, users are looking for destinations that are not subject to the commercialization of mass tourism, but rather those that have retained authenticity. Agrotourism opens the possibility of branding a destination by highlighting and using a community identity, whereby authenticity adapted to contemporary trends should be the criterion for ranking tourist holdings instead of marginalizing and shutting down family farms. Urbanization, modernization, technology development, industrialization and accelerated pace of life have led to changes in attitudes and preferences of users of tourism services (Žanko, 2013).

Successful rural tourism development requires not only attractive resources, capacities and quality products, but also efficient organization and marketing. In many European Union countries, rural tourism strategies are also included in regional and rural development strategies, which help to retain population in the city, create jobs, and ultimately contribute to the socio-economic progress of the areas falling behind (Muhi, 2013).

3. DATA SOURCES AND METHODOLOGY OF WORK

Primary data on the facts, opinions and behaviors of potential users of rural tourism services were used. Used method was poll research survey, based on previously made questionnaire, done on simple random sample of 150 respondents within the area of Novi Sad during the period August-September 2019. Although the number of respondents does not mean full representativeness of the sample, the results obtained are quite indicative to point to certain regularities in the views of users of rural tourism services. The questionnaire used a combination of closed-ended questions with a choice of prompt answers and open-ended questions where no answer was offered but respondents gave their own answers. The sample selected has the characteristics of a suitable sample because the respondents were selected in the sample with due regard for their availability. Care was taken to ensure that respondents were different in terms of age structure, place of residence, education, employment status and income, in order to obtain results that can well reflect the entire basic set by using the inferential statistics. Descriptive statistical analysis was used in the paper. The historical-logical method was used in the study of the overall material, with special reference to the development of rural tourism in Serbia. This paper is part of a broader study conducted at the Faculty of Agriculture in Novi Sad. The results of the research should provide destinations for rural tourism, an idea of which direction they should take their further development in, and what they need to become successful destinations of rural tourism.

4. FUTURE RESEARCH DIRECTIONS

A slightly larger number of male respondents were surveyed, at 56% compared to 44% of female respondents. Most respondents (25%) are under 25 years of age. Regarding the level of education of the respondents, most have completed high school (almost half), while 40.0% have a college diploma (*Table 1*).

Table 1: Social and demographical characteristics of the respondents

Variable		Frequency	Percentage (%)
Gender	Male	84	56,0
	Female	66	44,0
Age group	up to 25 years old	35	25,0
	from 26 to 35 years old	32	21,0
	from 36 to 45 years old	24	16,0
	from 46 to 55 years old	28	19,0
	over 55 years old	28	19,0
Education	Elementary school	1	0,7
	High school	69	46,0
	Faculty	60	40,0
	Postgraduate studies	20	13,3

Source: calculations of the authors

Familiarity with the concept of rural tourism - when asked if they are familiar with the term rural tourism, more than half of the respondents (56%) answered affirmative, 40% of the respondents were partially familiar with the term (they couldn't define it accurately), while 4% of respondents were absolutely unfamiliar with the term (*Figure 1*). The results obtained indicate a good knowledge of the respondents regarding the concept of rural tourism. This is an essential prerequisite for the development of this type of tourism in Vojvodina. There is a statistically significant difference in the answers with respect to the amount of income of the respondent. Higher-income respondents were better acquainted with the concept of rural tourism, rather than lower-income respondents.

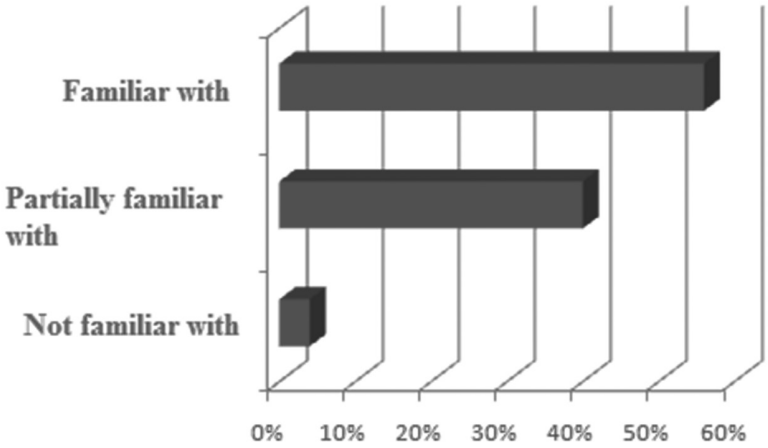

Figure 1: Familiarity with the concept of "rural tourism" (%)
Source: calculations of the authors

Motives for the use of rural tourism services - this question was raised in order to identify the motives most important for the respondents for using the rural tourism services. Motivation regards to consumer incentives, under the influence of certain external and internal factors, in the process of purchasing products and services (Vlahović et.al, 2012). Internal factors are the personal needs and emotions of the individual, while external motives are the result of the action of external influence (Vlahović & Užar, 2017). This is the mental state of the person or the invisible inner power that organizes human energy and directs it towards a specific goal (Maričić, 2011).

The motives that attract tourists to rural areas are a reflection of the growing interest in outdoor recreation, as well as many other general trends in tourist motivation. „The appeal of rural areas to tourism and relaxation can best be explained by the image of the rural, which is closely linked to the traditional and romantic idea of the" good old days", an innocent and one-of-a-kind lifestyle, intact nature and the perfect adaptation of man to his natural environment. Thus, the longing and need for returning to the roots and a simple lifestyle without a highly organized, stressful and urban environment leads to an increasing interest in rural areas" (Kastenholz, et al. 1999).

Halloran (2000) states that the main motives for practicing rural tourism in Australia are visiting friends and relatives, visiting an interesting rural area, outdoor activities, outdoor activities, recreation, consuming of the traditional and autochthonous rural products, learning about the traditional lifestyle, etc. The motives can be very different: escape from the domicile of everyday life, but also from modern and noisy tourist destinations, the search for new, idyllic surroundings, beautiful landscapes, preserved nature, more moderate climate, simple way of living (return to the roots), possibility of socialization with „ordinary people", desire for individually approaching the guest by the host, enjoying a relaxing environment, „healthy" food, clean air, water (Kesar, 2013). On the other hand, there are also tourists who, for various reasons, are not interested in rural tourism, especially in agrotourism. They usually have a negative mental image of village space, as insufficiently civilized, too isolated, ‚muddy', or generally uncomfortable environment (Rabotić, 2012).

The answers obtained imply that there are many different motives that have led the respondents to use rural tourism services and that, by combining these motives in the supply of rural tourism, great satisfaction of the users of these services could be achieved. Table 2 shows the average values of the answers received about the respondents' motives.

Table 2: Motives for using rural tourism services

Motives	Mean value	St. dev
A break from the city lifestyle	12,3	7,9
Enjoying the specialties of the local area	10,2	6,8
Participation in the estate activities	4,2	3,2
Getting to know the local culture	7,7	6,1
Conservation of nature and environment	7,2	5,2
Hunting and fishing	2,7	1,8
Learning about the local lifestyle	5,0	3,2

Source: calculations of the authors

Research findings show that „a break from the city lifestyle" (12.3), „enjoying the specialties of the local area" (10.2), „getting to know the local culture" (7.7), „preserving nature and environment (7.2)" are the most important motives for the participation of respondents in rural tourism. On the other hand, the lowest scores were found on motives related to "learning about the local lifestyle" (5,0), "participating in traditional farm activities" (4,2) and "hunting and fishing" (2,7), indicating that they represent secondary motives for the decision to use rural tourism (*Table 2*).

Based on the conducted testing on the difference in motivation, it was confirmed that there is a statistically significant difference in the respondents' motivation for using rural tourism services in Vojvodina regarding the respondents' income. Higher-income respondents are more interested in using rural tourism services than lower-income respondents.

Time of using rural tourism services - in order to see the time users are willing to spend on their holidays in rural areas, the largest number of respondents (57%) are ready to take the weekend to use rural tourism services (*Figure 2*). 13% of respondents indicated a one-day-stay with overnight included, 11% of respondents were prepared to spend one day in a rural setting. 6% of respondents are ready to spend less than one day (lunch or dinner only). A total of 13% of respondents are ready to spend more days in a rural environment using rural tourism services.

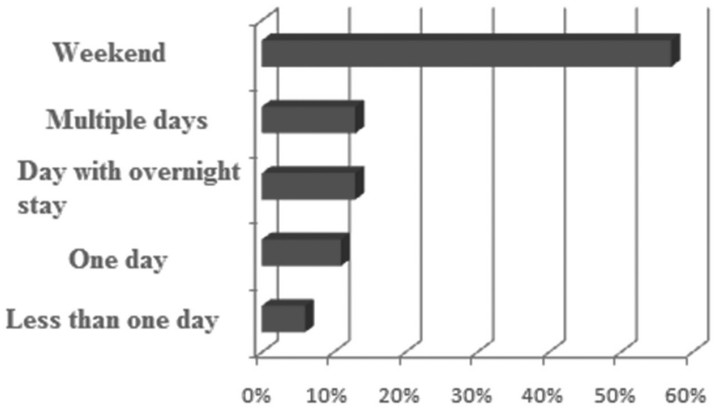

Figure 2: The time users are willing to spend on rural tourism

Source: calculations of the authors

The conclusion is that tourists are not prepared to spend too many days using rural tourism services. Indeed, this is the reason why rural tourism service providers have to devise adequate services that would entice tourists to use rural tourism services for several days. There is a statistically significant difference in the time of the use of rural tourism services, given the amount

of income of the respondents. Higher-income respondents were more interested in longer-term use of rural tourism services, compared to lower-income residents.

The answers received underline the fact that, for a successful rural tourism offer, it is necessary to have accommodation capacities, since the majority of respondents stated answers that mean at least one overnight stay in rural destinations.

The possibility of meeting tourism needs is directly related to the volume and structure of financial resources (Vlahović, et. al., 2015). Regarding the amount of funds that respondents of rural tourism services are ready to spend for this purpose, the following results were obtained:

- Respondents who wish to use food services (lunch or dinner) are prepared to pay an average of 3,080 dinars. The minimum is RSD 2,000 and the largest is RSD 5,000;
- Respondents who intend to spend one day in rural areas are on average willing to spend 5,090 dinars for this purpose. The minimum is RSD 2,000 and the maximum is RSD 10,000;
- Respondents who want to spend day and night in rural tourism facilities are prepared to spend an average of 6,780 dinars. The minimum amount that users are willing to spend is 3,000 dinars, while the largest amount is 15,000 dinars;
- When it comes to weekend, the most cited period as the time they would spend in rural areas, the average amount they are willing to spend is 8,900 dinars. The minimum amount is RSD 5,000 and the maximum is RSD 20,000;
- Respondents who pointed out that they would like to spend more days using rural tourism services are willing to spend an average of 18,150 dinars (*Table 3*). The minimum amount stated is RSD 7,000 and the maximum amount is RSD 30,000.

Table 3: Allocation of funds for visit a rural destination and use rural tourism services

Duration of the stay	Average amount (RSD)
Visiting for lunch or dinner	3.080
1 day	5.090
day with overnight stay	6.780
Weekend	8.900
Multiple days	18.150

Source: calculations of the authors

There is a significant statistical difference between the amount of respondents' income and the funds determined for spending. Respondents with higher incomes are ready to allocate more funds for the more appropriate rural tourism facilities.

Users of rural tourism services - they can be families with children, married couples without children, young people, pensioners, individual tourists or organized tourist groups. Analyzing the answers received regarding with who the respondents would use the rural tourism services, it is observed that the majority of respondents (44%) would spend their holidays in rural areas with their families. At the same time, 28% of respondents would engage in rural tourism activities with a partner, while 25% of respondents prefer to visit a rural destination within an organized group. 3% of the respondents would practice this type of tourism (*Table 4*) by themselves. There is no statistically significant difference between the answers received and the amount of respondents' income.

Bramwell (1994) defines rural tourism destinations as broader areas with natural environments, where there are special natural, economic and socio-cultural features, such as tradition, local

cooperation, trust and good interrelationships, and, as such, create a special tourism product that is primarily based on a small-scale economy, is friendly to the environment, „coloured" by ethnic elements, in a word, „sustainable."

Table 4: Who would you use rural tourism services with

With	Frequency	percentage (%)
Alone	4	3,0
With a partner	42	28,0
With family	66	44,0
Organized group visit	38	25,0
Total	150	100,0

Source: calculations of the authors

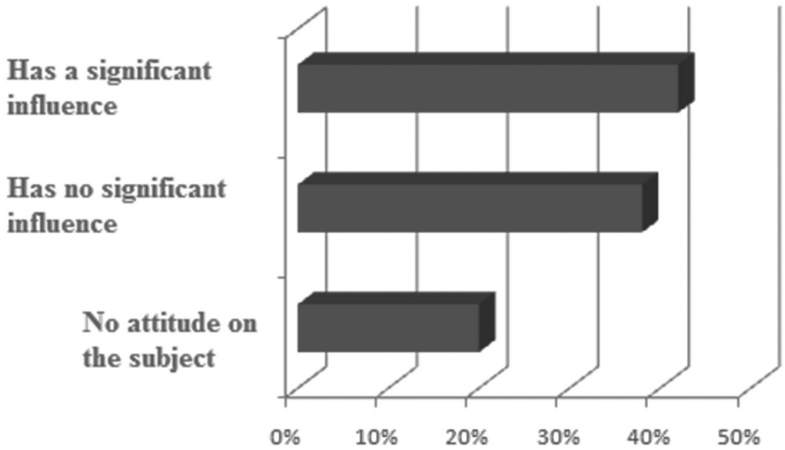

Figure 3: Influence of the distance on rural tourism (%)

Source: calculations of the authors

Distance of destinations for the use of rural tourism services - in order to determine the influence of the distance of a particular rural destination on the decision on visit, it was concluded that for more respondents (42%) the distance plays a significant role in choosing a rural vacation. At the same time, 38% of respondents believe that distance does not represent a significant factor when choosing a destination. 20% of respondents do not have a clearly defined attitude on this issue (*Figure 3*).

The answers obtained show that the users of tourist services are still not very willing to travel longer distances to spend their holidays in rural areas. There is no statistically significant difference between the answers received and the amount of respondents' income.

Tourism events related to rural tourism - the question was asked to consider the number and significance of rural tourism events, as well as what are the most famous ones. It can be concluded that more than half of the respondents (55%) believe that there are enough events in Vojvodina that have a point of contact with rural tourism, but that there may be more. 19% of respondents stated that there are a sufficient number of events in Vojvodina, while 16% of respondents think that there are not enough events related to rural tourism. At the same time, 10% of respondents do not have a defined attitude on this issue (*Figure 4*).

Vojvodina is an area where different cultures intersect, resulting in many different customs and traditions that are attractive to visitors, so it is not surprising that a large number of respondents are familiar with various tourist manifestations in Vojvodina. Certainly, a larger number

of events are required that would be fully devoted to rural tourism and its promotion, since a large number of existing events, although related to rural tourism, are not attractive enough to hold tourists for more than a day. Analyzing the answers received regarding the events that are associated with rural tourism, it is noted that the largest number of respondents (19.17%) cited the manifestation „Kobasicijada" in Turija, which is absolutely associated with rural tourism, followed by „Kupusijada" in Futog with 8.22% of respondents. Events the least related to rural tourism are the "Pasuljijada" in Temerin and the "Pudarski dani" in Irig. Respondents mentioned other manifestations as: „Tucanijada" in Mokrin, „Grape harvesting days" in Vršac, „Čvarak fest" in Kać, „Pile fest" in Žitište, „Mundijada" in Šajkaš, „Gander fights" in Mokrin, „Pihtijada" in Rumenka, „Grape Days" in Banoštor, „Dužijanca" in Subotica, „Brandy Fest" in Kovilj, „Štrudlijada" in Dolovo," Fijakerijada" in Crepaja and „Kulenijada" in Bački Petrovac, etc. There is no statistically significant difference between the responses received and the amount of respondents' income.

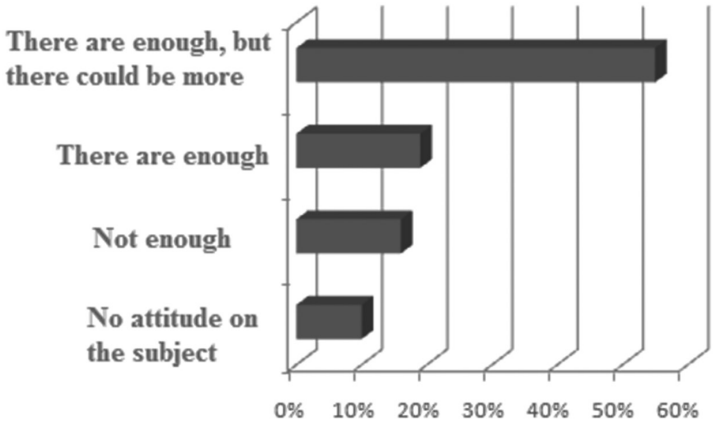

Figure 4: Events tied to rural tourism (%)

Source: calculations of the authors

Such a large number of events that respondents recognize and associate with rural tourism is very encouraging. They attract a large number of visitors from local places, as well as from the surrounding and foreign countries. Since some of these events last for several days, it is necessary to offer the accommodation services, as well as the accompanying activities that will animate them. Events should be tailored to the needs and requirements of tourists.

The role of gastronomy in rural tourism - the question was asked in order to obtain information on the role and importance of gastronomy in rural tourism. Almost half of the respondents (47%) believe that gastronomy is a major factor in rural tourism in Vojvodina, while at the same time 36% of interviewees gave the opposite answer. 10% of respondents stated that they did not know whether gastronomy was a major factor in Vojvodina's rural tourism, while 7% of respondents did not have a defined attitude on this issue (*Figure 5*).

Certainly, a multitude of different traditional dishes and drinks is one of the major assets of the rural tourism of Vojvodina. Consuming local and autochthonous food and beverages is an essential element of rural tourism. Based on the answers received, the gastronomic offer should be further developed, e.g. by involving the visitors themselves in the process of making meals. At the same time, much more needs to be done to organize accompanying activities and achieving diversity that would further complement the rural tourism. There is no statistically significant difference between the answers received and the number of respondents' income.

Participation of rural tourists in farm activities - the question was raised as to whether tourists are willing to directly participate in farm activities within rural tourism. From the location point of view, all activities of tourists in rural tourism can be divided into *activities within the household*, created by hosts, and *activities outside the household* within the rural destination, which can be created by hosts and other households, various associations, local tourism organizations, etc.

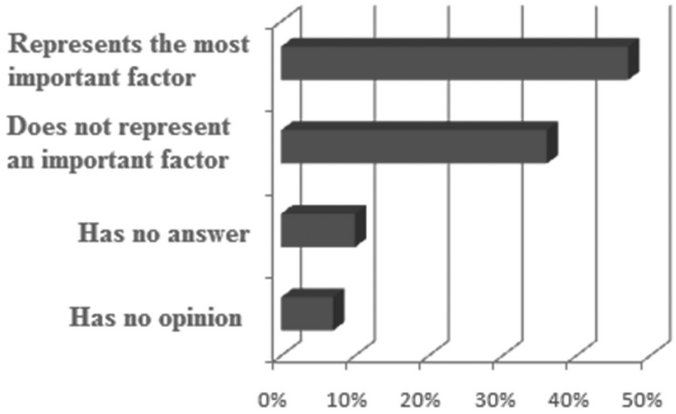

Figure 5: Significance of gastronomy in rural tourism (%)
Source: calculations of the authors

Activities of tourists in rural households: that could be agricultural activities, food preparation - gastronomic activities and crafts. *Agricultural activities*: the villages are attractive in all four seasons (though at least in winter) and these climatic characteristics should be used as an advantage for rural tourism. In our country, mostly households are combined - their priority is agriculture, and tourism is a secondary activity, although in some households it grows into a primary activity. The villagers are engaged in crop production, fruit growing, livestock breeding, cultivating land and the like, and the offer should be tailored to the day-to-day life in the countryside without disturbing the steady flow of rural activities. The village should certainly retain its autochthonous and traditional way of agriculture and this is exactly what the village's tourism offer should be based on. Guests can be given the opportunity to take an active part in rural agriculture - picking raspberries, blackberries, cherries, harvesting corn, collecting hay, etc., working in the fields or on the farm, mowing grass, watching and, if they wish, participating in milking cows, making cheese and milk, preparing jam, which they could, with some compensation for the housewife, take home. They could help the hosts, learn many useful jobs, old crafts, traditionally prepare meals, attend the scene of making brandy next to a cauldron, or make homemade wine and the like. The traditional method of production (e.g. organic gardening) is becoming less and less enjoyable in the countryside, but it should be revived because it is the basis of „Green Tourism". *Food preparation:* The advantage of the rural environment is the clean and unpolluted nature, which enables the production of organic and "healthy" food. Efforts should be made for households to produce food for the needs of tourists. Housewives nurture traditional food preparation. They could organize education in the preparation of gastronomic specialties of local cuisine, which are less and less on the table. Pies (e.g., buckwheat pie, cabbage pie, pumpkin pie, cheese pie…), gibanica, cicvara, proja, homemade bread, special dishes and roasted goods. Fostering homemade cuisine creates a unique ambience of intimacy and welcome. *Handicrafts:* Part of the national heritage is also homework and crafts, especially artistic, souvenir making, folk costumes and folklore. In addition to the basic accommodation offer, additional facilities should be designed to keep guests occupied, generating additional profits and positive economic effects. More and more guests who want to actively spend their holidays, learn something, discover, find out.

Activities of tourists outside the household - tourists are no longer just peaceful observers (although this group is also numerous), but active participants in everyday activities. It is no longer enough just to see the destination, that is made possible by the internet, it is necessary to experience the destination. Tourists are "hungry" for new experiences, and experiences are created by activities in the destination. The activities of tourists outside the household and within the destination are predetermined, first of all, by the type of attractive motives to which they are attached, i.e. whether they are natural or anthropogenic (cultural) motives. All non-household activities can be classified into two groups: recreational and cultural activities (https://www.turizamiputovanja.com). In order to consider the views on whether users of rural tourism services would participate in activities that depict traditional life in rural areas, the following results were obtained: the majority of respondents (69%) would participate in the aforementioned rural activities. At the same time, 17% of respondents are not entirely sure if they would participate in these activities, while 14% do not want to practice traditional activities when vacationing in rural areas. One percent of respondents do not have an opinion on this issue (*Table 5*). Households should monitor tourists' needs and define appropriate activities that tourists would like to enjoy. There is no significant statistical difference between the potential activities in the surrounding areas and the amount of respondents' income.

Table 5: Participation in activities in rural tourism (%)

Answer	Frequency	Percentage (%)
Would participate	104	69
Maybe/not sure	23	17
Would not	21	14
Undecided	2	1
Total:	150	100

Source: calculations of the authors

When carrying out tourism activities, respondents require that their vacations be accompanied by certain content that will contribute to their more enjoyable stay at the chosen destination. The answers to this question imply the conclusion that anyone who wants to engage in rural tourism must allow visitors to participate in their daily lives, to learn about their culture and way of life. At the same time, it is necessary to allow for the full atmosphere in order to completely relax and forget about their all-day obligations from the place of their permanent residence. Specifically for the tourism product, it is an effort to provide the visitor with personal contact, empathy for the environment in rural areas and as much as possible, give them the opportunity to participate in the activities, traditions and lifestyles of the local population (Rabotić, 2012).

Organizing additional activities in rural tourism - in order to consider the importance of organizing additional activities that would complement the stay in rural areas, the obtained results indicate that the largest number of respondents (60%) consider it is important that during the stay in the rural areas, various kinds of additional activities (hunting, fishing, hiking, horseback riding, etc.) need to be organized in order to satisfy the subtle needs of tourists. At the same time, 25% of respondents think that organizing these activities is not necessary, so they answered „maybe" to this question, while 15% of respondents said that there was no need at all to carefully organize these types of activities during their stay in rural areas (*Table 6*). There is no significant statistical difference between additional activities in rural areas and the level of income of respondents.

Table 6: Additional activities organized in rural tourism

Answer	Frequency	Percentage (%)
Important	90	60
Not necessary	37	25
No need at all	23	15
Total:	150	100

Source: calculations of the authors

Obtained results indicate that it is necessary to enable visitors to engage in such activities in order to complete the offer and to better meet the needs and wishes of tourists. For a quality and active holiday in this type of tourism, the rural ambience has a great role, which, due to its natural landscape, tradition and cultural content, attracts an increasing number of visitors. Rural tourism encourages the improvement of the quality of agricultural holdings and agricultural production, thus increasing economic activity and household businesses doing better. The reason is that the farms engaged in rural tourism offer the consumption and sale of fruits, vegetables, wine, brandy, culinary and other products that are produced or grown on the farm (Demonja and Ružić, 2010).

The connection between the consumption of food produced in the system of organic agriculture and rural tourism - when asked, the largest number of citizens, 71%, answered that they would like to try the food produced in the organic agriculture system while staying in a rural area. At the same time, 18% answered that they might like to try, while 11% of respondents would not like to consume the food produced in this way (*Table 7*). A significant statistical difference can be observed between the income level of the respondents and the willingness to consume the food produced in the organic production system. Respondents with higher incomes are more ready to consume such food produced, compared to respondents with lower incomes.

Table 7: Readiness to consume food produced in organic production systems in rural tourism

Answer	Frequency	Percentage (%)
Ready	107	71
Maybe/not sure	27	18
Not ready	16	11
Total:	150	100

Source: calculations of the authors

This attitude is important from the point of view of the tourist service providers, in order to start their organic production or to buy such food that would be offered to tourists in the rural tourism. This can be a comparative advantage of the household, especially important for foreign tourists, who have higher incomes but also very specific requirements regarding the taste of food. When it comes to food that is produced in the organic production system, it is possible to provide some form of education for the interested guests on how that food is produced, which are the main goals of this type of production and what is its advantage over conventional food, etc.

Frequency of rural tourism promotional activities - the question was raised in order to review the frequency of promotional activities related to rural tourism in Vojvodina. The promotion of rural tourism is extremely important in order to influence the decision of potential tourists to visit these destinations. The majority of respondents (69%) believe that promotional activities for rural tourism are under-implemented. At the same time, 18% of respondents think that they are sufficiently implemented, 9% of respondents think that they are not implemented at all (did not see any promotional activities for rural tourism), while 4% of respondents have no clear at-

titude on this issue (*Figure 6*). There is no significant statistical difference between the answers received and the amount of income of the respondents.

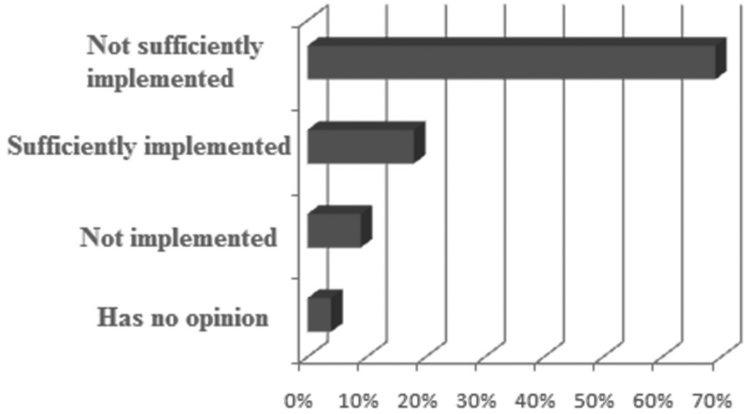

Figure 6: Percentage of rural tourism promotion activities in Vojvodina (%)
Source: calculations of the authors

The answers received indicate that more effort and energy needs to be invested in rural tourism promotion activities (fairs, etc.). Greater assistance from local governments is also needed, and the relevant ministry and the APV Government need to be involved in this activity. Also, in order to bring tourists, farms must independently use different types of promotions (economic propaganda, sales promotion, publicity and public relations, etc.) and thus attract guests. Lately, social networking and the internet have been an effective way of providing low-cost sources of communication.

5. CONCLUSION

There are strong opportunities for the development of Rural Tourism in Serbia. Rural tourism is important to users because it provides a new and different experience that cannot be achieved at traditional mass tourism destinations. In Serbia, there is an opportunity to define a truly experience which is holistic and integrates these different components, thereby, creating a competitive positioning for Serbia. The key contribution of this paper is an insight into consumer behavior in rural tourism. It is important to identify tourist needs in order to create the best supply of rural tourism. In order to improve this knowledge, the present study seems to provide useful information through the analysis of attributes determining choice from the consumers' perspective for the selection of rural tourism sites, as part of the rural development planning process.

These results could provide useful insight for decision makers, in particular as regards local planning strategies. Decision makers must take steps in regulating the strategic goals in rural area such as self-employment and motivating young people to stay in the countryside, developing an overall offer for a tourist destination, raising the quality of accommodation for hospitality and tourism services, encouraging the production of organic food and local products as well as their placement through tourism and educating the employees in rural tourism. In order to achieve greater effects, it is necessary that the marketing and management of tourist destinations become significant in practical implementation at all levels from local, regional to national. In this way, the basis for achieving positive results is created. Further research is needed to obtain a deeper understanding of the mechanisms that help to improve tourism activities.

ACKNOWLEDGMENT

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ANALYSIS OF QUANTITATIVE INDICATORS OF MODERN TOURISM DEVELOPMENT IN THE REPUBLIC OF SERBIA

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Abstract: *The paper presents an analysis of quantitative indicators of modern tourism development in the Republic of Serbia. The subject of analysis is the ratio of the number of tourist arrivals and overnight stays in general, and the number of tourist arrivals and overnight stays by type of tourist sites for the period 2017-2018. The methods applied are the methods of theoretical content analysis, concretization, specialization and the normative method, then statistical, analytical-deductive methods and the method of quantitative data analysis. The research is based on statistical data of Statistical Office of the Republic of Serbia. Cumulative data of the arrivals and overnight stays indicate a progressive tendency in tourism development in Serbia. The number of arrivals and overnight stays in Serbia is related mostly to the main administrative centres. By comparing the data for both years, it is noticeable that the number of arrivals, as well as overnight stays in Serbia, was in 2018 higher than the number of arrivals and overnight stays in 2017, both in the total amount and in the individual monthly data.*

Keywords: *Tourism, Tourist Arrivals, Overnight Stays, Statistical Office of the Republic of Serbia.*

1. INTRODUCTION

Tourism can be defined as an activity which, in a particular way, connects urban environment and, provisionally speaking, non-urbanised areas which in turn have an abundance of different natural resources. Thus, tourism can be defined as "targeted, planned and motivated behaviour" (Geoffrey & Alister, 2006, p. 45), where equal contributions in the realization of a certain travel arrangement are made by both resources of the tourism product provider and tourism supply users, i.e. the motives, needs and expectations of the person who travels.

Although tourism is often linked to an activity that has reached its full intensity in recent decades, it must be emphasized that modalities of tourist movements existed well before the separation, development and spreading of modern forms of tourism as we know and practice it today. Namely, when organizing such movements, the goals were similar to the contemporary goals when organizing tourist trips - „research, trade, sports, cognitive, diplomatic, health, etc." (Vujović, Cvijanović & Štetić, 2012, page 10). According to Njegovan (2016), "modern tourism as an economic (lucrative) activity, emerged and developed during the industrial revolution, within the framework of the capitalist socio-economic system. This system created the conditions for mass tourist movements (travels), and then, increase in their number became a sufficiently broad basis for numerous functions of tourism" (p. 14).

Modern tourism is in theory often considered as an activity which has a significant influence on the economic, social and functional structure of all, especially rural areas and as an essential factor of revitalisation and diversification of the rural economy (Ristić, Vujičić & Leković, 2016, pp. 665-666).

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By encompassing various elements of space, tourism revitalises and valorises precisely the areas that are irrelevant or marginal for numerous other activities, thus contributing to their development. Accordingly, Jovičić (2000) points out that only tourism can valorise the sandy, pebbly and rocky coasts of the sea, lakes and rivers, lookouts, mountain slopes covered with snow, swamps, some elements of climate, caves and pits, relict and endemic specimens of plants and animals, sunset and picturesque landscapes, that is, necropoles, standing tombstones, archaeological sites, murals, etc." (p. 17).

As an industry, tourism has, in recent decades, been slowly growing into a mass socio-economic phenomenon with numerous positive effects in the fields of finance, employment, technology, transport and communications, and thus in the second half of the 20th and at the beginning of the 21st century, tourism experienced a strong expansion, and consequently is constantly evolving every year.

Considering all the aforementioned advantages of tourism, especially emphasizing its close connection with a range of activities, such as transportation, culture, health, politics, etc., and understanding the importance that tourism has for modern society, it seems necessary to look at certain quantitative indicators of development of tourism in the Republic of Serbia and, accordingly, take into account and analyse the available parameters in this domain. In this context, it is particularly interesting to consider the ratio of the number of tourist arrivals and overnight stays in general, and the number of tourist arrivals and overnight stays by types of tourist sites for the selected three-year period, based on available official statistics.

The research of the number of arrivals and overnight stays in general, and the number of arrivals and overnight stays by types of tourist sites will cover a two-year period from 2017 to 2018. The paper will be methodologically based on theoretical analysis of relevant contemporary views in theory, normative analysis of legislative sources, and quantitative analysis of statistical indicators in the domain of the research subject.

2. LITERATURE REVIEW

Local economic development in an area is significantly defined among other things, by tourist activities (Rogerson & Rogerson, 2014; Karampela, Kizos and Spilanis, 2016, p. 161). In this context, Zhenhua (2003) states that in less developed regions, the local community can derive significant economic-social benefits from tourism (pp. 465-466), thus the development of this industry can be an important turning point for further development at the local level.

By studying various approaches in defining the notion of tourism, one can notice a great diversity in approaches, all depending on the author and the scientific discipline within which the concept of tourism is derived. Based on generality and content in the approach of conceptual definition, Marinoski et al. (2016) distinguish four groups of definitions of tourism: "nominalist, economic, statistical and universal" (p. 41).

Nominalist definitions have the broadest approach, defining tourism solely from the aspect of tourist movements, that is in a way that tourism represents "travel from the place of permanent residency to another place" (Jovičić, 1981; Marinoski et al. 2016, p. 41). This definition ignores the fact that tourism is essentially a broader category, that is, that tourism is not only and exclusively the movement of users of the tourism supply.

Economic character is, naturally, the essence of economic definitions of tourism, and thus an economic definition "explains the relations between tourism supply users and the activities which enable the meeting of tourist needs" (Marinoski et al., 2016, p. 44). As opposed to these, the statistical definitions of tourism are oriented to the statistical moments of monitoring the dynamics of tourist movements and other relevant elements, so that they are also very narrow in approach, and do not determine numerous significant elements on which tourism as an industry is based.

Finally, universal definitions provide a more comprehensive picture of tourism, and "enable the understanding of the complexity and heterogeneity of the tourism phenomenon" (Marinoski et al., 2016, p. 43). According to Jovičić (1981), in this sense, tourism can be defined as "a set of relationships and phenomena associated with movement and consumption outside the place of permanent residence, with the aim of meeting recreational and cultural needs."

Tourism as an industry has proved particularly significant in the field of development of rural areas. Namely, according to Ćirić, Počuča & Raičević (2014), " on one side, tourism has great significance for the development of rural areas, and on the other side, the significance of tourism can be perceived in creating the market for agricultural products, since they are important inputs for hotels and restaurants" (p. 26). Thus, along with the fact that sustainable development of rural tourism must be economically justified, it also has to contribute to the preservation of the natural, social and cultural characteristics of the travel destination (Počuča, Matijašević-Obradović & Drašković, 2017, p. 1252).

In the field of tourism development, it is also important to mention the concept of sustainable development as a „contemporary development concept" (Matijašević-Obradović & Škorić, 2017, p. 283). As Šimkova (2007) points out, an important feature of modern society is precisely the focusing of primary attention on sustainable development (p. 236). The term sustainability can itself be described as the establishment and continuous progress of human well-being, while „not destroying the natural resource base that future generations will need to depend on" (Adinyira, Oteng-Seifah & Adjei-Kumi, 2007, p. 18). According to Ristić (2013), sustainable development is "a contemporary development concept that reconciles the social, economic and environmental interests of present and future generations" (p. 229), and the continuous development of modern aspects of tourism (primarily referring to rural tourism) can lead to a "new relationship between the environment, work and leisure, in terms of the sustainability of all, and especially rural areas" (Fagioli, Diotallevi & Ciani, 2014, p. 166). In the above context, Matijašević-Obradović & Kovačević (2016) state that sustainable development as an integral approach is the basis of all development policies of EU countries today, whose membership Serbia is striving for (p. 493).

There is a significant difference between „tourism as a phenomenon and a human desire to explore new localities and change", which suggests the conclusion that the difference between travelling for the purpose of changing locality, entertainment and new insights and tourist travel is, in fact, in the organization itself" (Gržetić, Favro & Saganić, 2007, p. 23).

Defining tourism in terms of organized travel, which satisfies the tourists' needs for rest, entertainment and other, Article 3 of the Law on Tourism („Official Gazette of the Republic of Serbia", no. 17/2019), defines certain relevant terms from this domain, which are important to mention here. Thus, „tourism activity is the provision of services of travel agencies, services

of tourism professions and the provision of other services" (Article 3, item 30 of the Law on Tourism), while a tourist agency is considered to be „a company, an entrepreneur, another legal entity engaged in the activity of tourism agency "(Article 3, Item 27 of the Law on Tourism).

The law defines several other terms relevant to the context of the topic of this paper. Namely, a tourist destination refers to a „destination of tourist travel that enables the arrival and stay of passengers by being equipped to do so" (Article 3, item 3a of the Law on Tourism), while a tourism product means „a set of interdependent elements which is organized in practice as a separate value chain consisting of tangible goods and services, natural values and cultural goods, tourist attractions, tourism supra-structure and tourism infrastructure "(Article 3, Item 39 of the Law on Tourism). It is also important to define the terms of tourist space, place and tourist travel.

According to the provisions of the Law on Tourism, a tourist area is „a unique and indivisible geographical and functional unit of natural and manmade resources and values of importance for tourism" (Article 3, item 40 of the Law on Tourism), a tourist place is an „organizational and functional unit with a formed tourist supply, natural values, cultural goods and other sights of importance for tourism, with communal, transport and tourist infrastructure, as well as with facilities and other amenities for the accommodation and stay of tourists "(Article 3, item 41 of the Law on Tourism), while tourist travel is defined as „a combination of two or more tourist services (transport, accommodation and other tourist services), established or prepared by the tour operator on their own or at the request of the traveler, for a period exceeding 24 hours or shorter if it includes one night stay, or one or more overnight stays which include only the accommodation service for a specified period of time or duration sold at a single price "(Article 3, Item 42 of the Law on Tourism).

Relevant defining moments for a further development of tourism in the Republic of Serbia, but also for an analysis of the current situation in this industry, are highlighted by the current Tourism Development Strategy of the Republic of Serbia, for the period 2016-2025 (The Ministry of Trade, Tourism and Telecommunications, 2016). Namely, bearing in mind that the needs, motives and aspirations of tourists in recent years have been perceived more realistically in the marketing field, and placed in the primary determinants of a concrete tourist offer, according to the provisions of the Tourism Development Strategy of the Republic of Serbia for the period 2016-2025 (hereinafter: the Strategy), three groups of new trends in the promotion and development of tourism are highlighted. Those are the following trends: 1.) new trends in promotion and booking methods, 2.) new types of accommodation, and 3.) contemporary motives for traveling in the world tourism market (The Ministry of Trade, Tourism and Telecommunications, 2016, p. 20).

According to Cvijanović et al., if the envisioned set of contemporary tourism development trends is not sufficiently respected, „that can lead to wrong decisions, and wrong decisions will deny the possibility of considering the impact of the demographic, economic, political and technological environment and directions of tourism development" (Cvijanović, Vuković & Kljajić, 2011, p. 11.).

According to the provisions of the Strategy, „new communication and promotional tools have been developed in the field of promotions and booking, based on e-marketing technology for communication with consumers, which strongly increase the efficiency of market activities"

(The Ministry of Trade, Tourism and Telecommunications, 2016, p. 20), while in the field of „accommodation, as opposed to large international hotel chains which also experience transformation adapted to the authenticity of the destination, small family accommodation facilities are being developed which enable the organization of stay and rest of tourists' own choosing, while meeting the growing needs of contemporary tourists for contact with nature and local culture and environment" (The Ministry of Trade, Tourism and Telecommunications, 2016, p. 21). In the domain of contemporary motives for going on tourist travels, decisive motives are certainly distinguished, such as intense vacations, gaining new experiences, learning about cultural heritage, organizing active fitness and sports trips, wellness vacations, getting acquainted with gastronomic specialties, etc. (The Ministry of Trade, Tourism and Telecommunications, 2016, pp. 22-23).

The true situation in the Republic of Serbia in the area of tourist arrivals to our country and the number of overnight stays for the selected period (2017-2018), will be considered and analysed in the research part of the paper. Therefore, the subject of further analysis will be the ratio of the number of tourist arrivals and overnight stays in general, and the number of tourist arrivals and overnight stays by types of tourist places for the selected two-year period, based on available official statistics.

3. MATERIALS AND METHODS

The subject of analysis in the paper, as stated above, is the ratio of the number of tourist arrivals and overnight stays in general, and the number of tourist arrivals and overnight stays by types of tourist places for the period 2017-2018.

In the theoretical part of the paper, the method of theoretical content analysis was primarily applied, with the basic methods of concretization and specialization, and the normative method in the domain of analysis of current legislative sources, while in the research part of the paper, statistical and analytical-deductive methods and the method of quantitative data analysis were applied. The survey is based on official statistics of the Statistical Office of the Republic of Serbia.

4. RESEARCH RESULTS

The research part of the paper included an analysis of the relevant data for 2017 and 2018. Considering that the research was done on the basis of data obtained from monthly statistical bulletins for the mentioned two-year period, the primary intention of the authors was to include the data from 2019 in the research as well. A preliminary observation of the available research material indicated that official statistical data were only available for the first half of 2019 (more precisely for the first seven months, ending with July of the current year), and therefore it was evident that partial information cannot provide a comprehensive picture on the number of arrivals and overnight stays of tourists, or the number of tourist arrivals and overnight stays by types of tourist places in this year. In order to reach accurate, statistically verified conclusions, the research accordingly covered the two previous years, for which there were transparent, monthly data presented for the whole, specifically observed annual period. And finally, the survey covered two years (not a larger number of years), given the abundance of data that must be presented and analysed in order to draw as accurate conclusions as possible and to obtain as adequate a picture as possible of the dynamics of tourist supply and demand in the Republic of Serbia, in the previous period.

However, in order to draw some parallels with the available 2019 data, a summary of the available 2019 data will be provided before the spreadsheet overview of the relevant research data for 2017 and 2018 is given. Namely, according to the official statistical data, "in July 2019, 391,387 tourist arrivals were recorded in the accommodation facilities in the Republic of Serbia, which is 5.6% more than in the same period in 2018. The number of arrivals of foreign tourists was increased by 5.2% compared to July of the previous year, while the number of arrivals of domestic tourists was increased by 6.1%" (The Statistical Office of the Republic of Serbia, 2019, p. 58).

In terms of the number of overnight stays, "in July 2019 tourists realized 1,149,996 overnight stays, of which 60.2% were realized by domestic and 39.8% by foreign tourists. The number of overnight stays is 5.3% higher than in July 2018. In July 2019, in the structure of overnight stays of foreign tourists, the most overnight stays were realized by tourists from Turkey (7.8%), China (6.7%) and Bosnia and Herzegovina (5.8%)" (The Statistical Office of the Republic of Serbia, 2019, p. 58).

Table 1. Number of arrivals and overnight stays of tourists in the Republic of Serbia for the period 2017-2018

	Tourist arrivals (in thousands and percentages)				**Tourist overnight stays (in thousands and percentages)**			
	total		domestic		total		domestic	
2018	3,430.6 thous. 100%		1,720.1 thous. 100%		9,335.9 thous. 100 %		5,678.1 thous. 100%	
I	176.8	5.2	95.3	5.5	549.8	5.9	332.3	5.9
II	186.6	5.4	108.9	6.3	583.7	6.3	397.9	7
III	220.7	6.4	116.2	6.8	593.2	6.4	362.6	6.4
IV	283.4	8.3	155.1	9	714.8	7.7	448.7	7.9
V	371.8	10.8	208.3	12.1	923.5	9.9	586.9	10.3
VI	328.5	9.6	164.0	9.5	923.6	9.9	582.8	10.2
VII	370.5	10.8	165.4	9.6	1,092.0	11.7	657.5	11.6
VIII	421.2	12.3	194.1	11.3	1,266.2	13.6	769.8	13.6
IX	314.0	9.2	139.8	8.1	823.3	8.8	481.7	8.5
X	302.7	8.8	149.5	8.7	749.3	8	438.6	7.7
XI	220.1	6.4	110.0	6.4	546.8	5.9	310.2	5.5
XII	234.3	6.8	113.5	6.6	569.7	6.1	309.1	5.4
2017	3,085.8 thous. 100%		1,588.8 thous. 100%		8,325.2 thous. 100%		5,149.9 thous. 100%	
I	158.6	5.1	88.3	5.6	490.9	5.9	306.8	6
II	164.7	5.3	99.0	6.2	515.1	6.2	357.4	6.9
III	202.3	6.6	103.9	6.5	553.1	6.6	336.3	6.5
IV	264.9	8.6	146.6	9.2	642.1	7.7	396.4	7.7
V	325.9	10.6	189.3	11.9	797.5	9.6	518.6	10
VI	294.4	9.5	149.4	9.4	809.8	9.7	510.1	9.9
VII	331.6	10.7	153.4	9.7	988.1	11.9	611.8	11.9
VIII	366.8	11.9	176.0	11	1,081.7	13	684.1	13.3
IX	282.6	9.2	130.2	8.2	735.9	8.8	436.7	8.5
X	281.6	9.1	144.9	9.1	689.8	8.3	408.2	7.9
XI	190.9	6.2	97.4	6.1	482.6	5.8	280.8	5.5
XII	221.5	7.1	110.4	6.9	538.6	6.5	302.7	5.9

Source: Statistical Office of the Republic of Serbia, 2019, p. 59, Statistical Office of the Republic of Serbia, 2018, p. 59, Statistical Office of the Republic of Serbia, 2017, p. 59

Note: Percentage values are calculated by the paper's authors.

By consulting the monthly statistical bulletins of the Statistical Office of the Republic of Serbia, the table 1. will provide an overview of the number of tourist arrivals and overnight stays in the Republic of Serbia, on a monthly basis, for the period 2017-2018. Along with the application of the statistical methodological approach and quantitative data analysis, the authors of the paper expressed the individual numerical data through percentage values.

By consulting the monthly statistical bulletins of the Statistical Office of the Republic of Serbia, the following table will provide an overview of the number of tourist arrivals in the Republic of Serbia, by types of tourist places. The data overview was also made on a monthly basis, for the same period - 2017-2018.

Table 2. Number of arrivals of tourists in the Republic of Serbia by types of tourist places for the period 2017-2018

	Main administrative centres	Spa resorts	Mountain resorts	Other tourist places	Other places
2018	1,308.7 thous.	596.9 thous.	596.2 thous.	769.3 thous.	159.7 thous.
I	57.2	24.3	56.0	33.4	5.8
II	63.7	23.6	59.2	34.1	6.0
III	86.1	32.3	46.3	47.8	8.2
IV	106.9	46.0	50.4	68.2	11.9
V	133.5	60.4	62.9	100.2	14.8
VI	118.1	66.6	51.5	77.1	15.2
VII	141.1	83.3	49.1	78.5	18.6
VIII	143.4	103.1	57.2	83.3	34.3
IX	133.4	51.8	42.3	70.7	15.8
X	128.9	44.2	43.6	74.9	11.1
XI	97.8	28.3	35.0	49.8	9.2
XII	98.6	33.0	42.7	51.3	8.8
2017	1,172.9 thous.	519.1 thous.	556.2 thous.	705.8 thous.	131.7 thous.
I	51.6	19.8	54.4	27.7	5.1
II	56.5	18.9	53.8	30.6	4.9
III	83.9	28.0	42.0	41.0	7.3
IV	102.1	39.4	46.5	67.2	9.6
V	121.1	47.4	59.8	85.7	11.9
VI	109.0	56.7	47.7	69.5	11.5
VII	118.8	74.5	49.0	73.8	15.5
VIII	116.3	94.0	51.3	78.4	26.8
IX	119.2	48.8	35.1	66.4	13.1
X	119.1	39.7	42.7	70.3	9.8
XI	84.3	23.3	28.6	46.9	7.9
XII	91.0	28.6	45.3	48.3	8.3

Source: Statistical Office of the Republic of Serbia, 2019, p. 60, Statistical Office of the Republic of Serbia, 2018, p. 60, Statistical Office of the Republic of Serbia, 2017, p. 60

Finally, by consulting the monthly statistical bulletins of the Statistical Office of the Republic of Serbia, the third table will provide an overview of the number of tourist overnight stays in the Republic of Serbia, by types of tourist places. The data overview was also made on a monthly basis, for the period - 2017-2018.

Table 3. Number of overnight stays of tourists in the Republic of Serbia by types of tourist places for the period 2017-2018

	Main administrative centres	Spa resorts	Mountain resorts	Other tourist places	Other places
2018	2,707.7 thous.	2,542.5 thous.	2,172.8 thous.	1,539.3 thous.	373.7 thous.
I	128.8	90.1	249.4	67.8	13.7
II	137.4	87.6	271.1	73.9	13.6
III	184.0	115.9	181.9	93.2	18.2
IV	216.7	182.4	161.6	126.3	27.8
V	272.1	243.5	203.4	170.5	34.1
VI	248.4	286.7	198.6	155.4	34.5
VII	286.4	372.5	206.2	183.6	43.3
VIII	300.8	466.1	222.3	186.0	91.1
IX	259.1	276.1	114.3	140.7	33.1
X	263.9	198.2	120.1	142.5	24.6
XI	207.1	121.8	95.6	101.8	20.5
XII	203.0	101.6	148.3	97.6	19.2
2017	2,337.2 thous.	2,228 thous.	2,078.6 thous.	1,380.1 thous.	301.2 thous.
I	107.9	71.7	242.3	55.5	13.4
II	112.9	71.1	254.0	65.0	12.1
III	173.3	104.5	171.6	86.9	16.8
IV	205.1	148.0	151.5	117.1	20.4
V	235.4	194.6	195.6	145.0	26.9
VI	218.4	244.2	180.3	139.3	27.6
VII	233.7	347.9	205.0	166.5	35.0
VIII	223.1	411.2	206.9	175.2	65.3
IX	230.0	253.3	101.6	127.0	24.0
X	240.4	179.9	122.0	124.6	22.9
XI	174.7	111.3	86.8	91.6	18.2
XII	182.3	90.3	161.0	86.4	18.6

Source: Statistical Office of the Republic of Serbia, 2019, p. 60, Statistical Office of the Republic of Serbia, 2018, p. 60, Statistical Office of the Republic of Serbia, 2017, p. 60

5. DISCUSSION AND FUTURE RESEARCH DIRECTIONS

By consulting the monthly statistical bulletins of the Statistical Office of the Republic of Serbia, in the first table we have provided an overview of the number of tourist arrivals and overnight stays in the Republic of Serbia on a monthly basis, for 2017 and 2018.

The data for 2018 will be analysed first. It can be noted that the total number of tourist overnight stays on an annual basis in the Republic of Serbia (9,335.9 thousand, of which 5,678.1 thousand are domestic tourists) is significantly higher than the total number of tourist arrivals in the Republic of Serbia (3,430.6 thousand, of which 1,720.1 thousand are domestic tourists).

It can also be concluded that the share of domestic tourists as tourist supply end users in Serbia is higher when it comes to tourist overnight stays (in percentages, that share is 60.8%), than is the case with tourist arrivals in Serbia (in percentages, that share is 50.1%).

Regarding tourist arrivals in Serbia, the most pronounced dynamics of total arrivals in 2018 was in August (12.3%), while the most pronounced dynamics of domestic tourist arrivals in 2018 was in May (12.1%). When it comes to tourist overnight stays in Serbia, the most pronounced dynamics of overnight stays (total overnight stays and overnight stays by domestic tourists) in 2018 was in August (13.6%).

In the same year, the lowest dynamics of total arrivals (5.2%) and arrivals of domestic tourists (5.3%) was in January. Also, the lowest dynamics of total tourist overnight stays was recorded in January and November (5.9%), while the lowest dynamics of domestic tourist overnight stays was recorded in December (5.4%).

This is followed by an analysis of the data provided for 2017. It can be noted that the total number of tourist overnight stays on an annual basis in the Republic of Serbia (8,325.2 thous., of which 5,149.9 thousand domestic tourists) is significantly higher than the total number of tourist arrivals in the Republic of Serbia (3,085.8 thousand, of which 1,588.8 thousand are domestic tourists). Also, it can be concluded that the share of domestic tourists as tourism supply end users in Serbia is higher when it comes to tourist overnight stays (in percentages, that share is 61.9%) than in the case of tourist arrivals in Serbia (in percentages, that share is 51.5%).

In terms of tourist arrivals in Serbia, the most pronounced dynamics of total arrivals in 2017 was in August (11.9%), while the most pronounced dynamics of arrivals of domestic tourists in 2017 was in May (11.9%). When it comes to tourist overnight stays in Serbia, the most pronounced dynamics of overnight stays (total overnight stays and overnight stays by domestic tourists) in 2017 was in August (13% with regard to tourist arrivals and 13.3% relating to tourist overnight stays).

In the same year, the lowest dynamics of total arrivals (5.1%) and arrivals of domestic tourists (5.6%) was in January. Also, the lowest dynamics of total tourist overnight stays was recorded in November (5.8%), while the lowest dynamics of domestic tourist overnight stays was also recorded in November (5.5%).

If the data for both years are compared, it will be noticed that the number of users of the Republic of Serbia tourist supply is higher in 2018 (tourist arrivals: 12.3% total users and 12.1% domestic users; tourist overnight stays: 13.6% for both total users and domestic users) than in 2017 (tourist arrivals: 11.9% each for total users and domestic users; tourist overnight stays: 13% for total users and 13,3% for domestic users). The data indicate a progressive tendency in tourism development and tourist supply in the Republic of Serbia, given the situation regarding the number of tourist arrivals and overnight stays in the Republic of Serbia, on a monthly basis, for 2017 and 2018.

By consulting the monthly statistical bulletins of the Statistical Office of the Republic of Serbia, the second table presents the data on the number of tourist arrivals in the Republic of Serbia, by types of tourist places. The data presentation was done on a monthly basis, for 2017 and for 2018.

The data for 2018 will be analysed first. It can be observed that the number of tourist arrivals to Serbia is mostly related to the main administrative centres (a total of 1,308.7 thous. arrivals in 2018). This is followed by spa resorts (with 596.9 thous. arrivals) and mountain resorts (with 596.2 thous. arrivals). In total, other tourist spots attracted 769.3 thous. tourists.

By observing the dynamics of tourist arrivals on a monthly basis, according to types of tourist places, it is noticed that the main administrative centres were the most visited in August, with 143.4 thous. arrivals, then that spa resorts were also the most visited in August, with 103.1 thous. arrivals, and finally, that the mountain resorts were the most visited in May, with 62.9 thous. tourist arrivals. Comparing the monthly dynamics of tourist arrivals, it can be concluded that the main administrative centres were the most visited during the whole year (therefore, in each individual month of the year). Other tourist places taken collectively were also the most visited in May, with 100.2 thous. of arrivals.

In contrast to the data on the most visited tourist destinations in individual months during 2018, it is also necessary to present the data for the periods when the tourist destinations were visited the least. Thus, the main administrative centres were the least visited in January (57.2 thous. arrivals). Spa resorts were the least visited in February (with 23.6 thous. arrivals), while mountain resorts were the least visited in November (with 35.0 thous. arrivals). Other tourist spots taken collectively were the least visited in January (33.4 thous. arrivals).

This is followed by a data analysis for 2017. It can also be noted that in 2017 the number of tourist arrivals in Serbia is mostly related to the main administrative centres (a total of 1,172.9 thous. arrivals). This is followed by mountain resorts (with 556,2 thous. arrivals) and spa resorts (with 519,1 thous. arrivals). In total, other tourist places attracted 705.8 thous. tourists.

By observing the dynamics of tourist arrivals on a monthly basis, according to the types of tourist places, it can be noted that the main administrative centres were the most visited in May, with 121,1 thous. arrivals, then, that the spa resorts were the most visited in August, with 94,0 thou. Arrivals, and finally, that the mountain resorts were the most visited in May, with 59,8 thous. of tourist arrivals. By comparing the monthly dynamics of tourist arrivals, it can be concluded that the main administrative centres were also the most visited during the whole year (that is, each individual month of the year). Other tourist places, taken collectively, were also the most visited in May, with 85,7 thous. of arrivals.

By comparing the data for both years, it is observed that the number of arrivals to the Republic of Serbia in 2018. is higher than the number of arrivals in 2017., both in the total sum and in the individual monthly, numerically expressed, data.

In contrast to the data on the most visited tourist places in individual months during 2017, it is also necessary to present the data on the periods when the tourist places were visited the least. Thus, in 2017, the main administrative centres were the least visited in January (51.6 thous. arrivals). The spa resorts were the least visited in February (with 18.9 thous. arrivals), while the mountain resorts were the least visited in November (with 28.6 thous. arrivals). Taken collectively, other tourist destinations were the least visited in January (27.7 thous. arrivals).

Finally, by consulting the monthly statistical bulletins of the Statistical Office of the Republic of Serbia, in the third table we have presented the data on the number of tourist arrivals in the Republic of Serbia, by types of tourist places. The data presentation was done on a monthly basis, for 2017 and for 2018.

We shall first analyse the data for 2018. By analysing the data presented in the tables, it is evident that the greatest number of tourist overnight stays in Serbia is recorded in the main administrative

centres (2,707.7 thousand nights in total in 2018). They are followed by spa resorts (with 2,542.5 thousand nights) and mountain places (with 2,172.8 thousand nights). In sum, the remaining tourist places, with regard to overnight stay capacities in Serbia attracted 1,539.3 thousand tourists.

On examining the dynamics of tourist overnight stays on a monthly basis, by tourism place types, it is evident that the main administrative centres were the most visited in August, with 300.8 thousand overnight stays, then that the spa resorts were also the most visited in August, with 466.1 thousand overnight stays, and finally that mountain resorts were the most visited in February, with 271.1 thousand tourist overnight stays.

By comparing the monthly dynamics of tourist overnight stays in the main administrative centres, spas and mountain resorts, we can conclude that the main administrative centres prevail in terms of overnight visits (March, April, May, October, November and December are the months in which the main administrative centres record the highest numbers of overnight stays), to be followed by spa places (June, July, August, and September are the months in which the number of nights is the highest for spas), and finally by mountain resorts (with the highest number of tourist overnight stays recorded in January and February 2018). The other tourism destinations recorded in sum the greatest number of tourist overnight stays in the month of August, amounting to 186 thousand stays.

As opposed to the data on the most visited tourism places by months during 2018, we should also present the data on the periods when tourism places were visited the least in terms of tourist overnight stays. Thus, the main administrative centres recorded in 2018 the lowest number of overnight stays in the month of January (128.8 thousand stays). The spas had the fewest overnight stays in February (with 87.6 thousand stays), while the mountain places recorded the least stays in November (with 95.6 thousand nights). The remaining tourism places taken collectively recorded the lowest number of overnight stays in January (67.8 thousand stays).

The above is followed by an analysis of the data for 2017. The data from 2017 indicate that the number of tourist overnight stays in Serbia is the highest in the main administrative centres (2,337.2 thousand stays). They are followed by spas (with 2,228 thousand nights) and mountain resorts (with 2,078.6 thousand overnight stays). Taken collectively, the remaining tourism places as a separate category attracted, in terms of overnight stays, 1,380.1 thousand tourists.

On examining the dynamics of tourist overnight stays on a monthly basis, by tourism place types, it is evident that the main administrative centres were the most visited in October, with 240,4 thousand nights, then that the spa resorts were the most visited in August, with 411.2 thousand nights, and finally that mountain resorts were the most visited in February, with 254,0 thousand tourist overnight stays.

By comparing the monthly dynamics of tourist overnight stays in the main administrative centres, spas and mountain resorts, we can conclude that the main administrative centres prevail in terms of overnight visits (March, April, May, October, November and December are the months in which the main administrative centres record the highest numbers of overnight stays), to be followed by spa places (June, July, August, and September are the months in which the number of nights is the highest for spas), and finally by mountain resorts (with the highest number of tourist overnight stays recorded in January and February 2017). The other tourism destinations recorded in sum the greatest number of tourist overnight stays in the month of August, amounting to 175.2 thousand stays.

By comparing the data for both years, it is noted that the number of arrivals to the Republic of Serbia in 2018 is higher than the number of arrivals in 2017, both in the total sum and in the individual monthly, numerically expressed, data.

As opposed to the data on the most visited tourism places by months during 2017, we should also present the data on the periods when tourism places were visited the least in terms of tourist overnight stays. Thus, the main administrative centres recorded in 2017 the lowest number of nights in the month of January (107.9 thousand nights). The spas had the fewest overnight stays in February (with 71.1 thousand stays), while the mountain places recorded the least stays in November (with 86.8 thousand nights). The remaining tourism places in sum recorded the lowest number of overnight stays in January (55.5 thousand stays).

What we can conclude from the presented data in the research part of the paper is that the sector of tourism is recording a positive development trend, which is expressed in the paper primarily through the ratio of the number of tourist arrivals and overnight stays in general, and the number of arrivals and overnight stays by tourism place types for the period 2017-2018. This approach indicates that by a continuous development of this sector the Republic of Serbia may develop tourism to the level of a key economic structural element of the country, and indirectly the whole region. What could be done in practice, and analysed in more detail in further research, is the strengthening of the Republic of Serbia competitiveness both in foreign and the domestic markets, with all the authorities, in particular the local ones, playing a more active role, and the strengthening and improvement of marketing activities in the field of promotion and commercialisation of tourism products, as well as its capacities in the realisation of innovative approaches in the promotion and marketing of tourism supply in general.

5. CONCLUSION

The importance and the characteristics of tourism as an industry branch have been addressed in more detail in the theoretical part of the paper.

The qualification and analysis of tourism turnover by tourism destinations is very important for any destination, country, or region. With a view to presenting the situation in the Republic of Serbia in more detail, the research part of the paper includes an analysis of the number of arrivals and overnight stays of tourists in general, and the number of arrivals and overnight stays of tourists by tourism resort types for the years 2017 and 2018.

Before the conclusion we should emphasise one more significant modern tendency in the current strategic and practical approach to tourism development. This tendency in the planning of the key elements of modern tourism development is the consideration of tourist needs, motives and affinities as the primary starting point. As stated at the beginning of the paper, on one side there exist tourists as consumers of tourism services, and on the other there is tourism trade. Tourists possess funds whereby they pay for tourism services, while supply is the factor that should provide the satisfaction of various tourist needs.

The subject of analysis of the research part of the paper is the number of arrivals and overnight stays of tourists in general, and the number of arrivals and overnight stays of tourists by tourism resort types for the period 2017-2018. The obtained results (which have been analysed in detail

in the part of the paper including a discussion and recommendations for further research) will also be briefly outlined here.

Namely, it is noticeable that the total number of tourist overnight stays on an annual basis in the Republic of Serbia considerably exceeds the total number of tourist arrivals in the Republic of Serbia. In addition, we can conclude that the share of local tourists as tourist supply end users in Serbia is larger relating to tourist overnight stays than is the case with tourist arrivals in Serbia. If we compare the data for both analysed years, it is evident that the number of users of tourism supply in the Republic of Serbia is larger for 2018 than for 2017. Thus, the data point to an increasing tendency in the development of tourism and tourism supply in the Republic of Serbia.

It is noticeable that the number of tourist arrivals in Serbia is mostly linked to the main administrative centres. They are followed by spas and mountain sites. Comparing the data for both years, it is noticeable that the number of arrivals in the Republic of Serbia in 2018 exceeded the number of arrivals in 2017, both in total, and in the individual monthly numerical data.

By analysing the data shown in the tables, we can see that the number of tourist overnight stays in Serbia is also for the most part linked to the main administrative centres. As in the case of analysing the dynamics of tourist arrivals in Serbia, spas and mountain sites follow behind. By comparing the data for both years, we can notice that the number of tourist overnight stays in the Republic of Serbia in 2018 exceeds the number of overnight stays in 2017, both in total, and in the individual monthly numerical data.

Following an analysis of the research results, and in the context of the paper subject and recommendations for further research in this area, we should also mention the strategic goals of tourism development for the following period, considering that tourism has a great impact as "an asset for economic growth and development, the creation of new added value and new employment" (The Ministry of Trade, Tourism and Telecommunications, 2016, p. 37). Thus, the goals of tourism development to 2025 can be defined as follows: "1) growth in the share of hotels and similar hospitality facilities for accommodation in the total number of accommodation facilities up to 50%; 2) reaching the total booking of accommodation capacities (accommodation units) of 30%; 3) raising the tourism turnover to 2025 up to three times, or by 50% at least; 4) increasing tourist unit consumption (per overnight stay) by 50%; 5) increasing the share of foreign overnight stays to 45% to 2020, and 55% to 2025; 6) doubly increasing direct tourism participation in the Republic of Serbia gross domestic product; 7) increasing the number of employees working directly in tourism by no less than 50% and increasing the number of employees in tourism and complementary activities by up to three times; 8) increasing direct investments (The Ministry of Trade, Tourism and Telecommunications, 2016, p. 38).

In addition, the Strategy (2016) aims, besides the aforesaid, to achieve the following goals: "1) setting up an efficient tourism development management system along with strengthening public-private partnerships; 2) improving and harmonising the methodology and procedures of statistical data collection and processing with international standards and practice; 3) establishing the Tourism Register on legal foundations; 4) reducing grey economy in tourism" (p. 38).

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USE OF CONTROLLING IN TOURISM SPHERE AS A MODERN EFFICIENT MANAGEMENT TOOL

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Abstract: *Controlling has been an effective tool for business progress in recent years. Even in tourism sphere there is a need to monitor and evaluate the activities of the subordinates in the companies. The paper deals with the use and application of controlling in tourism facilities. On the theoretical-methodological basis, it clarifies the philosophy of controlling, its goals and tasks. It describes controlling tools and possibilities of their effective use in conditions of tourism. Based on the research conducted in selected tourism companies summarizes the knowledge gained by research and points out the possibilities of applying controlling in the practice of companies operating in the field of tourism. The results of the research are recommendations to companies operating in tourism for the implementation of controlling tools into the company activities and their effective use. The research has confirmed that controlling is an essential tool for effective business management and must be implemented in larger hotel facilities than the department itself, or to be as independent position of the controller. For smaller facilities in this sector, the use of consulting firms in the area of controlling seems to be an effective solution.*

Keywords: *Controlling, Management, Tourism, Management Tools, Hotel Controlling.*

1. INTRODUCTION

Today, the business environment in the tourism industry is a very dynamically evolving system. It is therefore important for every company to be competitive and successful. Organizations in the sector must strive to innovate constantly and follow new trends, steps and processes to improve their management systems. Their main goal is to ensure competitiveness, liquidity, profitability and optimal capital structure so that the value of the company gradually grows. In connection with the modernization of the management of tourism businesses, it is therefore necessary to introduce modern management methods such as controlling. *The aim of the paper is to analyse the situation related to the use of controlling in these facilities and to propose procedures for its more effective application based on research in tourism companies.*

In this case, the question may appear: Why controlling? Controlling precisely because today it can be classified as a modern management method significantly supported by information and communication technologies. In Slovakia, but also in other European countries, the digital transformation of the economy is taking place, and this transformation also affects the area of tourism development and increasing its competitiveness. It is all the more urgent nowadays, when a major global pandemic occurred in the first months of 2020, and solutions are being sought to restore the tourism that has essentially stopped in this period and is experiencing huge losses.

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Many companies are looking for help from the state, which can be judged right, but not effective without a good management method. The companies with quality controlling systems can respond to changed market requirements and transform the economy and hotel management into crisis management, where controlling will show them the right way.

Based on the experience that we have with its implementation in the industry and tourism sectors, this is where we see the weakness of these facilities/companies. The tourism facilities in Slovakia should quickly complete the controlling systems and implement them in their operation. By its existence, they can control all the processes and effectively influence their management. Operational interventions such as cost cuts will not be effective in this case, although sometimes such measures need to be taken. The state should help in solving operational problems, but from the perspective of the future, controlling is an effective tool. This led us to a deeper knowledge and research of this issue in the field of tourism development in Slovakia.

2. THEORETICAL AND METHODOLOGICAL BACKGROUND OF CONTROLLING AS A MODERN MANAGEMENT TOOL

The basic definitions of controlling are based on the view that controlling is basically processing relevant and reliable information by adequate methods into reports in support of managerial decision-making and business management.

According to Vidová (2009) controlling is a subsystem in the management system that coordinates planning, organizing and controlling processes and based on their analysis, provides management with the information necessary for decision-making.

Controlling presents an element of business management through which errors, deficiencies can be identified by comparing the plan and reality.

Another definition up to Vollmuth (2001,2004) define controlling as a management tool that goes beyond the functional framework of current management and supports management and decision-makers. Such management is envisaged under conditions where the enterprise has developed a planning methodology based on the objectives set by the management and its managers. Deviations from individual responsible areas of the company are detected by the comparative method.

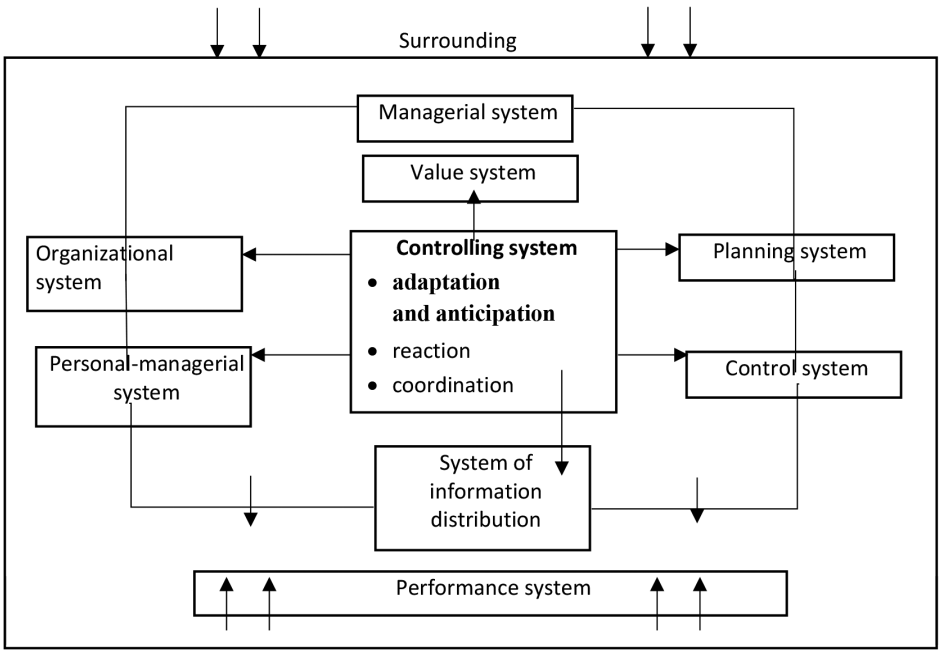
Other author Baran (2008) states that controlling is a set of rules that helps to achieve business goals, avoids surprises, and if there is a danger that requires effective management measures to eliminate it, it will „turn red" in time. It is a subsystem of a management system that is functionally cross-cutting in nature and as a management tool it supports business decision-making and management processes – Scheme 1.

We consider controlling as an important tool of business management in tourism, which is used to analyse the internal processes and the external environment of the company, to uncover reserves, measure future effects and measures to achieve the target with the lowest material, labour and financial costs strategic goals of business development (Sládek, Valentová 2006). Hedija and Fiala (2019) state that these management methods should be used both in small and large enterprises- but the scope of use of these systems should always be considered.

More authors agree that the basis of the term controlling is the term ‚control' or „to control", which can be understood in two different meanings:

- the meaning of management, control, holding under control,
- the meaning of control and verification (in English this can be expressed by the verb "to check") (Eschenbach, Siller 2012).

Gallo (2006) mentions that controlling is a tool for managing a business to its success. Through the consistent use of controlling tools, the company is able not only to conduct its goals, but also to effectively plan the future, find deviations and propose solutions to achieve the set goals and fulfil the vision.



Scheme 1. Controlling in a system of company management
Source: Baran, 2008

As the main objective of controlling as other author Eschenbach (2004) mentions, is to maintain the competitiveness and viability. This goal can be achieved with the support of top management, which through controlling has capabilities such as ensuring the ability of anticipation and adaptation, ensuring the ability to respond and ensuring the ability of coordination.

Fibírová (2003) adds that these immediate goals are followed by mediated goals, namely the goals, wishes and requirements of the stakeholder groups. These groups are mainly investors, employees and customers, competitors, suppliers and the like.

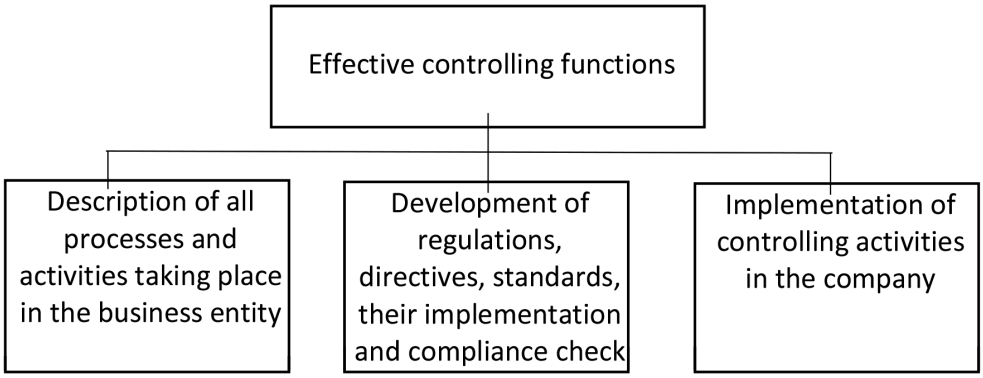
However, controlling already fulfils new functions in relation to modern management theories based on business performance. These include the Balanced Scorecard, SixSigma and EFQM quality models. These enforce more modern management directions based on KPIs' key performance indicators. It is also appropriate to use benchmarking tools such as Creditworthy Model, point out Onferová and *Čabinová* (2018).

2.1. Controlling in terms of its functions

Several authors as Eschenbach et al. (2004, 2012) state that controlling functions include management functions that include maintaining and developing the business and economic system and tools, system coordination and management, actively contributing to the development and recovery of a business by bringing the controlling ownership of thought into business decisions. Coordination of the whole management system is an essential task of management controlling.

The authors mentioning the topic of controlling describe the definition and functions of controlling differently. Some of them mention reporting and information functions as a separate category. This is also mentioned by another researcher of this field Fibírová (2003). She describes the planning, information and reporting functions. According to her, reporting structures the information into a form that suits the target user, after the information function is based only on acquisition, documentation and control.

Vravec (2012) mentions basic functions of controlling that include description of business processes and activities, creation and implementation of regulations, directives and standards, as well as the actual implementation of controlling activities of the company.



Scheme 2. Functions of effective controlling
Source: Vravec, 2012

The role of controlling is to sort individual components, check their usability, supplement them and move them further into the management system (Mann 1992).

3. CONTROLLING IN TOURISM ENTERPRISES

Information and knowledge are becoming a decisive aspect of success in the modern knowledge-based economy and often represent a decisive competitive advantage. Controlling should therefore represent a modern method of business management based on accurate information that serves to increase the market value of the business, high profitability, liquidity and risk reduction (*Širá* e al. 2018, Vravec, 2012).

Based on the experience with the implementation of controlling in business practice, several points have been selected that characterize controlling and by means of which the company can be put on the path to successful management. These points form, on the one hand, the centre of controlling management and, on the other hand, it is the basis to which other special controlling methods and approaches that are not applicable without these points are attached.

- An enterprise must introduce a further cost breakdown into its economic management practice,
- The company must regularly calculate the short-term profit or loss,
- The company must switch to the calculation of the coverage allowance and the production critical point,
- The company must create a profit centre system (Gallo 2013, Gallo 2015, Konečný 2007).

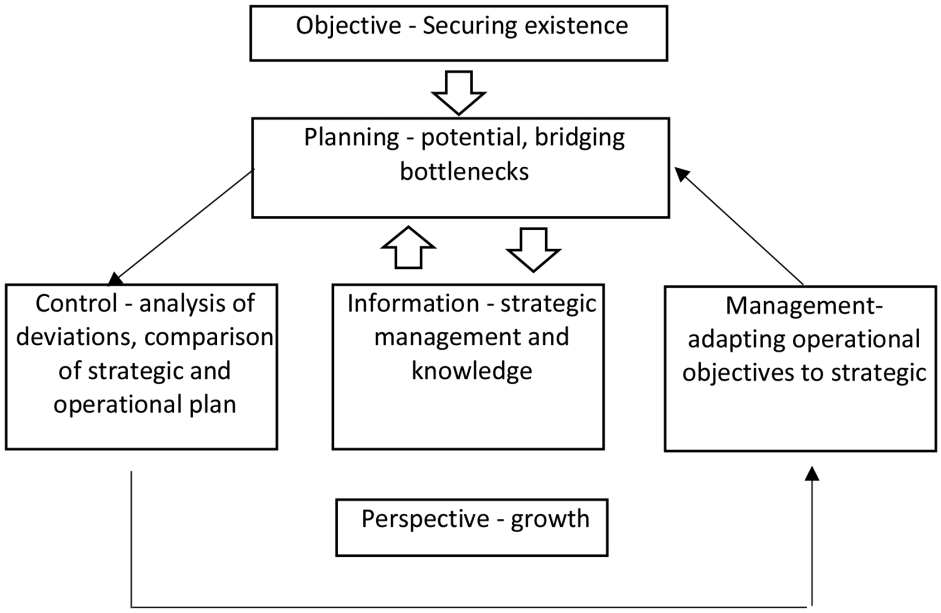
When introducing controlling into the company, it is necessary to distinguish the difference between the controlling function and the controlling institution (Vravec 2012, Gallo 2006, 2013, 2015).

3.1. Time dimension of controlling and its tools

According to Folínová et al 2007 and Foltínová, Kalafutová (1998), controlling focuses on the present as well as the future. It takes information and data from the past that help the company to manage and progress. In terms of time, business planning consists of two basic types, namely strategic and operational planning. In strategic controlling, we are talking about long-term corporate governance, while operative controlling focuses on short-term management.

Gurčík (2004) also introduced that the less known tactical form of business management. "Operational controlling aims to "do the thing in a right way", while strategic controlling aims to "do the right thing" (Synek 2003, Synek 1996).

Strategic controlling focuses on the future, which means regular and systematic monitoring of future threats and opportunities. It reveals future chances and risks based on the forecast of external and internal changes, recognizes deviations from the set objectives before interfering with operational plans. According to Eschenbach (2012) strategic and Operational Controls Interact to each other.



Scheme 3. Strategic controlling
Source: Foltínová, Kalafutová 1998

Dvoráček (2005) points out concrete qualitative tools include SWOT analysis, PEST analysis, BCG matrix and Porter model, brainstorming, dolphin method, six thinking hats method, cost-benefit analysis and others.

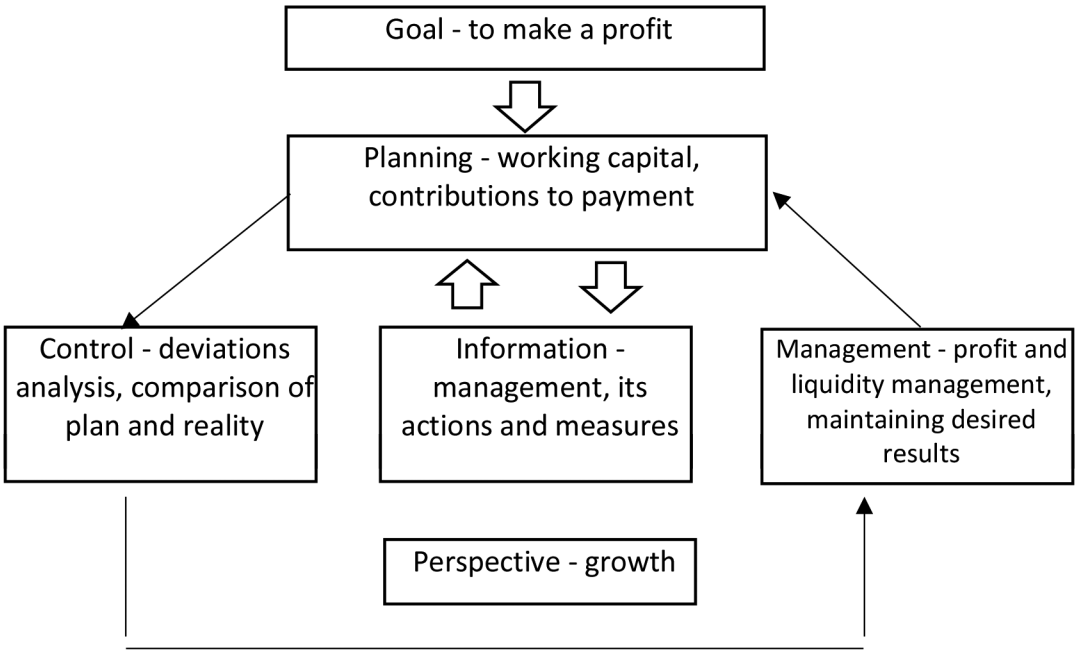
"The division of instruments respectively methods of strategic controlling to basic and special. The basic methods are divided into methods of strategic controlling in the company and its surroundings" (Bogyová 2011).

The methods of strategic controlling in the company include: SWOT analysis, business logistics, experience criticism, value analysis, potential analysis, business life cycle curve, own production and subcontracting, comprehensive quality management and target cost management.

The methods of strategic controlling of the company's surrounding include: Portfolio analysis, competition analysis, strategic gap and scenario techniques.

Special methods: Early warning system, strategic balance sheet, long-term business success, extended portfolio matrix and strategic polar diagram.

Operational controlling is represented mostly at lower levels of management and its activities help to short-term decisions of the company. The rule is a one-year horizon. By interfering with business processes (especially tactical and operational planning and budgeting), it ensures efficiency in terms of economy and profitability, helping to achieve strategic goals, concludes Mikovcová (2007).



Scheme 4. Operative controlling
Source: Foltínová, Kalafutová 1998

Operational controlling is considered primarily as the basis of short-term profit management in the company. It strives to balance sales, costs and profits on the one hand with the financial stability of the business on the other (Konečný 2007).

Operational tools are divided into basic, special and other:

- **Basic tools of operational controlling** - break - even point analysis, calculation of contribution for reimbursement, calculation of short - term economic result, analysis of bottlenecks;
- **Other methods of operational controlling** - ABC analysis, XYZ analysis, order volume analysis, order volume optimization, production batch size optimization. These tools are focused on the management of current assets. Business management tools include "analysis of rebates, sales areas and commissions";
- **Special tools of operational controlling** - quality circles, performance plans, planned balances, liquidity plan and investment budgets (Vollmuth 2001,2004).

3.2 Hotel controlling

"Hotel controlling uses all general controlling tools. These are in the area of financial, cost and strategic controlling, as well as controlling of the other industries. It must take into account in part the system of links (*Šenková* 2018, Tej, Ali Taha 2017), which exists in the accommodation and catering establishment, its organizational structure, its cost structure, seasonal fluctuations and so on.

In accommodation facilities and service facilities, the role of controlling is great and multiplied, in particular by the fact that any causes that do not realize planned sales and output leave a situation that cannot be changed in any given period. In hotel services, the decisive factor of sales and performance is the time of implementation. If sales are not realized in a given period, they remain permanently irreplaceable. It is not possible to replace unsold accommodations or to catch up in the future. They are a loss with consequences for the economic results of the hotel" (Gallo 2015).

"For the managers of accommodation facilities or hospitality, controlling is an extremely effective management tool. Controlling organized and implemented based on up-to-date and verified data significantly streamlines management activities. Instead of controlling by often problematic one-off and poorly proven procedures and intuition, controlling uses exact methods and procedures that limit or eliminate the possibility of inaccurate conclusions and inconsistent measures in assessing the economic condition of a business in meeting the marketing strategy goals" (Sládek, Valentová 2006, Gurčík 2004).

According to several authors (Sládek, Valentová 2006, Steinocker 1992, Goothilf 2002) hotel controlling activities rank among the basic ones:

- Supply Controlling,
- Accommodation prices controlling,
- Food and beverage prices controlling,
- Cost controlling,
- Revenue controlling.

By developing the science of controlling it is possible to specify and effectively use new types of controlling. Modern types of controlling include (Horváth 2004, Gallo 2013, Freiberg 2006):

- Personal controlling,
- Marketing controlling,
- Sales controlling,

- Process controlling,
- Controlling business performance.

4. ANALYSIS OF THE CONTROLLING USE IN SELECTED HOTEL FACILITIES- METHODOLOGY

The main objective of the research was to analyse the use of controlling and its tools in selected accommodation facilities in hotel facilities. Subsequently, make recommendations for tourism businesses to use the controlling tools effectively in this sector. The research was carried out by a questionnaire survey, which was designed to point out the importance and benefits of controlling.

As part of our research, we were trying to find the answer to the following problem questions:

- Is the use of tools suitable for tourism facilities?
- Which type of equipment and how much can it use controlling tools in management?
- Who should perform controlling functions in tourism facilities?
- What is the benefit of controlling for the effective management of tourism organizations?

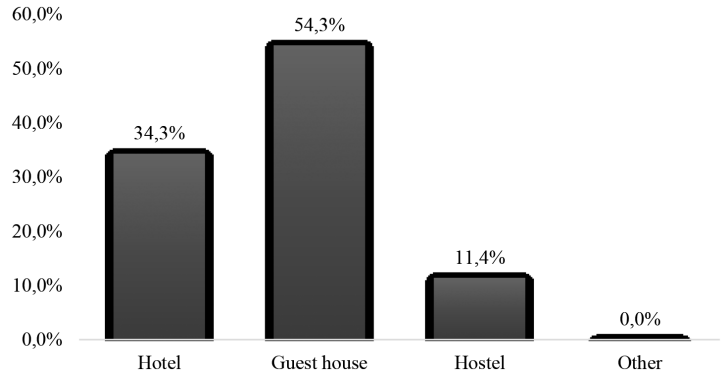
Based on the identified problems, we have formulated the following hypotheses to confirm or reject our assumptions.

- **Hypothesis H1:** We assume that all accommodation facilities assess the financial situation similarly.
- **Hypothesis H2:** We assume that the establishment of a separate controlling section in hotel facilities is comparable.
- **Hypothesis H3:** We assume that there are no differences in the representation of departments acting as controllers in hotel facilities.
- **Hypothesis H4:** We assume that accommodation facilities consider controlling as an equally necessary and effective tool of business management.

Characteristics of the survey sample. The survey sample was chosen within selected tourism facilities/companies operating in Slovakia. In concrete, these were hotels, guesthouses, hostels and others. Distribution of questionnaires among respondents in selected facilities/companies was made electronically. A total of 350 tourism facilities/companies were addressed. The rate of return was 175 questionnaires. Of total 175 facilities/companies- 34.3% were hotels, 54.3% guesthouses and 11.4% other facilities were mostly hostels.

Research methods. The research and analysis of the current situation was based on a questionnaire with 13 structured questions. The introductory questions focused on general information about the addressed facility. Others were focused on information about the financial situation of the facility, the use of company controlling and the functions of controlling, its benefits for the company and costs.

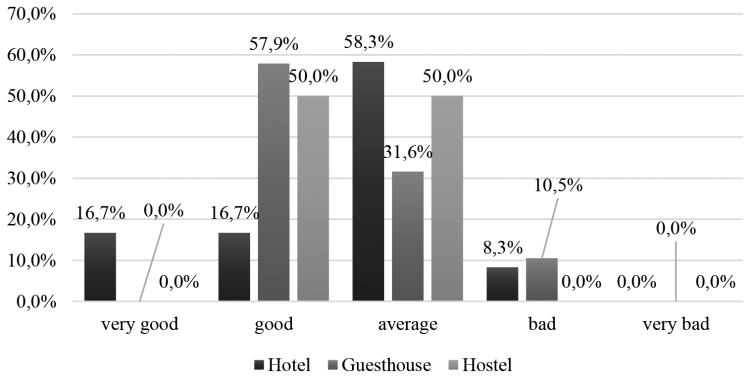
Overview and analysis of results. We used frequency analysis and graphs to interpret the results. The results of the questionnaire survey were processed into graphs, in which we recorded the values as a percentage and then we also described the individual graphs and verbally evaluated. The research objects were hotels, guesthouses and hostels – graph 1.



Graph 1. Type of accommodation establishment
Source: own processing

As shown in the above chart, 54.3% were guesthouses, 34.3% were hotels and 14% of establishments were hostels. We used this data to evaluate most of our research questions because we will look at the frequency of responses in terms of accommodation establishment type.

We received the answers (shown in Graph 2) to the questionnaire question on how the accommodation establishments evaluate their financial situation.

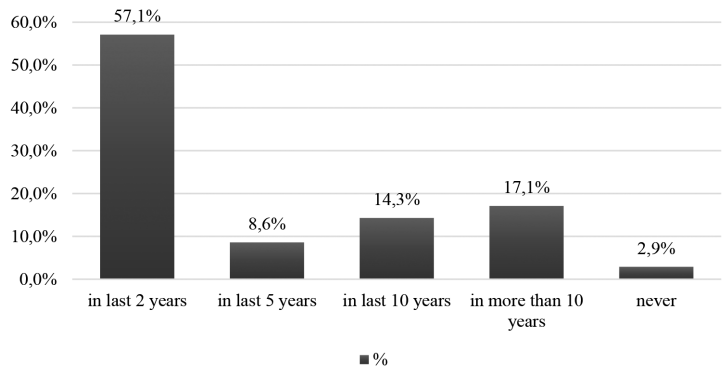


Graph 2. Evaluation of own financial situation
Source: own processing

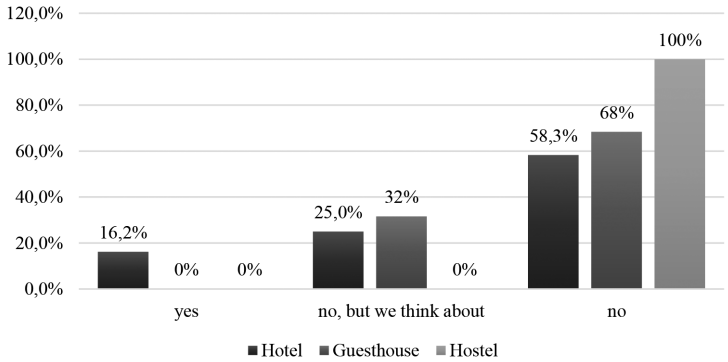
Option very good financial situation chose 5.7% of the surveyed facilities among all surveyed facilities and 16.7% of hotels. 16.7% of hotels, 57.9% of guesthouses and 50% of hostels commented on the good financial situation. The fact that the financial situation in the facility is at an average level in the survey was acknowledged by 58.3% of hotels among surveyed hotels, 31.6% of guesthouses and 50% of hostels. 8.3% of hotels and 10.5% of hostels rate their poor financial situation. None of the surveyed accommodation responded to the survey option that they were financially very bad, and would consider closing the facility.

Furthermore, we examined when selected establishments invested to the modernization of facilities in their buildings. The results can be seen in the Graph 3.

According to the survey results among the surveyed accommodation facilities, 57% stated that they had upgraded their facilities in the last 2 years. The answer to the question concerning the establishment of a separate controlling section was as follows – Graph 4.



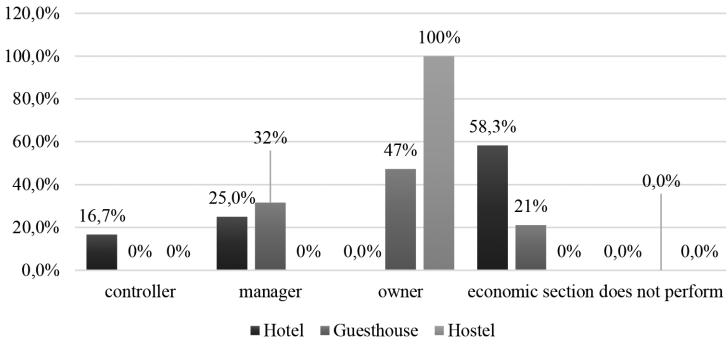
Graph 3. Modernization of establishments
Source: own processing



Graph 4. Independent controlling section
Source: own processing

From the answers to the question about controlling, we found that more than half of the surveyed facilities, in concrete 68.6% do not have a separate controlling section, while 25% of surveyed hotels and 31.6% of guesthouses are considered to be set up.

In the next question, we focused on finding out who is responsible for the controlling in accommodation facilities. The responses are shown in Graph 5.

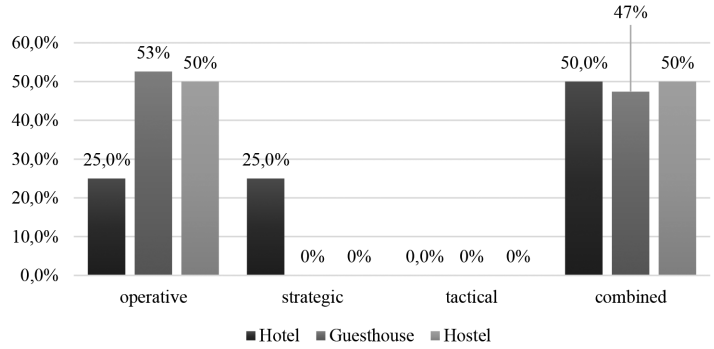


Graph 5. Responsible person for controlling management in the company
Source: own processing

As the above chart shows, most of the surveyed facilities do the controlling activities by their owner. The second in terms of abundance was the response that controlling is performed by the economic department in the company, which was stated in the survey by 58.3% of surveyed

hotels and 21.1% of surveyed guesthouses. 25% of hotels and 31.6% of guesthouses stated that the manager performs controlling in the facility. Controller as a person performing controlling in accommodation facilities stated 16.7% of interviewed facilities.

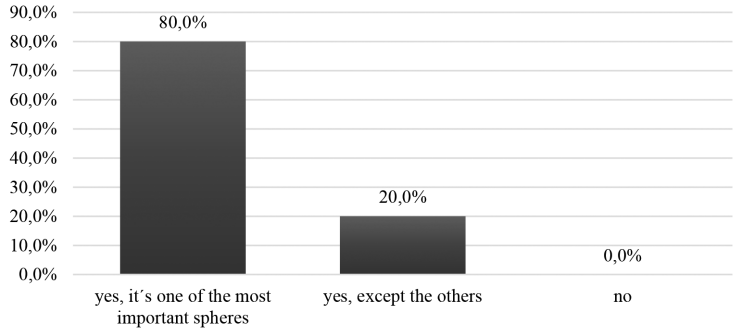
When asked what area is controlling focused on, which they perform in their facilities. The answers can be seen in the Graph 6.



Graph 6. Controlling focus
Source: own processing

The responses show that the operational and combined focus of controlling prevails.

We answered the question of the importance of controlling in cost management as shown in Figure 7.



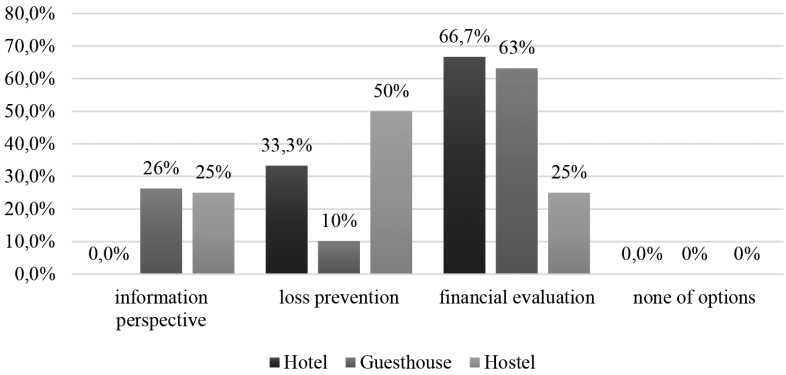
Graph 7. The importance of controlling in cost management
Source: own processing

As we can see, 80% of establishments think that controlling is an important tool in cost management.

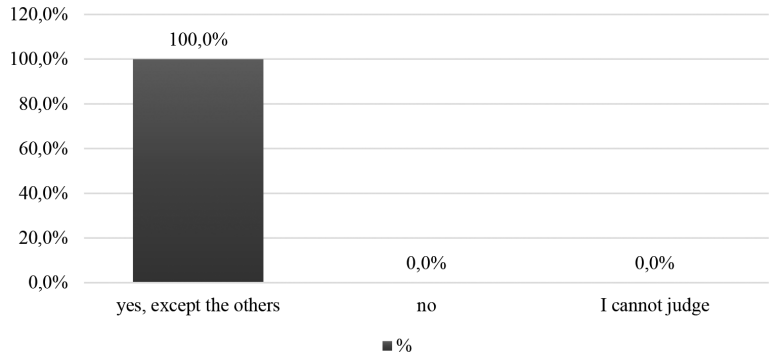
When we asked what purpose of controlling tools in the surveyed facilities is fulfilled, we have received the following answers – Graph 8.

According to the survey results, controlling is the most widely used for evaluating financial indicators according to the surveyed facilities (60%, of which 66.7% for hotels, 63.2% for guesthouses and 25% for hostels).

When asked whether the owners, respectively management of surveyed facilities, whether they consider controlling as an effective tool of company management, we obtained the following answers – Graph 9.



Graph 8. Purpose of controlling tools
Source: own processing



Graph 9. Controlling as an effective business management tool
Source: own processing

As can be seen from the responses shown in Graph 9, it is clear that all the establishments involved in the survey are of the opinion that controlling is an important and especially effective tool for managing their hotels, guesthouses and hostels.

Statistic hypothesis testing

We have formulated the problem areas of our research into four hypotheses. Each hypothesis was followed by an alternative hypothesis.

Hypothesis H1:

- **H1 zero:** We assume that accommodation facilities evaluate the financial importance in a comparable way.
- **H1 alternative:** We assume that accommodation evaluates facilities evaluate financial importance differently.

To verify the hypothesis, we used the Kruskal-Wallis test with correction for the order of the matches. We set the significance level of 5% on both sides. The Kruskal-Wallis test is a non-parametric analysis of variance. We decided not to test the agreement of specific parameters, but to match the selection distribution functions of the compared files, with the key assumption being the independence of the observed values. For similar reasons we decided to use the F-test. The objective of the F-test for equality of two variance was to verify that two sample sets came from a distribution with the same variance, which means to verify that both sets showed approximately the same variance of the random variable of interest. Table 1 shows the results of hypothesis 1 testing.

Table 1. Frequency overview of financial situation assessment achieved results

Financial situation	Hotels	Guest houses	Hostels
Very good	17%	11%	0%
Good	17%	11%	50%
Average	58%	37%	50%
Bad	8%	5%	0%
Very bad	0%	0%	0%

Source: own processing

Table 2. Results of Kuskal-Wallis test

Test		
i4	34,5	
i3	26	
i2	11	
i1	2	
T1	T2	T3
200	356	74

Source: own processing

Results: H = 0,311, H adjusted = 0,369, H critical = 5,796, p = > 0.05 – test is not important.

Result: The null hypothesis is not rejected. The financial situation is comparable.

Based on the test carried out and the findings of the survey, it was confirmed that the accommodation facilities had indicated their financial situation comparably. There are no significant differences between different types of accommodation facilities. The most frequent responses were good and average when assessing the financial situation. When evaluating hypothesis 1 we used data from questionnaire question number 5.

Hypothesis H2:

- **H2 zero:** We assume that the establishment of a separate controlling section is comparable.
- **H2 alternative:** We assume that the establishment of a separate controlling section is not comparable.

We used the extended Fisher association test to test the hypotheses. The significance level is 5% on both sides. The test results are shown in Table 3.

Table 3. Overview of the frequency of achieved results of the establishment of the controlling section

%	Hotels	Guesthouses	Hostels
Very good	17%	0%	0%
Good	25%	32%	0%
Average	58%	68%	100%

Source: own processing

p = 0,303 – test is not significant (p > 0,05).

Result: The null hypothesis is not rejected. The establishment of a separate controlling section is comparable.

By testing another hypothesis, which follows from questionnaire question no. 9, we found that the establishment of a separate section of controlling is comparable in all types of accommodation facilities. According to a questionnaire survey, most of the respondents do not have implemented such a section in their facility.

Hypothesis no. 3:

- **H3 zero:** We assume that on behalf of units that play a function of controller, there are no differences.
- **H3 alternative:** We assume that on behalf of units that play a function of controller, there are differences.

For the hypothesis testing, we used the extended Fisher's test of association. The significance level is 5% on both sides. An overview of the test results is given in Table 4.

Table 4 Overview of the number of results achieved by the controlling section

Controller function section	**Hotels**	**Guesthouses**	**Hostels**
Owner	0%	47%	100%
Economic section	58%	21%	0%
Manager	25%	32%	0%
Controller	17%	0%	0%
Does not work	0%	0%	0%

Source: own processing

p = 0,001 – test is significant ($p = 0.001 < 0.05$)

Result: We accept the alternative hypothesis. There are significant differences in the division of units that fulfil the function of the controller.

After performing the test of the third hypothesis, for which we obtained data after the evaluation of the 10th questionnaire question, we found that when comparing individual types of accommodation facilities there are significant differences in hotels, guesthouses and hostels. We attribute this difference to the fact that the owner performs this function in the hostels. Only hotels were mentioning a separate position of the controller. Since the hotel has other sections than just accommodation and catering and also has a greater capacity, at a higher level it is necessary to have a separate position of controller in such facilities.

Hypothesis no. 4

- **H4 zero:** We assume that there are no differences between the fulfilling purposes of the controlling tools of the accommodation facilities.
- **H4 Alternative:** We assume that there are significant differences between the fulfilling purposes of the controlling tools of the accommodation facilities.

For the hypothesis testing, we used the extended Fisher's test of association. The significance level is 5% on both sides. The results of tested hypothesis are shown in Table 6.

p = 0,069 - test is not significant ($p > 0.05$)

Result: The null hypothesis is not rejected. There are no differences between the facilities in the fulfilling purposes of controlling tools.

Table 6 Frequency overview of achieved results of the purpose of using controlling tools

Purpose	Hotels	Guesthouses	Hostels
Information aspect	0%	26%	25%
Losses Prevention	33%	11%	50%
Financial valuation	67%	63%	25%
None	0%	0%	0%

Source: own processing

In the last hypothesis, we focused on the fulfilling purpose of controlling in the accommodation facility. For the hypothesis, we used data from the 13th questionnaire question.

The highest frequency of responses was recorded for the financial evaluation purpose of the facility. From the test, we found that there are no significant differences in the use of controlling tools between different types of accommodation facilities.

5. SUMMARY OF ACHIEVED RESEARCH RESULTS AND DISCUSSION

Based on the survey conducted in tourist accommodation establishments and testing of established hypotheses, we can conclude that the term "controlling" is known to the surveyed facilities.

From a financial perspective, a key group of questions was the assessment of own financial situation. We can say that companies evaluate their financial situation as good and average. This is mainly attributed to the fact that most facilities have been upgraded in the last 2 years and expect a return from 1 to 5 years. This implies that facilities are constantly striving to adapt to market requirements. We later used this knowledge to test the hypothesis, where we tried to find out whether there are significant differences in the assessment of the financial situation between different types of accommodation facilities. The hypothesis that these facilities assess their financial situation comparably has been confirmed. Financial controlling is very helpful in evaluating of this area.

It is based on financial analysis. Before deciding on any investment, we suggest doing a financial plan so that business managers can predict the consequences of their investment decisions. This issue deals with the so-called investment controlling, which may, however, form part of financial controlling and is used for financial planning.

In the long-term perspective, SWOT analysis is an important tool of strategic business management. By using this tool, companies can effectively allocate their funds and thereby contribute to improving the financial situation, but also effectively strategically influence their future success.

An important outcome of the survey was that most of the surveyed establishments do not have a separate controlling section. This was confirmed by the hypothesis concerning the comparison of the types of accommodation and their establishment of the controlling section. The test showed that the establishments were comparable. Only hotels with a larger number of employees have this management system in place, and this is the position of the controller. In other facilities, this function is most often entrusted to the owner, less often the economic department or the manager of the company.

In case the company does not have and does not even consider a separate section and function of the controller, we propose to acquaint all employees with the issue of controlling. The solution is also companies engaged in consulting on this issue and their training courses. Employees should be familiar with the term, its functions, tasks and usage patterns so that they are able to point out an impending threat in a timely manner, or to effectively address problems encountered in the business in its various sections.

It is clear from our findings that accommodation facilities mainly use a combined form of controlling. Such a form is effective as the company seeks short and long-term management. We also found from the research that most of the facilities are mostly oriented to operational controlling and strategic controlling is either absent or sporadic. We attribute this to the fact that this form of control is applied at higher levels of control that other devices do not have.

The research also shows that the most common facilities in tourism are oriented towards cost controlling and consider it one of the most important in the area of management. The nature of accommodation and catering services implies that predominantly fixed costs, which are important to monitor regularly.

We found out that accommodation facilities use controlling mainly to evaluate financial activities. We did not notice any differences in significance between the different types of facility, which was the result of the last hypothesis.

Overall, it can be concluded that all interviewed entities consider controlling as an effective tool of company management. As showed, controlling with its tools is an important element in the effective management of tourism businesses. Although some facilities do not have the position of a controller, we recommend that they use the services of an external worker - the controller, to streamline their management process and improve their position in a competitive environment. This worker receives information remotely by sending the device the new and necessary information. These workers have significant professional knowledge, not only theoretical but also practical, related to this issue.

7. CONCLUSION

In Slovakia and especially in tourism sphere, controlling is not considered an obvious part of company management, which may result in insufficient information and qualification of employees in this area. The aim of the research was to analyse the current state of its use in accommodation facilities in selected tourism facilities. In the case of controlling in tourism, there are major shortcomings in the direction of its use and implementation in companies in this area of business.

At present, especially with the pandemic situation at the end of 2019 in the Asian continent and its subsequent transfer to Europe, there has been a threat to the development of tourism, and many facilities have reached the threshold of existential problems. Majority of them are looking for a way out of this situation. This is even worse because businesses in this sector did not count on such a large slump, especially in EU countries. Short-term measures are on the side of the state, which should help keep tourism running. However, all facilities/companies are unlikely to be able to exist in the future as expected. Who currently has strong controlling and can use, he (company) can much easier and more effectively outperform today. New financial and strategic

plans need to be drawn up immediately and implemented at the moment. This means that profitability is dropping in the event of a sharp fall in sales, and a simple dismissal does not solve it.

For this reason, they may no longer need only financial controlling and a crisis financial plan, but they must build strategic controlling based on perspectives (financial, customer, process and growth learning). That means already today they must lay the foundations for the future. The philosophy of controlling can help here:

- focus on bottlenecks,
- have perspective thinking,
- look to the future.

What does this practically mean for the tourism industry? Identify bottlenecks immediately and propose operational and strategic solutions to these problems. Think of how the tourism market will evolve and which innovative directions will affect it. How the world will change due to a pandemic for the coming years. Which device doesn't have it can expect big problems. Looking at it through the characteristics of successful companies, the first thing is to be active and not wait. Then it is necessary to have a new quality strategy, a flexible organizational structure and adapt to the new conditions. As a fourth factor of success is having a quality team that can handle it. Therefore, the release of key personalities from businesses in times of crisis can cause irreparable damage.

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THE IMPORTANCE OF THE EUROPEAN HEALTH TOURISM FOR THE DEVELOPMENT OF ECONOMY OF WELLBEING

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Abstract: *This chapter builds on knowledge about modern management tools and economy of tourism sector with focus on the health tourism and the importance of health tourism destinations for the customers, for the European tourism business and for the economy of wellbeing. The main goals of the authors are to present on the first place the important role of the Health tourism for Europe with two of its components: spa tourism (travel to spas combining medical and health components) and wellness tourism (aiming to enhance 'health'), as it has grown exponentially in the recent years and become increasingly relevant in many destinations. On the second place - to propose an algorithm for an integrated model of health tourism destination management by using modern management and marketing tools, including innovative internet platforms. On the third place - to mark the important steps to those European destinations with natural resources, historical traditions, educational potential and modern infrastructure (with focus on Bulgaria) for being recognized and positioned as a competitive European destination for health and spa tourism.*

The authors' suggestions will allow upgrading and elevating the existing understanding for the benefits for the European citizens and for the European tourist destinations (incl. Bulgaria), as well as to an advanced understanding of the tourism mix and the role of the positive impact of health tourism in the tourism business in Europe generally, as well as for improving the health and economy of wellbeing.

Keywords: *health tourism, wellness, spa, destination management, algorithm, innovative solutions, economy of wellbeing.*

1. INTRODUCTION

The tourism industry is a key sector of the European economy, generating more than 10% of EU GDP and employing 9.7 million people and involving 1.8 million businesses (Mainil, Tomas et.al, 2017).

Tourism is not only a business. The visitor economy brings a quantity of social benefits for Europe: it often provides the first job opportunity for youngsters, helps fighting racism and regional disparities, connects people and their cultures, contribute to increased demand for local agricultural products, handicrafts and gastronomy. Undoubtedly, the travel and tourism industry play an important role in the global economy. Technology of artificial intelligence, 5G and Fin-tech advances, mobile payment, apps, tourism platforms and social media are overturning the consumption patterns and forms of traveling, leading to industrial transformation of tourism and hospitality. To promote sustainability of tourism will be the greatest challenge for the travel industry today and in the near future through various emerging tools and rapidly developing technology. Thanks to tourism, people are visiting new destinations, but authors think that when taking a decision, a healthy environment is gaining much more importance than the new

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destination itself. Therefore, the tourism in the modern era combines knowledge with physical activities and recreation that successfully regenerate the human body and soul and prevent the development of health problems.

Health tourism is an emerging, global, complex and rapidly changing segment that needs to be managed with modern management tools in the present era. Health tourism comprises around 5% of general tourism in the EU28 and contributes approximately 0.3% to the EU economy. Health tourism has a much higher domestic share than general tourism does. Increasing the share of health tourism may reduce tourism seasonality, improve sustainability and labour quality, and may help to reduce health costs through prevention measures and decreased pharmaceutical consumption (Mainil,Tomas et.al, 2017).

Health tourism is increasing its role as a significant contributor to the development not only of regional but also national economies. Despite certain tendencies in preference for individual (personalized) tourism, it is expected that health tourism and health tourism destination will continue to increase its influence and take bigger part in the tourism- mix in the future.

In this regard it is very important for the managers and for the leaders to apply modern tools of management and marketing communication in the management of health tourism destination. Particular characteristics of the health tourism products are having an influence on the usage and effectiveness of traditional forms of marketing communication (advertising, exhibitions, etc.) during the presentation of a health tourism destination. At the same time, because of the globalization and the technological progress they require combination between classical tools and new modern trends of marketing communication.

2. THE MEANING OF THE EUROPEAN HEALTH TOURISM – MODERN MANAGEMENT AND MARKETING TOOLS

There are in Europe over 2 000 medical spas and health resort destinations**, meaning** areas of confirmed therapeutic properties of the climate that may be a remedy to limit the negative influence of harmful phenomena on society. Based on the results of the international research studies and on our professional experience we can state that health tourism and especially medical spa and spa tourism can limit both the negative effects of pollution by engaging in tourism in natural areas and at the same time meet the demanding needs of the aging society to maintain good health for as long as possible. European health tourism is developing (European Spa Association, Tourism Manifesto, 2019). This includes the classical medical spa as well as the medical spa sector and the countless wellness offers. According to estimates from the European Spas Association the approximately 18,000 health and wellness tourism facilities in Europe generate a turnover of more than 45 billion euros. This means that European facilities are not only an essential part of the health service in their national markets and in Europe, but also important economic contributors and employees. In addition, many of these jobs are in structurally week regions - as is untouched nature and the distance to industrialized regions an essential feature of many spas and health resorts (European Spa Association, Tourism Manifesto, 2019)

The authors consider that Europe needs to pay tribute to the important role of the tourism for the health prevention and take care of informing as great number as possible of its citizens and visitors about the self-responsibility and the health prevention combined with using natural remedies based on mineral water, landscape and climate and act against bad health habits. They promote

spa medicine as a curative and preventive approach using natural remedies, rehabilitation techniques and education in healthy lifestyle (European Spa Association, Tourism Manifesto, 2019).

Europe has the chance to maintain and to develop its long-standing health resort and balneotherapy culture (also as part of the European Heritage) and to align it within today's national medical systems and the European Union. To achieve that it's very important to create the best possible conditions to develop the analyses regarding the medical issues. The outcome of this work should be used as powerful tool to market and to promote the European spas philosophy and local natural resources. To communicate the unique value, proposition of the European spa medicine (balneotherapy) is needed to deal with common health problems linked with unhealthy lifestyle and linked with ageing of the population. Balneotherapy care in many European countries has a long spa tradition and it is an integral part of the health care system. Balneotherapy is provided only in spa facilities with medical background that are recognized by the state authorities. As such, it is part of the health care system and must abide by strict regulations. The local natural healing resources (natural healing water, peloids, climate conditions) have always been subject to scientific research. Based on the knowledge of scientists and medical professionals, the treatments of particular diseases have been observed, approved and recommended.

2.1. Management of the key challenges in the European tourism industry

We are convinced that the management of the key problems of the tourism industry as seasonality (seasonal employment) and over tourism (in some urban cities) can be managed through developing European health-tourism destinations. Key arguments from the side of the authors are that all governments and stake holders need to create more possibilities to manage and market the European health destinations as an innovative product. There are plenty of arguments and among them one very important is that prevention can reduce the cost of national health systems.

In addition, an increasing number of companies in the industry place particular emphasis on and financing corporate health care. It is necessary to highlight the need for primary prevention (lifestyle change) and recognition of the risk of major chronic diseases through multimodal, behavioural interventions, such as health education, physical activities under the control of qualified staff, healthy nutrition and nutrition habits and the impact of psychosocial factors. The 1,400 spas and health resorts in the EU countries are the ideal and efficient partners for such services with expertise, in a quiet location with good air quality, as well as for rehabilitation, to prevent chronic diseases and mental health and for the assistance of the elderly people (Nenova, G.; P. Mancheva, Paraskeva; T. Kostadinova, K. Mihov, Kalin; Sv.Dobrilov, 2018), (Milkov, M.; Matev, L.; Gradanska, S.; Kostadinov, Y.; Pl.Roussev, Kostadinova, T.; Dimov, P., 2018). Prevention and use of natural remedies without side effects are investments for the future. The new facilities throughout Europe have many sports and recreational sports offers and at the same time negative figures (28% of the population of the European Union aged 16 or older do not practice sports or do physical exercise regularly) can be improved by motivation to physical activities in spa and health resorts with great infrastructure (European Spa Association, Tourism Manifesto, 2019).

Social policies and public as well as private initiatives aimed at improving the general well-being of citizens also support travel for health purposes. National and regional policies often pave the way for domestic and /or international health tourism (investments, incentives or regulations), especially it is supported by a relevant organization – Ministry or specialized non-government organizations (NGOs) (The World Tourism Organization (UNWTO), European Travel Commission, 2019).

In recent years two important studies on tourism at EU institutions have been completed. Both studies investigate the health tourism as the possible alternative to the problems of tourism in the EU (Mainil,T., E.Eijigelaar, K.Jeroen, J.Nawijn, P.Peeters, Research for TRAN Committee - Health tourism in the EU: a general investigation study, EU Parliament, Committee on Transport and Tourism, Brussels, 2017). These studies show some important findings:

- health tourism comprises around 5% of general tourism in the EU28 and contributes approximately 0.3% to the EU economy;
- health tourism has a much higher domestic share than general tourism: thus, increasing the share of health tourism may reduce tourism seasonality, improve sustainability and labour quality, and may help to reduce health costs through prevention measures and decreased pharmaceutical consumption.

Unfortunately, the false statements and non-business claims are based on non-systematic collected data and the omissions of information from the companies in the health tourism industry. Therefore, we are convinced that it is important to review the sources and data and that the involvement of companies, tourism operators, health tourism providers and related professional associations can support the decision making and the development with realistic and reliable information.

In the European tourism strategy the European Commission sets the objective of improving the accessibility of tourism services to sensitize the interested parties to generate greater know-how on the demand and profiles of travellers with specific needs and to evaluate the economic impact of the age-friendly and patient-friendly tourism (Mainil,T., E.Eijigelaar, K.Jeroen, J.Nawijn, P.Peeters, 2017). Ageing is one of the greatest social and economic challenges facing the EU. People aged over 50 spend a quite large amount of money in tourism, and health tourism is a "niche" market, where age-friendly tourism should also look at. Those customers like who travel with companions, extend the visits to family and friends, are not interested in "all inclusive" packages. They like wellness, recreation and health related offers (rheumatism, balneotherapy, dermatology, etc.), and gastronomic tours. They are interested in history and commemorations. They prefer autumn and spring rather than high season, when longer stays can mitigate the feeling of loneliness and isolation, especially where the offer for health services is provided and represents an added value. Older adults can be tourists, but also guests: becoming actively involved in the set-up of a personalized offer for tourism among peers, which might become a new approach to set up the tourist offer.

2.1.1. *Possibilities for Bulgaria to be positioned as a health tourism and spa destination on the European market*

This part of the chapter refers to the great potential of Bulgaria based on its natural resources (mineral waters, peloides, climate), historical traditions since Thracians and Romans times. This resources and advantages need to be updated, adjusted and tailored to the business requirements, educational system and modern infrastructure in the field of health tourism to change its image as a budget mass holiday tourism destination with the intense promotion of health tourism. Bulgaria is known mainly as a mass summer holiday destination and partly as a winter ski holiday. It is correct to discuss also the access to health tourism with regard to the availability of flights and transport infrastructure in the country. Despite of the great natural resources, Bulgaria is not so great access point for people to travel for medical tourism, due to the not developed region and the seasonality of the most popular tourism destination – the Black sea Riviera. This is a result from the limited number of flights out of the main summer season. The lack of recognitions as a destination for health tourism is the biggest challenge that stays in front of

the national authorities and stakeholders in Bulgaria - Ministry of Health, universities, national recognized NGOs, professional associations, experts etc.

When we compare Bulgaria to the leading countries, with long term traditions, in the health tourism - Germany, Hungary, Czech Republic, Slovakia, our country started to create its reputation as a whole-year destination for health tourism 10 years ago (after being approved as a member of the EU).

The authors consider that the first steps of the process of positioning Bulgaria as a four seasons health destination can be done in appropriate way using "know – how" and best practices of other European countries, sharing the same values and philosophy. The membership of Bulgarian in the European spa association family (2007) helps the country to create its own national standards that are already part of the legislation (Tourism Act, Regulation 2., 2016). It regulates the order and minimum requirements for construction, furnishing and equipment, servicing, services offered and professional and linguistic qualification of the personnel, which must be met by the Bulgarian „Medical SPA Center", „SPA Center", „Wellness Center" and „Thalassotherapy (Black Sea Riviera is the prerequisite in the legislation to be determined thalassotherapy centre separately). The process of creating the regulation and its adaptation to the rapidly developing spa tourism in Bulgaria took 6 years and was guided by the experts from the European spa association, supported by the expert from the Bulgarian Union of Balneology and spa tourism (BUBSPA), expert from the National association of the medical doctors specialized in physical and rehabilitation medicine, experts from the Medical university - Varna, experts from national Sport Academy, expert from the Ministry of health, experts from Ministry of Education and coordinated by the Ministry of tourism. Both authors of the current chapter took part of the process from the very beginning in 2009 - 2010 when the first meetings and discussions started. The regulation helps the country to create the first step of its plan to develop all year-round tourism based on the Spa and wellness tourism as part of the health tourism. The main focus is given to the prevention and the promotion health using the local natural healing resources. In the following 10 years until 2019 the Bulgarian health tourism product starts to be directed and prioritized in the two main components - spa tourism and wellness tourism. According to the official information of the Ministry of health in Bulgaria, at the end of November 2019 there are 128 certified centres in the country (26 Medical spas; 83 –spa centres and 19 – Wellness centres).

The third component - medical tourism is left for the second stage of the development of the plan of the Ministry of tourism. It is included in the National strategy for sustainable development of the tourism on the territory of Bulgaria (2014-2030) (Ministry of Tourism, 2014) where is written that with the new tourism act approved in 2013 new aims are put as priority:

- conditions for sustainable tourism development and a competitive national tourism product;
- creation of conditions for development of alternative types of tourism – health tourism (and its three main components: **medical tourism** - travel for the purpose of medical treatment, **spa tourism** - travel to spas combining medical and health components and **wellness tourism-** aiming to enhance 'health';
- introduction of synchronized criteria for performing tourist activities and providing tourist services;
- ensuring the protection of consumers of tourist services.

Authors consider that Bulgaria has all the evidence based conditions to manage its tourism in a direction that will solve the same challenges as the other seasonal tourist destinations, e.g.

Macedonia (Petrevska, B., Br.Nikolovski, 2018). The experts from Macedonia present the level of seasonality in Macedonian tourism and strategies and policies for coping with it, as well as to develop Macedonia as a health tourism destination. The main goals in Macedonia are similar to Bulgaria – to use the natural resources, to reduce the seasonality or eliminate it, to develop national programs for health prevention with financial support for the medical spa services.

Very useful **good practice in Hungary is the program "Cafeteria system".** It supports the local tourism market with both benefits for the customers and the business. "Cafeteria" in Hungary is a specific form of flexible non-cash benefits some of which are subject to a preferential tax treatment. Cafeteria provides a "menu" of possible benefits from which employees can chose and whose total annual amount is limited by the employer. Cafeteria benefits are usually offered uniformly to all employees or to a group of employees and their amounts are not dependent on the employees' performance. The benefits included in the Cafeteria system, their annual taxation limits and the applicable taxes are subject to annual updates. Thus, employers keep continuously adapting their packages to optimize the available tax incentives. Medical screening, physical therapy and mental health services provided by the employer, are specified in the applicable law (Hungary TMF Group Study, 2015).

An example for **innovative practice is the Program for corporate social responsibility** in Bulgaria in cooperation with Germany. In a cooperation with the German-Bulgarian Chamber of industry and commerce (GBCIC), the Bulgarian Union of Balneology and spa tourism (BUBSPA) develops since February 2019 a program for social corporate responsibility called "Health prevention card". The program aims to stimulate business representatives in Bulgaria to invest in the health prevention of their employees, which will lead to an increase in working capacity and the implementation of a socially responsible policy. The experience of the other countries as Hungary, Slovakia, Germany, could contribute to the improvement of the legislation and the financial mechanisms in Bulgaria, so that the business companies can invest in the human capital and support the local health tourism.

Another very important result of the partnership between the Bulgarian Union for balneology and spa, the German – Bulgarian Chamber of industry and commerce, the Medical university – Varna, the Ministries of Tourism, Ministry of health of Bulgaria and Germany is the inclusion of Bulgaria in the list of countries eligible for reimbursement of expenses and services in recognized and certified spa centres and medical centres for outpatient services.

Since September, 2019, with an official letter, the Federal Association of Health Insurance Funds (GKV Spitzenverband) accepts Bulgaria in the list of Member States of the European Community, Contracting Parties to the Agreement on the European Economic Area (EEA) and Switzerland, for which outpatient assistance services in recognized resorts (Article 23, paragraph 2 of the Social Code - SGB V) are eligible for reimbursement of expenses and services used in Bulgaria for preventive medicine (ambulant services).

3. MANAGEMENT AND MARKETING MODERN TOOLS:

Social policies and public as well as private initiatives aiming at the improvement of the general wellbeing of citizens support travelling for health purposes. National and regional policies and initiatives are often paving the way for domestic and/or international health tourism (e.g., investment, incentives or regulations), especially if supported and facilitated by a relevant organization.

Distribution in health tourism is quite unique. In medical tourism, facilitators (and not traditional tour operators) play an important role. In spa and wellness tourism, small but rather specialized tour companies provide packaged services or operate 365-day destination strategies. Health tourism can also contribute to tourism dispersal, as many wellness and medical facilities can be located in city outskirts and rural areas.

Collaboration and partnerships are the key among the different stakeholders involved in the health tourism value chain: destinations, authorities, local communities, accommodation and transport, providers, facilitators. Health tourism can be better integrated into tourism policies overall. The successful public-private initiatives to promote health tourism put in place some of the leading health tourism destinations, and which can be considered as best practices, could be replicated in other countries. Co-operation in health tourism can also have a trickle-down effect on know-how and technological transfer. Finally, cooperation with international organizations concerned becomes essential. Destinations should pay attention to product-segment matrices and the design of innovative marketing strategies /including digital/ that can touch and help attracting traditional, but as well as new market segments such as the so called "silver generation" or "addicted to the technologies generation".

3.1. Tools for health tourism destination management and marketing

The main management tools are given in this subchapter.

3.1.1. **Destination management** is the coordinated **management** of all elements that make up a **destination** as a health tourism including the natural remedies, attractions, infrastructure, education – middle and high, amenities, access, marketing and pricing**.**

3.1.2. **Using Analysis and Scientific Research.** The purpose of destination analysis is to determine the pattern of the tourism and develop the health tourism in the country. Experts conduct scientific research at the destinations and contribute their findings which can be a great aid to develop destination as a health tourism by protecting the ecosystem of various places.

3.1.3. **Monitoring the Destination** - annual surveys of the natural resources, businesses, residents, foreign tourists, and domestic tourists, about their experience and expectations at the destination.

Based on the literature research and on the professional experience we propose an algorithm for destination management. The algorithm can be applied in the health, spa and wellness tourism. The algorithm consists of the following main steps:

Step 1. Develop a vision for the destination as a health tourist destination. A vision is an exciting picture of a destination's desired future. The vision is intended to motivate stakeholders to work together to achieve this future. Vision brings all the stakeholders together and creates an integrated vision of all the individual visions of the stakeholders.

Tourism visions describe the style of tourism the destination would like to be recognized as health tourism and the target market for the destination.

The main questions connected with the vision that needs to be asked according to the authors are:

- What do you want to see happen at the destination, so it became all year round attractive for the customers?
- How much of what type of tourism development fits with your image of your destination's future, based on the traditions, and natural resources that are popular for the destination?
- Does the destination provide its own labour force in the field of health tourism or needs to be imported?
- Does the destination have a potential to develop health tourism - sustainable, eco-friendly form of tourism and increase the quality of the tourists that are visiting it/ here the authors meant countries with a reputation as an economical mass summer /winter holiday as Bulgaria.

After asking these questions, it is followed by destination-wide meeting, gathering the local responses, and drafting the vision as a mean to start the work of destination development.

Step 2. Set the goals for tourism development as a health tourism destination, meaning economic socio-cultural, and environmental goals. Goals are realistic, measurable targets for the destination's tourism vision as a whole year-round health destination. Touch goal goes hand in hand with the vision. (UNWTO) While setting the practical goals, the authors consider the following answers as crucial:

- Does the destination want to be positioned as a whole year-round destination?
- Does the destination want to attract tourists all year round?
- Does the destination want to combine nature with modern facilities in a favour of the human`s health?
- How many inbound tourists does the destination want to attract?
- Does the destination want to offer not seasonable job, but all year-round job?
- How many jobs, for whom, at what pay scales?
- How many educated employees /specialists does the destination need?
- How many medical spa, spa & wellness centres/hotels are too many?
- How many tourists are too many?

Step 3. Establishing a Health Destination Management System.

Destination managers have the responsibility of creating a Health Destination Management System (HDMS). A HDMS is a database for collecting, manipulating, and distributing the recorded information. It includes the following information:

- Supply inventory and performance of medical spa& spa & wellness hotels& centres, tour operators, specialized e-platforms,
- Supply inventory and performance of medical spa centres and clinics facilitators, e-platforms;
- Events, festivals, sports activities;
- Visitor profiles;
- Resident survey findings;
- Social, economic, and environmental impacts.

Step 4. Include, create and use Internet resources: create an Internet platform and market the Destination on the Internet. Use the Web site as a tool of promotion of health tourism – e-marketing communication.

In present times, people have indisputable accessibility to information on various websites. It is extremely important for each tourist destination to be seen on the internet. It is a platform easy to navigate, clear website with high quality photographs of the destination and simple yet exceptional content can market any tourist destination effectively. Specialized web site as a communication tool in Health tourism have advantage as the travellers can obtain information and compare costs and make reservation easily if online access in available.

- Digital e-distribution platforms in the health tourism.
  An e-marketing platform provides immediate access to relevant information of greater variety.
  E-marketing activities in the health tourism can be considered as a mean of introduction products or services from supplier /producer to the customer and using an internet as a mean of promotion and a sales channel.
- The world is getting "online."
  Considering all this facts and characteristics of some traditional marketing communication tools like advertising, personal sale, lobby, participation in fairs and exhibitions, sponsoring, sales promotion and especially some new ones like direct marketing, digital e-platforms, specialized summits for health tourism, public relation, internet marketing could lead to successful marketing communication of the destination.

High competition between the players of the tourism market has contributed to the further expansion of the digital space. Tour operators, in spite of the developed agency network, have preoccupied themselves with the formation of their own channels for the promotion of tourist services - electronic Business to Customers /B2C/ platforms intended for online sale of medical tourist products directly to consumers, bypassing intermediaries. The authors give the following innovative e-platforms as a good example what the future marketing of the health destination needs to follow:

- "YouSpa.eu" and "Spafinder.com" are innovative e-platforms that support the customers to find and buy spa packages/treatments but first the platforms influence on the consumer opinion using internal blogs and system for evaluations of the quality of the services;
- "Treatment abroad": e-platform/database popular both for medical spa and medical tourism;
- "WhatClinic.com" is an online platform that connect the customer with the most suitable clinic for his /her problem, it is a kind of online advisor;
- "IVFbabble.com" is an innovative e-platform/ mixed with live chat /B2C/ aiming to inform and to support the customers with the newest in the reproductive medicine as well as to connect the customer and the clinics.

According to authors it is important to analyse connections between the marketing activities and the knowledge of the clients; identify marketing as a management tool and as a factor of success and competitiveness of a destination; identify and make explicit the use of tools and tools to support marketing decisions and identify trends in the marketing of health tourism, as well as identify the elements that make up a marketing plan for health tourist services and destinations.

The Authors give the following two examples of specialized summits for health tourism in Europe, focused on the development of the European Health destinations.

- **Health Tourism Industry Summit (HTI) -** Brussels is the leading platform for doing health tourism business in Europe and the leading European event of its kind. It brings together top professionals and thought health tourism industry leaders from private and public sector, who aim to address key challenges and discuss upcoming developments in health tourism industry. HTI enables global stakeholders to stay on top of the trends, to exchange and grow their knowledge, and to establish profound industry network generating new business opportunities. HTI represents a source of education, information and business intelligence, at the same time serving other industries complementary to travel for care.
- **ITB Berlin** offers a platform for the medical tourism segment, which has become an important fast-growing market. The Medical Tourism Pavilion is focused on the medical service providers, hotels and destinations to present their products and services. The adjacent Presentation Hub invites visitors to follow presentations, workshops and discussions to find out more about the latest trends and developments in this growing market and to address the challenges and opportunities for Europe as a destination of health, proposing the steps and measures to be taken.

Step 5. Use of the social media

Social media is one of the fastest growing communication technologies in the Internet environment. Social media marketing refers to Internet-based online media in which individuals with common interests, goals, and practices are engaged in social interactions constructing personal profiles and sharing information and experiences. One of the most important functions of the social media is that it provides a Web-based application in which users can easily create and post a variety of content – based on his/her personal experience, feelings, understandings in the forms of texts, photos, videos, etc. Social media represents a variety of forms such as social networks (e.g., Facebook), video creating and sharing sites (e.g., YouTube), online communities, micro-blogging tools (e.g., Twitter), newsreaders (Google Reader), public Internet boards and forums, review/rating websites (e.g., Trip Advisor, Holliday Check), photo sharing sites (e.g., Flickr, Photobucket), blogs/moblogs and individual websites. There are many ways how the marketing specialist working in the sector of the health tourism due to changes in technical, social and economic area, use of the most appropriate tool of modern marketing communication.

From a general perspective, most marketer's belief that social engagement through marketing requires a high level of understanding of the goals of both the consumers and the destinations in creating a social media presence. What is rarely addressed is the fact that social media platforms provide a context for the new creation of brand identity and for both positive and negative expressions of brand involvement.

Social media creates a venue through which computer-based word-of-mouth communication can significantly influence the brand image. Because one consumer can reach hundreds if not thousands of followers in a single post, destinations must address their approaches to managing social networks before creating an online presence.

Step 6. Use the Word-of-mouth: Word-of-Mouth marketing is focused on inducing the effect of the oral spread of "advertising" between customers themselves.

Step 7. Create the Branding of a health tourist destination.

Destination branding is nothing but describing the visitors' experience in terms of facilities, amenities, attractions, activities, and other resources for people to turn them into tourists.

A strong destination brand creates an image about the destination, modifies people' perception about a place, influences decision-making, and delivers a memorable experience.

Destination branding takes collective efforts to provide best customer experience. When talking about international customers it includes airline industry, accommodation services, excellent medical spa services and effective follow-up process from the tourist facility.

Step 8. Assess the economic impacts of the tourism destinations developing health tourism as a priority.

Tourism is not exclusively an economic phenomenon, it also involves social, cultural, economic and environmental aspects. Tourism development brings along both positive and negative consequences. People should take responsibility and take action to make tourism more sustainable and environmental friendly and to put priority on those tourist products, parts of the whole mix when developing a destination, that educate the customers/consumers - starting from the very young age - and that bring added value to the society, developing healthy habits, etc.

This part of the chapter is related to several economic aspect of health tourism. These aspects include seasonality, labour - including education - and environment.

Seasonality - in General tourism, seasonality is acknowledged as one of the 'burdens' hampering the economic competitiveness of tourism (European Commission, 2015). The question is whether health tourism is suffering from seasonality to the same extent or whether it could be part of the solution to this problem. The authors consider that through developing health tourism the health tourism destinations somehow reduce and spread of the seasonality.

Labour - just as in general tourism, health tourism is a labour-intensive form of tourism requiring a wide range of skills across tourism, hospitality, health, healing, fitness, sport and spirituality (Dvorak, Saari, Tuominen, 2014). 'Some spas are large employers, like a town with 7,500 inhabitants, of which 450 work at the spa facility'. According to experts, other sectors also benefit indirectly from spa guests: spa tourism in Germany for example may provide 350,000 working places, most of them indirect. A consequence of the labour intensity and relatively high level of skills required, could be that the spa & wellness sector struggles to find enough employees, warned experts.

Environment - the relationship between health tourism and the environment is two-way: most health tourism depends very much on a clean environment, but at the same time it also has an impact on the environment due to the mobility involved and the facilities in often vulnerable landscapes and ecosystems. Specifically, wellness and spa tourism depend largely on high quality environment including clean water, clean air and an attractive ecosystem. 'Spas need to be in a green

environment'. A clean environment is an important reason to travel to health and well-being destinations and features as a unique selling proposition that is mentioned as the second most important factor for choosing a destination, with diverse beauty and pampering treatments being the first (Dvorak et al., 2014). This means that all those involved in health tourism should take responsibility for sustainable development of the environment (Dvorak et al., 2014), but at the same time, for environmental quality, as well.

Health tourism could be connected to and described as green tourism: from the environmental point of view sustainability means minimizing any damage to the environment (flora, fauna, water, soils, energy use contamination, etc.), while trying to value the environment in a positive way through protection and conservation.

4. CONCLUSION

Based on our professional experience we opine that in the whole management process it is very important to evaluate the possibility and critical factors of usage of selected forms of modern tools of marketing communication, such as internet marketing, social media, mobile marketing and the world of "mouth marketing", so that bigger part of the customers could receive an awareness of the importance to aim a healthy lifestyle (prevention and prophylaxis) using the healing effect of the nature and the effective methods used in the European health tourism destination.

The successful direction for Europe, today and in the future, is to show that all national governments need to put more focus first on the role of the prevention of the European people, the education of the youth about the importance of the healthy living (combining sport, using natural remedies and healthy feeding) and the importance of the European health tourism product. The authors think that the existing data base and research need to be extended and upgraded. The professionals and the academic society are obliged to show arguments to the decision makers and to the citizens that the health tourism (spa and wellness tourism in concrete) is a form of sustainable tourism. In Spa tourism essential part of innovation is in the water supply management, maintain of the underground water reserves. A sustainable growth of tourism could be achieved also by investment in education and continuous professional training. Health tourism needs well educated managers and employees both in health care and in the tourism industry.

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PERFORMANCE OF CASINO FIRMS: EMPIRICAL ANALYSIS OF SELECTED EU COUNTRIES

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Abstract: *The purpose of the paper is to analyse whether Slovene casino firms are successful in their business and whether their performance differs from their competitors. To this end, the authors performed an empirical analysis of Slovene, Croatian and Italian casino firms for the period 2013-2016. The results show that there is a significant difference in ROE ratio between Slovenia and Croatia. Croatian firms outperformed Slovenian casino firms. On the other hand, a significant difference in terms of ROE was not confirmed by the comparative analysis of Slovenian and Italian firms. A further in-depth analysis, which is grounded on DuPont scheme of financial ratios, shows additional significant differences between countries considered in the analysis. The results of the study indicate possibilities for future improvements of casinos' performance.*

Keywords: *gaming industry, casino firms, performance, performance analysis.*

1. INTRODUCTION

Eadington (2003) found that most regions of the world exploit casinos to address various economic objectives, including tourism development, economic development, tax revenue generation, job creation and foreign exchange enhancement. Slovenia is certainly among these countries. There are currently 36 gaming concessions in Slovenia, allowing organization of special games of chance. Special games of chance are being organized by 26 gaming halls with slot machines and 10 casinos (hereinafter casino firms) (Ministry of Finance of the Republic of Slovenia, 2018). Gaming industry is important for the Slovene economy for the following reasons. Businesses that organize special games of chance are an important part of the tourism industry. The taxes they pay are an important income for the local and state budget. We can justify the importance of the gaming industry for the Slovene economy based on the findings that „among the European countries, Slovenia stands out for the high share that gross gaming revenues represent in GDP and for the high share of gross casino revenues in the gross revenues of all gaming activities" (Government of the Republic of Slovenia, 2010b, p. 20). Data from 2009 show that the share of total revenues generated by all casino firms amounted to 83% of revenues of all gaming activities (Government of the Republic of Slovenia, 2010b). It indicates that casinos and casino saloons generate the overwhelming part of total revenues in the industry. Revenues from special games of chance are important in generating Slovenia's GDP. At the same time, it should be noted that the casino industry is a highly export activity (since visitors to Slovenian casinos and casino saloons are mostly foreigners).

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Due to the social unacceptability in view of negative social effects of the gambling industry, the starting point for the valid regulation of gambling activities in Slovenia, is that gambling activities should be taxed more than other business activities.[4] Consequently, concessionaires who organize special games of chance pay the gambling tax and concession fee (Government of the Republic of Slovenia, 2010b, p. 40).

In 2009, Slovene casino concessionaires warned that the position of gaming firms was deteriorating due to the exhaustion of the industry with excess tax burden. Given the economic environment in which Slovenian casino firms operate, the paper aims to analyse as to whether they are successful in their business and whether their performance differs from their competitors. Gaming industry is very differently regulated among countries of the EU. In 2006, the Swiss Institute for Comparative Law published a study commissioned by the European Commission on the characteristics of gambling on the EU market. It was noted that there are significant differences in taxation between EU Member States and that in most analysed countries the number of gambling operators is limited (Government of the Republic of Slovenia, 2009). European casinos have also, compared to U.S. casinos, high average tax rates on gaming revenues (Gu, 2001; Eadington, 2011).

To the best of our knowledge, there is no comparative analysis of performance between Slovenian casino firms and foreign competitors. To achieve the purpose of our analysis, Slovenian, Croatian and Italian casinos were analysed. The analysis is grounded on publicly available secondary data – financial data from annual reports. The analysis was carried out for the period 2013-2016. In total, the sample includes 83 firms. The comparative analysis is grounded on the DuPont system of performance analysis. Statistical differences between selected firms were tested with a non-parametric test for independent samples.

The paper is organized as follows. Section 2 presents the theoretical background, focusing on determinants of casinos' efficiency and performance, characteristics of gaming industry in the EU, highlighting the environment of casino firms in Slovenia, Croatia and Italy. Section 3 covers the empirical analysis, where we present the methodology, hypothesis development, followed by the results. Section 4 comments the findings and section 5 ends with the concluding remarks.

2. THEORETICAL BACKGROUND

The field of gambling in Slovenia is not governed by the EU law, as it is regulated by each individual member state by striving for its values and goals (Government of the Republic of Slovenia, 2009, p. 8). This is why the regulation of gambling activity is not harmonised, but it varies between EU countries.

3. DETERMINANTS OF CASINOS' EFFICIENCY AND PERFORMANCE

To date only a few studies have been devoted to gaming efficiency for individual resorts, while studies which would make a comparative analysis between different resorts are lacking (Deng, et al., 2020). Different studies address different variables to examine casino efficiency. In accordance with Deng et al. (2020) these variables are the number of employees, expenses, capital,

[4] According to Meich (2008), taxation is not just a revenue-producing device but also a policy-shaping device. Casinos must fairly contribute to the state budget, however excessive taxation could be a threat to the gambling industry.

gambling equipment and casino square footage. All these were used as input variables. On the other hand, casino revenues, EBITDA (earnings before interests, taxes, depreciation and amortisation) deflated by assets, tax revenue and market value, and the number of customers, were used as the output variables.

In a recent study Deng et al. (2020) made an in-depth comparative analysis of gaming efficiency among two largest casino resorts, i.e. Macau and Las Vegas. They built a theoretical model, which includes internal and external factors of casino efficiency. Their empirical analysis is based on 15 largest casino groups in Macau and Las Vegas (generating approximately 90% of total casino revenues in the two destinations). They found that gaming efficiency is significantly higher in Macau in comparison to Las Vegas. Macau gaming efficiency is significantly impacted by table games, while slot gaming contributes to gaming efficiency in Las Vegas. Non-gaming activities are also an important determinant of gaming efficiency in Las Vegas, while this is not the case in Macau. Both casino resorts evidenced a significant downturn in casino efficiency due to the global economic crisis.

Gu & Gao (2006) analysed the casino product structure, revenue composition, assets productivity and financial returns of Macau versus gaming destinations in North America and Europe. They found that Macau must modify its casino product structure and revenue composition to ensure a fast but stable gaming revenue growth and retain its competitiveness. Macau may have to adjust its levy policy to maintain its attractiveness for new casino investors and operators as rivals in the same region use lower gaming levy to attract investors (Gu & Gao 2006).

Lambert et al. (2010) performed an analysis of casino efficiency based on the sample of five U.S. States (Illinois, Indiana, Iowa, Louisiana, and Missouri). When these states legalized casinos, initially only riverboat casinos were permitted. Despite the fact that nowadays land casinos are permitted, the majority of casinos is still on riverboats. The authors evidenced that the location of a casino is an important determinant of its success. More efficient casinos are those which operate in larger and more densely settled urban areas, compared to those which operate in smaller and less densely settled areas.

Another study performed on a sample of U.S. casinos was made by Day-Yang et al. (2017). The authors performed a regression analysis and found that the variable "value of total assets" is significantly positively related to the performance of casino firms. Their results show that larger casinos are more successful in their business. The analysis is based on 24 U.S. listed firms and, data from the period 2004–2013.

Gu (2001) performed a comparative analysis of U.S. Nevada, Dutch and French casino firms. Findings show that Dutch and French casinos outperformed U.S. casinos, both in terms of efficiency and profitability. Selected European casinos had better results in revenues per slot per day, revenue per employee per day and net income per employee per day. The analysis was made on data from 1998. The author states that the result might be a consequence of a non-competitive European gaming market. U.S. casinos in contrast to European casinos operate in a different legal and market environment. U.S. casino firms are mostly private firms, while European casino firms are often state owned, they have marketing restrictions and a limited extent of competition.

An analysis of factors that lead to different performance was made on a sample of Slovenian casino firms (Assaf et al., 2013). They found that larger gambling firms compared to smaller

ones were more successful. Similarly, casinos located near the state border, were more successful than others located inland, and those operating within the group were more successful than those operating individually.

4. GAMING INDUSTRY IN THE EU

Each EU country may decide how to regulate the gambling industry according to its strategic goals and orientations. There are thus major differences between the EU countries in the size and structure of the gambling market. For example, casinos are banned in Ireland (Government of the Republic of Slovenia, 2010b, p. 19). European casino industry is characterized by small municipal or regional monopolies, with an extensive presence of slot machines in locations outside casinos (Eadington, 2011).

The ownership structure and management of firms operating in the gambling industry is also quite different among EU Member States. In several EU Member States, casinos are managed either by the state or by a state-controlled operator (e.g. Germany, Greece, Finland, Hungary, Netherlands, and Sweden). On the other hand, in most EU Member States casino saloons are privately owned or operated by a local community, which can outsource management to a private operator (e.g. Italy, Spain). Usually, the number of casinos in each country is limited (Government of the Republic of Slovenia, 2010b, p. 36).

The gaming industry among EU Member States has been subject to specific duties (gaming taxes, licence fees, etc.). The types of taxes and tax bases vary considerably between EU Member States (Swiss Institute of Comparative Law, 2006). In accordance with the literature tax rates for casinos in the EU are high (Swiss Institute of Comparative Law, 2006; Gu, 2001; Eadington, 2011; Eadington, 2007).

Among the reasons for deteriorated performance of the gambling industry in Europe since 2008, the European Casino Association (2015, p. 5) cites the recession, restriction on smoking in casinos in some countries, illegal competition from online gambling providers, as well as high taxation on gambling activity. The latter originates from the past and since than it has not changed in several EU countries, although the business environment in the industry has changed significantly over the last decade (European Casino Association, 2015, p. 5).

5. GAMING INDUSTRY IN SLOVENIA, CROATIA AND ITALY

Slovenian gambling industry began to develop in 1964 with the opening of the Casino Portorož. Only in 1995, the new Gambling Act allowed Slovenian citizens to visit casinos. An important change of the Slovene Gambling Act followed in 2002. Until then casinos were exclusively state owned. Changes of the Act allowed private firms to establish gaming halls (for more details see Luin & Hojnik, 2016). In the years that followed, many casinos were established. Until 2008 the business environment in the industry was favourable. The favourable conditions in the business environment for the most part of the period 2002-2008 are also confirmed by the data on the number of newly established gaming halls. In 2002, there were 10 gaming halls operating in Slovenia and 32 in 2008 (Ministry of Finance of the Republic of Slovenia, 2018). The situation has changed significantly in the subsequent years with the onset of the financial and economic crisis. Already in 2009, casino concessionaires warned that the position of gaming firms in Slovenia was deteriorating due to the exhaustion of the industry with excess tax burden. The

economic crisis further jeopardized their operations (Government of the Republic of Slovenia, 2010a). It is not surprising, therefore, that in 2008 and 2013 we witnessed the compulsory settlement of Casino Portorož, followed by the bankruptcy of the Casino Maribor in 2009, and the bankruptcy of the Casino Ljubljana in 2010. The most important competitors of Slovene casino firms are those in neighbouring countries, especially in Italy, Austria and Croatia (Government of the Republic of Slovenia, 2010b, p. 23).

Casinos and gaming halls from Slovenia have different taxes to pay: the special gambling tax, the concession fee and the income tax. The special gambling tax rate amounts to 18% (ZDIS, 2001). Concession fees are charged separately for each type of special games of chance and they differ between casinos and gaming halls. The latest publicly available data from 2009 revealed that gaming halls payed on average a tax rate of 38%, while casinos payed a tax rate ranging from 23% to 32.4% (the tax base is defined separately for each game of chance) (Government of the Republic of Slovenia, 2010b). The listed average tax rates include the gambling tax and the concession fee. Additionally, casinos and gaming halls have to pay also the income tax.

In Croatia, in accordance with the Act on Games of Chance the Ministry of Finance regulates land-based games of chance. Its commitments are (among others): concessions issuing and management, tax and fee collection, and supervision (European Commission, 2019). In Croatia, casinos can be run by private firms. Pursuant to a decision of the Government of the Republic of Croatia, no more than 20 concessions for the organization of special gambling games in casinos (Government of the Republic of Croatia, 2009) and 55 concessions for the organization of gambling machines on automatic machines in clubs may be awarded in Croatia (Government of the Republic of Croatia, 2016). The casino companies from Croatia must pay 500,000 kunas annually (for each casino). In addition to this annual tax, the casino must also pay the gambling tax charged for each game of chance. The tax rate is 15% (ZIS, 2014). Casinos are also required to pay the income tax.

The specific regulation of the gambling industry applies in Italy. The law prohibits the establishments of casinos, except for those casino firms whose operation is permitted by the law. In Italy, four casinos are treated this way. The most recognized is the casino in Venice. These casinos are owned by local authorities. A large number of slot machines are placed among Italy in bars and clubs (Luin, 2004). In Italy, land-based casinos pay only standard company taxes, since there is no additional gambling taxation. Application license fees for land-based gambling vary according to each government invitation to tender. Therefore, there is no standard application fee (for more details about Italian casinos' taxation see Gambling Capital (2013)).

6. EMPIRICAL ANALYSIS

Since gambling is an important branch of the Slovenian tourism industry and the whole economy, the purpose of the study is to determine whether the performance of Slovenian casino firms differs in comparison with their competitors from neighbouring countries (i.e. Croatia and Italy) and which are the largest differences.

7. DATA AND METHODOLOGY

To perform the analysis, we obtained financial data for Slovene, Croatian and Italian casino firms for the period 2013-2016 (Slovenian firms, and casino firms from neighbouring countries). The fact that the fiercest competition for Slovene casinos are firms which organize special

games of chance in neighbouring countries, especially Italy, Austria and Croatia, was stated in the latest „Strategy for the development of gambling" prepared by the Slovenian government (Government of the Republic of Slovenia, 2010b, p. 23). The sample includes 28 Slovenian, 51 Croatian and 4 Italian casino firms.

Financial data for Slovenian casinos were obtained from the GVIN database, while for Croatian and Italian casino firms have been commissioned from Bisnode LLC. The benchmarking analysis is grounded on the DuPont performance measurement system, which emphasis the return on equity – ROE (calculated as net income over average value of equity) ratio as the most important ratio to evaluate firms' performance. A more detailed analysis of business performance was made using ratios that directly affect ROE. These are the ROA (calculated as net income over average value of assets) and the asset-to-equity ratio. The latter indicates the structure of company's financing. Higher ROA leads to higher ROE, while a higher share of equity financing leads to a lower ROE. We have further splitted ROA ratio into net profit margin (calculated as net income over total revenues) and total asset turnover ratio (calculated as total revenues over total assets). Higher are these two ratios (ceteris paribus), higher the ROE. The presented division of ratios follows the DuPont scheme of financial ratios.

For the purpose of hypotheses testing and the analysis of potential differences in performance of selected firms between countries, and due to the characteristics of the sample, a non-parametric Mann-Whitney U-test was used.

The most important limitation of the study refers to the countries included in the analysis. Financial data required for the analysis is payable and can therefore only be obtained to a limited extent. Thus, we could not get the data for Austrian firms, which are also important competitors. Consequently, firms included in the analysis were limited to firms from Slovenia and two neighbouring countries. The second limitation is that our analysis is based on publicly available financial data, since we do not have the access of firms' internal financial data.

The sample of Slovene firms includes 28 firms. Firms included in the sample operate in Standard Classification of Activities R92.001 »Activity of casinos«. Croatian sample includes 51 firms. We included in the sample firms operating in the industry SKD 92.00. [5] The sample of Italian firms includes all four casinos: Casino di Campione, Casino di San Remo, Casino di Venezia and Casino de la Vallee. Initially, we wanted to include in the Italian sample even those firms that own slot machines in bars and clubs, but their financial data is inappropriate for our analysis, since these firms usually carry out other activities (besides special games of chance). This would make the results of our analysis distorted. This problem is due to the Italian regulation, since casino saloons do not exist in the same form as in Slovenia and Croatia. Therefore, in the Italian case it is the most appropriate to analyse only casino firms. The total sample thus comprises 83 firms.

[5] For 34 firms operating in the gaming industry, financial data were not available. Thus, we could not include these firms in the analysis. In addition, 11 more firms were excluded from the sample because ROE data were not available for the entire period of analysis. Consequently, we retained 51 firms in the sample. However, all 51 firms did not have data for the entire period of analysis. Since only a few data were missing for each year, we kept these firms in the analysis. Furthermore, we noticed that some firms had 0€ of sales revenues. Since this indicates that the company did not operate, such a company was removed from the sample in the year when the value of net sales was zero. We eliminated four firms that had sales revenues in all years equal to 0. Finally, 36 firms were retained in the sample for the year 2013, 35 firms for 2014, 44 firms for 2015 and 42 firms for 2016.

Considering the fact that in Slovenia, the owners of casino firms pointed out that the industry is facing problems due to excess tax burden, we also wanted to analyse the effects of the concession fee and the gaming tax on their business. In the process of our analysis, we have determined that such an analysis is not feasible by using only publicly available data. These duties are presented in the income statement. The amounts of these duties were not disclosed among the data obtained. An additional difficulty for this kind of analysis is the fact that these duties are recorded in different ways by firms from different countries. Therefore, we could not carry out an analysis to determine the level of tax burden arising from the concession fee and the gaming tax.

8. HYPOTHESIS DEVELOPMENT

In accordance with statements of the Government of the Republic of Slovenia (2010a) the taxation of casino firms is the most frequently emphasized factor that influences their performance. Due to social unacceptability of negative effects of the gaming industry, income from gaming activities in Slovenia is taxed more than the one in other industries. Casino concessionaires in Slovenia have already highlighted the exhaustion of the industry with an excess tax burden.

It is found that there are significant differences in the taxation of the gaming industry between EU Member States (Swiss Institute of Comparative Law, 2006). Since Slovenia has an above-average taxation on gambling activities (Government of the Republic of Slovenia, 2010a), we expect that the performance of Slovenian casino firms differs from the performance of firms from the same industry in selected neighbouring countries. Since the taxation of Slovenian casino firms is higher than the one in Croatia (Ministry of Finance, Tax Administration, 2018a; Ministry of Finance, Tax Administration, 2018b), in Hypothesis 1 we state:

H1: Slovenian casino firms' business performance is, on average, worse than Croatian once.

Although casino firms' business performance is affected by various factors, we assume that high taxation has the greatest impact on business performance among all factors.

The taxation of the casino industry in Slovenia is also higher compared to Italian one. In Italy, four major casinos do not have a special casino tax (European Casino Association, 2017, p. 62). At the same time, Italian casinos are larger than Slovenian casinos. As found by Assaf et al. (2013) and Day-Yang et al. (2017), the performance of gaming firms is statistically significantly different between firms of different sizes. Assaf et al. (2013) found on the sample of Slovenian firms that larger casino firms were more successful. Therefore, we expect that Italian casinos are more successful than Slovenian, as they are less taxed and much larger than Slovenian casinos. In Hypothesis 2 we state:

H2: Slovenian casino firms' business performance is, on average, worse than Italian ones.

9. EMPIRICAL ANALYSIS

9.1. Descriptive statistics

Firstly, we present the descriptive statistics of the sample (for details see Appendix 1). Average values and standard deviation were calculated for the most important items from the income statement and the balance sheet, i.e. values of total assets, total equity, net revenues from sales and net income.

Table 1 shows the descriptive statistics for Slovenian firms. The data shows that in 2016 the average value of total assets of selected Slovenian firms was EUR 11,922,071. It has been declining every year since 2013. The firms in question did not grow on average but reduced business volume. The standard deviation is high, indicating that the value of the assets varies considerably between the firms. This means that the analysed firms from the Slovenian gaming industry differ in size. Assets value differences are especially noticeable between casinos and gaming halls. The average net sales revenues in 2013 and 2016 were € 10,583,688 and € 10,287,819, respectively. Data show that net sales revenues declined. Slovene casino companies recorded losses in three out of four years of our analysis. Net profit was recorded only in 2016. On average, the analysed Slovene firms also did not generate profit in their core business (negative EBIT).

Descriptive statistics for the Croatian casino firms shows that the average value of assets was increasing during the entire period of analysis, reaching an average value of EUR 7,052,704 in 2016. Croatian firms recorded on average a positive net income during the entire period of analysis. The average equity value of Croatian firms more than doubled in the period 2013-2016. In Slovenian firms, however, the average value of equity decreased. Data on average net sales for Croatian firms show that in 2016 compared to 2013 the growth was 18%. In the same period, Slovenian casino firms faced a decrease of the average value of sales revenues.

Similarly, to Croatian firms, even Italian firms recorded a growth of the average value of total assets throughout the analysis period. In 2016 amounted to EUR 132,562,199. If we compare the average values of total assets between the countries concerned, we find that the largest are Italian firms, followed by Slovenian and Croatian firms. The average net sales value also increased in the period 2013-2016. On the other hand, Italian firms on average recorded losses in all four years of our analysis.

10. RESULTS OF THE EMPIRICAL ANALYSIS

We started our empirical analysis with a non-parametric Kruskal-Wallis test. With this test, we checked whether there are statistically significant differences in business performance between firms from the three countries included in our analysis, based on the ROE ratio. For the firms included in the analysis, we had 310 ROE data. Seven outliers were excluded from the analysis. Thus, the analysis was performed on 303 ROE data. The non-parametric Kruskal-Wallis test showed that there is a statistically significant difference in ROE between the analysed firms (the significance level is 0.048, which is less than 0.05).

Afterwards, we examined whether there are statistically significant differences in business performance based on the ROE indicator between Slovenian and Croatian firms, and between Slovenian and Italian firms, namely, whether Croatian and Italian firms are more successful than Slovenian firms are.

At first, we tested our first hypothesis. With the non-parametric test, we checked whether there are statistically significant differences between Slovenian and Croatian firms. During the analysis 12 outliers were eliminated. The analysis was performed on 283 data. Descriptive statistics of ROE for the sample of Slovenian and Croatian firms is presented in Table 1. The lowest ROE in the Slovenian sample is -136.77%, while in the Croatian case is -114.24%. The highest ROE value in the Slovenian case amounts to 107.65% and as such is lower than Croatian amounting to 219.20%.

The non-parametric Mann-Whitney U-test shows that there is a statistically significant difference in ROE between the two countries (the significance level is 0.04, which is less than 0.05). The performance of Slovenian firms operating in the casino industry is on average lower than the performance of firms operating in the Croatian casino industry. The average ROE of Slovenian casinos equals -0.55%, while the average value of the Croatian firms is, on the contrary, positive at 13.26% (Table 1).

Table 1. Descriptive statistics for the sample of Slovenian and Croatian firms – ROE (in %) for the period 2013-2016

Country		n	Min.	Max.	Average	St. deviation
Slovenia	ROE	107	–136.77	107.65	–.55	33.10
Croatia	ROE	176	–114.24	219.20	13.26	37.55

Source: GVIN, 2018; Bisnode, 2018, and own calculations

Further, we tested the second hypothesis, namely, whether the performance of Slovenian casino firms is on average lower the one of their competitors in Italy. Three outliers were eliminated from further analysis. The test was performed on 124 data.

Table 2. Descriptive statistics for the sample of Slovenian and Italian firms – ROE (in %) for the period 2013-2016

Country		n	Min.	Max.	Average	St. deviation
Slovenia	ROE	109	–536.68	722.09	1.15	92.57
Italy	ROE	15	–666.61	861.35	–37.94	327.14

Source: GVIN, 2018; Bisnode, 2018, and own calculations

The non-parametric Mann-Whitney U-test shows that we could not find statistically significant differences in ROE between Slovenia and Italy (the significance level is 0.167, which is higher than 0.05) (Table 2). Contrary to our expectations, we cannot argue that the performance of the analysed Slovenian and Italian firms differs.

We continue our analysis with a more detailed analysis of the ratios that directly affect ROE. The analysis that follows shows the results of ROA ratio and the share of equity financing. At first, we analyse whether there are statistically significant differences in ROA between firms from Slovenia and Croatia. The basis for our analysis is the sample of firms which was used for the ROE ratio analysis (283 units).

Table 3. Descriptive statistics for the sample of Slovenian and Croatian firms – ROA (in %) for the period 2013-2016

Country		n	Min.	Max.	Average	St. deviation
Croatia	ROA	176	–52.18	90.34	7.48	20.01
Slovenia	ROA	107	–88.45	24.34	–.77	15.64

Source: GVIN, 2018; Bisnode, 2018, and own calculations

The average ROA value for Slovenian firms is negative at -0.77%, while for Croatian firms it is positive at 7.48%. The non-parametric Mann-Whitney U-test shows that there is a statistically significant difference in the average ROA value between Slovenian and Croatian firms (the significance level is 0.017, which is less than 0.05). The average ROA is higher in Croatia, which shows that firms operating in the casino industry earn on average higher returns on invested

assets than comparable Slovenian firms. A higher ROA, in turn, leads to a higher ROE. A statistically significant difference in ROE between the two countries was already confirmed in the initial stage of our analysis.

Further, we analyse whether there are statistically significant differences in ROA between Slovenian and Italian firms. As shown in Table 4, the lowest ROA in the sample is -88.45% and is present in the sample of Slovenian firms. Even in the Italian case the average value is negative, and it amounts to –14.70%. The highest ROA value is also in Slovenian sample and reaches the value of 24.34%. It is much lower in the Italian case, where it slightly exceeds the zero value and amounts to 0.07%.

Table 4. Descriptive statistics for the sample of Slovenian and Italian firms – ROA (in %) for the period 2013-2016

Country		n	Min.	Max.	Average	St. deviation
Italy	ROA	14	–14.70	.07	–1.85	4.40
Slovenia	ROA	109	–88.45	24.34	–.67	15.63

Source: GVIN, 2018; Bisnode, 2018, and own calculations

The non-parametric Mann-Whitney U-test shows that there is a statistically significant difference in the average ROA value between Slovenian and Italian firms (the significance level is 0.012, which is less than 0.05) (Table 4). The average ROA value is higher for the Slovenian firms. In both cases, the average ROA value is negative. This is a result of a negative income, which was negative on average for Slovenian firms during the entire period of analysis (the only exception was in 2016). For Italian firms it was negative in all years of our analysis. Unlike the ROE indicator, where we could not confirm the statistically significant differences between Slovenian and Italian firms, in the case of ROA there is a statistically significant difference between the two countries.

Since ROE is also directly influenced by the funding structure, we furthermore analyse whether there are statistically significant differences in the funding structure between countries. To this end, we use the Equity Ratio, which is calculated as the ratio between the value of equity and the value of total capital.

The average value of the ratio in the sample of Slovenian firms is 46.48% and 65.43% for Croatian firms. The non-parametric Mann-Whitney U-test shows that there is a statistically significant difference in the average value of the ratio between Slovenian and Croatian firms (Table 5). The results of the analysis show that the average share of equity financing in Croatian firms is higher than in Slovenian firms. A higher share of equity financing leads to a lower ROE.

Table 5. Descriptive statistics for the sample of Slovenian and Croatian firms – share of equity (in %) for the period 2013–2016

Country		n	Min.	Max.	Average	St. deviation
Croatia	% of equity	176	9.84	100.00	65.43	26.99
Slovenia	% of equity	107	–66.18	91.06	46.48	26.96

Source: GVIN, 2018; Bisnode, 2018, and own calculations

For Slovenian firms the crucial problem that leads to a lower ROA (compared to Croatian firms) is negative net income (Appendix 1), since Slovenian firms had on average, except for 2016, recorded losses. Negative net income leads to a negative ROA and ROE.

Furthermore, we analyse whether there are statistically significant differences in the share of equity financing between Slovenian and Italian firms. We found that in both countries there is one company with the negative capital. In the Slovenian case, the lowest ratio value is -66.18%, while in the Italian case it is -0.19%. The largest share is also in the Slovenian sample and amounts to 91.06%, in the Italian it reaches 58.08% (Table 6).

Table 6. Descriptive statistics for the sample of Slovenian and Italian firms – share of equity (in %) for the period 2013–2016

Country		n	Min.	Max.	Average	St. deviation
Italy	% of equity	14	–.19	58.08	22.02	18.88
Slovenia	% of equity	109	–66.18	91.06	45.33	28.21

Source: GVIN, 2018; Bisnode, 2018, and own calculations

The non-parametric Mann-Whitney U-test showed the existence of a statistically significant difference in the average value of the equity share between Slovenia and Italy (the significance level is 0.001 which is less than 0.05) (Table 6). The average share of equity financing is higher in the Slovenian case (45.33%) compared to Italian firms (22.02%).

Although there was no statistically significant difference in the ROE between the Slovenian and Italian firms, we found a significant difference between the two countries in the ROA and the share of equity financing. The average ROA in the Slovenian case proved to be more favourable than the one in the Italian case. As such, it has a positive impact on ROE. On the other hand, higher equity financing ratios (present in Slovenian firms) lead to lower ROEs. Given that the effects of the two ratios on ROE have opposite effects, this may be the reason why the ROE was not significantly different between Slovenia and Italy.

In order to identify the areas in which firms from different countries differ, we analyse the composition of the ROA in more detail. The ROA consists of net profit margin (calculated as net profit or loss in relation to total revenues) and the asset turnover ratio (total revenues divided by total assets). Firstly, we present the results of the analysis of the two indicators for Slovenian and Croatian firms.

We began our analysis for Slovenian and Croatian firms with 283 units, those that were studied in the analysis of the ROE ratio. We excluded 17 outliers, since the values of these units were significantly different from the other values in the sample. Using the non-parametric Mann-Whitney U-test, we found that there is a statistically significant difference between the two countries considering the average values of net profit margin (the significance level is 0.000, which is less than 0.05). This ratio is higher for Croatian firms compared to Slovenian firms. In the Slovenian case, the average value of this ratio is negative and amounts to -4.83%, while in the Croatian case it is positive and amounts to 0.52%, which shows that Croatian firms are on average more successful than Slovenian ones.

Table 7. Descriptive statistics for the sample of Slovenian and Croatian firms – Net profit margin ratio (in %) for the period 2013–2016

Country		n	Min.	Max.	Average	St. deviation
Slovenia	Net profit margin	107	–138.56	29.34	–4.83	24.50
Croatia	Net profit margin	159	–308.76	78.02	0.52	48.16

Source: GVIN, 2018; Bisnode, 2018, and own calculations

Furthermore, we analyse the asset turnover ratio calculated as "total revenues / total assets". We started our analysis with Slovenian and Croatian firms taking into account 283 units (those that were studied in the analysis of the ROE ratio). In the next step, 16 outliers were eliminated, since the values of these units were significantly different from the other values in the sample. Table 8 shows that both the lowest and the highest values of the ratio are present in the sample of Croatian firms. The lowest value is 0.01 and the highest is 4.26.

Table 8. Descriptive statistics for the sample of Slovenian and Croatian firms – Asset turnover ratio for the period 2013–2016

Country		n	Min.	Max.	Average	St. deviation
Slovenia	Asset turnover ratio	107	.13	3.76	1.00	.53
Croatia	Asset turnover ratio	160	.01	4.26	1.12	.87

Source: GVIN, 2018; Bisnode, 2018, and own calculations

The non-parametric Mann-Whitney U-test shows that we cannot find statistically significant differences in the average value of asset turnover ratio (the significance level is 0.526, which is more than 0.05). The average value of the indicator is 1.00 in the Slovenian case and 1.12 in the Croatian case.

Next, we present the results of the same analysis for the sample of Slovenian and Italian firms. In this case, we started our analysis with 123 units, the same units that were used in the case of ROA analysis. Table 9 shows descriptive statistics for the analysed firms.

Table 9. Descriptive statistics for the sample of Slovenian and Italian firms – Net profit margin ratio (in %) for the period 2013–2016

Country		n	Min.	Max.	Average	St. deviation
Italy	Net profit margin	14	–71.64	6.73	–15.12	22.62
Slovenia	Net profit margin	109	–138.56	29.34	–4.71	24.38

Source: GVIN, 2018; Bisnode, 2018, and own calculations

The results of the nonparametric Mann-Whitney U-test show, there is a statistically significant difference in the average value of net profit margin (the significance level is 0.012 which is lower than 0.05). The ratio is higher for Slovenian firms compared to Italian ones. In both cases, the average value is negative, indicating that Slovenian and Italian firms on average did not generate a positive return with recorded revenues.

Table 10 shows the descriptive statistics for the asset turnover ratio for Slovenian and Italian firms. In the Italian case, the average value of the ratio is 0.93, while in Slovenian case it is slightly higher and amounts to 1.01.

The non-parametric Mann-Whitney U-test was performed to check if there are statistically significant differences between the two countries. The differences between the samples cannot be confirmed (the significance level is 0.756 which is lower than 0.05).

Table 10. Descriptive statistics for the sample of Slovenian and Italian firms – Asset turnover ratio for the period 2013–2016

Country		n	Min.	Max.	Average	St. deviation
Italy	Asset turnover ratio	14	0.31	1.56	0.93	.56
Slovenia	Asset turnover ratio	109	0.13	3.76	1.01	.54

Source: GVIN, 2018; Bisnode, 2018, and own calculations

11. FINDINGS

The results of our analysis show that changes in the Slovene gaming industry are necessary. Slovenian casino firms, on average, did not perform well in the analysed period 2013–2016. The analysis reveals which areas of business are particularly problematic. They face not only a negative EBIT, but also high interest costs, which has a further negative impact on their overall profit. It is therefore not surprising that in all years of our analysis, with the exception of 2016, they generated a net loss.

Based on the ROE analysis, we found that the performance of Slovenian casino firms is statistically significantly lower than ROE of comparable firms in Croatia. However, we could not prove statistically significant differences in ROE between Slovenian and Italian firms. With a more detailed analysis, we found that Slovenian and Italian firms differ in ROA and share of equity, and further in net profit margin. We have found that the main problem for Slovenian casino firms is that, on average they generate a negative EBIT. At the same time, they also have on average a considerable share of debt financing. Thus, the cost of interests additionally reduces profit or increases loss. For this reason, Slovenian casino firms have to take actions which will improve the performance of their core business. Actions should be taken to monitor operating revenues and operating expenses. There are only two ways to improve EBIT, i.e. by increasing operating revenues or reducing operating costs (expenses). In terms of cost, what matters most is their proper monitoring and subsequent analysis.

The division of the ROA ratio into the net profit margin ratio and the asset turnover ratio in a comparative analysis between Slovenian and Croatian firms showed that Slovenian firms were less successful in terms of net profit margin, while the difference was not found as significant in the case of asset turnover ratio. The net profit margin in the Slovenian case is on average negative due to negative net income. The asset turnover ratio shows that Slovenian and Croatian firms have a similar level of generated revenues with the given extent of invested assets. This indicates that Slovenian firms will have difficulties increasing their operating revenues with a given volume of assets. However, Slovene firms have room to improve the ROA ratio with the increase of the profit margin.

Since data on the amount of concession fees and special gambling taxes were unavailable, we were unable to make a comparative analysis of the effects of these duties on EBIT between countries included in the analysis. The fact is, however, that Slovenian firms had on average a negative EBIT, which is influenced by such duties. Given that the professional public emphasises the problem of excess tax burden in the casino industry, it would be reasonable for the Government to study the effects of such tax burden and determine whether its extent is adequate and allows casino firms to develop in a long-term or is it too high and inhibits their development.

12. CONCLUSION

The gaming industry is an important branch for Slovenian economy in terms of tourism exports, taxes paid by these firms, and as a complement to the tourist offer. Slovenian gaming industry was a flourishing economic activity before the onset of the financial crisis. Since than their performance got worse. Therefore, changes are needed. In 2010, the Slovenian Government adopted the Strategy for the Development of Gambling (Government of the Republic of Slovenia, 2010b), which stated among the policies for a 10-year period the adoption of a stimulating system for gaming duties and the introduction of an active concession policy with a limited number of concessions. We note that to date, Slovenia has not implemented the stated policies.

The results of our analysis show that Slovenian firms specialized in gambling did not perform well in 2013-2016. During the period of analysis, on average they did not increase net sales revenues, at the same time the value of equity and assets decreased. A completely different situation was observed on the sample of Croatian firms. Based on the descriptive statistics of key financial categories, we found that in their case, on average, both equity and assets increased, as did net sales revenues. At the same time net profits were generated in all years of analysis. The situation in Italian casinos, just like in Slovenia, cannot be characterized as successful. Although, in their case, net sales revenues, equity and assets on average increased over the analysed period, Italian casinos on average generated net losses in the whole period of analysis.

In order to determine whether there are statistically significant differences in performance of firms from Slovene, Croatian and Italian casino industry, we performed an empirical analysis. We started our analysis with ROE ratio, which is the basic indicator for assessing business performance in the DuPont performance measurement system. A comparative analysis between the countries concerned showed that there are statistically significant differences in the performance of firms operating in the Slovenian and Croatian casino industry. On average Croatian firms generate higher returns on invested capital than Slovenian firms. A closer analysis showed that a higher ROE in Croatia is due to a higher ROA. The higher ROA, however, is due to a higher net profit margin (we could not confirm the difference in the case of the asset turnover ratio).

On the other hand, we could not confirm statistically significant differences in performance for firms from Slovenia and Italy. Although the ROE did not prove to be statistically significantly different, further analysis showed that the difference between the two countries is significant in the case of ROA and the share of equity financing. Slovenian firms on average generate higher returns on invested assets and have a higher share of equity financing. A higher ROA has a positive effect on ROE, while a higher proportion of equity financing reduces ROE. A more detailed analysis of the ROA ratio further showed that Slovenian firms have on average higher net profit margin, while we could not identify the difference in the asset turnover ratio. In both cases, Slovenian firms were on average more successful.

Based on our findings we provide proposals for improvements for Slovene casino firms. Croatian firms, which we found to be on average more successful than Slovenian firms. Our analysis is, to the best of our knowledge, the first to analyse the performance of Slovenian casino firms, compared to their competitors from abroad. Therefore, the results of our analysis are a good basis for the adoption of measures that will lead to improved business performance of Slovenian casino firms. Future research could analyse the impact of concession fee and special gambling tax on performance of casino firms, since according to the literature these duties have a significant impact. Thus, future research could determine whether revisions of the current taxation system of Slovene gaming industry is needed.

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Appendix 1.

Financial data of Slovene casinos and casino salons fort the period 2013–2016 (in €)

Category		2013	2014	2015	2016
Total assets	**Average**	16,074,581	14,657,807	13,721,819	11,922,071
	St. deviation	49,162,493	42,954,051	39,689,559	33,319,601
Equity	**Average**	4,976,615	4,925,076	4,699,864	4,611,813
	St. deviation	13,445,984	11,225,708	9,825,988	9,715,803
Revenues from sales	**Average**	10,583,688	9,893,787	9,895,557	10,287,819
	St. deviation	32,097,178	29,725,027	28,874,798	29,822,482
Net income	**Average**	–1,312,995	–501,118	–387,603	457,912
	St. deviation	6,196,796	1,567,033	2,596,868	1,074,991

Source: GVIN, 2018, and own calculations

Appendix 2.

Financial data of Croatian casinos and casino salons fort the period 2013–2016 (in €)

Category		2013	2014	2015	2016
Total assets	**Average**	4,026,705	4,435,038	5,580,189	7,052,704
	St. deviation	9,007,972	9,700,109	13,132,659	15,065,268
Equity	**Average**	2,045,640	2,533,278	3,282,512	4,276,337
	St. deviation	5,846,756	6,955,149	9,906,527	10,663,271
Revenues from sales	**Average**	6,349,203	6,407,515	5,234,416	7,496,309
	St. deviation	14,878,138	14,961,439	12,671,568	16,079,084
Net income	**Average**	1,092,311	1,631,506	820,770	1,174,552
	St. deviation	5,257,480	7,014,936	3,743,783	4,058,146

Source: Bisnode, 2018, and own calculations

Appendix 3.

Financial data of Italian casinos for the period 2013–2016 (in €)

Category		2013	2014	2015	2016
Total assets	**Average**	96,508,667	104,603,830	128,262,500	132,562,199
	St. deviation	89,901,751	77,496,727	100,944,918	76,041,730
Equity	**Average**	25,861,667	64,440,084	45,013,915	32,115,224
	St. deviation	41,171,625	72,639,024	48,951,642	35,415,648
Revenues from sales	**Average**	65,562,000	47,167,500	64,408,869	67,234,136
	St. deviation	21,941,241	35,004,073	17,180,001	20,168,079
Net income	**Average**	–8,079,333	–6,018,644	–12,703,567	–13,123,757
	St. deviation	11,464,818	9,356,570	16,127,935	22,413,812

Source: Bisnode, 2018, and own calculations

ANALYSIS BASED ON THE INDUSTRY OF THE HOTEL SECTOR IN MEXICO: POSADAS CASE

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Abstract: *The objective of this brief general market analysis is to determine with the VRIO framework how the Posadas group has managed to maintain itself in the Mexican lodging market. The aim is to understand how in the current panorama of tourism are the main challenges of the Posadas group. The main question that generated this analysis was: Is Grupo Posadas the current leader in the hospitality sector in Mexico? The hypothesis is that the strategies implemented by Grupo Posadas have allowed it to remain in the lodging sector; however, the current elements are not strong enough to be the market leader. So, combining the analysis elements of the market and the VRIO, results were obtained that pointed to Posadas shares, the leadership with IHG Hotels which begins to generate a more marked oligopolistic competition in the field of tourism.*

Keywords: *Tourism, hospitality, industry.*

1. INTRODUCTION

According to the information of Posadas Group, the hotel company was born in 1967, when Mr. Gastón Azcárraga founded Promotora Mexicana de Hoteles, S.A. with the purpose of participating in the lodging sector with the construction and operation of a hotel in the Federal District called Fiesta Palace, now known as Fiesta Americana Reforma. Two years later, it has a strategic alliance and partnership with American Hotels, thus forming the Operadora Mexicana de Hoteles. It is important to mention that the most emblematic franchise of Posadas is Fiesta Americana since the first hotel of this franchise was opened in 1979 in Puerto Vallarta. From then on, a new facet began in 1982. When Promotora Mexicana de Hoteles, S.A. and Gastón Azcárraga Tamayo bought 50% of the capital stock of Posadas de México.

Now, the birth of Posadas as such occurs in 1969 by Pratt Hotel Corporation of American origin for the purpose of operating and managing the Holiday Inn franchises in Mexico. In the year of 1990 Promotora Mexicana de Hoteles, takes the initiative to buy 50% of the shares of Posadas and with the acquisition allowed the emergence of the largest and oldest company in Mexico for modern times, with the operation of 13 hotels. One of the main advantages at the moment of having this acquisition and as a positioning was the management of the Holiday Inn hotels and the operation of the Fiesta Americana hotels.

The final transformation of the company occurred in 1992 when Promotora Mexicana de Hoteles changed its name to the current Grupo Posadas. That same year, the company began trading on the Mexican Stock Exchange (BMV). From then on Posadas began to attack the different

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segments of the tourism market starting in 1993 with business tourism with the opening of the first Fiesta Inn. In 1998 the company had its first elements of international expansion with the acquisition of the Caesar Park chain along with the rights to use the brand in Latin America, thanks to this purchase, in 2001 the first Caesar Business was inaugurated in Sao Paulo, Brazil.

In the 80's, Grupo Posadas realized that managing third-party hotels exported more reservations than it obtained. This was very common because the industry in these years was going through a period of saturation in the tourism sector. Posadas decided to focus then on the development of its own brands while continuing with the operation of the Holiday Inn franchise in the busiest destinations.

In 1992, the Company changed its name to Promotora Mexicana de Hoteles, S.A. of C.V. to the current Grupo Posadas, S.A. of C.V. In March of that same year, the Company was listed on the Mexican Stock Exchange. In 1993 it began to attack the business traveler segment with the opening of the first Fiesta Inn in city destinations. In 1998 the Company began its expansion in South America through the acquisition of the Caesar Park chain, together with the rights to the brand in Latin America. In 2001, the Company opened its first Caesar Business hotel in Sao Paulo, Brazil. Currently, in 2019, Posadas group has a positioning of 176 hotels and 27,573 rooms nationwide (Grupo Posadas, 2019).

2. BACKGROUND AND GLOBAL PANORAMA

The hotel sector had a strong development after the First World War, which is a product of the economic and technological elements that have occurred in the history of mankind since that period. Its boom as already mentioned was highlighted after the First World War. With the consequences of this phenomenon in the course of the second half of the 20th century, a constant increase in international tourist flows skyrocketed, that is, there were more determining factors that motivated the increase in hotel demand worldwide and this way the lodging industry had more development (Figure 1).

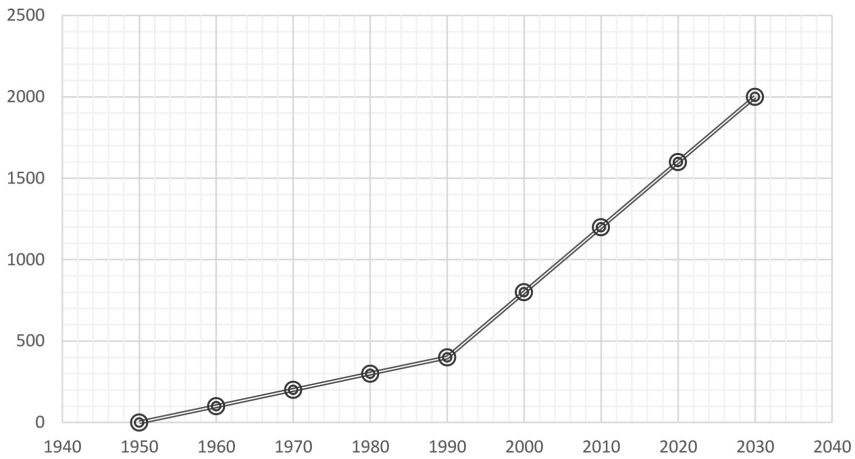

Figure 1: Travel growth

Source: Growth of international travel for tourism purposes since 1950, according to the World Tourism Organization (UNWTO).

As an economic activity, the so-called „industry without chimneys" maintains a strong link with hospitality in its different modalities, be it family, individual, business and in different

ranges of services that can be considered as „additional". Tourism is often referred to as the „industry without chimneys", because it does not pollute. Although this is not entirely true, there is a great debate about the pollution of tourism that has a direct or indirect impact on the construction of the tourist infrastructure or the tourist destination.

The phenomenon ceased to be a privilege of a few rich families in the seventeenth and eighteenth centuries, to give way to mass tourism from the boom of the fifties of the twentieth century, with the development of new technologies in connectivity and logistics (media of transport) that have made tourism and hospitality of the world's most present industries.

Table 1: Main tourist destinations in the world by foreign currency income

Classification		Country	Year	
2016	2017		2016	2017
1	1	United States	206.9	210.7
2	2	Spain	60.5	68.1
3	3	France	54.5	60.7
4	4	Thailand	48.8	57.5
5	5	United Kingdom	47.9	51.2
7	6	Italy	40.2	44.2
9	7	Australia	37	41.7
8	8	Germany	37.5	39.8
12	9	Macao (China)	30.4	35.6
11	10	Japan	30.7	34.1
10	11	Hong Kong (China)	32.8	33.3
6	12	China	44.4	32.6
13	13	India	22.4	27.4
18	14	Turkey	18.7	22.5
14	15	Mexico	19.6	21.3
Total, world (Millions of dollars)			1246	1340

Source: Monitoreo Hotelero DATATUR 2018

Taking into account the above, it is expected that there will be greater accessibility in the following years for the hosting areas such as logistics, with which the trips and the phenomenon will have an exponential growth. In comparatives Mexico in tourism is among the top 15 in terms of foreign exchange earnings and in the top 10 of the most visited destinations in the world, it can be considered Mexico as a stable country in terms of tourism up to its most recent published global statistics (tables 1 and 2) (SECTUR, 2018).

The document „OMT Panorama of International Tourism 2017", which is the most up-to-date document of the tourism ranking so far, indicates that in the arrival section of tourists Mexico is in sixth place with 39.3 million foreign tourists. With a scale from the eighth place to the sixth place in the international table. These results published by the World Tourism Organization (WTO) show a „favorable outlook" as some members who have faced security challenges in recent years have been sustained by the existing demand for travel to these destinations.

The other fundamental part is the entry of foreign currency, i.e. the amount of money spent in the country visited, there was a decrease from one position from 2016 to 2015 down from 14 to 15th. This indicates that, although the country is of the most visited at the international level does not have enough attraction to generate a greater demand in consumption for the tourist.

Table 2: Main tourist destinations in the world by arrival of tourists

Classification		Country	Year	
2016	**2017**		**2016**	**2017**
1	1	France	82.7	86.9
3	2	Spain	75.3	81.9
2	3	United States	76.4	76.9
4	4	China	59.3	60.7
5	5	Italy	52.4	58.3
8	6	México	35.1	39.3
6	7	United Kingdom	35.8	37.7
10	8	Turkey	30.3	37.6
7	9	Germany	35.6	37.5
9	10	Thailand	32.5	35.4
11	11	Austria	28.1	29.5
16	12	Japan	24	28.7
13	13	Hong Kong (China)	26.6	27.9
14	14	Greece	24.8	27.2
12	15	Malaysia	26.8	25.9
Total, World (Millions of tourists)			1240	1326

Source: Monitoreo Hotelero DATATUR, 2018

Some elements already confirmed for the international tourism panorama 2018 indicate that there will be an assured decrease of a place since Turkey had an increase of 18% in its tourist attraction and will have displaced Mexico to position number 7. Another important factor is, according to the head of the Ministry of Tourism (SECTUR) Miguel Torruco, that the figures from the United Kingdom and Germany have not yet been taken into account due to the lack of consolidation, which could condition the country to drop another two places (Expansión, 2019).

3. NATIONAL PANORAMA

Currently the tourism landscape is at constant levels since 2015 with a trend in an occupancy rate of 59.6 to 60.9 in 2018. The expectation for 2019 is to break the historical record of the year 2017 where it took place the highest percentage of occupation at the national level (SECTUR, 2018). However, as figure 2 shows with the data for 2018, the result was not as expected as, with the alerts to the tourist in the United States about not traveling to some Mexican states due to insecurity factors, environmental elements such as Sargasso and the uncertainty of the monetary value of the peso braked arrivals of international travelers, which, as already mentioned, affected the levels of the ranking without adding the data not confirmed by some countries.

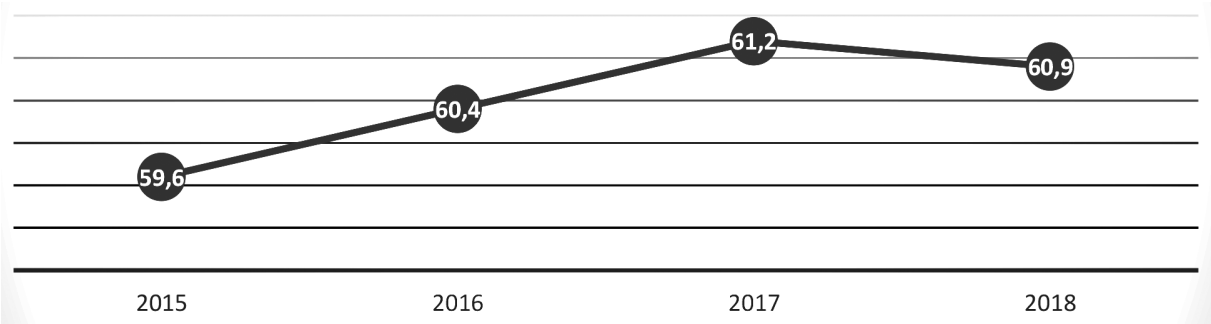

Figure 2: Percentage of the occupation nationwide

Source: (SECTUR, 2018).

Now, in the percentage of current hotel occupancy talking about the year 2019, in comparison with the data of the month of March of the year 2017 and 2018, it is possible to have a forecast, that is to say: only the months of January, February and March have been measured, which in their accumulated and in comparison with the same months of the past years indicate a decrease in the tourist activity of 1.2%. It is necessary to mention that the occupation percentage does not necessarily reflect how important a destination could be in the influx of tourists, but rather that it reflects the saturation of the destination according to the tourist offer that exists in it (hotels, rooms available). That is why it is an indicator that shows us the importance of the investments that are made in the tourist poles (DATATUR, 2019).

Table 3: Percentage of Occupation (March).

Year	Total
2017	64.5
2018	65.7
2019	64.5

Source: Hotel monitoring program „DATATUR" March 2019

These elements of low tourist activity of 2019 with the comparison of the previous year can be linked to the little diffusion that has been done internationally in the tourism market and the competitive market that exists in Latin America. In an interview with Aristegui Alejandro Zozaya, director of the conglomerate Apple Leisure Group, Apple Vacations and the AMResorts chain, one of the strongest allies in the tourism sector in our country as the most important market that leads the country is the North American high-end, such as high-level weddings and honeymoons, since that represents 62% of tourism to Mexico by the group.

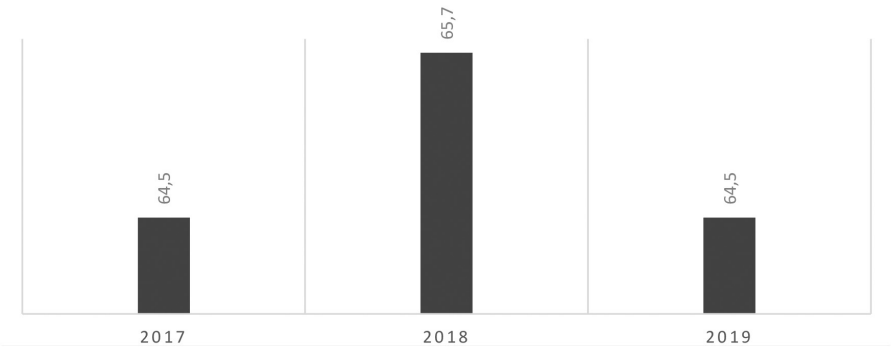

Figure 3. Comparative occupation rate (March)
Source: Hotel monitoring program „DATATUR" March 2019

In an interview it is detailed that what is happening with tourism in Mexico is not the result of a fall of the international market but a decision of the tourist to go to other destinations that are not Mexico (Aristegui News, 2019). That is the importance of the promotion, said in an interview and explained that when the pleasure tourist is about to make a decision, advertising is the main conduit that generates taste or preference and in the case of tourism (Aristegui News, 2019).

Taking into account the above and analyzing hotel occupancy data at the state level, it can be seen the hotel market as a more accurate panorama to make a comparison of the 10 most competitive states that Mexico has. It is important to take into account as already mentioned before, that a percentage of occupation does not necessarily lie in the fact that the state has more „existing" or „available" quarters, if there is enough affluence for all the rooms to be occupied, so it is

important that this be done specification to understand why a percentage of occupation directly affects the competitiveness of a destination and the importance as an indicator for future investors in these destinations as well as a possible trend of the expected percentage of occupation.

Table 4: Comparison of rooms at national level 2018

	Rooms 2018				
State	**Existents**	**Average**	**Available**	**Occupancy**	**Percentage of occupancy**
Quintana Roo	100,986	91,489	33,393,485	26,369,581	78.97%
Jalisco	75,422	45,099	16,461,135	12,346,827	75.01%
Ciudad de México	21,912	41,993	15,327,445	11,007,033	71.81%
Nayarit	34,745	19,926	7,272,990	5,145,101	70.74%
Baja California Sur	24,277	20,771	7,581,462	4,785,392	63.12%
Tamaulipas	26,818	11,829	4,317,585	2,719,076	62.98%
Aguascalientes	6,909	4,260	1,554,762	966,104	62.14%
Yucatán	13,076	8,657	3,159,805	1,915,721	60.63%
Sinaloa	20,942	14,108	5,149,420	3,017,403	58.60%
Nuevo León	18,923	14,365	5,243,225	3,049,344	58.16%

Source: Own elaboration with data from DATATUR 2018

These 10 destinations are the highest in hotel occupancy taking into account that it has been used only from the database of DATATUR hotels of 3 stars and up since the activity of the main hotel chains that are located in Mexico have their establishments positioned in these sectors. This is with the purpose of generating an analysis of the Posadas group and its commercial strategy, as well as its competitors. The percentages of occupation more than the arrivals of national or international tourists shows the capacity of the destination and the „profitable" that it can be to invest in hotel matter in the state / area or type of destination depending on the variables used; as can be seen in past graphs of the destinations it can be cataloged in different ways depending on the specialization or type of study objective in hotels accounted for.

4. CURRENT SITUATION IN THE LODGING

There are 13 face-to-face chains in the lodging market in Mexico, of which those with a higher level of hotels are: Posadas, IHG, Marriot, Hilton, Wyndham. Each one has different categories of hotels with different rooms and with different themes. In this way, it can be seen what is the value proposition of each of the hotels and to which market segment they are related at a national level. Posadas' firm competes with the following companies:

It is also important to mention that the table reflects in general the number of hotels and rooms per corporate and does not make a distinction between its different chains or franchises that generate the main differentiator between each one in the market; in general terms of the market of 3, 4 and 5 stars, these are the corporates which are located in Mexico. Taking into account the above, it can be affirmed that Posadas Group maintains the leadership in terms of hotels and rooms, which gives it the highest percentage of the market; however, its percentage is very close to that of the strongest chain globally with a difference minimal.

Table 5: Comparison of the chains

Chain	Hotels	Rooms	Rooms percentage	Hotel percentage
Posadas	176	27573	23%	26%
IHG	139	21611	18%	21%
Marriott	76	7200	6%	11%
Hilton	55	7600	6%	8%
Wyndham	50	6200	5%	7%
Grupo Real Turismo	41	6885	6%	6%
Misión	37	3650	3%	6%
Vidanta	25	7000	6%	4%
Riu	17	9200	8%	3%
NH	16	5200	4%	2%
Hyatt	16	4600	4%	2%
Palace Resorts	12	6000	5%	2%
Melia	12	5400	5%	2%
Totals	672	118119	100%	100%

Source: Own elaboration with information of the corporate pages of the hotels 2019

5. MARKET STRUCTURE AND CONCENTRATION INDEX

Taking into account the above, it can be assumed that the lodging sector in Mexico is a monopolistic competition. However, this may not be true. To understand more deeply how the market is, it is necessary to corroborate this information, which can be done with the indices of concentration which are in the annexes. Then, the results of the two concentration models that were obtained for the purposes of this analysis are added (See Annexes).

For the first analysis in the concentration index, the sum of the four companies was taken as a measure. The existing rank of concentration has a scale from 0 to 100 where 0 represents the case of perfect competition and 100 represents a monopolistic concentration. This is the main measure used to evaluate the structure of the market. The concentration coefficient is the sum of the 4 largest companies and the total sum which gives a result of 66.36%. According to Parkin, over 60% indicates a very concentrated market dominated by few companies in an oligopoly (Parkin, 2010) (Annex 1).

In order to corroborate the market concentration also for the analysis of this sector, the Herfindahl-Hirschman index (HHI) is used, which indicates that the lower the number, the more perfect the competition and the larger the market the more concentrated and begins to behave in a monopolistic manner. In the case of hospitality, the index has a value of 1470 which, according to the theory, puts us in a „moderately competitive" area since the interval for this definition is between 1000 and 1800 (Parkin, 2010) (Annex 2).

Therefore, it can be mentioned that in this confirmation of indexes there is an oligopoly. In it, the participants are few and the market price is influenced at the same time as its competitors, that is, the profit of the participating companies is not only a function of their level of production, but also according to the production of the rest of the companies. And in particular in this sector, it is a differentiated oligopoly, that is, we have the same product, but different characteristics. This is where this same differentiation makes the oligopoly have characteristics similar to monopolistic competition, however the assumptions are different.

6. MARKET DIFFERENTIATION

The differentiation of Posadas Group stands out for its different elements in the value proposals in each of its hotel franchises. Grupo Posadas has 7 hotel franchises with different market segments for each of them, which can be seen on their website.

1. Live Aqua: Live Aqua are hotels established for a segment of clients looking for „informal" but with luxury elements. They have simple but very elegant establishments and the first level service in kitchen, spa, lounge. It is the „highest" of the hotels Posadas has in its range of segmentation.
2. Fiesta Americana: The Fiesta Americana hotels are the most emblematic of the chain. They are five star and have luxury services as standard.
3. Fiesta Americana Grand: The Grand Hotels are a derivative of Fiesta Americana which offer a sense of „exclusivity" and „business"; it can be mentioned that they are the VIP of the Fiesta Americana. They are those that have more percentage of entry with the „Awards" the loyalty program of Fiesta Americana.
4. D. Fiesta Inn: Fiesta Inn enters the „business" segment of Posadas which focuses on short stays and for work reasons, are suitable with elements to work in the room comfortably and with a series of services aimed at necessary to operate an office.
5. One Hotels: The One hotels are the second best brand positioned in the Posadas group market since they have 49 hotels nationwide as opposed to the 75 Fiesta Inn. The main market sector they are specialized in is low cost and short stays for work reasons. This mix follows the parameters of Fiesta Inn but with cheaper elements.
6. The Explorean: The Explorean offers luxurious and top-quality stays in natural and cultural sites for its guests to enjoy a feeling of relaxation and complete disconnection.

The value proposition of each of the brands explained competes in the market against similar elements and therefore substitutes, that is, goods or services that satisfy the need to a satisfactory utility for the agent and the price is the determinant for the election of the clients. (Posadas Group, 2019). Taking into account the VRIO matrix, these are the main elements of the Posadas group in their value proposition.

Table 6: VRIO analysis comparison

VRIO Analysis	Posadas	IHG	Marriot	Key questions
Value	No	No	No	Is it valuable?
Rarity	No	No	No	Is it hard to find?
Inimitability	No	No	No	Is it difficult to copy?
Organization	Sí	Sí	Sí	Is there an organization to exploit the resource?

Source: Own elaboration.

The hotel sector is undoubtedly an intangible service; however, it is important to mention that it is a perfect substitute, that is, unless the „rewards" program of the different competences has already marked a preference or an alliance is chosen by the factor price and service and not so much for the intangible elements that are considered „plus". That is why Posadas' positioning analysis focuses more on the number of rooms and hotels that it has nationally, than its VRIO. Taking this into account, the value proposition of each of the brands and the market segment to which they are directed generate the following panorama.

Table 7: Posadas Group

Scale ID	Chain Scale	Affiliation Name	México	Rooms
2	Upper Upscale Chains	Live Aqua	5	793
3	Upscale Chains	Fiesta Americana/ Grand/ VC	29	7,627
5	Midscale Chains	Fiesta Inn/ Fiesta Inn Loft	75	10,392
5	Midscale Chains	Gamma by Fiesta Inn	16	2,227
6	Economy Chains	One Hotels	49	6,121
6	Economy Chains	Other	2	413
Total			176	27,573

Source: Own elaboration with data from DATATUR and STR Global.

It is not mentioned what these „other" hotels are or their prices; therefore, it cannot make an accurate estimate. It is necessary to mention some key concepts to understand the table. Chain Scale refers to the name of „classification" where the chain is located, that is, the Upper Up are chains that are expensive for a high income segment and hence the chain starts to fall down to level 6, which is the „Economy" that it can considered the most accessible among the hotels registered by stars among the corporate ones (STR Global, 2018). The Affiliation Name on the other hand refers to the specific name of the chain and what is the group to which it belongs, which for the purposes of the study the Posadas column was removed as the object of study.

According to the Posadas group report as of December 31, 2018 Posadas is the leading hotel operator in Mexico with 1,751 hotels and 27,491 owned, leased, franchised and managed rooms in the most important city and beach destinations visited in Mexico. 84% of the rooms are located in city destinations and 16% in beach destinations (Grupo Posadas, 2019).

7. CONCLUSION

Taking conducted analysis into account, the best feedback to confirm the hypothesis is that Posadas is the leader of the Mexican market thanks to its history, past and purchases of hotel sector strategies at the time. Thanks to this, it remains the market leader with the largest number of rooms and the largest number of hotels, since lodging services are substitute goods. Indeed, the price factor is what often determines the choice of the consumer before the substitute goods.

Taking into account the development of the document, it is necessary to develop strategies for future hosting times because there is not enough government support for tourism promotion, although it is true that these elements can be considered unfair since It gives more diffusion to the touristic pillars of the country that are already positioned, leaving disadvantaged other destinations not so favored by the field of tourism, but also not explored at all to generate tourism potential. Much remains in reflection if the occupation percentage is sufficiently determining for the tourist's consumption on the tourist site.

And also, the elements of innovation in lodging that threaten the occupancy percentages of a tourist site with traditional hotels such as the Airbnb. It is important to take into account that the figures for a percentage of occupancy are those registered in conventional hotels and not in digital platforms, which generates a bias of the true level of saturation of that destination. Posadas, for its part, is still working on the positioning of its hotels and its themes depending on the preferences and opportunities it has in terms of convenience, whether by location or area with the consumer.

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ANNEXES

Annex 1. Sum of the four companies

The methodology used to obtain this concentration index was taken by the four strongest companies in the market in the field of hotels which are: Posadas, IHG, Marriot and Hilton.The concentration coefficient of the four companies is the percentage share of the four largest companies in the industry under study. A value of 0% denotes an industry with perfect competition, however, a value of 100% indicates a case of monopoly (Parkin, 2010).

Number of hotels of the four largest companies = 446

Number of hotels of the rest of the companies = 226

Total Hotels = 672

$$Hotels = \frac{4\ largest\ companies}{Total\ in\ the\ hotel\ industry}(100) = \frac{446}{226}(100) = 66.36\%$$

Annex 2. The Herfindahl-Hirschman Index

The IHH is calculated by adding the squares of the individual market participants for all the participants. Based on Parkin (2010) between lower value, the calculation of IHH we'll be talking about a more competitive market, if a market has an HHI greater than 1,800; we can conclude that we are talking about a non-competitive market (Parkin, 2010).

$$IHH = \sum_{i=1}^{n} S_i^2$$

IHH = $26.19^2+20.68^2+11.30^2+8.18^2+7.44^2+6.10^2+5.50^2+3.72^2+2.52^2+2.38^2+2.38^2+1.78^2+1.78^2$

IHH = **1469.54**

MARKETING INFLUENCE OF TOURISTIC AIRBNB APPLICATION ON VACATION RENTAL MARKET IN LONDON, PARIS, BERLIN, ROME AND AMSTERDAM

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Abstract: *The research aimed to inspect the hypotheses that there is an influence of the Airbnb application on the vacation rental property market and covered the analysing of the hypotheses that there is a significant impact of the Airbnb application on the market of real estate rentals covering the analysis of renting properties in some of the most attractive touristic destinations in Europe- London, Paris, Berlin, Rome and Amsterdam. Conducted research led to a conclusion that the Airbnb application contributed to tourism growth in a bit remote and neglected parts of reviewed cities, enhanced entrepreneurial spirit of the locals together with their migration from urban centres towards further, more serene city dwellings. The base hypothesis that the Airbnb application has a significant effect on the real estate market shift affecting price formation of short-term rentals whether private or hotel accommodation, along with longer term tenancy is conclusive.*

Keywords: *Airbnb Application, Marketing Influence, Real Estate Market, Property Rentals, European Cities.*

1. INTRODUCTION

Development of the Airbnb platform is unquestionably one of the most significant innovations in the tourism industry around the world. Although the platform has been in use since 2008, for barely 10 years, it has largely succeeded in altering traditional practice in Tourism. In the modern business world, it is almost impossible to communicate effectively without the use of contemporary ICT (Radnović, 2019), Most tourism organizations, providers of tourism services, both small and large, rely on marketing to provoke consumer interest. This involves the creation of promotional campaigns based on media mix, having in mind the special role of digital media (Radnović, 2019).

The company launched the idea that came to life and developed to a larger extent than it was even possible to anticipate (Guttentag, 2015). As a result, the Airbnb company has flourished and not only influencing and altering traditional ways of tourism industry (Zervas, 2017), but also enhancing entrepreneur spirit thus positioning such form of renting accommodation to tourists in the cities worldwide as preference when it comes to making reservations (Guttentag,

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2017). The fact is that the Airbnb is not the only company in this line of business, however, it is by far the most popular and renewed compared to other ones of similar type. In the one of the latest published works (Guttentag, 2019), was shown a detailed overview of the scientific research in connection to the Airbnb Company up to present. The very fact that the company is in the focus of scientific research, speaks of its contribution and relevance. Online platforms are results of marketing research. Marketing research is very important for customers satisfaction in everyone's services (Radnović, 2015).

Basically, the Airbnb is an online platform that enables hiring or letting a property as a tourist accommodation. Properties can be rented as an entire place, a private room within a flat or a house which is occupied by an owner. Apart from common accommodation, the Airbnb offers some more exotic loggings such as: a castle, an igloo, a tree house and some such. The very booking process does not differ much from a typical way of making a reservation of a hotel room through an agency or some other web sites, except for an option to directly contact an owner of a property. Advertising vacancy for a real estate on this platform is fairly straightforward process, it takes just few steps: upload photographs of the property and write a detailed description on your account.

Travelers can view properties listed at official website or through the mobile application to make a search based on different types of accommodation - entire place, private room or shared room- based on date, location and price per night. Prior to booking, it is necessary to create an account with personal and payment information. Some of the Airbnb hosts insist on some kind of validation e.g. scanned and uploaded ID before accepting the reservation.

Description of a property covers information on capacity, that is, the number of guests that can be accommodated in it, type of the accommodation, rules that are set by the owner regarding the use of the property as well as the detailed description of the premises. Price per night can be set by an owner, yet, what is most interesting is that the Airbnb platform uses certain algorithms that offer optimized price for the given period of time, surrounding properties listed or available capacity. Nonetheless, there is an interesting question in what way the Airbnb makes profit. The answer is simple, the Airbnb charges the service to the owner of the rented property and to the guest as well. Extremely important aspect of the whole process is sharing the experience publicly of the both-host and guest-which are highly informative and contribute to building up trust (Jøsang, 2008).

In the aspect of trust, security and protection, the company offers various ways of verification, insurance during stay, including a refund if the reservation is cancelled in a given time defined by the regulations.

Considering constant development of the application, new services such as Instant Booking are added - it allows instant confirmation of the booking without prior approval of the host. After the instant booking takes place, there is a 24h period that enables both parties to agree and confirm the reservation.

Also, there is an incentive offered by the company in the form of a Superhost badge that sets apart certain properties distinguishing them as the ones that accomplished a sufficient rate of bookings to be regarded as the most popular ones and at the same time recognized as role models.

Furthermore, the Airbnb Company made arrangements with several tourist companies that are focusing at organizing corporate travel (Griswold, 2016), and recently even signed an agreement

on cooperation with investors dealing with building of residential property, a real estate complex designed especially for the Airbnb rentals (Quackenbush, 2018).

Apart from accommodation, this application enables booking restaurants or even activities that include excursions, guided tours with local guides, attending courses, gaining certain skills and knowledge through various educational courses such as painting, cooking and similar. Data from 20th June, 2019, shows that the Airbnb had 140.000 realized reservations in 2010. There was 800.000 in 2011, 3 million in 2012, 6 million in 2013, 16 million in 2014, 40 million in 2015, 80 million in 2016, 115 million in 2017 and 164 million in 2018 (Molla, 2017; Team, 2018).

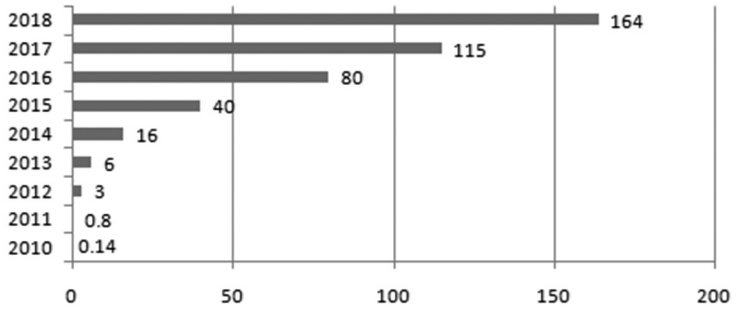

Figure 1. Number of realized reservations in millions in a period 2010-2018
Source: Guttentag, 2019

In order to host all these guests, data from 2018 (see Figure 1), show that the Airbnb's base had over 5 million accommodation units (Airbnb, 2018) , which exceeds top 5 companies best ranked in hotel business compared to total capacity worldwide (Hartmans, 2017) (see Figure 2.).

Figure 2. Comparison of the Airbnb Company with major hotel chains
Source: Griswold, 2016

Current data available on official Airbnb website (Airbnb, 2019) states that the Airbnb has at its disposal more than 7 million accommodation units, in more than 100.000 cities around world in over 190 countries. More than 500 million people booked accommodation via Airbnb. Every night, Airbnb hosts offer hospitality to over 2 million tourists.

The bit that is still being shaped are activities that currently count 40.000, in over 1.000 cities. The latest published assessment is that the Airbnb capital reached 60 billion American dollars. The thing that might threaten such successful innovation in the world of tourism are hotel companies that are

most affected by such platforms (illustrated in graph no. 2). In order to overcome different conditioning and obstacles, the Airbnb started developing parts of the cities that previously were not attractive, turning them into appealing tourist locations.

As the Airbnb became increasingly interesting topic to wider public, number of scientific works started to grow. The work of Daniel Guttentag (Guttentag, 2019), has been the first that gives detailed overview of so far published works referring to the Airbnb.

2. METHODOLOGICAL BASIS OF THE CONDUCTED RESEARCH

In this work, by applying desk research method and using random sampling for analysing data, are selected some of the largest European cities: London, Paris, Berlin, Rome and Amsterdam. Purposely, the sample includes, apart from 4 European Capitals – London, Paris, Berlin and Rome, 1 city that is not a Capital, yet, it is one of the major European tourist centres - Amsterdam. The aim was to compare and contrast some of the fundamental tourism indicators: number of listings, average daily rate, average occupancy, average occupancy in days, average monthly earnings in EUR, etc.; and additionally, to analyse impact of the Airbnb application on the real estate markets of the given cities.

The initial hypothesis that was a starting point for this research said: there is marketing influence of the Airbnb application on real estate market in the analysed cities: London, Paris, Berlin, Rome and Amsterdam.

Time frame for conducting the research was from July till October 2019.

3. ILLUSTRATING DATA AND ANALYZING FINDINGS

The Airbnb platform within its core activities, conducts investigations in connection with monitoring influence of the Airbnb on economy, marketing and tourism of cities in Europe as well as worldwide, in order which they published a number of reports on their official website. The first report of the kind was made public in 2012 by the Airbnb, referring to a city that is not in Europe but in the United States- San Francisco. These reports are comprised of surveys that were carried out among the platform users along with gathering comments and experience assessments of the Airbnb hosts and guests which led to conclusions regarding average earnings and the ways they were spent, difference between an Airbnb tourist and traditional one, etc. The goal of publishing these reports was to enhance understanding of the positive aspects the Airbnb derives through turning less appealing and neglected parts of cities that were of no interest for tourism, into environment far more attractive to tourists, but also to those who look for long term accommodation and who did not take into consideration those areas for living beforehand, according to available date from official published Airbnb blog (Economic Impact Airbnb, 2019).

3.1. Amsterdam

In June 2013, the Airbnb platform published study on economic influence of the platform in Amsterdam. The Study revealed that large majority of local population rents their property from time to time, which provides them additional income that is for instance used for paying bills, as investment into renovation or enabling them to start their own business.

A huge advantage of the Airbnb application is to make it possible for tourists to gain real life experience of the living in a city they are visiting, through the way of life of the locals.

The study also disclosed that Airbnb tourists are likely to spend more compared to traditional tourists. The most significant conclusions of this study are that 87% owners let property that they live in. While 36% Airbnb hosts claim that this extra profit makes it easier to cover for cost of living, additional 30% use the profit as deposits for founding and starting their own businesses. Airbnb guests stay on average 3.9 nights and spend circa €792 during their stay in Amsterdam as a contrast to tourists that book their accommodation in hotels that stay on average 1.9 nights and spend about €521. In a period of a year in 2012/2013, 2.400 Amsterdam hosts put up over 62.000 Airbnb guests.

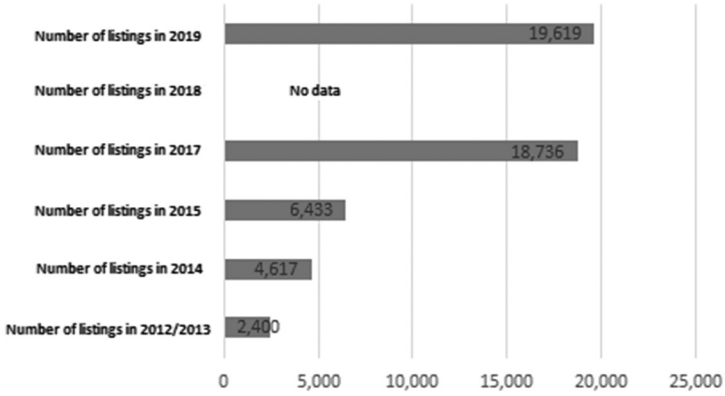

Figure 3. Number of accommodation units/ listings in a period 2012-2019
Source of data: Inside Airbnb Amsterdam

On the Figure 3, it has shown that Amsterdam in 2019 has multiplied the initial number of listings from 2012/2013 eight times.

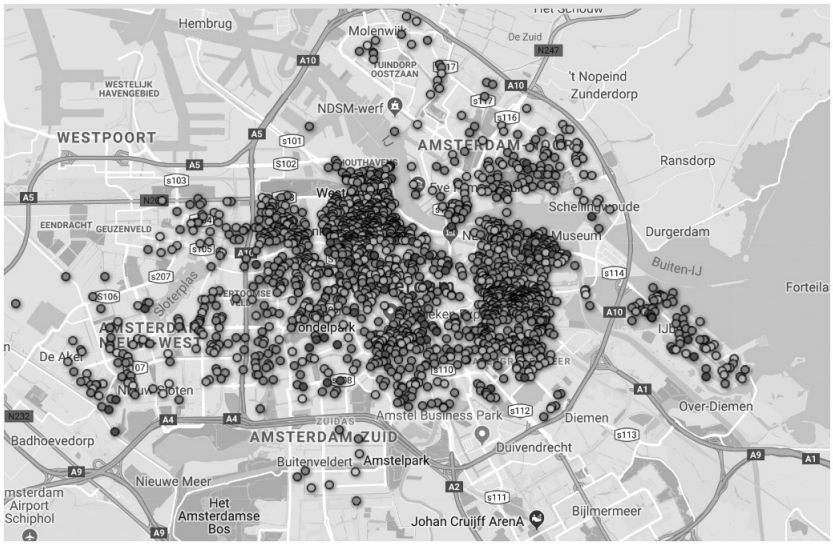

Figure 4. Spatial representation of accommodation unit distribution in the city area of Amsterdam in 2014
Source: Fusion Tables Google, 2019

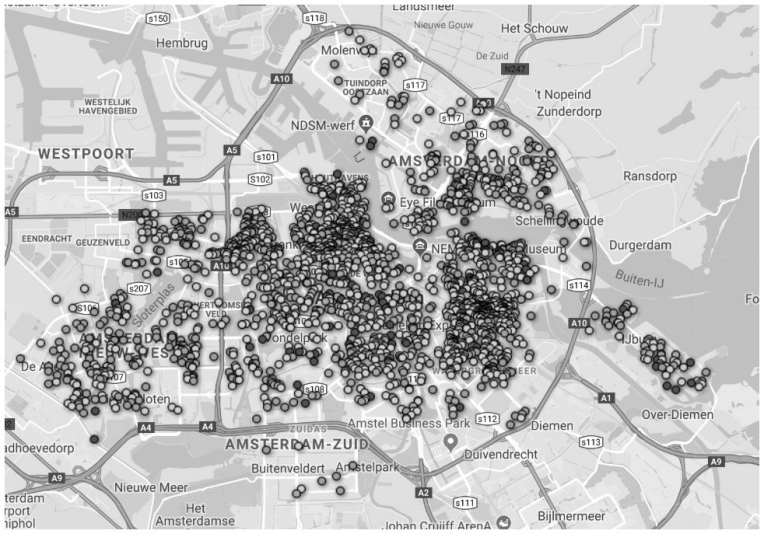

Figure 5. Spatial representation of accommodation unit distribution in the city area of Amsterdam in 2016
Source: Fusion Tables Google, 2019

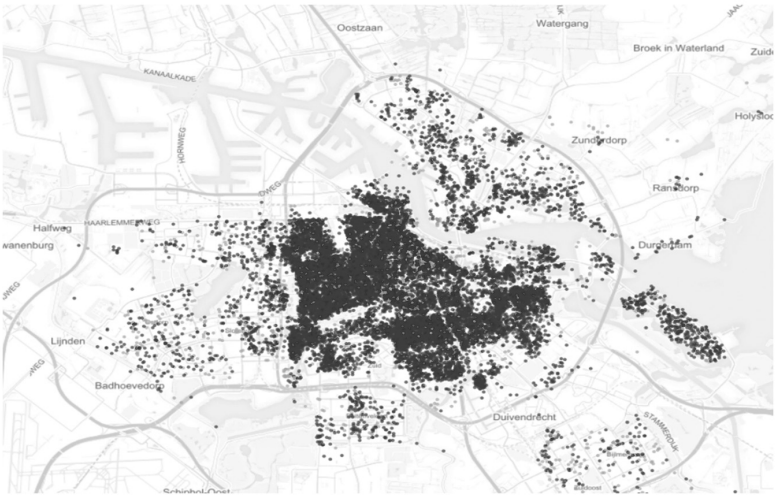

Figure 6. Spatial representation of accommodation unit distribution in the city area of Amsterdam in 2019
Source: Inside Airbnb Amsterdam, 2019

On the figures 4, 5 and 6 it has visualized the number of listing over time from 2014 to 2019, as spatial representation of accommodation unit distribution.

Amsterdam is the first city that enacted law and legislation on renting through the Airbnb platform. The law was passed in 2014 within newly made category of renting property/apartments called „Particuliere Vakantieverhuur", which means private renting of the property to tourists, and allows short term letting to tourists under following conditions: only registered owner of the property can let it (in most cases subletting is forbidden, that is to say, long term renter is not allowed to let the same property short term to anyone), property cannot be rented more than two months in a year and cannot be occupied by more than four persons at the time. Apart from law and legislation, the Airbnb platform sands e-mails to landlords twice a year as a reminder of legislation in order to keep them aware of the current laws that they need to comply with.

According to available data from December 2017, there have been 6.183 flats/apartments that are completely offered for renting, which makes 33% of all accommodation units listed on the platform. These units have been assessed that are booked more than 60 nights per year, which is opposed to enacted law. To add, 1.299 accommodation units have been adjusted to accommodate more than 4 persons, which could lead to conclusion that it is breach of law, yet, it is possible to present one property as several accommodation units in the category of private rooms, thus such breach can be met with reservation.

A model that is used to analyse data encloses: assessment of availability of listed accommodation units (occupancy rate), income per month and number of booked nights per year. According to source (Inside Airbnb Amsterdam, 2019) that covers latest data from 08.08.2019., there are 19.619 accommodation units in Amsterdam (see Figure 3).

3.2. Berlin

In 2012/2013, it has been noted that owing to the Airbnb platform, people that let accommodation in Berlin acquired about €100 million from 77% accommodation units that are away from the hotel districts. Such spatial distribution as well as improvement of conditions of the surrounding districts and also their inclusion into Berlin's tourist attractions, revealed that three districts: Neukölln, Kreuzberg and Wedding had significant increase of visiting tourists.

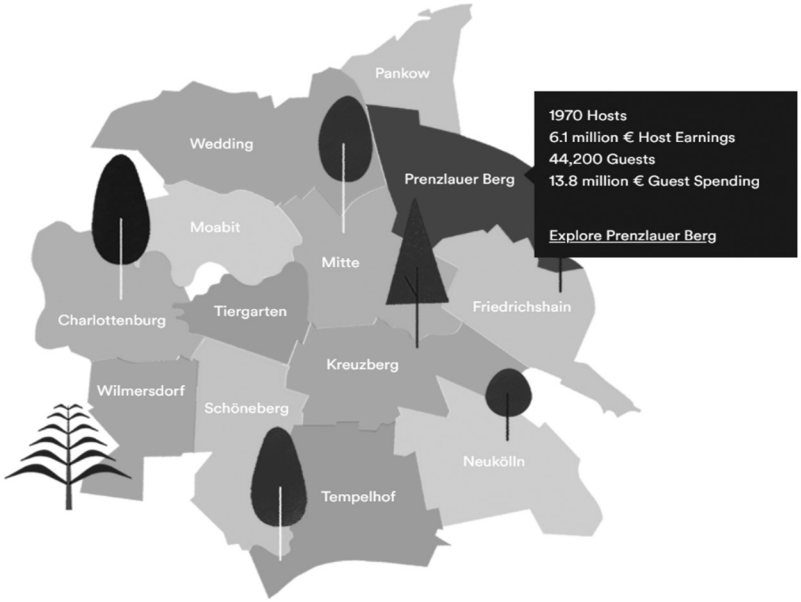

Figure 7. Illustration of Berlin district map and example of one isolated district
Source: Inside Airbnb Berlin, 2019

Figure 7 has illustrated the district map of Berlin, with one isolated district showing the number of hosts, host earnings, guests and guests spending in that particular area.

In a given period of time, there are 5.600 Airbnb hosts registered. Some 48% spend their earnings on daily expenses and cost of rent. Almost half of the Airbnb hosts earns between €1.650 and €2170 per month. The Airbnb guests stay on average 6.3 nights and spend €845 during their stay, while hotel guest on average book 2.3 nights and spend mean €471.

What is more, 77% of the Airbnb accommodation units are away from hotel districts of Berlin. During given period of time, the Airbnb hosts in Berlin put up more than 63.000 tourists (Airbnb, Berlin Economic Impact, 2019). Berlin is visited by 245.000 Airbnb tourists in 2018, and 80% of them are foreigners. To note that 80% of accommodation units are away of hotel districts. It is marked that 86% of visitors prefer to have kitchen and appliances during their stay, which are not most often available in hotel rooms. In this period, it is registered 9.400 Airbnb hosts in total. Taking in consideration that Berlin is a city of art and culture, 32% out of total number of the Airbnb visitors are into art or working in department of culture. About 31% of the Airbnb hosts use their profit made by renting for starting their own business. An average Airbnb host that lets their apartment 4 nights per month, makes €210 monthly. On 11.07.2019., there are 22.552 accommodation units in Berlin among which are 47% of apartments that are rented in full with average price per night of €83, while average price per night in any type of accommodation unit is €67 (see Figure 8.).

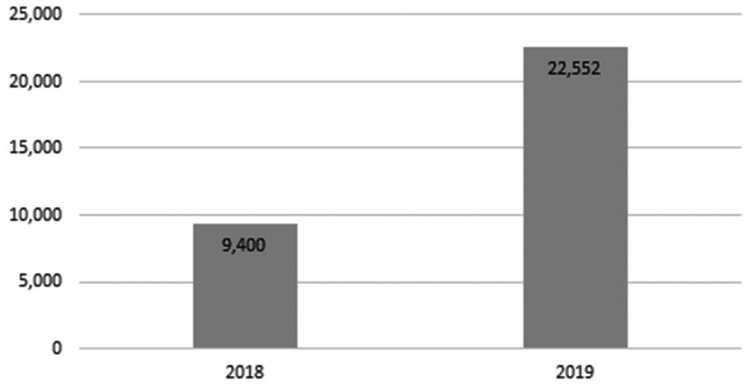

Figure 8. Illustration of increased number of listings in a period 2018-2019
Source: Berlin Economic Impact, 2019

3.3. London

The Airbnb published the first study on economic impact in The United Kingdom in 2014, as specially extracted data on London and Edinburgh. In 2013, the Airbnb turned $824 million on the UK territory, by using this platform in the fields of activities and bookings, which led to employment of 11.600 people at various jobs related to short term renting of real estate to tourists. The study also indicated that 80% of Airbnb hosts let accommodation in which they actually live in order to increase their income and improve quality of life. Like in all other places, Airbnb tourists spend more and stay longer compared to others. Major points of the study concerning London are that about 80% Airbnb hosts let property they live in and earn $4600 yearly, renting on average 3 nights per month. 63% of the hosts state that in this way they cope with living expenditure much easier, which would be difficult to do otherwise. This way of renting property supports entrepreneurial spirit and non-traditional forms of doing business. Circa 42% Airbnb hosts are people that run their own business, freelancing or do part time jobs. To such people, extra earnings mean a lot. Airbnb tourists on average stay 4.6 nights, compared to 3.1 of other visitors. Moreover, Airbnb tourists spend twice as much money, $1.496, in comparison to circa $713 spent by others. In London, 72% Airbnb accommodation units are away from the main hotel districts, yet, 41% of visitors spend their time within the same district where they booked accommodation. Data from June 2016 indicate that 41% of all accommodation units listed on the platform were rented more than 90 nights per year, even up to 198 nights per year. Many of them are considered to be illegal since they do not comply with regulation of the new laws

that were passed on the United Kingdom territory. Introducing restrictions through legislative regulations regarding allowed length of time for letting property protects long term renting, that is to say, protection is meant for renters of accommodation units that have no property of their own but are forced to hire a place for living. What is also notable is a fact that 42% of registered accounts on the Airbnb platform possess more than one accommodation unit.

Laws regarding letting accommodation in the United Kingdom date from 1973, and are revised in 1983; and regulates required permits for such mode of renting property, furthermore, forbid letting any property in a shorter time frame, that is temporary 90-days accommodation. Breaking the law is fined with £20 000. A law on deregulation was passed in both houses of the UK Parliament, and the royal assent of Her Majesty became a law in 2015 says (extracted relevant parts): The law is to be applied to 32 London districts and the city, provides as follows:

1. primary protection of the existing real estate market for permanent residents,
2. short term renting is allowed but under certain conditions,
3. number of booked days cannot exceed 90 during one calendar year,
4. imposed profit tax.

Problems that Governments face also refer to finding adequate ways to discern who oversteps the limit of booked 90 nights per year thus breaking the law, as well as discerning liabilities of platforms such as the Airbnb that promote, facilitate and enable presenting and displaying living space like premises for accommodating tourists. The Government elicited districts' standpoints, which in return were given by 15 out of 32 London districts. It turned out that 8 held negative standpoint due protection of the existing real estate market for permanent residents. One of the districts even urged shortening regulated length of renting from 3 to 1 month in order to prevent turning central London area into "set of overpriced accommodation units". During the phase of analysing and consultation of the bill, a research was carried out on the earlier implementation of the law in practice, which led to conclusion that 80% of accommodation units that were listed or noted to breach the law in a certain way were still advertised as available accommodation units and in addition 19% of total number of apartments in residential buildings were rented short term to tourists.

Figure 9 represented spatial distribution of accommodation unit in the city area of London.

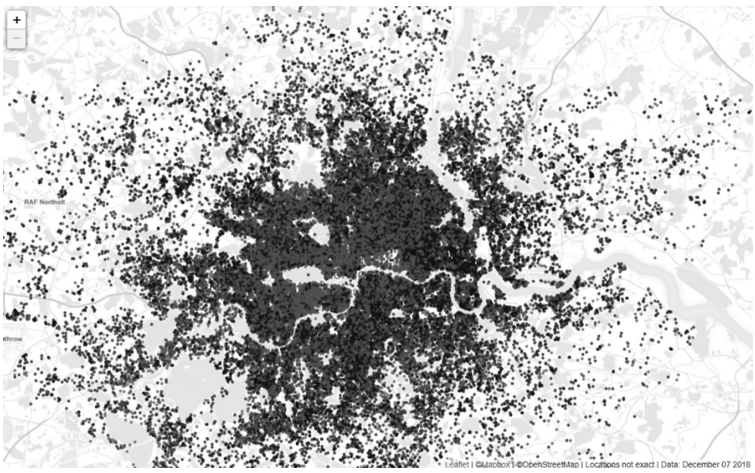

Figure 9. Spatial representation of accommodation unit distribution in the city area of London together with all respective regions in 2019
Source: Inside Airbnb London

On 10.07.2019., were registered 77.096 accommodation units in London. Out of which 55.5% were apartments or houses that were rented as entire places, 43.6% were rooms within flats that were rented to larger number of persons or were part of a flat/house in which owners resided. Total average price per night was £112, approximately €125. On average, total occupancy was 23.6%, which made 86 nights per year, and average earnings were £683, or €770 per month (Inside Airbnb London, 2019).

3.4. Paris

In June 2013, the Airbnb published official results of the study on evaluation of economic influence of the Airbnb platform on tourists and hosts in Paris. One-year analyses showed that the Airbnb made 185 million euros. In a period 2012/2013, 10.000 Airbnb hosts put up more than 223.000 tourists, primary letting houses they resided in. 50% Airbnb hosts used the income to cater for cost of living while circa 20% invested in their own businesses. Airbnb tourists stay 2.9 nights longer than traditional ones on, average, and spent €426 more than tourists staying in hotels. 70% accommodation units were located away from hotel districts, causing increase in hotel occupancy and price of stay per day, in order to meet the growth that the Airbnb caused. Paris is a city with the largest number of accommodation units compared to any other city in the world- slightly more than 52.000 accommodation units, out of which 86% have been rented as entire places to tourists. Since the Airbnb platform have come to this city, more than 20.000 apartments vanished from the market of traditional renting.

In Paris, a law was passed in March 2014, which allows letting of private property for longer than 4 months a year only if the same property is occupied by the residing owner. As for properties that are not used for living by the owner, it is illegal to rent it for less than a period of one year, except if it is registered as commercial property. It is estimated that around half of the real estate that is listed on the Airbnb platform, are not primary residences, furthermore, only small number of owners operates legally, register their property as commercial. To those who are caught in renting a property without a licence or let secondary property, or themselves hire properties for longer than four months, official sanction is €25.000.

On 09.07.2019., has been registered 59.881 accommodation units, averaging at €111 per night. Average occupancy has been 25.3%, which is about 92 nights per year, monthly earnings are €793 (Inside Airbnb Paris, 2019) (see Figure 10. and Figure 11.).

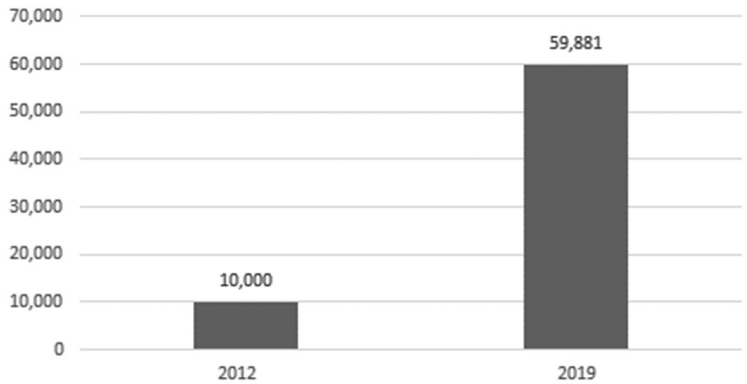

Figure 10. Illustration of increased number of listings in a period 2012-2019

Source: Inside Airbnb Paris

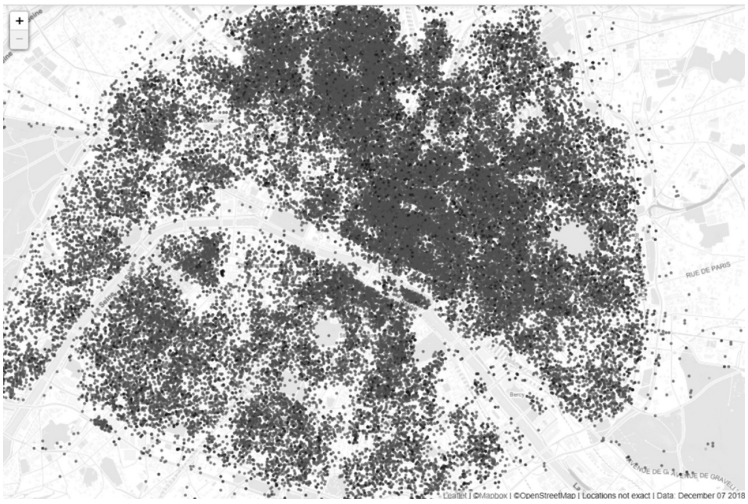

Figure 11. Spatial representation of accommodation unit distribution in the city area of Paris in 2019

Source: Inside Airbnb Paris

3.5. Rome

What separates Rome from other cities is that more than 50% of accommodation units registered on the Airbnb platform are in the city centre, not in surrounding districts. Also, more than one half are real estates that are rented as entire places to visitors, in addition, more than half of advertisers have more than one listed property. Since there is growth in the number of properties that are rented short term to tourists, local population is forced to move to suburban areas. More than half of registered listings refer to the area of the first municipality, that is, the richest district and central part of the city.

Besides, there is an interesting fact that not only local people do this kind of job for extra profit but also newly formed agencies set for this purpose as well as trained specialists that have more than one listing registered on the platform. What affects other European cities as well, yet is first time mentioned in connection with Rome is that this kind of short time letting pays off better than long term renting, which causes price increase of long-term renting. Since these properties are increasingly scarce, it contributes to constant relocation of local population toward suburbs. In Rome, 20% of people live in rented accommodation. Some 69% live in their own properties, and 9.6% cover for other types of accommodation such as trailers, tents, etc.

The Airbnb platform evidently affects the changes in traditional hotel industry. In 2016, growth of tourism sector related only to medium-high range of property, as a consequence of a model of renting private accommodation to tourists, which potentially put at risk numerous jobs related to this industry. There was a deficit of work force in service business together with a lack of investment, in spite of a steady growth of number of people visiting Rome. The city hosted over 38 million of visitors yearly and had the largest tourist tax in the country. In 2016, the Ministry of tourism confirmed that solely from tourist tax, city of Rome cashed in more than €100 million.

The latest changes and amendments to law and regulations in the region of Lazio where Rome is located, aims at introducing registration numbers of each accommodation unit, thus forming a data base. Recent regulations that are introduced all over Italy, comprise obligation of a mul-

tinational company to pay 21% Tax on rental income. Nonetheless, what imposes a problem is that the Airbnb Company has no official seat in Italy, so it is legally impossible to be prosecuted for tax collection.

The Airbnb platform is considered to be socially destructive doing more harm than good to the city, for that very reason a group is formed and a new platform launched called FairBnb, which is run by local people as a network of hosts, guests, local businesses and citizens.

According to data on 12.07.2019., on the Airbnb platform is registered 29.436 accommodation units, with average price per night of €98 and average occupancy of 24.4%, or 89 days per year (Inside Airbnb Rome, 2019) (See Figure 12.).

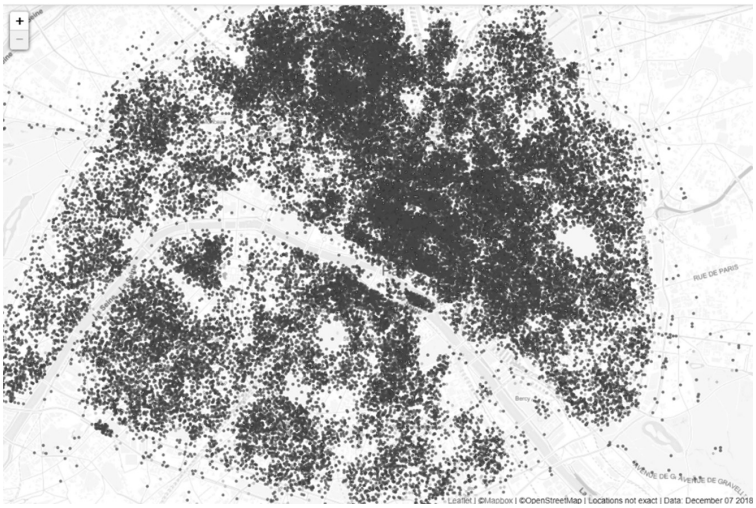

Figure 12. Spatial representation of accommodation unit distribution in the city area of Rome in 2019

Source: Inside Airbnb Rome, 2019

4. CONCLUSION

After selective analysis of received data relating to the Airbnb platform and renting real estate in some of the major cities in Europe (Inside Airbnb, 2019): Amsterdam, Berlin, London, Paris and Rome, a cross display is applied as well as cross analysis of the received data, which is illustrated in a table no. 1 and in figure no. 12. In the table and in the figure interesting data is observed, which give a new base for further development to marketing experts of the Airbnb application and above all clearly indicate that usage of the application is justified.

Table 1. Available data of the Airbnb platform on July, 2019.

City	Number of listings	Average price per night in EUR	Average occupancy (%)	Average occupancy in days	Average monthly income in EUR
Amsterdam	19.619	156	19,72%	72	865
Berlin	22.552	67	27,94%	102	550
London	77.096	125	23.56%	86	770
Paris	59.881	111	25.20%	92	793
Rome	29.436	98	24,38%	89	614

Source: Inside Airbnb, 2019

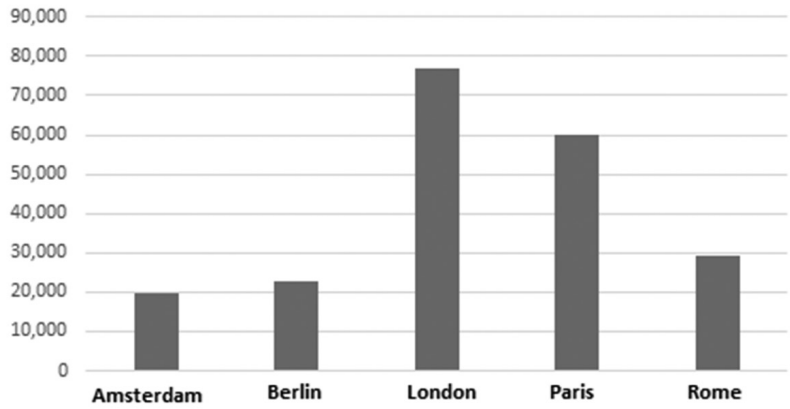

Figure 13. Illustration of increased number of listings in 2019.
Source: Inside Airbnb, 2019

The biggest number of listings has convincingly London (77.096), what is to be expected, especially considering that all districts and municipalities of the city are included in the analysis.

Likewise, next to London according the number of listings is unsurprisingly Paris (59.881), far less listings have Rome (29.436), Berlin (22.552) and Amsterdam (19.619). London and Paris are distinguished as the cities with the largest number of registered accommodation units on the Airbnb platform.

Apart from registered accommodation units, in this work is analysed monthly income that is derived from property renting via this platform, in consideration is also taken an average price per night as well as average occupancy in days.

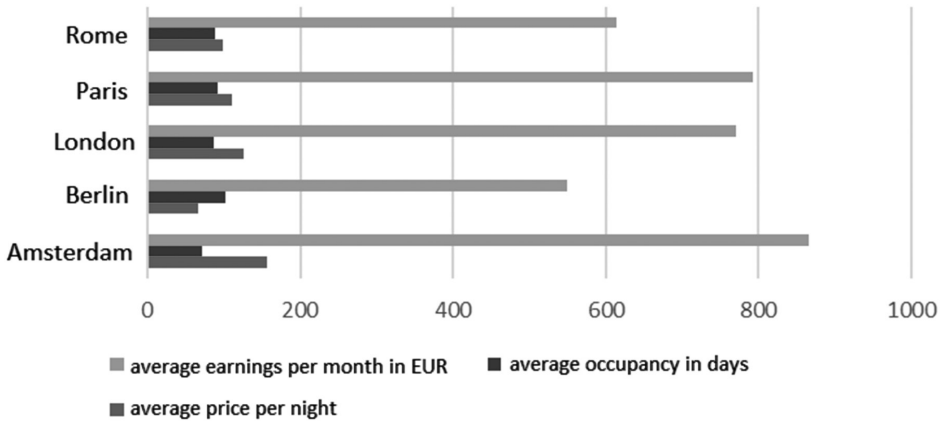

Figure 14. Analysis of average monthly earnings per a city
Source: Inside Airbnb, 2019

As for average price per night, it is intriguing that although among European cities covered in the analysis is just one that is not the capital city-Amsterdam, it has the biggest average price per night -circa €159, while the smallest price per night has Berlin - €67, which is to the certain point to be expected considering the real estate market and their distribution (mostly outskirts) that are offered on the Airbnb application.

Whether due to average price of stay per night or because of overall tourist offer of the city, Amsterdam has the least average occupancy (the most frequent is in Berlin- 102 days or 27.94%)

from 19.8% taken in relative, 72 days seen in absolute units. However, excluding this, Amsterdam hosts that let property via The Airbnb platform generate the highest monthly earnings in euros- on average €865. Airbnb hosts in Paris and London monthly earn €793 and €770, respectively.

As an overall conclusion of the conducted research, the starting hypothesis is forced upon us regarding marketing influence of the Airbnb application on the real estate renting in analysed cities: London, Paris, Berlins, Rome and Amsterdam. Advantage of the Airbnb platform and its usage from the viewpoint of the local population that let property is reflected through possibility of acquiring additional income, enhancing entrepreneur spirit and starting new work posts. In addition, the Airbnb application contributed to tourism development of the districts that were not of the tourist interest beforehand (suburban districts of the Capital cities except for Rome). The Airbnb platform is also enabled to send instructions to its users on improvement of current business activities, such as, how to increase visibility and a number of bookings in a way that helps to set a price according to a season, demand and neighbouring accommodation units and not a fixed sum, in order to increase profit.

The thing that is noted as a drawback of this application are poorly regulated common legislations that would allow legalisation of this aspect of renting in a way that it does not affect nor impair long term real estate renting market.

Our future work will be directed towards expanding research database and geographically spatial research area to China, Middle East and Gulf Countries. Additional work on improving statistical approach is necessary. That would allow us to understand better and realize the global impact of the usage of Airbnb application on the real estate renting. Finally, there is certainly space for including some unforeseen circumstances, such as economic crisis, civil wars, epidemics and pandemics or natural disasters that could affect Tourism, and also the usage of Airbnb application, and contribute to the forming a realistic image of the impact of the usage of Airbnb application on the real estate renting.

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CLIMATE FRIENDLY URBAN TOURISM, CASE OF HUNGARY

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Abstract: *With the current level of urbanization in the developed economies, it is not surprising that most of destinations are urban areas. Tourism on addition to population growth and immigration is increasing pressure on city natural and manmade resources. In the city, environment comprises of human, social-cultural, economic, technological, legal, nature and climate. All these dimensions of city environment are affected by tourism. This study uses content analysis technique to evaluate urban tourism sustainability so as to shed light on environmental integrity for tourism in urban areas. The selected cities are Budapest, Gyor, Debrecen, Pecs and Szeged. Analysis of the city and tourism related development strategies reveal: increasing cities' green belt, intelligent mobility and tourism product diversity. Ranking based on these factors could be compared with other rankings. In-depth interviews were conducted which confirm the tourism environmental assessment of tourism strategies and projects, as well as restructuring and redefining tour packages.*

Keywords: *Strategy, Adaptation, Mitigation, Urban tourism.*

1. INTRODUCTION

Due to the multiplier effect of tourism, feasibly, it can influence directly or indirectly several Sustainable Development Goals (SDG), like SDG 11 and SDG 13. SDG 11 aim sat making cities and human settlements inclusive, safe, resilient and sustainable. United Nations World Tourism Organization (UNWTO, 2015) points out that tourism can advance urban infrastructure and accessibility, promote regeneration and preserve cultural and natural heritage, assets on which tourism depends. Investment in green infrastructure (more efficient transport, reduced air pollution) can result in smarter and greener cities for not only residents but also tourists. SDG 13, urgent action to combat climate change and its impacts are required. Tourism contributes to and is affected by climate change (UNWTO, 2015). It is, therefore, a destination and its sectors to take its roles in the global response to climate change, which is as a result of global warming. Urban tourism has the possibility to influence resource use, energy consumption and technological advancements to reduce its share GHG emissions. With the annual growth of international tourism, if nothing is done, life will be compromised.

In the year 2018, there was a global tourism growth rate of 5% in terms international tourist arrivals to 1.4 billion (UNWTO, 2019). This growth can be attributed to (Pololikashvili, Z., 2019) the technological advances, growing middle class in emerging economies, new business models, affordable travel and visa facilitation. The main growth of tourism is occurring in the urban areas and cities (Rogerson & Rogerson, 2014), this is as a result of urbanization. There is a growing commercial beautification of formerly public spaces into consumable tourist attractions, the intention among the city entrepreneurs and the local authorities, in many cases, has been to satisfy the attracted tourists and travellers. Urbanization is one of the most important global change pro-

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cesses (UNWTO, 2019), among its results is urban tourism. Therefore, cities are receiving more city break tourists and business travellers. These tourists on addition to the local inhabitants of the cities result to multiples pressure on available resources in the environment. These resources include and are not limited to human, social-cultural, economic, technological, legal, nature and climate; human beings as urban tourism resource act as service providers and as they strive to maintain or improve service quality, they can be constrained by high turnovers at peak hours or peak seasons. Social-cultural factors such as traditions, art, history and heritage of the city are also influenced by tourism. City economic resources such as infrastructure, transport, accommodation and other industries can be enhanced by tourism or be constrained as well. When it comes to technological resources, innovation has favoured them due to competition among city tourism service providers and the changing tourist needs as well as the growing availability of information to travellers that significantly affects their satisfaction, hence the need to technological innovations for product and service developments. Nature and climate are the vital resources that tourism thrive on, nevertheless, there are considerable impacts on of tourism on nature and climate, they include and not limited to carrying capacity of the city, water and air quality and contribution to greenhouse gas emission. The pressure of tourism on destinations environment has been an issue over history. Immediately after discovery or exploration of a natural attraction, tourism compromises its authenticity, even so, its aesthetic value can be maintained or be improved if sustainability is embraced. For the case of tourism, according to UNWTO, sustainability is when travellers' needs are addressed without compromising the ability of the current and future generations to meet their needs. Therefore, it implies conservation and resource efficiency in destinations such as urban realm. Sustainability cuts across all the city resources for tourism mentioned earlier. Given the vitality of the environment and climate, this research has focused only on the environmental dimension of sustainability in urban tourism and new possibilities in Hungary, and therefore seeks to evaluate tourism-environmental agenda in the urban development.

This purpose was simplified into three objectives;

- To determine climate change mitigation measure for urban tourism by city management,
- To find out urban tourism adaptation to climate change,
- To illustrate the process of urban tourism mitigation and adaptation to climate change.

Having mentioned human, social-cultural, economic, technological, nature and climate resources, legal resources are also important for providing framework upon which urban tourism is managed and governed. Tourism legal resources comprise of, (according to Gregorić, M., 2014), legal structure, tourism legislation and laws relating to the regulation of relations that can affect the development of tourism, however, despite the popularity and magnitude of urban tourism, most cities do not have specific urban tourism policies and blueprint, instead there are sometimes conceptualised in the overall urban policy, strategic plan and blueprints. Due to the complex nature of urban tourism, ranging from the supply side to demand side, there is need to address it as a distinct industry so as to address it with specific strategic plan or blueprints. On the contrary, some cities don't have urban tourism strategic plan thereby addressing tourism agenda in the urban development strategic plans, and even some doesn't acknowledge it at all yet tourism business goes on in such cities. Urban tourism is not only neglected in management but also in academia; Ashworth in 1989, for example, emphasised on urban tourism as Double Neglect; "those interested in the study of tourism …tended to neglect the urban contexts [and] those interested in urban studies [had] been equally neglectful of the importance of the tourist functions in cities" (Ashworth, 1989: 33, quoted in Page and Hall). Despite this neglect of urban

tourism in management, policies and in research, it remains the fastest growing form of tourism. As a result, UNWTO have had 8 summits on urban tourism where participants agreed on declarations to guide urban tourism developments.

Table 1. UNWTO Summits on City Tourism

Date	Theme
15-16 November 2012	Catalysing economic development and social progress
19-20 September 2013	Implementing Innovative Strategies to enhance Competitiveness and Business Development
9-10 December 2014	New Paradigms in City Tourism Development
14-15 December 2015	Re-inventing city tourism
1-2 November 2016	Local culture for global traveller
4-6 December 2017	Sustainable and Competitive Tourism on the New Urban Agenda
19 September 2018	A 2030 Vision for Urban Tourism
9-12 October 2019	Smart Cities, Smart Destinations

2. URBAN TOURISM

Tourism is the fastest growing industry in the world. This growth has led to development of several types of tourism: in terms of tourist motivation, geographic characteristics of the destination, type of mobility and distance. The emerging type of tourism in cities is referred to as Urban Tourism, its definition stems from tourism phenomenon. Ashworth, G and Page, S. J (2010), agrees with Edward et al (2008) that the major difficulty that accounts in part for the academic neglect of urban tourism has been the lack of a simple definition of a complex phenomenon and a clear demarcation of its diverse and vaguely formulated set of activities. Perhaps the definition of urban tourism can be traced from tourism and putting into consideration the space in which it is taking place. United Nations World Tourism Organization (UNWTO) summarizes tourism as collection of activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

Dumbrovska, V. and Fialova, D. (2014) defined urban tourism as tourism activities embodied in urban area. Therefore, it is the city and its environment that distinguishes urban tourism from other types of tourism. Cities, towns or urban areas offer an array of possibilities for tourists from theatres to museums, from parks to palaces. They are an ideal centre for the provision of entertainment and dinning, and the presentation of culture, (Metro-Roland, 2011). From tourist motivation point of view, urban tourism can be narrowed down to several forms of tourism such as Art & History, wine & gastronomy, sightseeing and cultural tourism among others. Meeting such motivation requires input from different stakeholders, therefore urban tourism as an activity as Lickorish, J. L. and Jenkins, C. L. (2007) puts it, cuts across conventional sectors of the economy and that it requires inputs of an economic, social, cultural and environmental nature.

This research adopts the definition by Edwards, et al (2008, p. 1038) that urban tourism is one among many social and economic forces in the urban environment. It encompasses an industry that manages and markets a variety of products and experiences to people who have a wide range of motivation, preferences and cultural perspectives and are involved in a dialectic engagement with the host community. And therefore climate-friendly urban tourism is one that is implemented in such a manner/model that minimizes and preserves the natural resources used thereby reducing its contribution to environmental degradation and pollution. This can be characterized by sound urban tourism planning, tourism-environmental assessments, sustainable

resource use as well as environmental and social behaviour by tourists as well as the suppliers. To understand the behaviour of the consumers (tourists) it is also important to define urban tourists. Two broad categories of urban tourists are business visitors and city break tourists. Ashworth & Page (2011) postulates that the largest fraction of urban tourists is business visitors, they visit cities for meeting, incentives, conventions and conferences. Those who visit urban areas for other motivations are referred to as city break tourists.

3. THE CLIMATE, ENVIRONMENT AND URBAN TOURISM

The ever-growing global population has influenced urbanization. According to the United Nations, in 2015, 54% of the world's population lived in urban areas and that by 2030 this share is expected to grow to 60%. Residents move to urban areas in search for jobs, business opportunities and easy access to infrastructure such as social amenities like hospitals, schools and transport among others. On addition to the residents, tourists and immigrants are also frequenting cities for social, economic and cultural opportunities. Other than these opportunities, there are factors that are influencing the growth of tourism and they include transport and communication infrastructural development, low cost transport options, increased middle class people, information technology and globalization.

This growth is increasingly impacting on the environment thereby influencing the climatic changes together with other industrial and natural factors. Urban areas cover only 2% of the earth (IPCC, 2-14) and this coverage will increase with the growing demographic demands. Surprisingly, with only 2% coverage of the earth, 70% (IPCC, 2014) of the global warming causing gases are emitted from urban area. This could be attributed to industrialization, transport and tourism among other causing agents. Lee et al (2007) confirmed that emissions are responsible for 4.9-14% of global warming. Traffic and transportation alone emit 22% of the CO2 emission of the world. To understand the overall role of tourism phenomenon to emissions IPCC examined and concluded the contribution of tourism sector is 5% of the total CO2 and contributing to global warming by 4.6%. Furthermore, according to IPCC, transport sector is responsible for 75% of tourism's emission, accommodation 20% and Museum, theme parks, events, shopping centres contributing to 3.5% of it. This is only but what is known, the responsibility of tourism could be more. Measuring and quantifying tourism use of natural resources and pollution is difficult because of the complex nature of tourism.

The department of National Adaptation in Hungary (NAKFO, 2019) claimed that the increasing number of extreme weather events often remind us that climate change is not one of the threats of the future, but a current and accelerating process. Such extreme weather events include but not limited to extreme temperatures in winter and summer, heavy rainfalls and heatwaves. Consequently, urban tourism is suffering in ways such as; critical conditions of urban public traffic and transportation, very hot weather contributes to deformation of the road pavements, large and very intensive rainfall deteriorates the road structures and pavements. Intensive snowfall and frost make winter traffic very difficult and increase the operation and maintenance tasks (removal of snow, spreading de-icing agents, repair of frost damages of pavements, protective barriers against snow drift). The risk of road accidents is amplified by pavement damages, also hindering the uniform flow of traffic and increase the frequency of traffic jams. Extreme weather events, windstorms and high temperature fluctuations occurring within short periods of time cause large damages to highways and railways.

In air traffic the increasing frequency of extreme weather situations increases congestion and cancellation of flights and decreases the security of landings and take-offs. The shifting of the hydraulic regime of rivers towards the extremes hinders navigation and contributes to the increase of ship accidents. The frequent traffic jams of urban traffic peak hours increase the risk of town dwellers to get asthmatic illnesses, especially in conjunction with unfavourable weather conditions.

3.1. Urban Tourism in Hungary

Hungary is getting popular among travellers. Its tourism industry grew by 5% from 2017 to 2018 according to Central Statistics office (2019). Total tourists in 2018 was 12.5 million (KSH, 2019), perhaps in 2019 tourists' records will be higher because Hungary's capital was voted the top European destination 2019. This declaration alone, without mentioning what Hungary offers can attract more travellers. Budapest and Lake Balaton are the most frequented destinations in Hungary. Other cities also attract and host tourists; just to mention major cities, Pecs, Miskolc, Debrecen, Gyor, and Szeged play a significant role in Hungary's tourist traffic. Even though tourists' nights are not balance among cities, the spread of tourists across the country is notable. These selected cities have much in common that attract tourists; the spa culture that is the foundation of health tourism; art and history is the treasure of these cities which some travellers would love to see, hear and touch; tourism natural resources such as the climate and season, rivers for the case of Győr, Szeged and Budapest, hills, islands for the case of Budapest, fauna and flora in zoos and green parks. On addition, build environments and traditional culture make these cities more appealing, they include Museums and monuments, events, wine and gastronomy among others. With this shared feature, there is a possibility of the selected cities to improve their role in optimizing tourist traffic to reduce tourism density in the capital, in other words tourists from the capital can be dispersed to other cities. Figure 1 shows the share of guest nights by Budapest, Győr, Szeged, Debrecen and Pécs.

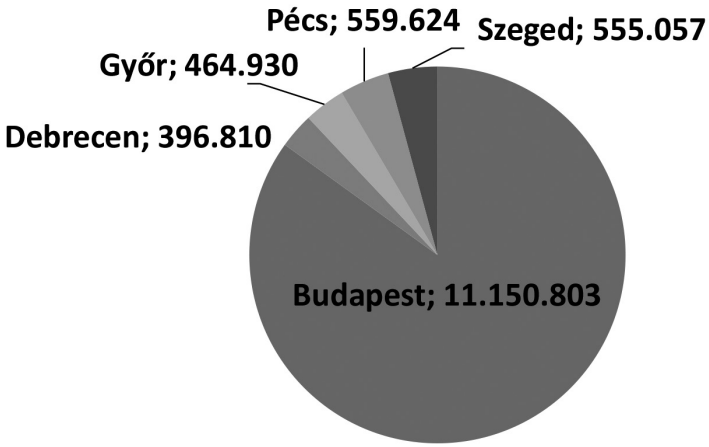

Figure 1.: Cities' Share of Guest nights in Hungary (2017)
Source: Central Statistical Office *(2019)*

As shown in the Figure 2, Budapest receives most of the international tourists, of course it's because it is the economic, political, social-cultural and technological capital of the country. In Gyor there was a good balance between domestic and international tourists, this can be attributed to its comparative advantage which its location; central meeting point between Budapest and Vienna, as well as the meeting point of three rivers; Danube River, River Rába and River Rábca.

This is so encouraging for a stopover among domestic and international travellers. Contrary to Budapest, Pecs has the least percentage of international tourists and highest percentage of domestic tourists, arguably, Pecs can be an ideal case study of the role of tourism for realizing the SDG 11 which is to *make cities and human settlements inclusive, safe, resilient and sustainable.* Its low tourism density is manageable to contribute to a healthy city environment, economic wellbeing of the residents and adaptations to economic and climate changes. City populations need economic resilience for instance, in the wake of economic crisis in the world, domestic tourism in the city can be the saviour as tourist source countries recover.

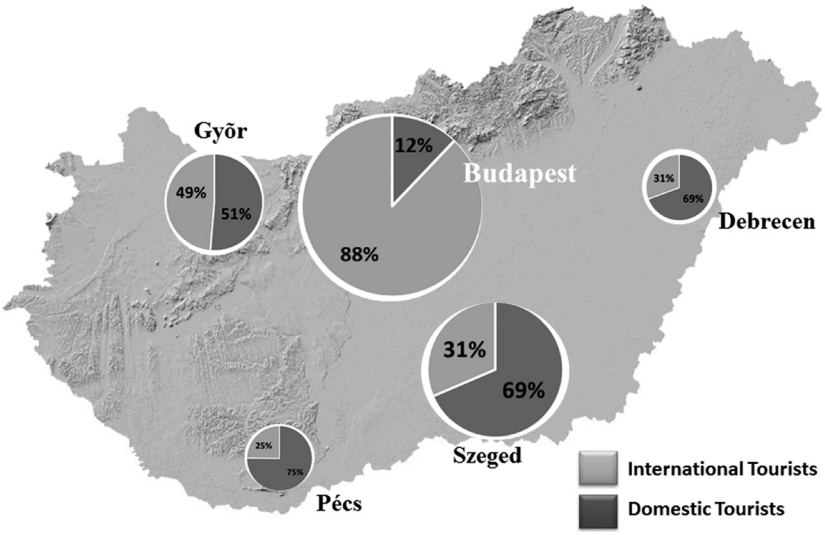

Figure 2: Ratio of International and Domestic Tourists in Cities (2018)
Source: own compilation based on Central Statistical Office (www.ksh.hu, 2019)

3.2. Budapest

Budapest is the capital city of Hungary, and seat of Pest county. It was officially created on the 17th of November 1873 from a merger of the three neighbouring cities of Pest, Buda and Óbuda. As stated in the Budapest vision 2030, Danube River determines the structure of the whole city. Its west and east have contrasting characteristics; the west, for instance is Buda which is hilly whereas the east is the Pest is flat plains. And as shown in the map below, the river influenced both the structural and evolution of the city which according to Budapest municipality (2013), resulted to 5 zones that have different characteristics, functions and burdens for sustainable management.

The inner zone contains all the historic parts of the city (Budapest Municipality, 2013). It is the most densely built and populated area in town, the main central space within the city, with densifications of administrational, cultural, financial and educational functions. The transitional zone is the city's most heterogeneous area. The suburban zone less density populated with unprofitable infrastructural network. The hilly zone, as stated in the vision 2030, has no significant environmental harm and according to statistics has the wealthiest social society and settlements. And the last zone, the Danube zone, crosses all other zones, and has significant effect on reducing the greenhouse effect of the city, it's the main open space of the city hence its cooling effect.

With reference to this river, Budapest for some time (according to László Péter, 2019) was referred to as the queen of Danube, the two beautiful, functional and contrasting sides are connected by iconic bridges. The river being the main natural attraction spices up other natural and built envi-

ronments to attract tourists to the capital. Some Budapest tourism characteristics include the location, architecture, culture, gastronomy, thermal baths, events, nature, art and history. The fame of Budapest is growing, in 2017, for instance, Australian times[3] reported and referred to Budapest as the Pearl of Danube and only two years later it was voted the winner of the European Destination 2019[4] and described as the 'Pearl of Danube.' Such glory will attract more tourists unlike before. This may pose some danger on the city as already in 2018, according statista.com, Budapest was ranked 5th among Overtourism destinations[5]. Overtourism, whether seasonal or zonal, compromises the aesthetic value of place and environmental status, and this calls for attention and action of the municipality to draw and implement urban sustainable tourism standards. In view of this this research examines the urban strategic plans to establish urban tourism environmental actions.

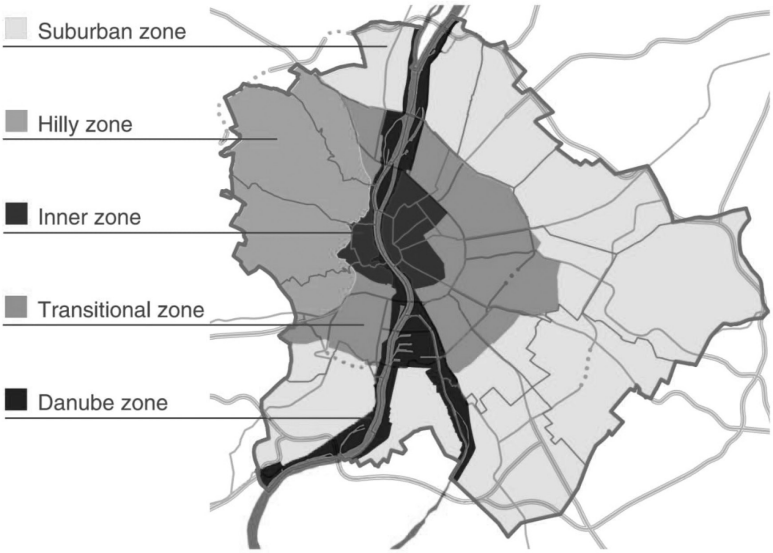

Figure 3: Map of Budapest Zones
Source: Budapest Vision 2030 (2013)

3.3. Győr

Győr, is positioned as "the city of meetings". This is because it is the meeting point of three significant rivers; Danube River, River Rába and River Rábca, this place is spectacular and picturesque, it can even be referred to as Győr-Spot since most of modern travellers are always looking for "instagrammable" photo spots in this realm of social media. "The city of meeting" tittle is also attributed to fact that Győr is located just halfway between Vienna and Budapest. This gives Győr another characteristic as the transit city, where nature and cultural heritage lovers can stop over during their trip between these two capital cities. Another justification of the city of meeting is the that Győr is the centre of north-western Hungary. On the other hand, it's just about halfway between Budapest and Vienna and it's the centre of North-western Hungary.

Apart from natural treasures, Győr has architectural and historical treasures. Architectural treasures include and not limited to; Baroque architecture such as Altabak-House, Apátúr-House, Vastuskós-House, Esterházy Palace, Fejérváry-House, Rozália-House, Torkos Palace, Zichy Palace and Old Town Hall.

3 https://www.australiantimes.co.uk/travel/budapest-city-travel-danube-romantic/
4 https://www.europeanbestdestinations.com/european-best-destinations-2019/
5 https://dailynewshungary.com/budapest-is-the-fifth-worst-city-for-over-tourism/

Győr's historical treasure dates back the Roman times when it was named Arrabona. In 500Slavs settled here, in 547 by the Lombards, 800 by the Avars; during this time, it was called Rabba and later Raab. Between 880 and 894, it was part of Great Moravia, and then briefly under East Frankish dominance before Hungarians settled in 900 and named the city Győr. Later Celtic tribes, Mongols and Turks occupied it. These occupations and settlements including religious dominions led to building of schools, royal houses and churches, and all in baroque designs. This gives the city a cultural dimension of urban tourism in Győr.

3.4. Debrecen

located on the Great Hungarian Plain, Debrecen is 220 km east of Budapest. It happens to be the Hungary's second-largest city (in terms of population) after Budapest. Debrecen is spectacular, Lonely Planet describes it as a doorstep to great plains. There is much it offers to the locals and the visitors; these includes but not limited to the golden Calvinist Great Church and the historic Aranybika hotel, Mediterranean Aqua Park, romantic forest, zoo, central square, Kossuth tér, frequent street festivals in summer, Old Town bars and nightclubs, museums and thermal baths. More interestingly, cafes, bistros, and street food are becoming more popular, green piazzas and water fountains are making the city more refreshing, architecture, streets and alleys sets up a spectacular atmosphere. On addition the developed public transport in Debrecen such as bus and tram lines make easy for tourists to get around.

Civitas, whose slogan is 'cleaner and better transport in cities' in conjunction with the European Union has implemented sustainable transport solutions in partnership with Debrecen City Council. Just to mention three of them are access and parking management in the city centre in order to decongest cars in the city. Creating conditions for alternative fuel us in public transport, through this initiative Debrecen supported use of biofuel which has less emissions as compared with the generic fuel. Conference centre accessibility scheme and pedestrian zone and Integrated and extended cycling network (CITAS 2020). Moreover, Debrecen has a Smart city concept which is to establish an intelligent, innovative, liveable, effective, sustainable, smart, healthy and rich city [6]. The concept targets transport, digital literacy, and energetics i.e. to reduce the amount of water and energy consumption.

There is also Integrated Urban Development Strategy of the City of Debrecen 2014-2020 that is being implemented to foster a modern, innovative, health, education, research, development, economically strong regional centre with an impact on areas close to Slovakia, Ukraine, Romania. Even though this development plan is based on values of sustainable development, urban tourism is not given the weight that is proportional to its economic contribution and environmental pressure from it.

3.5. Pécs

Located in the southern part of Hungary, the city of Pécs, in the seat of Baranya County, is approximately 200 km from Budapest, close to the Croatian border. It serves the region for the administrative, cultural, religious and economic functions. The city is a true case for cultural tourism, or rather cultural-led urban economic development (European Capital of Culture program, 2010). Its multicultural dimension makes is worthwhile to visit, the city embraces even the minority cultures and traditions because its significant to its history. Perhaps Pécs is an award-winning cultural city,

[6] http://smartcity.debrecen.hu/en/smart-city/about/

and all its interesting tittles playing a key role in positioning the city thus promoting the tourism. In 1998, for example, it was awarded the UNESCO prize 'Cities for Peace', reason being the maintenance of the minority cultures and also attributed to the attitude towards refugee of the Yugoslav wars. In 2007 and 2008 Pécs was third and second 'Liveable City' respectively for the LivCom Award. This was a positive publicity for the city. A significant cultural milestone for Pécs was when it received the tittle and award 'European Capital of Culture' in 2010. This (with the associated funding) led to renewal of public places, streets, squares and neighbourhoods, new cultural centres, a concert hall, a new library and centres and a cultural quarter. This transformation together with its culture, history and nature has been promoting tourism. Just to mention its nature, the location is important; the city is on the slopes of Mecsek mountains, Jakab and Masina Hills rise to 596m and 535m respectively above the city, to the south, it's bordered by plains. Mecsek hills also have valleys which are good for improving the climate of the city, and the water coming from the Mecsek Hill flow into the Pécsi River that then flows into Danube. The future of such nature and cultural characteristics of the city needs sustainable development. Feasibly, Pécs management has a Pécs MJV városfejlesztési koncepció 2014-2030 (Pécs MJV urban development concept) which is necessary for sustainable urban development. This Concept captures sustainability in a complex way; natural environment, the built environment, society and the economy. And in this research, it is examined to enlighten its weight on sustainable urban tourism.

3.6. Szeged

Szeged is rich in heritage, architecture and history. Undoubtedly, the beauty of Szeged is because of a historical disaster and recovery; in 1879, the city was brought down by heavy floods, a flood that only 265 houses out of 5723 remained and 165 people died. After this dark time, the city was rebuilt on ruins, this time round with greater architecture and wider streets and avenues. It is located near the southern border of Hungary where the Tisza and Maros rivers meet. Szeged being the warmest city is Hungary, these two rivers brings about a cooling effect in the city. They are also a hub for riverine biodiversity. The rivers, their biodiversity and heritage attractions promote tourism in the city.

Szeged like other cities have an Integrated Urban development strategy for the city's economic development. Its SWOT analysis, states that the service sector (tourism and hospitality) is strong, even though tourism is recognized in the document one of the functions of the city, it has not been given a specific goal in the realization of the strategy. This document has also been analysed to answer the research questions.

4. RESEARCH METHODOLOGY

The main aim of this research is to evaluate environmental dimension of urban tourism sustainability, to shed light on environmental integrity for tourism industry in urban areas. In order to determine the management efforts towards urban tourism environmental actions, the qualitative research design was employed; qualitative content analysis was used to identify how tourism-environmental agenda is demonstrated the urban development strategies and visions of the selected cities in Hungary. Content analysis is whereby valid inferences are systematically and objectively made from verbal, visual or written data (Downe-Wambolt, 1992). In this analysis, the purpose is to organize and elicit meaning from the data collected and draw realistic conclusions, (Polit & Beck, 2006.). This method is adopted for this research because it looks directly at texts and media and can be used to interpret them for purposes such as the development of expert systems as

pointed out by Busch, c., *et al* (2012). The interpretation is not limited to any criteria like number and size of the units and themes to be analysed. Units and theme considered for this study are the tourism-environmental elements of the selected city strategies. Four themes; physical integrity, biodiversity conservation, resource efficiency and environmental purity were deduced from the 12 aims of sustainable tourism development. As demonstrated by researchers, sustainable tourism has three dimensions of sustainability, namely, economic, social-cultural and environmental sustainability. Since this study focuses only on the environmental dimension of urban tourism sustainability, four elements which address the environment of urban areas were used to code the information. Coding themes and categorization have been illustrated below.

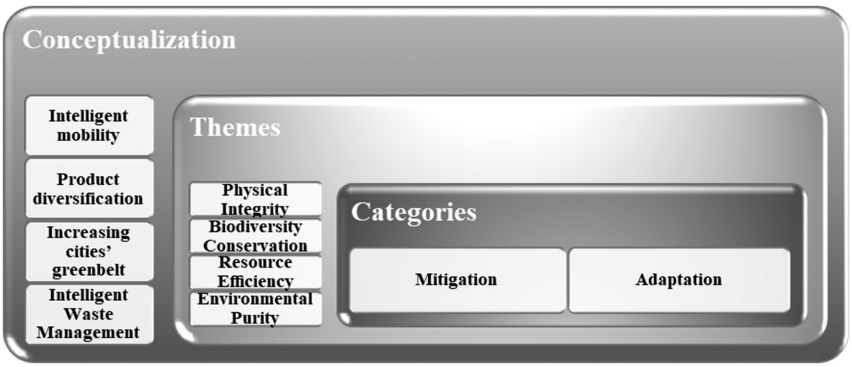

Figure 4: Coding system

Source: own research, 2019

This figure postulates that, tourism-environmental factors sited from the strategic documents were coded into, physical integrity, biodiversity conservation, resource efficiency and environmental purity themes and then summarized into mitigation and adaptation measure. Mitigation measures are the strategies aimed at reducing emissions whereas the adaptation measures are the strategies for adapting the changes in the environment and climate. Therefore, latent content analysis which is extended to an interpretive level in which the researcher seeks to find the underlying meaning of the text: what the text is talking about (Berg, 2001) was used.

Purposive sampling was used to select Budapest, Győr, Debrecen, Pécs and Szeged. The intention was to select cities that were the top old economic centres of Hungary and well distributed in the country. Apart from Budapest, the other four cities changed their economic ranking in the country in 2012. It is believed that due to earlier acquisition of the municipality statuses, there is noticeable policy strategic development over time and evaluating their urban and tourism related strategies would give better insights on development and sustainability. Therefore, these 5 cities were considered for this study basing on the economic power ranking in 1992, (Csomós, 2015).

Table 2: City Ranking in 1992 in Hungary

City	Population	Total tourist night (2017)	Economic Power (1990)	Area
Budapest	1,759,407	11,150,803	46.68	525.2
Debrecen	203,059	396,810	1.9	461.7
Győr	129,568	464,930	2.2	174.62
Pécs	145,347	559,624	1.79	162.61
Szeged	162,621	555,057	1.61	281
Total	2,400,002	12,351,5658	64.18	1605.13

Source: Csomós, 2015

5. FINDINGS

In this section, results of evaluation of urban development strategies are presented. There was no urban tourism or generic tourism specific long-term development strategy for the selected cities. In 1989 Ashworth noted the 'the double neglect' of urban tourism in academia. This research further confirms the neglect of urban tourism in municipality management strategies in Hungary, municipality strategists focused on urban development and whenever there was a focus on tourism, urban tourism is not mentioned. Therefore, the examination opened up to look for generic tourism themes manifested in the strategy. As shown in the figure below manifestation of tourism was almost not mentioned in Szeged Integrated Urban Strategy, and of course there exist tourism initiatives in the document and, therefore, feature in terms of activities and resources directly related to tourism were considered in the initial stage of coding. The strategies are all about development hence the study was keen on tourism development in the documents. The analysed strategic documents include:

- Budapest Integrated Urban Development Strategy 2013-2030,
- Győr Integrated Urban Development Strategy 2014-2020,
- Integrated Urban Development Strategy of the City of Debrecen 2014-2020,
- Pécs MJV urban development concept 2014-2030,
- Szeged Integrated Urban Development Strategy 2014-2020.

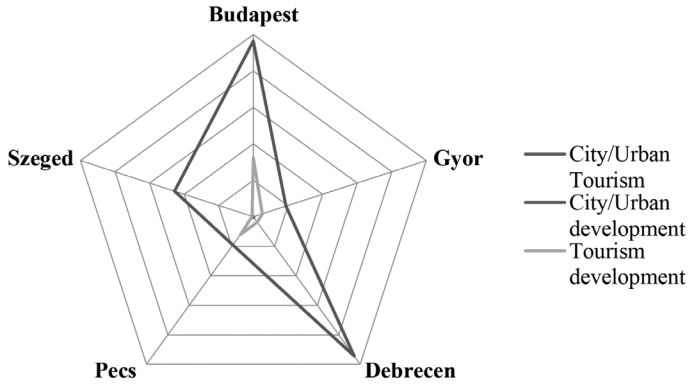

Figure 5: Popularity of Urban Tourism in Urban Development Plans
Source: own research, 2019

In this chart Urban Tourism was hardly recognized directly, only once by Debrecen, yet urban tourism system and its resources is more complex as compared to the generic tourism in other regions. Sustainable development of such a complex form of tourism requires smart policies and institutional coordination, and the genesis of this happening is distinguishing it from other kinds of tourism.

Of course, neglect of urban tourism doesn't mean absence of tourism, tourism in this city is thriving. These cities have tourism agenda as well as other agendas for other dimensions of the city. In this strategic document, in some instance, tourism development was mentioned and for most cased urban development was mentioned, but urban tourism development or rather Sustainable Urban Tourism concept was hardly recognized in the analysed Integrated Urban Development Strategies. Despite this, tourism initiatives were in the city were identified and categorised in four categories, the four categories are the environmental thematic action. This is because the sustainability in question is the environmental dimension. Therefore, dimensions of environmental sustainability include:

1. Physical integrity: initiatives that entailed enhancing the natural physical aesthetic value in the urban area,
2. Resource efficiency: plans that minimizes wastage and optimized conservation of resources,
3. Biodiversity conservation: actions aimed at conserving wildlife both fauna and flora in both terrestrial and aquatic environment,
4. Environmental purity: strategies focusing on reduction emission hence improving the quality of air.

As shown in figure 6 below, 49% of the tourism related plans implied enhancing physical integrity in the cities, 24% aimed at purifying the air, 12% biodiversity conservation and 15% of them were geared towards achieving resource efficiency.

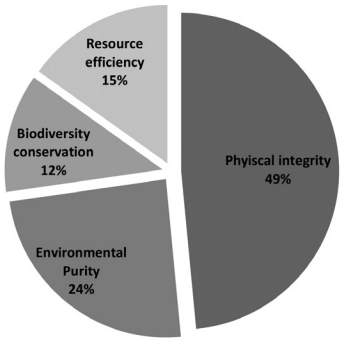

Figure 6: Dimensions of Environmental Sustainability
Source: Own research, 2019

Furthermore, these urban tourism related factors were summarized in two approaches to environmental sustainability: mitigation and adaptation. Mitigation approach comprises initiatives for reducing GHG emissions to ameliorate air purity while adaptation approach is made up of initiative for enhancing climate resilience, plans for city to adjust to irreversible changes in the climate and nature. It turns out that 65% of urban tourism initiatives are adaptation measures and 35% were mitigation initiatives.

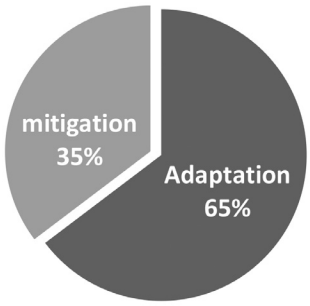

Figure 7: Approaches of Environmental & Climate Strategies
Source: Own research, 2019

Mitigation and adaptation approaches entail several processes that can be planned and be implemented simultaneously or separately. The planning detailed in the urban strategies are for the processes such as infrastructure and asset development, technological resource optimization, natural resource management and institutional and behavioural change. The table below outlines this processes and cited examples for Hungary.

Table 3: Mitigation and Adaptation Process

Process	Initiatives
Infrastructure and Asset Development	Development of bicycle and walkable pathway network
	Intelligent public transport network
	Memorial points and
Technological process optimization	Tourist information systems
	Intelligent mobility (electric and hybrid vehicles)
Integrated natural resources management	Water management
	Wildlife management
	Green parks management
Institutional and behavioural change	Destination regulations and policies
	Tourism management organization

Source: Mimura, N. *et al* (2014) & own research

6. CONCLUSION AND DISCUSSION

In this chapter, results are evaluated to discussed mitigation and adaptation plans in cities and to illustrate mitigation and adaptation process for urban tourism.

6.1. Adaptations

Adaptation plans are popular compared to mitigation plans. Arguably, urban tourism is a new concept therefore most of its plans focusing on its resilience to possible environmental and climate risks. Adaptation plans are meant to deal with the impacts that already occurred such as urban floods like the case of Szeged and Gyor. This impact destroys the appeal of the city and the quickest response is to act to prevent future occurrence and to diversify recreation option in order to recover quickly. Environmental integrity, resource efficiency and biodiversity conservation can be discussed under adaptation, this is because these three elements give the city a higher adaptive capacity, it gives the city tourism the capacity to remain thriving even in the wake of environmental tragedy or changes.

To begin with, environmental integrity was the most favoured in the strategy development. This is made up of plans to improve the appeal of the city, for instance, renovation and restoration of monuments, the monument materials are questionable however the area surrounding the monuments are kept clean and green. Tourism product development strategies aimed at creating memorial points and thematic routes help to decongest major natural resource areas thus the management can control tourist densities in the city enhancing environmental values. Greening the city and increasing open spaces make the city more appealing, open spaces giving it a spectacular look and the green vegetation acting like carbon sinks and beautifying the city as well. Zoos and animal parks in the city widen the range of tourist attractions, therefore they play a significant role of dispersing tourists, and this reduce the magnitude of their impacts on a single area or major spots of the city. Lastly for environmental integrity, information technology can enhance adaptation significantly, like the case of Debrecen smart city initiative is taking good course, especially the QR codes for the tourist information at the attractions is informative and helping, using smart phones they get the information of the attraction quickly and move on, thus reducing the duration of a tourist at an attraction hence reducing congestions.

Moreover, urban tourism management can enhance resource efficiency; land, water and energy are the major supporter of the tourism industry, therefore initiatives to conserve them can go a long way to sustain urban tourism. For the case land, greening any possible free space can improve the

aesthetic value of the city as a destination, renovation of all the idle buildings can be advantageous; the abandoned old ruins and monuments were constructed with some materials that harmful to the environment and therefore renovating them to keep them economically and culturally active is better, thereby neutralizing their impact. As for water management, conservation measures can be put in place. Proper management of riverbanks can prevent future floods especially for Budapest, Gyor and Szeged among other cities with water bodies in their municipality or close to them. Energy is vital, energy efficiency is needed. Through incentives and regulations, the municipality management can create an enabling environment for use of energy alternatives such as solar energy, wind energy, electricity and minimize the use of oil products while encouraging bio-oil.

Biodiversity forms an important tourism natural resource. Supporting the protected areas is crucial. Such areas include Zoos, parks, rivers and aqua parks. Having conservation replicas in place and aiding by them can help. National parks play a role in the ecosystem balance but as for the zoo's animal do need feed naturally and freely, their behaviour is also compromised therefore their role in ecosystem balance is compromised. However, conservation of these zoos is important for threatened animal species and tourist attraction.

6.2. Mitigation

Other than adaptation there is mitigation. In this research mitigation grouped plans that implied reducing GHG emissions in the atmosphere. There it was mainly made of initiative aimed at enhancing environmental purity. Environmental purity is feasible only on a scale but not 100% because of other industries and natural processes. Urban tourism industry still has to act. Such actions revolve around type of energy, energy efficiency and behaviour (tourists, residents and management).

Mitigation scored less as compared to adaptation in this research, this can be attributed to the time and resources required for mitigation. Cutting down the emissions is costly, for instance, it means transformations in the city. The research found out that such transformations include replacement of vehicles to use biofuel engines, hybrid or electric ones. It also means developing parking for vehicles so that public transport is used to minimise emission even though it will cause pressure on public transport. Use of the biking systems in the city and encouraging walkable tours in the city.

6.3. Urban Tourism Mitigation and Adaptation Process

The processes considered in this research are:

(1) Infrastructure and Asset Development; increasing the green tourism infrastructure, this includes eco-recreational spaces in the city such as the green parks, squares and gardens. Infrastructure development process should foster transport inter-modal intelligence, this is whereby modes of transport like train, metro, tram and buses are linked up with cycling systems as well as promenades of the city. Asset development includes renovation and maintaining cultural and natural structures.
(2) Technological process optimization; as pointed out earlier tourist information systems can play a role in influencing the flow of tourists, using QR codes can also be used to inform the tourists about the environmental code at attractions. Technology can also be embraced in the transport sector such as use of biofuel engines, solar and electric vehicles. (3) Integrated natural resource management; there should be an audit of the natural tourism

resources in the city, then urban tourism packages should be made in a manner adhering to the conservation policies and rule of law. (4) Institutional and behaviour change process; developing regulations for the city tourists, strict regulations for vehicles used for sightseeing's as well as regulations governing the use of public spaces. These will institute a discipline culture for the city that can reduce minor damages in the environment and promote adaptive capacity.

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FACTORS AFFECTING THE NUMBER OF VISITS OF ZOOS IN THE CZECH REPUBLIC

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Abstract: *Zoological gardens represent a very important part of tourism. The main aim of this contribution is to find out which factors have significant impact on number of visits in zoos in the Czech Republic. The scripting language R was used for statistical evaluation. After statistical evaluation using the Spearman correlation coefficient, it was found that the factors related to the number of zoo visits are the level of own income adjusted for admission, which was evaluated for a very strong correlation rate, i.e. Spearman correlation coefficient 0.92 and p-value (after Holm correction)* $7 \cdot 10^{-9}$*, and the amount of adult admission with a slightly lower correlation rate, i.e. 0.69 and p-value 0.03. Other analysed factors, i.e. the size of the exposition part of the zoo (Spearman 0.58, p-value 0.11), the total number of species kept in the zoo (Spearman 0.44, p-value 0.31), the amount of public subsidies provided to the zoo (Spearman 0.54, p-value 0.16), the number of inhabitants in the region (Spearman -0.19, p-value 0.8) and the number of tourists in the region (Spearman 0.23, p-value 0.8) in which the zoo is located have no significant impact on attendance.*

Keywords: *zoological gardens, attendance, wildlife tourism, tourism, Czech Republic.*

1. INTRODUCTION

Higginbottom (2004) claims that the increasing interest of contemporary society is devoted to living nature and animals. Their role is mentioned, for example, by Carr (2009). Wildlife tourism is one of the types of tourism according to its focus and motivation. According to Higginbottom (2004), it is divided into wildlife-watching tourism, hunting tourism, fishing tourism and, last but not least, captive-wildlife tourism, i.e. tourism directed to a captive animal breeding facility, of which so-called zoo tourism is a key component. As Turley (2001) and Frost (2011) mention, for a long time nobody has been looking at the zoo as a tourist and leisure attraction. The first studies were not made until the 1970s in the United States (Turley 2001). Mason (1999) even pointed out that most texts on tourist destinations and tourism, including cities, emphasize the zoo only marginally. In the last three decades, however, many extensive works began to be produced, such as Shackley (1996), Higginbottom (2004) or Frost (2011).

The animal management system is very diverse in the world. Given the need to address this issue worldwide, there are international organizations involved in animal husbandry. A very important area is primarily the way of game management by hunting. Hunting is considered an instrument of animal protection (European Federation for Hunting and Conservation, 2004). The aim is to keep

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animal populations in sustainable numbers. Hunting, especially by foreign hunters, is an important source of income for rural development for many countries, especially in the transformation process, but also a direct source of funding for rescue programs – strengthening animal protection legislative documents, monitoring wildlife, promoting science in this area, financial resources for damages and projects enhancing the education of the local population in relation to wildlife (Kalábová, 2019).

Artificial conservation of populations in zoos is another possibility of game protection. Zoological gardens have very important functions. Besides conservation and protection of animals they support education of people visiting zoos and they also represent economic source for the locality (Hosey, Melfi, Pankhurst, 2013). Zoos are economically active, they buy goods and services, they can bring foreign exchange earnings to the country, generate job opportunities. Local economies often benefit from zoos more than expected, as the Toledo Zoo study showed. During the four years of its existence, its economic benefits amounted to approximately $ 350 million (Toledo Business Journal, 2004). An extraordinary benefit of running a zoo was also found in the results of the Detroit Zoo study, which reported a total benefit (including both direct and indirect and induced effects) for 2013 when the local economy worth more than $ 100 million (Detroit Zoo, 2014) Australia's zoos reached an annual turnover of $ 143 million at the turn of the 20th and 21st centuries (Higginbottom, 2004).

In order to analyse and subsequently increase or revitalize the attendance of zoos, it is necessary to determine the factors that influence their number of visits. It is crucial to emphasize that many people go to the zoo repeatedly, so it should be used the term *number of visits* instead of more often *number of visitors* (Smith, 2013). It is appropriate to take into account especially those factors that can be influenced either by the zoo itself or by another subject. For this reason, factors such as weather (temperature, total precipitation) or visit period (season, day of the week, school holidays, etc.) will not be included. These factors cannot be influenced and their impact can be expected without research. The main aim of this contribution is to find out which factors have significant impact on number of visits in zoos in the Czech Republic.

2. LITERATURE REVIEW

Tourist attractions built a key role in system of tourist offer. They can be very different from many points of view (Kušen 2010). The term Zoo tourism – a part of wildlife tourism – was highlighted by Mason (2000). Wildlife tourism is characterized as a tourism based on encounters with wild (non-domesticated) animals. They can be occurred in natural environment or in captivity (Higginbottom, 2004). Another author (Newsome, 2005) distinguishes non-consumptive tourism (wildlife watching, photography and feeding) and consumptive tourism (hunting and fishing).

A lot of definitions of zoos exist. According to Habel and Mroczkowski (2015) zoo is a place where animals are kept, exhibited and bred. Hosey, Melfi and Pankhurst (2013) consider a zoo as a place where only exotic animals are kept. This could lead to a broad discussion which animals are exotic and which not. Zoos are social constructs like museums (Hoage, Deiss, 1996). There is also a big variety of different types of zoos as well as range of their names: e.g. zoological garden, safari park, wildlife park, farm park, aquarium, bird park (Nekolný, Fialová, 2018b).

The attendance is one of the basic quantitative scales of success as well as failure of tourist destinations and attractions. The attendance data play a crucial role in destination management and in economic factors such as different structure of visitors, too. Zoos traditionally belong to

the most visited (not only paid) tourist and leisure attractions (Baratay, Hardouin-Fugier 2004). Authors who focus on factors influencing attendance of zoos are not so many – methodically e.g. Nekolný, Fialová (2018a) who refer to different approaches of annual passes counting. Whitworth and Clifton (2012) analyse factors that determine the zoo attendance of zoos, as a case study of the United Kingdom. For this purpose, there were selected 55 British zoos – members of the British and Irish Association of Zoos and Aquariums (BIAZA). In the end only 34 of them were used for research, as the remaining zoos did not have all the necessary data to carry it out. In addition to factors affecting the attendance of British zoos, the authors monitor geographical distribution of zoos and suggest a way to determine the zoo's popularity index based on the species. Studies with similar themes are written by Moriss (1959) and Davey (2007).

2.1. Zoos in the Czech Republic

The Union of Czech and Slovak Zoos (UCSZOO) is an association of zoos and citizens who contribute or have contributed to the development of zoos in an extraordinary way. Almost forty thousand individual animals were kept in the twenty member zoos of this organization in the Czech Republic and Slovakia in 2017 (UCSZOO, 2018).

Over six million visits came to Czech UCSZOO members in 2016, and it was an increase of almost half a million compared to 2015. Most visits were registered in the Prague Zoo, which was visited by almost 1.5 million people. About half the number of visits was recorded in the Zlín Zoo, which is still the second highest number of visits in that year. The third most visited zoo in the Czech Republic in 2016 was the zoo in Dvůr Králové with more than 530,000 visitors. The least visited zoo in 2016 was the Děčín Zoo with approximately 115,000 visitors (UCSZOO, 2017).

In 2018, eleven zoos in the Czech Republic were regular members of the World Association of Zoos and Aquariums (WAZA), accounting for about 4 % of all member zoos and aquariums. Fourteen Czech zoos were registered in the European Association of Zoos and Aquariums in the same year. Only two zoos in the Czech Republic, which are members of the UCSZOO, are not also members of this European organization, namely Vyškov Zoo and Chleby Zoo (UCSZOO, 2018; WAZA, 2019;).

There are approximately fourteen zoos in the Czech Republic per 100,000 km^2, the fifth rank in the world according to members of WAZA. Despite the fact that there are absolutely the most zoos or aquariums in territory of USA, the United States of America placed in the imaginary ranking in the second half, with less than one member per 100,000 km^2 (WAZA, 2019).

If the number of members in WAZA is recalculated on the basis of population, i.e. the number of zoos or aquariums per 1 million inhabitants, there would be almost exactly one zoo in the Czech Republic, which is the highest value. Other ranks would be placed by Denmark and Estonia (WAZA, 2019).

3. METHODOLOGY

There were 15 zoos included and compared: Zoos in Brno, Děčín, Dvůr Králové, Hluboká, Hodonín, Chomutov, Jihlava, Liberec, Olomouc, Ostrava, Plzeň, Praha, Ústí nad Labem, Vyškov, Zlín.

The scripting language R was used for statistical evaluation. R represents a language suitable for statistical calculations and graphical representations. RStudio was used to facilitate the work.

Hypotheses were tested using a linear model (regression), i.e. R function of 1m. The attendant variable will be the number of visitors to the zoo; all other variables, resp. factors, i.e. the size of the zoo, own income without admission, the number of species of kept animals, the number of tourists in the region and the number of inhabitants, the price of adult admission in summer and public subsidies. The model was then simplified by backward selection, which gradually eliminates those independent variables that do not have a significant effect on the dependent variable. The significance level against which the p-values of the individual factors will be compared, was determined at the normal 0.05.

Considering the existence of outliers in the original model (in the next model after their elimination, the residuals did not have a normal distribution, therefore the regression assumptions were not met), the Spearman correlation coefficient with the Holm correction was used.

The following hypotheses were chosen to be proved:

Hypotheses 1: **The size of the exposition part affects the number of visits.**

According to the hypothesis, the larger area of the exposition part should increase the attractiveness and thus the attendance of the zoo, i.e. the larger the exposition part, the more visitors the given zoo will attract. The larger area of the exposition part means larger runs for animals or a larger number of runs that can attract more visitors than the small zoo.

Hypotheses 2: **The number of animal species affects the number of visits**

The more species of animals a visitor can see, the more attractive the zoo should be.

Hypotheses 3: **The number of tourists in a given region is related to the number of visits to the zoo in that region.**

As visiting a zoo may be one of the tourists' destinations in that region. Therefore, the more tourists the region has, the higher the number of visitors the zoo should show.

Hypotheses 4: **Own income without admission has an impact on the number of visits.**

Higher income without admission should allow the zoo to use higher money for advertising and marketing in general, as well as to improve the visitor infrastructure. Revenue will be adjusted for admission revenue as the amount to be collected depends on the number of visits.

Hypotheses 5: **Public subsidies do not affect the number of visits**

Subsidies from public budgets are unlikely to be granted for marketing purposes to attract more visitors, but rather to zoo activities aimed at protecting nature and protected species, etc.

Hypotheses 6: **The amount of admission is related to the number of visits to the zoo**

It can be assumed that the zoo will choose a level of admission that corresponds to its popularity and willingness of potential visitors to pay it. The hypothesis is based on the assumption that a popular zoo can afford to sell a higher admission fee (visitors have no problem to pay it, consider

it proportional to the quality of the experience of visiting the zoo) and vice versa less popular zoo collects a lower admission.

Hypotheses 7: **The number of inhabitants of the region affects the number of visits to the zoo in the region**

Visiting a zoo is often a one-day activity, so it can be assumed that a visitor will often prefer a zoo located in the vicinity of his/her home, which he/she will not have to commute far to.

Mainly statistical data from the annual report of the UCSZOO for 2016 will be used, because at the time of processing the statistical evaluation was not yet available new version of data statistics.

In accordance with the hypotheses, the following factors will be selected from the 2016 annual report for all 15 Czech members of UCSZOO: attendance of zoos at hundreds of thousands, area of the zoo (exposition part) in hectares, own income without admission in hundreds of thousands of crowns, number of species of kept game in units, price of adult admission in summer in crowns and public subsidies in hundreds of thousands of crowns. Another factor, the number of tourists (stated in the statistics as "guests") in the region in hundreds of thousands, was taken from the Public Database of the Czech Statistical Office for 2016. Guests here mean persons who stayed overnight in collective accommodation facilities, including children. The factor of population in given regions in hundreds of thousands is also from the data of the Czech Statistical Office. The data were collected from January to April 2019.

4. RESULTS OF STUDY AND DISCUSSION

The number of zoo visits is influenced by own income adjusted for admission and adult admission in the summer, based on the evaluation of data using the Spearman correlation coefficient with the Holm correction (presented in Table 1).

Table 1: Results of statistical evaluation

Factor	rho	S	p-value	p-value after correction
Number of inhabitants	-0,190652416	666,7654	0,496112047	0,803237583
Number of tourists	0,233819001	429,0614	0,401618792	0,803237583
Own income without admission	0,917857143	46	1,00E-09	7,00E-09
Admission	0,693092049	171,8685	0,004172099	0,025032593
Number of species	0,439285714	314	0,103199216	0,309597648
Exposition area	0,584974102	232,4145	0,021984425	0,109922126
Public subsidies	0,542857143	256	0,039158555	0,156634221

Source: authors research

Own income without admission is the most significant variable with p-value after the Holm correction 7 - 10^{-9}. The correlation coefficient of this variable is 0.918, which indicates a very strong positive correlation. As for the adult admission rate in the summer, the p-value after the Holm correction is 0.025 and the correlation coefficient is 0.693, which in this case also indicates a relatively strong positive correlation, albeit less than for own income without admission.

The results of the statistical survey showed that own incomes without admission and the amount of admission for adults are important. All other tested factors were evaluated as insignificant, i.e. the number of kept animal species, the size of the exposition part of the zoo, the population of the region where the zoo is located, the number of tourists in the given region and public subsidies. The observed relation of zoo attendance with own income adjusted for admission and for adult admission is in line with hypotheses, as well as evaluation of public subsidies as insignificant.

4.1. Factors affecting the zoo attendance

Regarding the factors affecting the attendance of the zoo, the results of the statistical evaluation were consistent with hypothesis no. 4 and no. 6.

Own income without admission

The lowest p-value and very strong positive correlation were evaluated for the own income factor without admission. The higher own incomes without admission a zoo has, the more visitors visit a zoo and vice versa, which is in line with the hypothesis. The six least visited zoos are also zoos, which have the lowest of all their own income net of admission, i.e. Děčín Zoo (2.1 million CZK), Hodonín Zoo (2.3 million CZK), Hluboká Zoo (2.8 million CZK), Vyškov Zoo (3.5 million CZK) and Ústí Zoo (6.8 million CZK). Moreover, the zoos with the highest own income without admission, i.e. Prague Zoo (115.6 million CZK), Dvůr Králové Zoo (64 million CZK) and Zlín Zoo (29 million CZK) represent the three most visited zoos in the Czech Republic, too.

Zoos that thrive financially, respectively, have enough of their own earnings, they can be more attractive to potential visitors. Such zoos have more funding for modernization and reconstruction of the complexes, construction of new pavilions, accompanying events and advertising etc. With these activities, zoos have a greater potential to attract more visitors.

According to the Whitworth study (2012), zoos that do not suffer from financial distress and have enough income have better prerequisites to provide a high standard of living for animals, sufficient educational opportunities for visitors, and to develop their activities and conservation efforts. These areas are among the fundamental aspects that justify the existence of zoos and similar institutions.

Admission for adults

According to the results, hypothesis no. 6 was not refuted. The amount of admission is related to the number of visits. In some zoos, dependence is evident through observation with increasing admission, attendance increases and vice versa (e.g. Prague Zoo highest admission and most visitors, Dvůr Králové Zoo – second highest admission and third most visited zoo, Liberec Zoo fifth highest admission and the sixth most visited zoo).

It can be assumed that a potential visitor is not surprised to pay a higher admission fee at Prague Zoo than in any other zoo in the Czech Republic, and if the admission price at the Prague zoo does not exceed the acceptable limit, it is highly likely that people will continue to visit it (image, prestige, diverse animal species or pleasant visitor infrastructure, etc.), although it collects the highest admission fees from visitors. However, for other zoos that are not so notorious, it is

possible that any significant increase in admission could discourage potential visitors, since its amount would not be considered to be proportional to the quality of the zoo experience.

In some zoos, this correlation is less obvious. For example, it is a zoo in Ústí nad Labem, whose admission is the sixth highest, but in terms of attendance, the second least (fourteenth) visited. Chomutov Zoo collects the lowest admission overall, but in attendance is the tenth most visited one. To other examples belong Děčín Zoo (the fourth lowest admission, but the least visited zoo) or Ostrava Zoo (the seventh highest admission, but the fourth most visited zoo). However, no significant deviations were observed.

In the aforementioned Whitworth study (2012), the connection between the amount of admission and the number of visits was pointed out. Specifically, it was a positive correlation between these variables. At the same time, it was shown that dependence is also reported between the input and the popularity index of the zoo (calculated according to the popularity index of the animals kept). It applies here that the more popular zoo is, the higher admission zoo can afford. It must be assumed that the amount of admission is not only influenced by the image and popularity of the zoo, but also by the standard of living of the inhabitants of the area, their salary conditions, the location of the zoo, etc.

4.2. Factors not affecting attendance in zoos

According to the results of the statistical evaluation, the following factors do not affect the attendance: number of kept species, number of inhabitants of the region in which the zoo is located, number of tourists in the region, area of the exposition part of the zoo and public subsidies. Concerning the set hypotheses, hypothesis 5, which states that public subsidies do not affect the number of visitors to the zoo, has not been refuted.

Number of kept species

Although it may seem that some zoos have a relationship between attendance and the number of species kept by the zoo (Vyškov Zoo with 116 species and Děčín Zoo with 164 species are among the seven least visited zoos, in contrast, Ostrava Zoo with 437 species, i.e. with the third highest number of kept species, it is the fourth most visited zoo in the Czech Republic) and therefore the hypothesis could be confirmed, the results do not support this hypothesis.

Zoo attendance is influenced, rather than by the quantity of animal species, by specific species of animals or by certain characteristics that seem attractive to visitors. Many authors talk about “flag animals”, “iconic animals”, “money makers”, “stars”, or charismatic megafauna (e.g. Howell, McLeod, & Coleman, 2019; Sheridan, 2016; Skibins et al., 2017). Mooney et al. (2020) say that it is just charismatic megafauna, which can influence positively the attendance. Sheridan (2016) emphasizes not only big elephants or giraffes, but smaller meerkats are magnets for visitors. Also, according to Morris’s study (1961) various monkeys, chimpanzees, horses, combos (semi-monkeys), giant pandas, bears, lions, elephants or tigers are considered as popular animals.

On the other hand, not very attractive animals are mainly species such as snakes, spiders, skunks, rats and crocodiles, but also the aforementioned lions, which are therefore considered both attractive and unpopular. Equally surprising is that, according to Morris (1961) gorillas, hippos, tigers and rhinos are also considered to be less attractive.

Based on Whitworth's study (2012), visitors prefer animals that possess properties that are considered interesting and attractive. Popular are therefore animals that are lively and active, well visible, intelligent, varied, have the ability to hold things, densely coated, rare, fast, exotic, can move quickly, have large eyes or climb or swim, etc. The smelly animals are slimy, poisonous, hairless and aggressive towards each other, bite, have no or have more than four legs or are dangerous to humans, are less popular and are unlikely to attract visitors to the zoo. According to Whitworth's study (2012) the most popular of the mammals are apes, and surprisingly squirrels, zebras, elephants and giraffes. On the other hand, hippos, insectivores or aardvarks do not enjoy the same group. Among the birds are especially parrots and songbirds, unpopular felines. Among the snakes and amphibians are the most popular iguanas and frogs; on the opposite side of the species popularity chart are crocodiles and alligators.

Whitworth's study (2012) also refuted the earlier assumption that visitors prefer large animals to smaller animals. On the contrary, smaller animals were rated as more popular. According to the evaluation of the properties that visitors appreciate on the animals, their visibility is particularly important, i.e. if the animal is clearly visible to the visitors, its growth does not play a role in evaluating the popularity.

In general, mammals are the most attractive species for visitors (Moss, Esson, 2010; Carr, 2016). Therefore, it should be analysed if there is any correlation between the attendance and the number of mammal species. On the other side, there could be a huge problem in a number or percentage of kept species, which are also exhibited. There is a lot of small or rare species with the necessity of calm non-public breeding facility.

Area of the exposition part of the zoo

According to the study, the size of the exposition part of the zoo as an independent factor has no influence on attendance, which can be seen especially in the Chomutov Zoo (112 ha), whose area is the largest of all member zoos. Prague Zoo (50 ha) can attract five times more visits with approximately half the area. Liberec Zoo, the sixth most visited zoo, is the area of the tenth largest zoo. On the other hand, the larger zoo can have the higher capacity of its area.

Population of the region

The number of inhabitants in the region does not affect the number of visits to the zoo, which is located in the region, so hypothesis no. 7 is refuted. A visit to the zoo is considered to be a frequent one-day activity and it could be assumed that in most cases the visitor will not spend a lot of time travelling to the zoo and will travel mainly to zoos that are relatively close to their residence. The independence of visitors to the region's population may be evident, for example, at Prague Zoo or Dvůr Králové Zoo, which are one of the three most visited zoos. These zoos are most probably visited by a lot of visitors from other regions or even countries.

Another possible reason for the rebuttal of the hypothesis may be the residents in relative proximity to the border of the region, for which it is not time consuming to visit a zoo that would be located in another region. Davey's study (2007) reports a correlation between the number of zoo visits and populations, but internationally. According to this study, the highest attendance of zoos has been registered in Japan for a long time. On the other hand, New Zealand has the least number of visits to this attraction, just before Great Britain (Whitworth, 2012). The Whitworth study then

monitors the impact of population at regional level, namely three distances from zoos (around 24 km, 63 km and 121 km), whose populations were tested. However, even on the basis of these results, the effect of this factor at regional level has not been demonstrated. As well as the populations of the areas in question, no other demographic factors have been assessed as significant.

It should be noted, however, that the effect of this factor in the study may be influenced by the fact that fourteen regions of the Czech Republic appeared in the model only nine of them, so it is clear that in some cases there are more zoos in one region (Brno Zoo, Hodonín Zoo and Vyškov Zoo are all located in the South Moravian Region).

Tourists in the region

The number of tourists in a given region has no influence on the attendance of zoos and hypothesis no. 3 has been refuted. Given that in many countries (probably also in the Czech Republic) a visit to the zoo is usually considered a one-day activity often performed by residents of the area, therefore, the influence of this factor is limited and thus this factor may not have the meaning as assumed in the hypotheses.

However, this factor can be influenced by occasional duplication and triplicity of regions as well as population. In this case, the effect of this factor is even more debatable, as it can be assumed that tourists who go on holiday to the region choose only one of the zoos located in the region and spend the rest of their vacation visiting other attractions (unless they are tourists looking especially for zoos). In the previous case (factor of population in the given region) it is possible to conclude that the inhabitants of the region visit several zoos in their region because they live in it. They do not have significantly limited time (e.g. a few days) to visit the attractions of the region as holidaymakers, and visiting the zoo is a popular one-day activity often performed by residents of the area.

Public subsidies

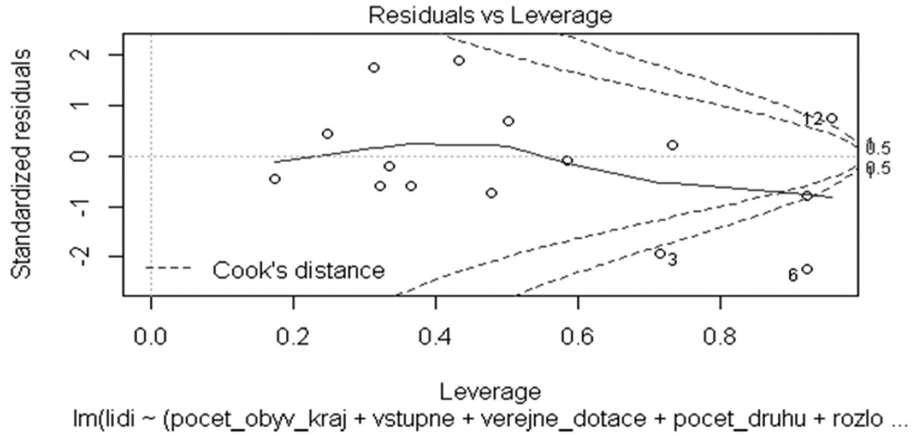
According to the results, the number of public subsidies is not relevant in relation to attendance, which is in line with hypothesis 5. Act No. 162/2003 Coll., On the Conditions of Operation of Zoos and on the Amendment of Certain Acts lists cases where a zoo is entitled to financial support from public sources. From state or other public budgets, holders of licenses for the operation of zoos are provided with subsidies mainly for breeding and care of protected animals, keeping their herd books, projects focused on nature conservation, science and research or education, education and other cultural activities, construction, respectively reconstruction of the zoo and its buildings, further education of employees of the zoo or security and fire protection systems.

It is therefore clear that subsidies are not provided for marketing or such purposes, which should more likely attract potential visitors to visit the zoo. It is necessary to use own income for these activities. The reconstruction of the zoo and cultural activities is questionable.

5. LIMITATION OF THE STUDY

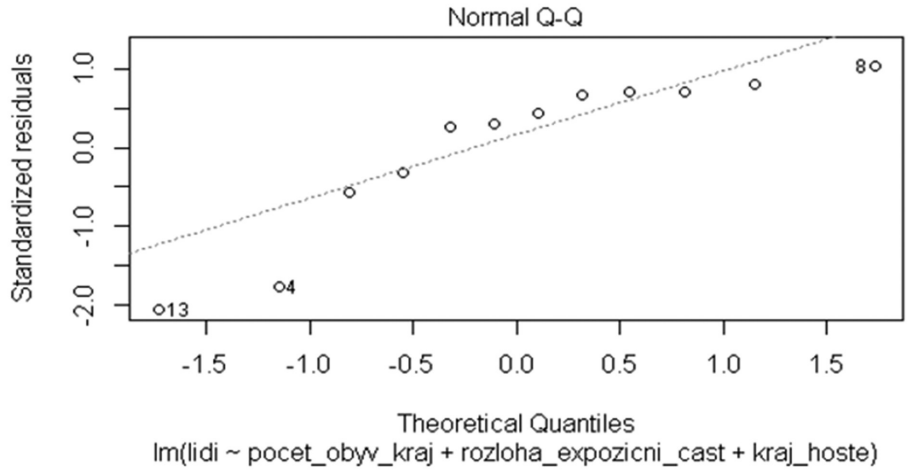
The elimination of three zoos as outliers, which was one fifth of the whole set, reduced the already small set. In this case, however, it was not possible to enlarge the sample in any way, because the data on zoos necessary to conduct the study were available only for the UCSZOO

member zoos. However, in the new outlier-free model, the residuals did not have a normal distribution by Q-Q fence and, therefore, regression was not suitable for statistical evaluation (Graph 1). Although it was apparent from the graph (Q-Q plot) that the method was not suitable, the results were also evaluated for this test (Graph 2).



Graph 1: Prague Zoo, Dvůr Králové Zoo and Chomutov Zoo as outlier

Source: authors research



Graph 2: Q-Q plot

Source: authors research

6. CONCLUSION

The main aim of this contribution was to find out which factors influence the attendance of zoos in the Czech Republic. After statistical evaluation using the Spearman correlation coefficient with the Holm correction, it was found that the factors related to the number of zoo visits are the level of own income adjusted for admission, which was evaluated for a very strong correlation rate, i.e. Spearman correlation coefficient 0.92 and p-value (after Holm correction) $7 \cdot 10^{-9}$, and the amount of adult admission with a slightly lower correlation rate, i.e. 0.69 and p-value 0.03. Other factors, i.e. the size of the exposition part of the zoo (Spearman 0.58, p-value 0.11), the number of species kept in the zoo (Spearman 0.44, p-value 0.31), the amount of public subsidies provided to the zoo (Spearman 0.54, p-value 0.16), the number of inhabitants in the region (Spearman -0.19, p-value 0.8) and the number of tourists in the region (Spearman 0.23, p-value 0.8) in which the zoo is located have no significant impact on attendance.

Therefore, a large influence of financial variables has been proved (except for public subsidies provided for specific purposes, which are precisely defined by Act No. 162/2003 Coll., On the Conditions of Operation of Zoos and on the Amendment of Certain Acts). From a financial point of view, prosperous zoos are better placed to attract visitors, whether through marketing activities or improving the visitor infrastructure, etc. The amount of admission is probably related to the popularity of the zoo and its general ability to convince a potential visitor that the amount of admission is proportional to the quality of the zoo experience and hence the money is worth spending.

As for the secondary objective, i.e. to assess the popularity of zoos in the Czech Republic compared to abroad, the Czech Republic stands out clearly over other countries whose zoos are members of the World Association of Zoos and Aquariums. If the area of the state were taken as the criterion for the conversion of the frequency of zoos, the fifth highest number of zoos would be in the Czech Republic. In the case of conversion according to the second criterion, i.e. according to the population of the given state, the Czech Republic would have even the highest number of zoos.

The potential of tourism behind zoos, i.e. zoo tourism, is undisputed in the Czech Republic, which also resulted from a comparison of the frequency of zoos with foreign countries, where the Czech Republic would prevail over states such as Germany or the United States of America. Among the twenty most visited places in the Czech Republic in 2016, zoos represented six times the number, so zoos represented 30 % of all tourist attractions.

Zoos are not only important in terms of tourism; they are also expected to provide a casual form of biodiversity education, which is not so common with the most popular tourist destinations. Most of the frequently visited places are cultural attractions that are also important in terms of education, unlike zoos, but especially in the field of history or culture. Essential part of the most visited places are also attractions of an entertaining character, where the educational function is not very expected. Combination of nature conservation, education about biodiversity together with recreation and entertainment in zoos is therefore unique. Many zoos also strive to protect biodiversity. They are also important for both local and national economies. For these reasons, zoo tourism should not be neglected and its prosperity should be systematically pursued.

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INVESTIGATING THE INFLUENCE OF PERSONAL TRAITS ON RELATIONSHIP BETWEEN LEADER AND MEMBER IN TOURISM AND PUBLIC SECTOR

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Abstract: *This study examines the effect of a certain personality dimensions and relationships between leaders and followers in the context of tourism and the public sector. It also highlights the fact that the personal characteristics of the employees are important for the organization and can be a „tool" for improving the organizational and operational performance. The analysis included 200 respondents in the services sector (tourism and public sector in Serbia). The tourism sector is characterized by entrepreneurial skills of the owner and the ability to market positioning, while the public sector operates within the legal norms in the service of the citizens. In order to achieve the goals of the research, for the analysis of independent T-test, correlation and regression were used. These findings can be used in the implementation of new techniques in organizational contexts.*

Keywords: *Personal traits, LMX, BFI, Tourism, Public Sector, Service Sector.*

1. INTRODUCTION

In order to understand and predict the behavior in the working environment is necessary to know the personal characteristics of employees. Personal characteristics play a significant role in predicting and explaining organizational behavior. One way is to directly ask a person about his / her characteristics, while others ask the other person what he / she saw the person. Of course, there are some exception in both cases.

In economic terms, the decisions that individuals make and the outcomes of those decisions can have significant consequences, because the personality seen as cognition. According to Costa and McCrae (1990) personality traits are defined as dimension of the individual differences in order to demonstrate the consistent thought, emotion, and action. In the personality, the nomenclature allows researchers to study a specific domain related trait, rather than to separately examine the thousands of individual attributes (Allport & Odbert, 1936) that make up the human beings and unique to individuals (John, Neumann, & Soto, 2008).

Relations between leaders and followers are important for the organization, because the LMX theory is based on the concept of different relationships, where leaders in the working environment are formed two groups of followers according to how they are treated (Danserau et al., 1975; Grean & Scandura, 1987). The high level of exchange involves a high degree of mutual trust (Graen & Uhl-Bien, 1995). Theory of leader and follower exchange (Graen et al., 1982;

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Graen & Scandura, 1987; Graen & Uhl-Bien, 1995) investigate the association relations in organization and their outcomes. The analysis of three domains: leader, follower, and relation (bond), Graen and Uhl-Bien (1995) were combining the above mentioned domains and defined what influences the improvement of the efficiency of leadership in certain situations, that is, which one of the characteristics can be developed to achieve the specific of results.

2. LITERATURE REVIEW

2.1. LMX

The very concept of leadership is as old as human civilization, and numerous studies have not provided a clear picture of what is leadership. Many theories studied different aspects of leadership, but what unites them is that researchers are trying to shape a theory in which all the positive aspects maximized and negative minimize (Graen & Ulh-Bien, 1995). Contrary to all previous theories, the early 70s of the 20th century presented new studies that have been marked as a theory of exchange leaders and followers or LMX Theory. Day and Mishchenko (2015) in his study of LMX theory suggests that as one of the most influential theories of leadership for the last four decades. In order to explain the relationship leader-employed, researchers have used a variety of approaches, from the vertical of dyad connection (Danserau et al, 1975; Grean & Cashman 1975) and the theory of the social exchange (Wayne & Green, 1993) to the Relational Leadership Theory - RLT (Uhl-Bein, 2006).

Before establish model LMX, as well as the very beginning of its development, the researches included the individual characteristics (personalities, similar characteristcs, etc.) (Dienesch & Liden, 1986), where the focus was on a variety of two-member interactions in which the leader develops equal relation with employees. Further development of LMX included job characteristics, because the type of work has a certain impact on the exchange leaders and followers (Graen & Ulh-Bien, 1995). Liden and associates (1997) explains that a high level of LMX improves the sense of the mutual commitments, as well as the emotional attachment between the leader and follower, and work relations based on social exchange characterized by loyalty, commitment and support (Erdogan & Liden, 2002).

Since LMX is the center of exchange between two people, we should know that certain types (characteristics) employees match or not in relations with the leader (Bernerth et al, 2008). The same group of researchers points out that the combination of different personality types allows different approach to the work tasks, solve problems, but also contributes to the overall results of the organization. In defining the contribution of employees, it is important to develop their functional roles, as well as a superior understanding (George & Hançerli, 2004). Perception and responsibility of followers has a significant contribution to the relations with the leader. The leader (his/her personal characteristics) drives employee relations, and the results depend on the quality of the connection, i.e. the quantity of engagement that will make the other members of the group. Since each member has its own methods of work, in the group would find many different types of personalities. Significant difference to LMX relations is recorded in the management of large groups, where the leader should present all the positive side of leader-member exchange (Schyns et al, 2012).

In the study of LMX antecedents has been found that the behavior associated with extraversion, agreeableness and conscientiousness, and to influence the development of high quality LMX relation (Liden et al, 1997; Barrick & Mount, 1991; Costa & McCrae, 1988). By contrast, the

leader or a member who feels that his / her partner is not able to respond to challenges, and to return the same, it is less likely to spend time, trust, and in particular respect that can be found in high-quality LMX (Bernerth et al, 2008). Contribution to high-quality exchange of LMX has openness which is also called intellect. People high on openness have a wide range of coping, but prefer specific solutions to problems in stressful situations (Grant & Langan-Fox, 2007). As for the emotional stability, if only one member is neurotic, exchange leaders and followers there will be an imbalance, and relations will be of low-quality.

Predictors of LMX quality were studied characteristics of personality and leaders and employees. Agreeableness and conscientiousness although slightly, show the relation between BFI model and LMX for managers (Bernerth et al, 2008). Also, predictor of LMX quality is extraversion for a particular level of managers (top level). Barrick and Mount (1991) considered that the extravert useful for managerial jobs, but not for each type of job such as secretary, engineer, architect, accountant.

2.2. Personal traits, sectors and LMX

In assessing the overall operational performance increasingly used the results related to the theory of personality. Work environment requires constant interaction because it is composed of people who have their own system of values, needs, biographical characteristics, personality traits, self-esteem, perception of the environment, objectives and a number of other variables that affect organizational behavior. These personal variables have a direct and indirect (moderating and mediating) the impact on organizational outcomes.

Personality is defined as an acceptable stable characteristic of individuals, which affects their behavior and cognition (Colquitt et al, 2000). Also, the personal characteristics have been developed and as the tendency of individuals to behave in certain ways in certain situations (Chamorro-Premuzić & Furnham, 2005).

Number of researchers, and various types of samples, as well as the method in the study of personal characteristics, resulting of model of the Big Five Inventory (Goldberg, 1990; Costa & McCrae, 1992; John & Srivastava, 1999). The aforementioned five-factor model has enabled researchers in the fields of organizational psychology and human resource management to examine personality traits with the variables of organizational behavior. Theoretically, the BFI model starts from the assumption that the important personal characteristics, because they affect the way individuals behave in a certain environment. According to John and Srivastava (1999) scientific objectives taxonomy is a comprehensive definition of the domain in which there are a number of specific cases that could be understood in a very simple way. Big Five personality dimensions with minor variations accepted by most researchers, including:

Extraversion - talkativeness, entertaining, energy and sociability. People with high levels of extraversion characterized establishing relationships with a large number of people, socially engaged, looking for excitement, radiate optimism, positive attitudes, respect others and are very friendly (Louis, 1980; Mayer & Allen, 1991). Type of work that is done in the tourism and the public sector is directly related to contacts with people. Warmth and energy are two positive and necessary characteristics for successful work with the users of public and tourist services. For a tourist, rather than for the public sector, one of the qualities that should definitely be a communication, but also a desire for new challenges and good outcomes causing stronger and

better relations with the manager. Unlike extravert, introvert is reserved, suspicious and often alone than in a group. In the organizational context, extroverts want to establish interaction with members of the organization, have good relations with them and seek challenging tasks of managers. Extroversion in research and positively connected to the leadership, so they are referred to as leaders` extraverts in groups (Judge et al, 2002).

Agreeableness - gratitude, forgiveness, generous, likeability, confidentiality. This dimension is associated with people who voluntarily work with other colleagues (Mount & Barrick, 1991) and are very flexible. Persons with a high degree of comfort are altruist, genuine, they behave in an appropriate manner, modest, but they prefer to be cooperative (Judge et al, 2002). Pleasant people are more motivated to achieve interpersonal contacts, resulting in good operating performance and teamwork. For employees in the public sector the most important in meeting the people that are kind and listen to the problem. On the other hand, in the tourism sector due to the nature of work requires a high level of interpersonal action, especially in hospitality. The negative context, people were skeptical in relation to the intentions of others, put to the top priorities the personal interests and it is quite a difficult to work with them. Researchers (Piedmont et al, 1991; Yukl, 1998; Judge et al, 2002) analyzed the agreeableness and leadership find out that the possible relationship is uncertain, i.e. it can be problematic. Negative and positive attributes of agreeableness are significant in the service sectors because it characterized by a close encounter with the customer.

Conscientiousness - efficiency, organization, reliability, responsibility. Conscientiousness is linked with the overall work performance, but also with efficiency of leaders (Barrick & Mount, 1991). People with high on conscientiousness dimension respect the rules and norms that have competencies and achieve the set goals, and they are characterized by more self-discipline, productivity, responsibility and independence (Costa & McCrae, 1992; John & Srivastava, 1999; Teng, 2008). In the organizational context, these people have a strong will, precisely and accurately perform tasks following the rules. In contrast, people who are negative on conscientiousness start multiple jobs at once, and they are very superficial and unsystematic. For the realization of public sector jobs, a priority responsibility and thoroughness with respect for the rules. In the first place, providing tourist services are the organization and reliability (selling tourist packages, tourist guiding services, hospitality/catering services). Low dimension on conscientiousness in both sectors can have very unpleasant consequence (lost file that has a time limit for conclusion, a patient who did not arrive for review at the scheduled time, double charged for room in the same accommodation facilities, etc.). High dimension on conscience is one of the best predictors of good operating performance, which has the consequence of good relation with the leader(s) (Barrick & Mount, 1991).

Neuroticism - anxiety, tension, instability and concern. Also referred to as emotional stability. Costa and McCrae (1992) emphasize that the extent continuum between stability and instability, and that is most commonly used for analyzing personality. The high degree of negative affectivity are people who are tend to anxiety, have irrational ideas which not able to control their impulses and tend to depression, constantly worried and often subject to stress (Judge et al, 2002). In the organizational context of the high level of neuroticism causes frequent conflicts between superiors and subordinates. Individual with low on negative affectivity dimension is characterized by stability and composure, and easier to „cope" in stressful situations. Although there are conflicting opinions in a number of researchers, may be considered to be a high-degree of negative affectivity not favorable organizational outcomes in the service sectors since resulted in a lower level of job satisfaction.

Openness - esthete, curiosity, imaginary, originality, wider interests. It is also called openness for experience. By studying all five dimensions, Bass (1990) signaled openness as a characteristic that has the best relationship with leadership. A person who are high on openness has broad interests, values intellectual ability, acceptance of new ideas and views and is very creative. Very important skill for an effective leader is creativity (Judge et al, 2002). In the organization context, employee may come into conflict situations with the supervision if he/she is low on openness. People who low on openness do not explore, keep under control their emotions and accept very narrow circle of reciprocity. A high dimension on openness was primarily related to the tourism sector which, without originality, curiosity and interest does not contribute to better working performance, thereby minimizing organizational result.

The results of numerous studies have confirmed that the impact of employee personality traits important for contextual performance, and less on performance related to the immediate task. Summarizing from the above, analyzing personality according to modelled BFI can be a predictor of certain life outcomes, such as leadership (high level of extraversion), helping others (high level of agreeableness), education level (conscientiousness), tendency to depression (high level of neuroticism) and creativity (high level of openness).

Hypothesis One: There are sectoral and gender differences in relations LMX and BFI.

Hypothesis Two: LMX is positively correlated with extraversion, agreeableness, conscientiousness and openness, and negatively correlated with neuroticism in tourism and public sector.

Hypothesis Three: Predictors LMX are dimensions of personality by model BFI in tourism and the public sector.

3. METHODOLOGY

3.1. Instruments

The most commonly used for the questionnaire research of the relationship leader and follower according Grean and Uhl-Bien (1995) model LMX 7. Measurements can be a five-point Likert scale from 1-very poor to 5-good. The questionnaire is homogeneous and contains seven questions. Interpretation of the results obtained in the relations between leaders and followers include the following: very high 30-35, high 25-29, 20-24 moderate, low 15-19 and very low 7-14. Cronbach alpha for said questionnaire is high ($\alpha = .94$). The questionnaire was filled in by all levels except the highest, that is, without owner (tourism sector) and Mayor/Council members/directors in the public sector.

Big Five Inventory questionnaire (BFI) is measured rating different personal traits by John and his associates (1991); John and Srivastava (1999). The questionnaire contains 44 questions and has five dimensions: extraversion, agreeableness, conscientiousness, neuroticism and openness (McCrae & John, 1991), and was measured with a five-point Likert scale (1-strongly disagree to 5-strongly agree). The results are obtained for each dimension based on the arithmetic mean, and Cronbach alpha is in the range of $\alpha = 0.69$ to $\alpha = 0.79$.

3.2. Procedure

The analysis of the data was used statistical package SPSS 22.0. The data obtained were analyzed using descriptive statistics, then Pearson correlation coefficients were determined by connections/relations for the indicated variables, whereas the regression examined the contribution of each predictor variable in explaining the criterion variable. Independent T-test was used to determine whether there are differences between the variables of age and sector. Reliability of the data obtained according to the same questionnaires calculated Cronbach`s alpha.

3.3. Sample

The questionnaire received 270 employees in the service sector (travel agencies, hotels, restaurants, coffee - bars, public enterprises, city administration) and 200 questionnaires returned filled (74%). Distribution of the questionnaire was conducted electronically and analogically in Serbia, from January till March, 2016. The sample was comprised of 64% women and 36% men, average age is 38.2, and the highest 41% of respondents from the age groups „30-41". Of the total number of received questionnaires, respondents did not fill the 9 years of age (4%), i.e. 5 patients from the tourist sector and 4 from the public sector.

4. RESEARCH RESULTS

Detailed population statistics by type of sector data in the following table.

Table 1. Demographic characteristics of the sample

Category	Description	Tourism	Public	%
		N	N	
Gender	Male	42	30	36.0
	Female	58	70	64.0
Age*	18-29	36	7	21.5
	30-41	42	40	41.0
	42-53	14	30	22.0
	54-65	3	19	11.0
Education	Primary	1	0	0.5
	Secondary	18	13	15.5
	College	24	4	14.0
	University	50	61	55.5
	MSc	6	15	10.5
	PhD	1	7	4.0
Tenure	Up to 10	69	35	52.0
	11-20	18	39	28.5
	21-30	8	18	13.0
	31+	5	8	6.5

*5 missing in tourism sector, 4 missing in public sector.

Source: Authors' calculations

T-test analysis of the sector structure shows the difference for four of the six variables. The results obtained indicate that the tourist sector (M = 3.40, SD t = 1.01) is higher than the public sector (M = 2.89, SD = 1.02), t (198) = 3.54, ρ = .00, d = .06 (medium effect size) the relation of leaders and followers. Then, the tourist sector (M = 3.71, SD = .47) greater than the public sector (M = 3.53, SD = .56), t (198) = 2.49, ρ = .01, d = .03 (small size effect) for extraversion. Tourism

sector (M = 4.05 SD = .48) greater than the public sector (M = 3.92, SD = .41), t (198) = 2.18, ρ = .03, d = .02 (small size effect) for agreeableness. Result has neuroticism, showing that the public sector (M = 2.74, SD = .68) higher than the tourist sector (M = 2.51, SD = .65), t (198) = -2.54, ρ = .01, C = .03 (small size effect).

Table 2. T-test for sectors

Variables	Group statistics			Levene`s test		t-test		
	Group	M	SD	F	ρ	t	df	ρ
LMX	Tourism	3.40	1.01	.29	.59	3.54	198	.00
	Public	2.89	1.02					
Extraversion	Tourism	3.71	.47	2.76	.09	2.49	198	.01
	Public	3.53	.56					
Agreeableness	Tourism	4.05	.48	1.70	.19	2.18	198	.03
	Public	3.92	.41					
Conscientiousness	Tourism	4.28	.48	3.98	.04	1.32	198	.19
	Public	4.19	.53					
Neuroticism	Tourism	2.51	.65	.11	.74	-2.51	198	.01
	Public	2.74	.68					
Openness	Tourism	3.47	.42	2.40	.12	-.81	198	.42
	Public	3.53	.47					

F-statistics; ρ-value (Sig.)>.05; t-value of t-test; df-degrees of freedom; ρ-value (Sig)< .05.

Source: Authors' calculations

Examination of the differences of gender structure following results were obtained. Female groups (M = 3.68, SD = .51) greater than the male groups (M = 3.52, SD = .52), t (198) = -2.08, ρ = .04, d = .02 (small size effect) for extraversion. The results for the agreeableness show that a group of male and female (M = 4.04, SD = .42) higher than the male groups (M = 3.89, SD = .50), t (198) = -2.15, ρ = .03, d = .02 (small size effect). Also, even for conscientiousness female groups (M = 4.32, SD = .44) higher than the male groups (M = 4.10, SD = .59), t (198) = -2.77, ρ = .01, d = .04 (small size effect).

Table 3. T-test for gender

Variables	Group statistics			Levene`s test		t-test		
	Group	M	SD	F	ρ	t	df	ρ
Extraversion	Male	3.52	.52	.01	.93	-2.08	198	.04
	Female	3.68	.51					
Agreeableness	Male	3.89	.50	1.71	.19	-2.15	198	.03
	Female	4.04	.42					
Conscientiousness	Male	4.10	.59	8.46	.00	-2.77	198	.01
	Female	4.32	.44					
Neuroticism	Male	2.62	.74	2.40	.13	-.07	198	.94
	Female	2.63	.63					
Openness	Male	3.48	.45	.01	.92	-.40	198	.70
	Female	3.51	.44					

F-statistics; ρ-value (Sig.)>.05; t-value of t-test; df-degrees of freedom; ρ-value (Sig)< .05.

Source: Authors' calculations

The level of LMX and personality traits of conscientiousness and openness shows a significant positive correlation in the tourism sector. Within the public sector, a positive correlation between the level of LMX and personality traits of extraversion (r (100) = 0.22, ρ < 0.05), a negative correlation between the levels of exchange of the leader and follower, and dimensions neuroticism (r (100) = -0.25, ρ < 0.05).

Table 4. Correlations among variables per sectors

Variables	LMX	
	Tourism	Public
Extraversion	.12	.22*
Agreeableness	.13	.12
Conscientiousness	.22*	.04
Neuroticism	-.08	-.25*
Openness	.20*	-.01

*Correlation is significant at the .05 level.

Source: Authors' calculations

Table 5. Multiple regressions model per sector

	Tourism sector	Variables	β	t	ρ
R^2	.08	Extraversion	-.03	-.29	.77
		Agreeableness	.03	.24	.82
F	1.58	Conscientiousness	.20	1.64	.11
		Neuroticism	.05	.43	.67
ρ	.18	Openness	.18	1.59	.12
	Public sector	Variables	β	t	ρ
R^2	.10	Extraversion	.22	1.80	.08
		Agreeableness	-.03	-.23	.82
F	2.00	Conscientiousness	-.04	-.30	.77
		Neuroticism	-.21	-1.99	.05
ρ	.09	Openness	-.10	-.93	.34

Dependent variable is LMX; significant at the 0.05 level; R^2-coeff. determination;
ρ-value (Sig)< .05; β-beta standard regression coefficient.

Source: Authors' calculations

The regression model for the tourism and the public sector is given in Table 4, where the criterion variable exchange leaders and followers (LMX), and a set of predictors personality dimensions.

Personality dimensions according to the model BFI have influenced the level of exchange leaders and followers in any of the examined sectors.

5. DISCUSSION

This study examines the relationship between personal traits according to BFI model and LMX in the tourism and the public sector. The sample taken is relatively small, 100 participants per sector and only two sectors were tested.

There are certain differences in the sectoral and gender structure of the relations of leaders and followers and personality of employees. The tourism sector is significantly different from the public sector in subordinate-supervision relation, extraversion, agreeableness and emotional stability. The level of the LMX relationships is moderate, while for those personality dimensions are small. When the gender structure, differences were demonstrated in favor of the female population for extraversion, agreeableness and conscientiousness. For all three dimensions` effect sizes are small. Average of all respondents on LMX-7 construct is 24 for tourism sector, and 20 for public sector, and it can be concluded that the relationship between the leader and follower is moderate quality of both sectors. Extraversion represents employees tend to be social, persistent, active and enthusiastic. Agreeableness indicates selflessness and understanding for others. Conscientiousness has two related aspects: performance and reliability. Neuroticism represents

employees tend to show a low level of emotional stability and have negative experiences (anxiety, hostility, etc.) that affect the working environment. *Hypothesis One is partially confirmed.*

Examining the correlation between the LMX relation and all five dimensions of personality were found to be positively correlated conscientiousness and openness in the tourism sector, and extraversion in the public sector. While the negative correlation was observed between LMX and emotional stability in the public sector. All correlations are low intensity. *Hypothesis Two is partly confirmed.*

Regression model was determined whether the predictors of exchange leaders and followers all five dimensions of personality in both mentioned sectors. The results suggest that the personality dimensions according to the model BFI do not have prediction to the exchange level of leader-member. *Hypothesis Three has not been confirmed.*

6. FUTURE RESEARCH DIRECTIONS

The leader is the one who gives guidance, provides support, engage and empower their followers. The results in this study can be used in the work of formation of the operating team, in which they can avoid all the negative consequences that do not contribute to improving organizational performance. Although this study limited on LMX and personality traits, the results show what influences the construction of quality exchange between leaders and employees.

These results may be important for the development of LMX theory in two specific, service sectors, which have not been sufficiently studied in our environment. The number of samples and constructs (such as organization commitment, job satisfaction, etc.) should be increased, in order to examine relations more closely in the future research. More studies in this field would be useful for the LMX theory and practice.

7. CONCLUSION

In terms of the Serbian economy, salaries in public sector are insufficient, or regular, while in tourism sector significantly lower than the average and irregular, so that the survey does not include data on monthly income as employees in both sectors do not want to be heard.

In the tourism sector organizations with a relatively small number of employees (excluding hotels) and among them there is the possibility of frequent and close communication and without a high level of employee` extraversion. In the public sector relations are based on a hierarchy which is not a favorable environment for establishing good communication between supervisors and employees. The high level of extraversion employee is a good prerequisite for initiating communication with superiors, so that the public sector extraversion growth accompanied by growing levels of LMX. Significant correlations with extraversion dimension confirm that people with high levels of extraversion established relationships with a large number of people, which is characteristic of the public sector. In the tourism sector agreeableness was positively correlated with the level of LMX, which means when conscientiousness increases, the level of LMX increase, which is not the case in the public sector, where the correlation is not observed.

Organization in the tourism belonging to the private sector, wherein the reward is based on the working performance, which are to a certain extent based on the level of agreeableness expressed by a staff, which also influences the level of trust that has employee with a leader (that rewards

these performance). Within the public sector, there is not a significant correlation between the level of agreeableness and LMX, which gives specific information about the fact that in the public sector are not defined in the reward system according to the progress of the working performance of employees, and to a certain extent can be made responsible superior (Government of Serbia has announced application of pay scales at all levels of government since 2017).

In the public sector, the growth of negative affectivity accompanied by declining levels of LMX, while the tourism sector there is no significant correlation between negative affectivity and the level of LMX. One of the reasons for the result obtained may be general dissatisfaction of employees in the public sector, not only in relations with superiors, but also in relations with colleagues, which negatively affective person may prevent the establishment of a relationship of trust with the supervisor and other employees.

The presence of optimism and positive emotions contribute significantly to the daily work. Negative emotionality does not allow for a high-level exchange between leaders and followers, and business outcomes are poor. In the context of public sector this dimension of personality is not desirable, because it inhibits other members of the team or organization in implementing its operating activities, and how to talk about the services sector, may suffer unpleasant consequences and the providers and users of services. Neuroticism in the public sector has a negative impact on the level of exchange of leaders and followers. In the public sector, employees are selected by competition, accompanied by formal documentation, but there is no psychological questionnaires and tests. On the other hand, employment in the tourism sector performed most frequently interview, the candidates are in hotels other than formal-working ability and psychological tests.

Openness to ideas did not show correlation with the level of LMX in the public sector, but it is positively related in the tourism sector. Jobs in the tourism sector require new ideas, but the general state of the market, as well as the weak economic power, led to the fact that managers (owners) operate in a safe (do not take risky moves in the business).

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THE ROLE OF UNESCO HERITAGE IN THE BOUTIQUE TOURISM OFFER IN SLOVENIA

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Abstract: *Cultural heritage is a significant co-creator of the tourist offer, especially if it carries the prestigious title of a UNESCO World Heritage Site. UNESCO's heritage strengthens national identity and is universally recognisable. The particularity of Slovenia is the fact that only the Škocjan Caves are among the main tourist attractions of the destination as an example of a UNESCO (natural) Heritage Site. All other UNESCO Heritage Sites in Slovenia are less known, but they represent the foundation for the development of boutique and exclusive tourist offers and boutique tourism in contrast to mass tourism, which is challenging at many destinations which brand themselves as UNESCO Heritage Sites since they are very often facing overtourism.*

Slovenia is ranked on the UNESCO World Heritage List with the following Heritage Sites: The mercury heritage (mercury mine in Idrija), prehistoric catches at the Ljubljana Marshes, and natural heritage - the Škocjan Caves, the ancient and primaeval beech forests in the Krokar jungle, and the Snežnik Ždrolce reserve. On the UNESCO representative list of the intangible cultural heritage of humankind, there are tours of the Kurent traditional masks, the drywall construction, lace knitting and Processio Locopolitana (the Škofja Loka Passion Play). The inclusion of heritage into a modern tourist offer requires reflection and a professional approach. What is good for protecting and preserving the heritage is not necessarily good for tourism, and what is good for tourism is rarely appropriate for heritage protection. Therefore, the integration of heritage in the tourism offer, the creation of heritage-based models, is a matter of strategic design and professional decisions. In the chapter it will be analysed how, or in what way, the UNESCO heritage in Slovenia is included in the modern tourist offer. This will be determined by employing field work, the technique of partially structured interviews with stakeholders who protect and explore the selected heritage, and tourist providers who interpret heritage in various ways and incorporate it into modern (boutique and exclusive) tourist offers. We will also obtain information through the analysis of websites and field visits to the UNESCO Heritage Sites. In doing so, we will highlight examples of good practices for each UNESCO heritage case. On this basis, it will be determined what are the possibilities and opportunities for integrating the UNESCO heritage into the modern boutique tourist offer of Slovenia.

Keywords: *heritage, heritage tourism, UNESCO, tourism offer, Slovenia.*

1. INTRODUCTION

Cultural heritage is a significant co-creator of the tourist offer, especially if it carries the prestigious title of a UNESCO World Heritage Site. UNESCO's heritage strengthens national identity and is universally recognizable. Of course, it needs to be emphasized that the concept of heritage and cultural heritage has changed and evolved through time (Vecco, 2010). Nowadays, heritage is no longer defined on the basis of its material aspect. This development has enabled the recognition of intangible cultural heritage, which was ignored for a long time, as heritage to be protected and safeguarded (Vecco, 2010). Also, Bogataj (1992, 11), defines cultural heritage

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as something that has been created outside of the natural action of nature or from it, whereby the heritage is not only the monuments, but all those cultural elements that have been preserved in different forms in the past, or at least they are known as forms of lifestyle of the past. A significant part of the natural heritage is, in its basic essence, cultural heritage, so, not only the conscious and deliberately designed natural environment, but also everything created by the men in this environment or from it. Cultural heritage involves various relationships between men and their cultural environment, and answers questions about who we are, where we come from and where we belong (Jezernik, 2010, 196). Cultural heritage is significant for the local and regional environments, especially if it carries the prestigious title of UNESCO World Heritage.

Slovenia is ranked on the UNESCO World Heritage List with the following Heritage Sites: The mercury heritage (mercury mine in Idrija), prehistoric catches at the Ljubljana Marshes, and natural heritage - the Škocjan Caves, the ancient and primaeval beech forests in the Krokar jungle, and the Snežnik Ždrolce reserve. On the UNESCO representative list of the intangible cultural heritage of humankind, there are tours of the Kurent traditional masks, the drywall construction, lace knitting and Processio Locopolitana (the Škofja Loka Passion Play). The particularity of Slovenia is the fact that only the Škocjan Caves are among the main tourist attractions of the destination as an example of a UNESCO (natural) Heritage Site. All other UNESCO Heritage Sites in Slovenia are less known, but they represent – according to the directions of the Strategy of the Sustainable Growth of Slovenian Tourism 2017-2021 (Strategija, 2017) the foundation for the development of boutique and exclusive tourist offers, and Boutique Tourism in contrast to mass tourism, which is challenging at many destinations which brand themselves as UNESCO Heritage Sites, since they are very often facing overtourism.

The inclusion of heritage into a modern tourist offer requires reflection and a professional approach. What is good for protecting and preserving the heritage is not necessarily good for tourism, and what is good for tourism is rarely appropriate for heritage protection. Therefore, the integration of heritage in the tourism offer, the creation of heritage-based models, is a matter of strategic design and professional decisions.

In the chapter, will be analysed how, or in what way, the UNESCO heritage in Slovenia is included in the modern tourist offer. The subject of the research is topical, since heritage is an important co-creator of our future. The discovery, exploration, scientific research and tourism experience of heritage, along with its preservation, help to strengthen the identity of the nation, the sense of belonging and dialogues between cultures. According to Lenzerini (2011, 103) »appropriate safeguarding of the international cultural heritage of the diverse peoples making up the world – is essential for promoting harmony in intercultural relations, through fostering better appreciation and understanding of the differences between human communities«. Due to all these factors, 2018 was proclaimed European Year of Cultural Heritage. This one-year project successfully contributed to the increased awareness about the importance of cultural heritage.

2. METHODOLOGY

The research is founded on a literature review, combined with field work, participant observation during the tours around the Škocjan Caves and the Idrija Mercury Mine, and the technique of unstructured interviews with stakeholders who protect and explore the selected heritage (the Škocjan cave, the Krokar virgin forest, the Idrija Mercury Mine), and tourist providers who interpret heritage in various ways and incorporate it into modern (boutique and exclusive) tourist

offers. Some information was also obtained through the content analysis of websites. The following research question will be answered in this chapter: In which ways is the UNESCO heritage in Slovenia included in the modern tourist offer? Further on, we will highlight examples of good practices in Slovenia for each UNESCO heritage case. On this basis, we will determine what are the possibilities and opportunities for integrating UNESCO heritage into the modern boutique tourist offer of Slovenia.

3. INTERPRETATION OF CULTURAL HERITAGE

An essential part of including cultural heritage into the tourism offer is its interpretation. When interpreting cultural heritage, it is not just about giving information, but primarily about discovering the meaning, influencing attitudes and behaviors, and attracting interest. Interpretation should be informative, raising awareness, enriching knowledge and arousing interest in finding new insights about the environment, and, therefore, if it wants to be of good quality, it must always be based on real facts and authentic stories. In fact, in this respect, it also differs from tourist animation, where it is important that tourists are entertained (Handbook for the interpretation of cultural heritage, pp. 4-5). A good interpretation of cultural heritage must be appropriate. This means that it relies on the knowledge and experience of visitors, so it is necessary to check their interest and expectations constantly. A good interpretation must be well researched and diverse, that is, based on modern research work, as well as folk tradition, and to persuade visitors in different ways, depending on the different learning styles and the use of different media, taking into account demographic and cultural characteristics. If information about the heritage is presented in an attractive, unusual way, full of challenges, and the motivation for learning something new is high, learning about the heritage takes place in a playful and fun way. It is also important that the interpretation is comprehensive, with all the elements in a particular environment, sustainable and inclusive. It is good to include and link all stakeholders in the process of heritage management and conservation. In the preparation of interpretive techniques, both heritage experts and the local community must be involved. In this context, it is important to take into account the values of local communities and visitors, and, on this basis, to plan different ways of providing information that is not intrusive or harmful to the environment in which a particular heritage is located.

The means for interpreting cultural heritage are diverse. There exist interpreting centres where various presentations of heritage are held for visitors, such as workshops for craftsmen, culinary workshops for the preparation of local specialties, use of lecture rooms, social spaces, halls for various purposes and events etc. Furthermore, there are outdoor museums that are preserved in the state they were in at a given period of time in order to display the „moment in time". This means that only a particular object or multiple objects are preserved, but their function is also interpreted from the past or the way it operates. The „theater of history" is also an effective means of interpretation, where life situations from the past are staged. In this regard, authenticity (costumes, use of language, appropriate rules of behavior and mutual relations with the way of work, tasks) is very important, which is shown through various scenes of rituals, celebrations, habits and customs, performances of people from the past... Demonstration is also an effective means of interpretation (Handbook for the interpretation of cultural heritage, b. d, pp. 16). It can take place in a completely contemporary context, although old knowledge, skills or procedures are displayed and interpreted. Often it is about displaying day-to-day tasks in a modern way of life, such as a cow's machine milking, which is as interesting to visitors as manual milking of cows. In interpreting workshops, which distinguish themselves from demonstrations in that

the visitors participate actively and, at the same time, learn certain skills, they learn their own skills creatively. Most common are the following tasks: Mowing with a scythe, harvesting with a sickle, weaving on looms, lace-knitting or knitting baskets etc.

Storytelling is the oldest and most effective form of interpretation, the primary environment for this is in the evening at the bonfire, the winter evening at the stove, the fireplace, or the inn. Fog, Budtz, Munch and Blanchette (2010, pp. 31-32) enumerate the key elements of the story that form the essence of storytelling. These are: The message, the conflict, characters, and the course of the story. In storytelling, the emotional component is exposed and it becomes a very important tool for achieving various goals. Especially in the tourism sector, it serves as an important tool that conveys the message about the specified destination (Kužnik and Veble, 2018, pp. 43).

Culinary experiences can also be used as a very effective means of interpretation. They include all senses, smell and taste, but remain in the long-term memory. Interpretations are not carried out only through food and drink, but also through menus, food settings, ways of serving, guided culinary tours and the like. With the help of culinary experiences, interpretation can be extremely effective in achieving different interpretive goals. Various brochures are classified as the most commonly used interpretation medium. They serve as an addition to their own field research. Their weakness is that tourists and visitors discard them quickly.

Instead of leaflets, the visitor can use the manual for self-guided tours on the selected route, on which the individual elements and locations that we want to interpret are marked with numbers, and the main interpretation is provided in the manual. The user guide can be supplemented with route journals, a pre-prepared publication that combines a handbook, and empty pages where the visitors put their impressions, observations, photos, stamps... Interpretation boards are irreplaceable at the starting and key points of the thematic routes, but, nevertheless, they are far from effective insofar as their use is widespread. The board is a sensible means of interpretation when it comes to topics that visitors can experience in the immediate surroundings alone, or if it is to explain the complex phenomena that everyone should understand. It is important that the text is short and concise.

The board can be replaced by audio visual means at reference points as an audio backdrop for the transmission of sound effects, voices, noise... Audio-visual means, among which are multivisions, movies, shows, internet, etc., are very effective means of interpretation, they provide information, generate mood, emotional responses and ethical views of people. In modern times, postcards are often forgotten, and they also communicate important messages about the place, the area, the heritage, the way of life. An excellent means of interpretation are souvenirs, and especially useful, and very topical, are also culinary souvenirs (Handbook for the interpretation of cultural heritage, b. d., pp. 14-20). Regardless of the choice of interpretive techniques and means, the interpretation is successful when the visitor senses, feels, and experiences the heritage at his/her own pace and style.

4. EXPERIENCE TOURISM

Tourism is an activity that is changing and adapting to new needs and trends constantly. The modern tourist is no longer satisfied with the sightseeing of the places and sights that they are visiting, but wants to experience a lot of new, different, interesting things on their travels. The

modern tourist wants experience, contacts with the local population, their way of life, culture, habits and customs, local cuisine etc. They also search for various activities and want to become part of the local events. Today's tourist is no longer satisfied only with observing natural and cultural heritage and attractions, but simply wants to participate actively in the daily and festive way of life of the locals. Experiences are the main motive for people to travel. Because of different experiences, the trips are unique and invaluable (https://www.thetravelword.com/, 3.5.2018).

Experiences come in many colors and shapes. Experience is a meeting with a group of children in the African countryside, a sunrise over the mountain, a descent into a cave, a visit to a local wine cellar with tasting wine and culinary specialties, a holiday at a tourist farm where guests take care of pets, fishing with the local people, dancing with locals, weaving on looms, watching bears etc. The experience tourist is eager for new adventures, is spontaneous and ready for active leisure time. We distinguish two forms of experiential tourism: A soft and a hard shape (Swarbrooke, 2003, 33). We talk about a soft form when it is less risky and tourists do not need previous experience. Soft forms also require less psychological effort than hard forms. The wider concept of experiential tourism represents Alternative Tourism, which is the opposite of Mass Tourism. It is a step away from Mass Tourism such as sea-sun-beach. Later, Alternative Tourism was also associated with the concept of Ecological (Mihalič, 1999, 319) and Boutique Tourism, the development of which is based on the natural and cultural heritage of Slovenia and all of its experiences.

5. NATURE EXPERIENCE

5.1 The Škocjan Caves

The **Škocjan** Caves are a natural phenomenon of exceptional global value, set alongside the Grand Canyon, the Great Coral Relief, the Galapagos, and Mount Everest. The **Škocjan** Caves, the largest ever known underground canyon in the world, which is up to 146 meters high, has several kilometers of walking path with 500 steps, 26 underground waterfalls, caves of all shapes and sizes, some up to 15 meters high. The guide in the **Škocjan** Caves, Aleš Iulita, explained that this is a case of contact Karst, which developed at the contact between flysch and limestone. In a small area, numerous Karst phenomena have developed (sinks, natural bridges, ravines, buns, collapses, abysses, underground canyons, trenches, springs etc.). Part of the **Škocjan** Caves is called Velika and Mala dolina. Due to the special microclimate conditions, the two valleys developed an exceptional ecosystem in which Mediterranean and alpine elements intertwine. For example, the alpine meadows (such as the Avrique) and the Mediterranean flora (such as the ferns of venereal larvae) grow close together. The great valley is the classic site of Justin's Bells (Campanula Justiniana), which grows only in south-west Slovenia (endemic plant), and bats stand out among the endangered animal species. The area also has a great cultural-historical significance, since it was inhabited from the Mesolithic (https://www.park-skocjanske-jame.si/informacije/certifikati#a_UNESCO, 1.5.2019). The long-term coexistence of nature and man is reflected in the typical Karst cultural landscape and building heritage. The area is also important because of the fundamental research of Karst and Karst phenomena from the 17th century (Valvasor) to the present (more in Mihevc, et. al 2016, 82).

The Great and the Little valleys and the underground canyon are examples of exceptional natural beauty, and have a great aesthetic meaning on a global scale. For this reason, on 28 November 1986, the Škocjan Caves entered into the UNESCO World Heritage List. The number

of visitors is increasing every year; in 2018 there were around 200,000, where we can still talk about Boutique Tourism compared to the Mass Tourism in the Postojna Cave, which is visited by one million tourists a year (Aleš Iulita, personal communication, 23.4.2019). The Škocjan Caves in the modern tourist offer include mainly guided caves. An additional activity is a thematic learning path, where participants learn about the special features of the classical Karst. The symbol of the learning path is a drop which guides direct and acquaint visitors with the natural phenomena and cultural heritage. Visitors are involved actively. They can also engage actively in thematic workshops, with content coming from nature, the former way of life and heritage in the park area. The modern tourist offer also includes museum collections (Zbirka zgodovine raziskovanja Škocjanskih jam, ethnological collection in the Jakopin barn and geological collection of stones in the Delez homestead). The Park also provides cycling routes.

5.2. First beech forests in Slovenia

The areas of the earliest beech forests of the Carpathians and other European regions listed in the UNESCO World Heritage List are the best-preserved parts of beech forests, that have played an important role in the development and impact of beech ecosystems in Europe since the last Ice Age 12,000 years ago. At that time, only the beech forests in southern Europe, which began to spread throughout Europe, managed to survive the frost, bringing with it the entire ecosystem, thousands of species of animals and plants. Among these areas there are also forest reserves in Pragozd Krokar (the virgin forest Krokar) and Snežnik - Ždrolce. Krokar is located in the heart of the Kočevje forest. In this virgin forest, the human hand has not yet encroached, but it is home to indigenous species of beasts and birds. Ancient beech forests, which have secured their place on the UNESCO list with their preservation, can also be found in the Snežnik Ždrolce Reserve. Slovenian beech forests are listed on the list of the world's natural heritage along with beech forests in Ukraine, Slovakia, Germany, Albania, Austria, Belgium, Bulgaria, Croatia, Italy, Romania and Spain. All forests together bear the name Beech forests of the Carpathians and other European regions (http://www.mizs.gov.si, 20.4.2019, www.slovenia.info, 20.4.2019). In the interview, Nevenka Klun from the Tourism and Cultural Centre Kočevje explained that the virgin forest Snežnik – Ždrolce is offered to tourists in the form of a guided tour only by a district forester, since it is a home to autochthonous beasts and birds.

6. EXPERIENCE THE LIFE OF THE PEOPLE

6.1. First pile dwellings on the Ljubljana Marsh and the oldest wooden wheel with an axe in the world

Slovenia is one of the countries that hold the protected world heritage of prehistoric pile dwellings around the Alps (besides Austria, France, Germany, Italy, Switzerland). On the Ljubljana Marsh, 40 sites with pile dwelling remains were discovered; nine piles in two groups entered the UNESCO list (https://whc.UNESCO.org/en/list/1363, 23.4.2019). The Ljubljana Marsh is a natural swampy area measuring 160 square kilometers, where there are 100 different species of birds, 90 species of butterflies, deer, otters. In prehistoric times, the majority of the Marsh was covered by a shallow lake, surrounded by pile dwellers. The most important find of archeological sites on the Ljubljana Marsh is a wooden wheel with an axe, which is almost 5,150 years old, and considered the oldest in the world. The wheel and the axe were part of a two-wheeled train, or some kind of cue to be hauled by cattle. It was made from various types of wood, and perfected technically by a top prehistoric master (http://www.ljubljanskobarje.si, 11.4.2019). Various

objects related to the way of life of pile dwellers are on display at the Ljubljana City Museum, the National Museum of Slovenia, and at the permanent exhibition Pile dwellers from the large lake on Ig. The oldest wooden wheel with an axe in the world is stored in the Ljubljana City Museum, and the exhibition also travels around the world a lot.

6.2. The Mercury Mine in Idrija

Idrija is, together with the Spanish Almaden, a protector of a world-class heritage of mercury mining, as revealed in the interview with the guide Jože Pavšič (personal communication, 14.7.2018). The Idrija Antoni's tunnel from 1500 is famous as one of the oldest entrances to the mines in Europe (http://www.visit-idrija.si, 12.4.2019). On guided tours, the visitor gets acquainted with the old ways of mining, customs and habits of miners, and their way of life. In the mine they can also encounter the mischievous Bergmandl leprechaun. Before going to the mine, visitors are dressed in a special mining suit with a helmet, and they also take a miner's snack into the cave. The heritage of mining and the life of former mining families is also associated with other special features of Idrija, such as the Gewerkenegg Castle, in which the City Museum Idrija is located, the shaft of Franciscan with renewed mining machines, smeltery, mining theater, the Idrija mining house, the tradition of the original lace knitting etc.

6.3. Lace knitting

Lace-knitting is hand-made lace-making by crossing, twisting and interlacing threads wound on special wooden sticks. When knitting, one follows a pattern drawn on a paper that is attached to a cylindrical cushion in a basket, or a special pedestal. Bobbin lace is a unique expression of art, which is one of the recognizable symbols of Slovenian identity. The most famous lace school was founded in Idrija in 1876, and, since then, it has been operating continuously. From here comes the famous Idrija bobbin-lace. Idrija miners' women were commonly engaged with the local handicrafts of lace, since lace brought them a permanent source of additional earnings. Initially, lace was made from a coarse, linen thread, intended for the domestic market: The decoration of churches and liturgical clothing, and the furnishings of homes and clothing pieces of a wealthy peasant man. Later, traders entered foreign markets with them, and achieved the highest awards at world exhibitions. Today, more than 120 societies and groups operate in Slovenia (https://ich.UNESCO.org., 2.5.2019). In modern times, lace is a fashion accessory and decoration on clothing and house textiles, and also serves as an inspiration for artistic creation, architecture, and even culinary arts. Today, Idrija lace presents a challenge to well-known fashion designers, artists and other creators. They are placed in the modern tourist offer with a highly respected international Idrija Bobbin-lace Festival, dedicated to the traditional crafting of crafts. The main message of the Festival is innovation and creativity in the use of lace in modern times and space.

6.4. Drywall construction

The art of drywall construction, know-how and technique is listed on UNESCO's intangible cultural heritage. Drywall construction is a construction method where a binder is not used. This is the basic and original technique of construction in the Karst region, and reflects the attitude of the Karst man to earth and stone. Strength is provided in the special way of stacking. In Slovenia, dry walls exist only in the Karst and Istria. Despite the loss of the useful value of dry walls, its aesthetic aspect is very important, and represents one of the potentials for tourism in the Karst landscape (http://www.mk.gov.si, 2.5.2019). In the modern tourist offer, dry-stone construction

is included with the Festival called Kraška gmajna, where various expert discussions, education and round tables are taking place in the field of cultural, nature conservation and tourist aspects of drywall construction. Free drywall construction workshops are also organized.

6.5. The Kurent visits

The visits of the Kurent are recorded on the list of UNESCO's intangible cultural heritage of mankind. The Kurent is the most recognizable and traditional carnival character, typical of Ptuj, Dravsko polje, Haloze and Slovenske gorice. It is dressed in sheepskin, has a characteristic mask with a leather face on its head, wears boots, red knit socks, and a cow bell for its belt. With its jumping it makes a noise, chasing away the winter and all the bad things. It is wearing a handkerchief, and a thick stick with a hedgehog skin. On the stick it puts the handkerchiefs given to it by girls. The companion of the Kurent is a devil. The Kurents have their roots in the Slavic mythology (Gačnik and Bogataj, 2004). During the carnival times they walk from house to house in groups, bury winter, call spring into the country and a good harvest (Miha Bobnar, personal communication, 27.2.2019). They are included excellently in the modern tourist offer within the framework of the annual Kurentovanje Festival in Ptuj, which will take place for the 60th time in the year 2020.

6.6. Processio Locopolitana (the Škofja Loka Passion Play)

Processio Locopolitana (the Škofja Loka Passion Play) is the oldest drama text in the Slovenian language, dating from 1721. It was written by Father Lovrenc Marušič, who worked in Škofja Loka. The manuscript is preserved in the Capuchin monastery (Boža Grafenauer, personal communication, 2.4.2019). From the very beginning, during the Baroque period, it has been performed in the streets of the medieval core of Škofja Loka. Rich costumes and scenography and a numerous, more than 900-member local acting cast, during every staging in Škofja Loka attract a lot of visitors. It is a historical performance, which takes place every six years due to its complexity. The next performance will take place in 2021 (http://www.pasijon.si, 3.4.2019). The Škofja Loka Passion Play is the largest theater performance in the open air in Slovenia, proclaimed a living masterpiece of national importance.

7. DISCUSSION AND CONCLUSION

All trips include experience of the unusual, beautiful, mysterious, inspiring, etc. What is essential in tourism is the subjective positive impression that stays after the tourist`s visit (Potočnik Topler et al., 2017). That is why this positive impression needs to be incorporated into tourism planning to enable a good and positive experience for tourists. Tour guides play a significant role in this part of the creation of the tourist experience (Potočnik Topler et al, 2017).

On the world tourism map, Slovenia wants to position itself as a „green, active and healthy" boutique destination offering world-class tourist five-star experiences. This is also especially relevant in connection with the natural and cultural heritage. Thus, this chapter deals with the creation of tourism experiences based on natural and cultural heritage, and the ways of integrating these tourism products into the modern tourist offer. The content analysis of web pages and the analysis of conducted unstructured interviews with the representatives of different stakeholders at tourism attractions sites, (tourist guides in the Škocjan Caves and the Mercury Mine in Idrija, a local tourist guide in the Karst region, the head of the Kočevje Tourism and Culture Center, a member

of the Association of the Kurents, and a Professor from the College of Tourism and Hospitality in Bled), analysis of participant observations and participation in guided field tours, has shown that all tourist providers of UNESCO's cultural heritage use various contemporary interpretive techniques in accordance with the expert recommendations regarding the specifics of the location and the specifics of natural or cultural heritage. Therefore, it can be concluded that all activities are planned professionally, and most suitable for a specific natural or cultural heritage site.

In the context of the UNESCO heritage, the Škocjan Caves are one of the main tourist attractions of Slovenia. Nevertheless, the evaluation of attraction managers and guides is that, in Slovenia, Boutique Tourism still exists, and has potential for further development. The visit to the Škocjan Caves is regulated by the number of daily entries of groups in the caves. All other UNESCO Heritage Sites in Slovenia are less known; therefore, they have excellent opportunities for the development of a Boutique Tourism offer and Boutique Tourism. This is also one of the main goals of the Tourism Development Strategy 2017 -2021 in Slovenia.

Nevertheless, the problem of successful integration of the natural and cultural heritage into the tourist offer can be reflected in combining the two systems, heritage and tourism, which usually think and act in a different way. Tourism attracts visitors, markets, and sometimes considers short-term profits as much as possible, without taking into account the protection of places and heritage from damage, pollution, or even destruction. Heritage, on the other hand, often has exactly the opposite role, striving for protection, restoration and preservation for future generations. In doing so, it can be closed and seldom inaccessible, especially if it is „stored" in a museum with limited operating time.

The research of the inclusion of UNESCO's heritage into the modern tourist offer also showed that innovative experiences are those that need to be considered when interpreting heritage to visitors. Experiences are a trend in modern tourism, not products. Experiences must be authentic, personalized, exclusive, but nevertheless accessible, but not to crowds of visitors. In particular, it is about respecting personal interests, expectations, desires and respect for heritage, which must be presented in a modern and innovative way. In the context of personalized experiences, we can point out the Ljubljana Castle as an example of good practice.

The fact of modern tourism is also that tourists watch and rate the destination through the camera of a mobile phone. This is especially true for the UNESCO World Heritage, which finds itself in different applications at a glance. The exception is the Škocjan Caves, where, in the forefront, there is an experience without a telephone since photography and recording are prohibited in the caves because of the negative effects on the caves` flora and fauna. For the other seven examples of the UNESCOs heritage, modern technologies, especially in connection with smartphones, have great untapped potential.

Heritage is a significant component of the everyday and festive life of people, the basis of the boutique tourist offers and dialogue between cultures, the source and inspiration for contemporary expression and creation in all areas of human life. Heritage inspires, motivates and draws innovative ideas for modernity, also with the employment of modern technologies, which can help to present, market and preserve the rich heritage Slovenia as a destination has to offer. Of course, modern technologies and new media are not the only things destination managers should rely on – the key are still professionals in tourism, who have relevant and state-of-the-art knowledge of the specific areas in tourism.

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EU MEMBERS MULTI-CRITERIA RANKING ACCORDING TO SELECTED TRAVEL INDUSTRY INDICATORS

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Abstract: *As a multidimensional phenomenon that contributes to the economic growth and development of the country, tourism is an important sector for every national economy. Countries with developed tourism sector acquire more benefits than the countries with poorly developed or underdeveloped tourism. For assessment of the tourism development, multi-criteria decision-making techniques can be applied. In this paper, the tourism development of European Union (EU) Member States was analyzed based on selected travel and tourism industry indicators using Multi-Objective Optimization by Ratio Analysis (MOORA) and a new Additive Ratio Assessment (ARAS). The results indicate that Western and Southern European countries have the most developed tourism sector. Results also enable EU Member States to assess their relative position which might be of use to their policy makers.*

Keywords: *ENTROPY, Tourism Development Evaluation, MOORA, ARAS.*

1. INTRODUCTION

Tourism is a global, both spatial and socio-economic phenomenon that encompasses various other aspects such as political, cultural, environmental, aesthetic, emotional. It can be said that there is almost no country in the world that does not develop tourism in some form. In the broadest sense tourism represents every form of people's movement outside their usual environment. According to the World Tourism Organization (2001) "tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes" (p. 13). Goeldner and Ritchie (2007) define tourism "as the processes, activities, and outcomes arising from the relationships and the interactions among tourists, tourism suppliers, host governments, host communities, and surrounding environments that are involved in the attracting and hosting of visitors" (p. 5).

On the other hand, tourism is a sector whose importance cannot be quantified precisely because it is linked to almost every aspect of society. It has a direct impact on various macroeconomic categories, wherein, one of the most important are multiplicative effects of tourism on the economy. Nevertheless, when considering the importance of tourism for a country, it is important to differentiate between domestic and foreign tourism consumption, because of the difference in the economic effects that result from them. Domestic tourism consumption is a redistribution of income earned in one economy, while foreign tourism consumption is a redirection of an income from one economy to another (under the condition that foreign tourists use local services and products), which directly influences economic growth. This spillover of national income from abroad to a particular tourist country has multiplier effects on the economy (Pratt, 2015).

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Clement (1961) was first to introduce the multiplicative effects of tourism, and he has shown that multiplier in Pacific and Far East countries amounts to 3.2 meaning that during a period of one year, one dollar of foreign tourists' disbursements multiplies to $3.2 in the national economy. Favourable multiplier tourism effects were also presented by Pratt (2015). Various studies have reported evidence of the positive influence of tourism development on economic growth (Balaguer & Cantavella-Jorda, 2002; Oh, 2005; Lee & Chang, 2008; Pablo-Romero & Molina, 2013; Brida et al., 2016). Several countries have based their development mainly on tourism. However, one of the basic preconditions for tourism developments is the existence of a favourable and stable political climate. Hence, tourism development is interlinked with the creation and maintenance of good relations between countries and regions, for mutual benefit. Along with strengthening of the economy, tourism has several other effects: it stimulates employment, influences job creation and balance of payments, and contributes to the improvement of the general standard of living. Besides direct effects, there are indirect effects related to the development of agriculture, industry, construction. The development of tourism as a highly labour-intensive activity can significantly increase employment and thus contribute to solving the unemployment problem, which is one of the burning problems of many economies today (Bošković, 2009). Tourism is considered as a significant single source of employment in the world and in 2018 the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry was 10% of total employment (WTTC, 2019).

The impact of tourism on the national economy can be felt first through the country's balance of payments, thus some consider this as the most important economic function of tourism. Tourism is a very important source of foreign exchange for many countries. For countries that have primarily distinguished themselves as significant receptive tourism countries in the international tourism market, foreign exchange inflow from tourism is the most important item of income in the balance of payments and is an important factor for overall development of the economy (Bošković, 2009). As many countries in the world today face balance of payments deficits, international tourism can help alleviate such problems and contribute to providing the financial resources needed for economic and social development. This is the reason why most of them seek to stimulate the consumption of foreign tourists through active tourism policy. The fact is that for many countries, especially those with a limited industrial sector or with only a few opportunities to develop alternative export sectors, tourism is a major source of foreign exchange earnings.

One of the important aspects that should also be taken into consideration when the effects of tourism are considered is the direct linkage of tourism and the environment. Tourism develops and progresses within the environment, exploits and transforms it, but at the same time, it seeks to preserve and improve it. Consequently, tourism is particularly committed to the preservation and protection of the natural environment because tourism development is largely dependent on the natural environment (Tang, 2015). Nevertheless, despite positive influence on economic growth, tourism development may cause and in a number of cases creates environmental problems (Zhong, et al., 2011). In line with the new tendencies, further development of tourism should be based on the sustainable development of the tourism sector and other complementary activities. In this manner, tourism supports the introduction of green technologies and greater use of renewable energy sources, and, most importantly, raising the collective awareness of society about the importance of preserving the environment (Swarbrooke, 1999).

Regarding multiple effects of tourism, the adequate assessment of the country's level of tourism development is a necessity. Therefore, the main aim of this paper is to evaluate European Union (EU) countries based on the tourism industry indicators using two multi-criteria decision-making techniques, MOORA and ARAS. Furthermore, sub-aim of the analysis is to inspect the existence of rank-inversion caused by the application of different techniques. To achieve stated aim the following hypothesis will be tested: The application of different multi-criteria decision-making techniques on the same dataset and with the same criteria weights doesn't lead to rank-inversion. The absence of rank-inversion in a situation where different multi-criteria methods are used will indicate the objectivity of the results obtained. Also, it will indicate that the decision-maker may choose a specific multi-criteria method, depending on his or her preferences and expertise, without compromising the objectivity of ranking.

The rest of the paper is structured as follows. After introductory notes, in the second section, a brief presentation of the main trends in the world's tourism development is offered. The third section gives a theoretical background of the tourism assessment, while in the fourth section methodology and data are presented. In the fifth section comparative analysis of results is given. Concluding remarks are offered in the sixth section.

2. TRENDS IN TOURISM DEVELOPMENT IN THE WORLD

Tourism represents a dynamic category that is constantly evolving. On the one hand, this development encompasses new forms of travel and new destinations, while on the other hand, it created a need for new forms of organization, new resources and strategies. According to UNWTO (2016), tourism has experienced continuous growth in the past six decades and is becoming the fastest growing economic sector in the world. International tourism is a significant part of the international economy. The tourism sector can be considered as one of the growth drivers of the world economy and among the largest export industries. It is the world's third-largest export category after chemicals and fuels. Exports from international tourism in 2018 comprised 7% of global exports and 29% of the world's services exports (UNWTO, 2019a). Since 1950, when international travel becomes more accessible to the general public, the number of arrivals increased from 25 million to 278 million in 1980, then to 674 million in 2000 and to 1186 million in 2015 (UNWTO, 2016). International tourist arrivals grew 7.0% year-over-year (yoy) in 2017, which is the highest increase since the 2009 global economic crisis and also above the long-term forecast of UNWTO of, on average, 3.8% per year for the period 2010 to 2020 (UNWTO, 2018). In the previous period, there has been fluctuation in the growth and development of tourism in terms of declines and a return to the upward trend. In the coming years, international arrivals are expected to have an upward trend with the forecast that in 2030 international arrivals will amount to 1.8 billion (UNWTO, 2011).

Regarding the regional structure, Europe dominates with a share of 51%, wherein 40.2% is a share of EU Member States, in the total international tourist arrivals in 2018, followed by Asia and the Pacific 25%, the Americas 15%, Africa 5%, and the Middle East 4% (UNWTO, 2019a). According to UNWTO (2019b):

- International tourist arrivals in Europe in 2018 increased by 6% yoy compared to 2017. The highest growth was recorded by Southern and Mediterranean Europe (7%) followed by Central and Eastern Europe (6%) and Western Europe (6%);
- International tourist arrivals in Asia and the Pacific in 2018 increased 6% yoy compared to 2017, wherein the highest growth was recorded by South-East Asia (7%), followed by North-East Asia (6%) and South Asia (5%) while Oceania exhibited growth at 3%;

- The Americas recorded growth of 3% yoy, wherein the highest growth was obtained by North America (4%), followed by South America (3%), while Central America and the Caribbean recorded a decrease of 2%;
- International tourist arrivals in Africa increased by 7% yoy in 2018, with an increase of 10% in North Africa and 6% in Sub-Saharan.

3. THEORETICAL BACKGROUND OF TOURIST DESTINATIONS COMPETITIVENESS ASSESSMENT

If growth and development were major priorities in the last decades, the forthcoming years will be marked by intense competition of destinations and the creation of new products and offers that will be appealing to tourists. The ability of tourist destination to transform its comparative advantages (both, inherited or generated) into tangible outcomes is the basis of competitiveness (Ritchie & Crouch, 2003). The importance of this transformation for destinations is reflected in determining their competitive advantage and position relative to competitors (Niavis & Tsiotas, 2019). With increasing competition between destinations over the last decades, the need to identify the competitive capabilities of the destination, as well as the strengths and weaknesses of its competitors, has increased (Pulido-Fernández & Rodríguez-Díaz, 2016). There are various definitions of tourism destination competitiveness. Dwyer & Kim (2003) consider tourist destination competitiveness as the comparative capability of a destination to satisfy the requirements of tourists in various aspects of the tourism experience or to provide products and services that outperform other destinations on those aspects of the tourism experience. OECD (2019) describes competitiveness as the capability of the destination to improve its desirability for residents and non-residents, to provide quality, innovative, and attractive tourism services to consumers and to acquire market shares on the domestic and global market places, while making sure that the existing resources supporting tourism are used efficiently and in a sustainable way. Several methodologies have been developed to measure the tourist competitiveness of a destination. To provide information regarding the relative position of each country in terms of tourism competitiveness, the World Economic Forum has started publishing The Travel & Tourism Competitiveness Index since 2007 (WEF, 2019). The OECD has proposed Indicators for Measuring Competitiveness in Tourism (Dupeyras & MacCallum, 2013), while the EU has created European Tourism Indicator System (ETIS, 2016). Many studies have applied various methodologies in the attempt to measure the competitiveness of a destination. Baggio (2019) offers a comprehensive review of different methods for the measurement of tourism. Among approaches of qualitative nature two main categories are distinguished (Pulido-Fernández & Rodríguez-Díaz, 2016): i) approaches that utilize survey data related to opinions and perceptions of tourists (Bahar & Kozak, 2007; Cracolici & Nijkamp, 2009; Chen et al., 2011; Chen et al. 2016; Shi et al., 2008) and ii) approaches grounded on the empirical assessment of a set of subjective indicators of tourism competitiveness, via tourism stakeholder surveys (Yoon, 2002; Bornhorst et al., 2010; Dwyer et al., 2012; Poudel et al., 2016). Yet, one of the limitations of qualitative methods is that they are subjective, hence, other methods are proposed for the assessment of tourism destination competitiveness. There are several studies related to the application of quantitative data in the tourism assessment. A comprehensive review of frontier studies in tourism literature is presented by Assaf & Josiassen (2016). Two leading methodologies within this research area used for the assessment of tourism development are data envelopment analysis (Cracolici & Nijkamp, 2006; Cracolici et al., 2008; Barros et al. 2011; Cuccia et al., 2017; Niavis & Tsiotas, 2019) and stochastic frontier analysis (Chen, 2007; Wang et al. 2007; Hu et al. 2010; Assaf, 2012). Among forecasting methods in tourism evaluation, the Delphi technique is often applied (Miller, 2001; Garrod & Fyall, 2005;

Choi & Sirakaya, 2006). Regarding statistical approaches, principal component analysis and cluster analysis are often applied (Ryan & Huyton, 2000; Spencer & Holecek, 2007; Cracolici & Nijkamp, 2009; Vareiro et al., 2013; Zaman et al., 2016).

Assessment of the country's tourism competitiveness implies consideration of multiple, often conflicting criteria. For that kind of decision problems, multi-criteria decision-making techniques are appropriate. Multi-criteria decision-making techniques are widely used for the creation of composite indicators. Composite indicators represent valuable tools for synthetization and monitoring of multidimensional phenomena (Mendola & Volo, 2017). Additionally, composite indicators provide an easier interpretation of phenomena compared to searching of a common trend in numerous single indicators (Nardo et al., 2005). Building a composite indicator was considered in several studies (Fernández & Rivero, 2009; Perez et al. 2013; Croes & Kubickova, 2013; Blancas et al. 2015; Carrillo & Jorge, 2017). Besides creation of the composite index, various multi-criteria techniques have been applied for the assessment and ranking according to tourism development: TOPSIS (Zhang et al. 2011; Huang & Peng, 2012; Nilashi et al. 2019; Kwok & Lau, 2019), AHP (Crouch & Ritchie, 2005; Ghamgosar et al. 2011; Zhou et al., 2015), PROMETHEE (Lopes et al., 2018; Ostovare & Shahraki, 2019), and ELECTRE (Del Vasto-Terrientes et al. 2015; Botti & Peypoch, 2013).

Nevertheless, despite a large number of methodologies proposed, Mendola and Volo (2017) claim that the development of an adequate metric is limited by the fact that there is a wide variety of destinations and markets. Additionally, Baggio (2019) suggests a full integration between qualitative and quantitative approaches, which will lead to more comprehensive metrics.

4. DATA AND METHODOLOGY

The analysis of the state of tourism development in EU member countries was conducted using the certain tourism industry indicators defined by the World Bank for the last available year, 2017:

- International tourism expenditures (It_exp),
- International tourism receipts (It_receipts),
- International tourism number of arrivals (It_arrivals),
- International tourism number of departures (It_depart),
- International tourism receipts for travel items (It_rti),
- Travel and tourism industry GDP (TT_indGDP),
- Travel and tourism industry employment (TT_indempl).

Based on the selected tourism industry indicators one possible answer to the question which Member State has more advanced tourism sector will be provided. This is important because the tourism sector ultimately contributes to the economic growth and development of a given Member State. The descriptive statistics of indicator values is shown in Table 1.

The analysis was conducted in three steps. In the first step criteria weights were obtained using the Entropy Method. In the second step the ranking of the EU member countries was conducted using two multi-criteria methods, while in the third step obtained rank were compared in order to determine whether the application of different multi-criteria methods led to rank inversion. The essence of Entropy Method is that the determination of the criteria weights is based on the uncertainty of the information contained in the decision matrix. Several studies have applied the Entropy Method in the weights' determination during the process of the assessment of tourism development (Kur-

niawan et al., 2019; Tang, 2015; Zhang et al., 2011; Ostovare & Shahraki, 2019). The mutual contrast of the individual criterion values represents the basis for generation of a set of criteria weights. Certain steps need to be taken in determining the weight coefficients using entropy methods.

Table 1. Descriptive statistics of tourism industry indicators

	N	Metrics	Minimum	Maximum	Mean	Std. Deviation
It_exp	28	current US$	472,000.00	97,597,000.00	14,820,678.57	22,930,696.75
It_receipts	28	current US$	1,082,000.00	69,894,000.00	17,673,964.28	20,672,114.64
It_arrivals	28	number of arrivals (in thousands)	1,046.00	86,861.00	18,665.00	22,934.91
It_depart	28	number of departures (in thousands)	573.00	92,402.00	16,453.07	21,995.67
It_rti	28	current US$	887,000.00	68,437,000.00	15,783,571.43	19,072,495.35
TT_ indGDP	28	current US$	795.00	138,988.00	26,057.11	41,341.78
TT_ indempl	28	number of people (in thousands)	15,700.00	3,065,300.00	435,657.14	694,352.29

Source: Authors' calculation

In the first step it is necessary to conduct normalization of attribute x_{ij}:

$$r_{ij} = \frac{x_{ij}}{\sum_{i=1}^{n} x_{ij}} \tag{1}$$

And form a normalized decision matrix:

$$R = \begin{bmatrix} r_{11} & r_{12} & \text{K} & r_{1m} \\ r_{21} & r_{22} & \text{K} & r_{2m} \\ \text{M} & \text{M} & \text{M} & \text{M} \\ r_{n1} & r_{n2} & \text{K} & r_{nm} \end{bmatrix} \tag{2}$$

In the second step the value of entropy e_j should be determined using relation:

$$e_j = -k \sum_{i=1}^{n} r_{ij} \ln r_{ij}, \quad j = 1,2, \dots m \tag{3}$$

where $k = \frac{1}{\ln n}$ represents a constant.

The third step is focused on the determination of the degree of divergence d_j using relation:

$$d_j = 1 - e_j, \quad j = 1,2 \dots . m \tag{4}$$

where d_j represents a measure of the contrast intensity of the criteria C_j. Higher dispersion amid initial values of a particular criterion points toward a higher value of contrast intensity, thus indicating the greater importance of the observed criterion for a given multi-criteria problem. In contrast, balanced values of a particular criterion point toward smaller relevance of the observed criterion for a given multi-criteria problem.

In the fourth step weight coefficients of criteria are determined using additive normalization relation:

$$w_j = \frac{d_j}{\sum_{j=1}^{m} d_j} \tag{5}$$

As the weights of the criteria are determined directly based on the data from the decision matrix, the subjectivity of the decision-maker is eliminated, and it can be considered that the weight coefficients obtained in this manner are objective.

The Entropy Method was applied to the selected tourism industry indicators and the resulting weight coefficients are presented in the Table 2. The weight coefficient of each indicator/criterion represents its relative importance in the decision-making model.

Table 2. Weighted coefficients values for analyzed tourism industry indicators

Weighted coefficients						
It_exp	It_receipts	It_arrivals	It_depart	It_rti	TT_indGDP	TT_indempl
0.105232009	0.195708328	0.1982636	0.167003	0.192848784	0.0552117	0.085732293

Source: Authors' calculation

In the second step, the multi-criteria assessment was carried out to perform the overall analysis of the EU Member States and their rankings according to tourism industry indicators. Two different multi-criteria techniques were applied:

- Multi-Objective Optimization by Ratio Analysis (MOORA);
- a new Additive Ratio Assessment (ARAS).

Since these two methods have different mathematical approaches, in the next step of the analysis comparative analysis of obtained ranking results of EU Member States will be conducted. The MOORA method starts with a ratio system in which each criterion value of an alternative is compared with a denominator. Denominator is the representative of all alternatives which relate to the given criterion. MOORA is specific because it contains two approaches for determining the most acceptable alternative:

- Ratio System Approach,
- Reference Point Approach.

In this paper, the first approach in using the MOORA method will be applied. The weight/significance of each alternative is determined as the difference between the sum of the revenue and expenditure elements of the weighted normalized decision matrix. During the vector normalization, no expenditures are transformed into revenue attributes.

The MOORA method consists of several steps:

- Setting a target and identifying relevant criterion for evaluating alternatives;
- Based on the available criteria information, correspondingly to the alternatives' performances concerning each of the mentioned criteria, a decision matrix is set;
- MOORA model creation is the process where the performance value of each alternative, with respect to each criterion, is divided by a certain representative measure of the performance value of all alternatives, also with respect to each criterion. It can be seen from the example of the following formula (Madić et al. 2015):

$$x_{ij}^{*} = \frac{x_{ij}}{\sqrt{\sum_{i=1}^{m} x_{ij}^{2}}} \tag{6}$$

where x_{ij} is a dimensionless number between [0,1] and represents the normalized performance of the ith alternative on j^{th} criterion.

In the case of revenue criteria, the normalized performance values of the alternatives are summed up, while in the case of the cost criteria the normalized performance values of the alternatives are subtracted. Accordingly, based on the value of the multi-criteria optimization equation, a complete ranking of alternatives can be made. The best-ranked alternative is the one with the highest value of the normalized rating, as presented in the formula (7). In this formula, *n-g* represent the number of criteria to be maximized and minimized, respectively. Sometimes, decision makers want to give more importance to one criterion compared to the others so the following equation is reformulated by considering the weights of criterion, wherein w_j is the weight of jth criterion.

$$y_{ij} = \sum_{j=1}^{g} w_j x_{ij}^{*} - \sum_{j=g+1}^{n} w_j x_{ij}^{*} \tag{7}$$

The MOORA method is one of the new multi-criteria decision-making methods. In the first step of MOORA application, the elements of the initial decision matrix are normalized, using the vector normalisation method, followed by the optimization procedure (Table 3). Normalized performance values of revenue criteria are added. Then, the same procedure is repeated for the cost criteria. Finally, the sums for cost criteria are subtracted from the sums for revenue criteria.

The results of vector normalization for the analyzed indicators (adjusted by weight coefficients) of the selected countries are in the Normalized decision matrix column. This is followed by an optimization procedure for the values obtained which results are listed in the Optimization column (Table 3).

Table 3. Normalized decision matrix and optimization for data in MOORA method

Countries	**Normalized decision matrix**							**Optimization**
	It_exp	It_receipts	It_arrivals	It_depart	It_rti	TTindGDP	TTindempl	
Austria	0.4872	0.8391	0.9237	0.6439	0.8393	0.9468	0.9372	0.585584953
Belgium	0.8699	0.5149	0.2629	0.6809	0.5165	0.3173	0.2692	0.270915379
Bulgaria	0.0774	0.1752	0.2785	0.3490	0.1699	0.0544	0.2219	0.094172723
Croatia	0.0529	0.4167	0.4889	0.1077	0.4508	0.1793	0.3363	0.291725046
Cyprus	0.0674	0.1171	0.1145	0.0788	0.1292	0.0448	0.0575	0.071868175
Czech Republic	0.2087	0.2881	0.3186	0.3796	0.2878	0.1755	0.5207	0.187942296
Denmark	0.3647	0.2984	0.3682	0.4540	0.3291	0.2205	0.1585	0.183195488
Estonia	0.0529	0.0803	0.1017	0.0717	0.0676	0.0298	0.0635	0.049599938
Finland	0.2525	0.1949	0.0997	0.5228	0.1402	0.1510	0.1341	0.044049514
France	1.9039	2.6174	2.7236	1.6280	2.5200	2.9344	3.0945	1.894000658
Germany	3.6920	2.1036	1.1743	5.1774	1.6500	3.7279	7.3152	1.319562344
Greece	0.1251	0.7048	0.8527	0.4306	0.6964	0.4911	1.1586	0.508999555
Hungary	0.1125	0.3166	0.1772	1.1373	0.2574	0.1079	0.5274	0.019804673
Ireland	0.2501	0.5349	0.3242	0.4578	0.2336	0.1961	0.1098	0.184102528
Italy	1.0548	1.6683	1.8266	1.7821	1.8397	3.1472	3.6826	1.346280425
Latvia	0.0308	0.0405	0.0611	0.1151	0.0366	0.0330	0.0783	0.019654098

Countries	Normalized decision matrix							Optimization
	It_exp	It_receipts	It_arrivals	It_depart	It_rti	TTindGDP	TTindempl	
Lithuania	0.0496	0.0594	0.0791	0.1139	0.0539	0.0254	0.0601	0.030485418
Luxembourg	0.1147	0.0594	0.0328	0.1010	0.1875	0.0771	0.0375	0.056977043
Malta	0.0179	0.0654	0.0713	0.0321	0.0721	0.0213	0.0628	0.043913958
Netherlands	0.8339	0.7622	0.5620	1.0051	0.6536	0.4223	1.0224	0.417502177
Poland	0.3619	0.5274	0.5725	2.6166	0.5274	0.2995	0.7935	0.004100239
Portugal	0.2136	0.7901	0.4839	0.1230	0.7135	0.4534	0.9288	0.494762528
Romania	0.1599	0.1123	0.3426	1.1180	0.1049	0.0989	0.5310	-0.008768056
Slovakia	0.0982	0.1122	0.0678	0.2168	0.1212	0.0738	0.1635	0.050978274
Slovenia	0.0432	0.1105	0.1124	0.1688	0.1142	0.0507	0.0816	0.052100689
Spain	0.8444	2.5629	2.5645	0.9543	2.8263	2.1045	2.2865	1.796764963
Sweden	0.6468	0.5320	0.2212	1.1896	0.5866	0.3613	0.4277	0.18709042
UK	2.7112	1.9276	1.1806	4.1569	2.1257	2.8239	4.0505	1.115533992

* Vector normalization of results means that this process includes two steps stages: vectors' length calculation and dividing each of its components by its length.

Source: Authors' calculation

The ARAS method is also one of the recent date methods which define the most acceptable alternative based on the degree of usefulness of U_i. The steps in the ARAS method are defined as follows:

- Determination of the reference point A_0, based on the decision matrix, using the previously defined formula. The specificity of the ARAS method over others is the introduction of the optimal alternative A_0. The performance of the optimal alternative is defined based on the preferences of the decision-makers;
- Formation of a normalized matrix, with a normalized reference point value. The normalization used here is either linear or sum method (unlike MOORA method where vector normalization is used);
- Formation of weight normalized matrix and weight normalized reference points;
- In the aggregation process, the values of the weighted normalized matrix for each alternative A_i and the reference point A_0 are summarized. The overall performance index of S_i and S_0 is obtained, where S_i is the total performance index of the ith alternative, and S_0 is the total performance index of the optimal alternative

$$S_i = \sum_{j=1}^{n} y_{ij} \tag{8}$$

Calculating the level of usefulness:

$$U_i = \frac{S_i}{S_0} \tag{9}$$

- Ranking of alternatives: alternatives are ranked based on their U_i values in ascending order, with the highest-ranked alternative being the one with the highest U_i value. The best-ranked alternative A^*_{ARS}, according to the ARAS method, can be defined using the following formula:

$$A^*_{ARS} = \{A_i | A_i = maxU_i\} \tag{10}$$

The results of the described procedure are presented in Table 4.

Table 4. Normalized decision matrix results, total performance index and level of usefulness

Countries	Normalized decision matrix							S_i	U_i
	It_exp	It_receipts	It_arrivals	It_depart	It_rti	TTindGDP	TTindempl		
Austria	0.2281	253.97	0.0139	0.0627	0.0672	0.0019	0.0573	0.2281	32.55
Belgium	0.1273	141.80	0.0248	0.0385	0.0191	0.0018	0.0352	0.1273	18.17
Bulgaria	0.0541	60.25	0.0022	0.0131	0.0203	0.0035	0.0116	0.0541	7.72
Croatia	0.1170	130.31	0.0015	0.0312	0.0356	0.0114	0.0308	0.1170	16.70
Cyprus	0.0448	49.84	0.0019	0.0088	0.0083	0.0156	0.0088	0.0448	6.39
Czech Republic	0.0823	91.60	0.0059	0.0215	0.0232	0.0032	0.0196	0.0823	11.74
Denmark	0.0898	100.00	0.0104	0.0223	0.0268	0.0027	0.0225	0.0898	12.82
Estonia	0.0379	42.16	0.0015	0.0060	0.0074	0.0171	0.0046	0.0379	5.40
Finland	0.0448	49.84	0.0072	0.0146	0.0073	0.0024	0.0096	0.0448	6.39
France	0.7007	780.28	0.0543	0.1957	0.1983	0.0008	0.1719	0.7007	**100.00**
Germany	0.6018	670.14	0.1052	0.1573	0.0855	0.0002	0.1126	0.6018	85.89
Greece	0.1896	211.10	0.0036	0.0527	0.0621	0.0029	0.0475	0.1896	27.05
Hungary	0.0662	73.72	0.0032	0.0237	0.0129	0.0011	0.0176	0.0662	9.45
Ireland	0.0935	104.16	0.0071	0.0400	0.0236	0.0027	0.0159	0.0935	13.35
Italy	0.5038	560.99	0.0301	0.1247	0.1330	0.0007	0.1255	0.5038	71.90
Latvia	0.0229	25.54	0.0009	0.0030	0.0044	0.0107	0.0025	0.0229	3.27
Lithuania	0.0272	30.26	0.0014	0.0044	0.0058	0.0108	0.0037	0.0272	3.88
Luxembourg	0.0366	40.81	0.0033	0.0044	0.0024	0.0122	0.0128	0.0366	5.23
Malta	0.0548	61.06	0.0005	0.0049	0.0052	0.0383	0.0049	0.0548	7.83
Netherlands	0.1845	205.47	0.0238	0.0570	0.0409	0.0000	0.0446	0.1845	26.33
Poland	0.1416	157.71	0.0103	0.0394	0.0417	0.0005	0.0360	0.1416	20.21
Portugal	0.1767	196.74	0.0061	0.0591	0.0352	0.0100	0.0487	0.1767	25.21
Romania	0.0538	59.95	0.0046	0.0084	0.0249	0.0011	0.0072	0.0538	7.68
Slovakia	0.0331	36.82	0.0028	0.0084	0.0049	0.0057	0.0083	0.0331	4.72
Slovenia	0.0345	38.38	0.0012	0.0083	0.0082	0.0073	0.0078	0.0345	4.92
Spain	0.6545	728.84	0.0241	0.1916	0.1867	0.0013	0.1928	0.6545	93.41
Sweden	0.1257	140.02	0.0184	0.0398	0.0161	0.0010	0.0400	0.1257	17.95
UK	0.5420	603.57	0.0773	0.1441	0.0859	0.0003	0.1450	0.5420	77.35

* Construction of the linear normalization results: $y=(x-x_{min})/(x_{max}-x_{min})$, where y is the normalization value, x is the original value, x_{max} is the maximum original value and x_{min} is the minimum original value.

Source: Authors' calculation

After forming the normalized decision matrix and applying linear normalization to the values of the selected countries indicators (adjusted by weight coefficients) in the Normalized decision matrix column are obtained values. The next step in the ARAS method is to determine the value of the total performance index for each of the alternatives whose values are shown in the Si column. The last step of the ARAS method is to calculate the utility level Ui (the quotient of the performance index of the i-th alternative and the total performance index of optimal alternative) which results are shown in Table 4.

5. COMPARATIVE ANALYSIS OF THE RESULTS

The results of the conducted multi-criteria assessment using MOORA and ARAS method (both based on different mathematical patterns applied for ranking of the alternatives) are presented in Table 5. According to those results, based on the current analysed indicators, France is first on the list of ranking EU Member States. This fact, doesn't implies explicitly that France is the best example or optimal solution, but it is sure that the French travel industry has well balanced values of analyzed indicators. So, it could be a suggested sustainable model for other selected countries.

Table 5. Ranking EU member states according to MOORA and ARAS methods

MOORA		Rank	ARAS	
France	1.8940	1.	**France**	100.00
Spain	1.7968	2.	**Spain**	93.41
Italy	1.3463	3.	**Germany**	85.89
Germany	1.3196	4.	**UK**	77.35
UK	1.1155	5.	**Italy**	71.90
Austria	0.5856	6.	**Austria**	32.55
Greece	0.5090	7.	**Greece**	27.05
Portugal	0.4948	8.	**Netherlands**	26.33
Netherlands	0.4175	9.	**Portugal**	25.21
Croatia	0.2917	10.	**Poland**	20.21
Belgium	0.2709	11.	**Belgium**	18.17
Czech Republic	0.1879	12.	**Sweden**	17.95
Sweden	0.1871	13.	**Croatia**	16.70
Ireland	0.1841	14.	**Ireland**	13.35
Denmark	0.1832	15.	**Denmark**	12.82
Bulgaria	0.0942	16.	**Czech Republic**	11.74
Cyprus	0.0719	17.	**Hungary**	9.45
Luxembourg	0.0570	18.	**Malta**	7.83
Slovenia	0.0521	19.	**Bulgaria**	7.72
Slovakia	0.0510	20.	**Romania**	7.68
Estonia	0.0496	21.	**Cyprus**	6.39
Finland	0.0440	22.	**Finland**	6.39
Malta	0.0439	23.	**Estonia**	5.40
Lithuania	0.0305	24.	**Luxembourg**	5.23
Hungary	0.0198	25.	**Slovenia**	4.92
Latvia	0.0197	26.	**Slovakia**	4.72
Poland	0.0041	27.	**Lithuania**	3.88
Romania	-0.0088	28.	**Latvia**	3.27

Source: Authors' calculation

Nevertheless, the results of the applied multi-criteria decision-making techniques indicate that, even though the same alternative is the best according to both methods, there are differences in ranks of other countries in the sample. These differences may be caused by the differences in the process of normalization of the decision matrix. As stated, the MOORA method uses vector normalization while the ARAS method uses linear normalization. The differences can best be seen at the bottom of the table. According to MOORA method, the worst-ranked country is Romania, while according to ARAS method Latvia is at the bottom of the list. Conversely, MOORA method places Latvia at the 26th position, while ARAS method enlists Romania at 20th position. It is also interesting to analyse ranking patterns at the top of the table. Consistent with the results of the MOORA method, the ranking pattern can be represented as France > Spain > Italy, while the ranking pattern with the ARAS method is France > Spain > Germany.

With the intention of examination of the interrelation amid the mentioned EU Member States rankings, it is necessary to perform correlation analysis. Comparative analysis of the ranking results is conducted using Spearman's rank-order correlation. Spearman's rank-order correlation is used to examine the strength of the relationship and the direction of the association between the obtained rank values for both methods. The correlation analysis is conducted in SPSS program, and it can be concluded that there is an extremely strong and positive, statistically significant correlation between the two variables (MOORA_rank and ARAS_rank) with the Spearman's rho value of 0.829 (Table 6).

Table 6. Spearman's rank-order correlation for MOORA and ARAS ranking values

			MOORA_rank	ARAS_rank
Spearman's rho	MOORA_rank	Correlation Coefficient	1.000	.829**
		Sig. (2-tailed)	.	.000
		N	28	28
	ARAS_rank	Correlation Coefficient	.829**	1.000
		Sig. (2-tailed)	.000	.
		N	28	28

** Correlation is significant at the 0.01 level (2-tailed).

Source: Authors' calculation

Hence, the research hypothesis is confirmed, the application of different multi-criteria decision-making techniques on the same dataset and with the same criteria weights doesn't lead to rank-inversion.

6. FUTURE RESEARCH DIRECTIONS

Further research in this area may be directed towards examining the impact of different weighting methods on the ranking of alternatives. It is also possible to consider the inclusion of some other tourism indicators.

7. CONCLUSION

Tourism is a sector of great importance for the national economy, especially given its multiplier effects. In addition to promoting economic growth and the development of the national economy, tourism has numerous direct and indirect impacts. The direct impact is reflected in increasing employment, balancing the balance of payments, as well as improving the overall standard of living. Also, tourism affects other activities such as agriculture, construction and the like. Therefore, adequate assessment of the level of tourism development of a country is very important. One of the benefits of the assessment is the determination of the comparative position of one country concerning other countries. Nevertheless, tourism represents a sector whose effects cannot be easily quantified. Various methodologies have been applied to evaluate tourism development on different levels, wherein each of the proposed methodologies has some advantages and disadvantages.

With the intention of offering one possible approach for the assessment of tourism development of EU countries, this paper applies two multi-criteria decision-making techniques and provides a comparative analysis of the obtained results. Assessment of tourism development was conducted using three-step analysis. In the first step, the Entropy method was applied to the set of selected tourism industry indicators. In the second step, two multi-criteria decision-making methods (MOORA and ARAS) have been applied to obtain ranking results. In the third step, comparative analysis of results was conducted to determine whether the application of different multi-criteria methods led to rank inversion. The results of both applied methods indicate that Western and Southern European countries have the most developed tourism sector, mainly France, Spain and Italy. Additionally, the results of comparative analysis indicate that the application of different multi-criteria decision-making techniques on the same dataset and with the same criteria weights doesn't lead to rank-inversion.

Our study faces some limitations. The results of the research largely depend on the indicators selected, and the application of some other indicators may lead to different results. Additionally, the criteria weights have a big influence on the rankings of alternatives, hence, the application of other methods of weights determination may lead to rank inversion.

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THE IMPACT OF ICT ON HOTEL OPERATIONS: CASE OF HOTELS IN BOSNIA AND HERZEGOWINA

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Abstract: *Technological development and ICT have been recognized as one of the main factors of changes in business and enterprise management. The impact of ICT in tourism has been recognised as one of the main drivers changes in the past several years. This chapters seeks to provide insight into influence of ICT on tourism and impact of ICT utilization on operations in hotels. The chapter is based on research which has been conducted among hotels and hotel managers in Bosnia and Herzegovina aiming to determine the level of ICT utilization and its impact on hotel operations and performance. The results indicate that ICT has contributed to changes in behaviour of guests as well as operations in hotels and their business performance.*

Keywords: *tourism, hotels, ICT, organizational changes, business operations.*

1. CONTEMPORARY TRENDS IN TOURISM AND HOSPITALITY

The main reason for changes is turbulent, complex and competitive surroundings of the organization. Changes in the environment have an impact to a certain extent on the processes and activities in the organization. Different segments of the organization can be included by changes: strategy, objectives, mission, culture, human resources, technology, organizational design, etc. Organizational changes are of great significance for the organization. Organizations must change and adapt to their own environment in order to survive and thrive, especially regarding the long term. The complexity, unpredictability and instability of changes in environment have overtaken traditional approaches and concepts of work within organizations. In today's world, organizations are constantly seeking for new ways to deliver the value of its interest-influential groups, to adapt to changes in their competitive, social and technological environment and to achieve and maintain leadership in their domains. Changing of business environment, entering of new and more educated employees at the marketplace, rapid advancement in the field of technology, especially information and communication technology, impose a need for technological organizational changes. It follows that organizations of all companies must always change, adapt and innovate.

An issue arises about the impact of technological (organizational) changes on the business of hospitality companies. The development of technology, other business parties, as well as tourists have better access to information but they also are becoming more demanding. Due to the increasing accessibility, tourists are starting to use the internet more and more when choosing and booking accommodation. It is possible to select, book and pay without the physical presence of the customer or tourists in the hotel. Innovations in the hospitality industry are continuous due to the continuous introduction of new technologies, new business models and new communication approaches.

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Even though it is known that ICT can improve business, there are authors who point out that there is no direct positive link between implementation of ICT and competitiveness and there is no real connection between ICT and productivity. Never the less according to Armendia Muneta & Ollo Lopez (2013) ICT offers new opportunities for tourism business: gaining competitive advantage, maintaining market share, improving productivity, business development, management innovation. ICT is considered to be a strategic tool for enhancement of benefits in the tourism industry.

In other words, it is evident that the operations of the hospitality companies in tourism are almost impossible to perform without the acceptance and implementation and use of modern technology and organizational change.

It was not until the mid-twentieth century that tourism underwent significant changes and ceased to be a privilege for the elite classes and became a mass phenomenon created for all classes of society. Trends such as paid annual leave, work on the development of roads and regional roads, and globalization of markets resulted in the fact that tourism became a mass phenomenon. According to the latest research, there is a growing division within the tourism markets. Besides traditional tourists there are new tourists whose primary goal of the trip is not a vacation but an opportunity to learn new things. The appearance of a new kind of tourists reduces the growth of traffic directed towards coastal destinations, and a growing percentage of the world tourist traffic is taking selective forms of tourism.

There are numerous researches on the subject of tourism and trends in business tourism. Contemporary trends are different, so it varies from new consumer trends, political changes, new technology, market fragmentation, globalization, environmental concerns.

Due to all the unpredictable external influences and turbulent environment, it is very difficult to form a pattern that tourism companies should behave by. According to numerous studies, in order to achieve success at the global market, services that have been offered has to have universal appeal, and product development must emphasize adaptability. In order to meet the global criteria, it is very important that the services offered by tourism enterprise play a role of universality, that is, regardless of geographical, racial, religious, cultural, political and many other affiliations, can be consumed in the same way. New trends affect buyers, i.e. tourists go to those who provide them comfort, they save time and reduce stress. One of the criteria that buyers impose in tourism is certainly safety. Nowadays, there is a growing presence of mobile applications, virtual payments, wireless networks, hackers, customers are wanting that tourism companies provide them with a dose of security regarding their money and information.

Home proximity syndrome discourages many from time-consuming travel. In the centre of the attention are coming extended weekends. The main reason is the insecurity of workplace. Increases the desire to care about yourself. It primarily refers to the tourists less than 50 years of age. Segment of population above 50 years of age will be looking for new destinations, does something new, generally want to experience something new (Vuković, 2006).

Modern tourist market has undergone major qualitative and quantitative changes. From the beginning of the tourism development where tourism is seen as a privilege for the upper classes of society, through travel only for relaxation to travel that involves learning about new cultures and customs. The tourist market is nowadays brought to a very unstable category, whose changes

are very difficult to predict because of contemporary trends that are constantly changing and have a strong impact on demand. Modern forms of tourism are forms of tourism transport of small groups, aimed at meeting the cultural and natural characteristics of the destination, in accordance with the principles of sustainable tourism development.

According to the research of the contemporary trends in tourism, one in particular stands out and those are information systems in tourism. Information systems in tourism facilitate a traditional way of business operations of tourism companies. Systems facilitated business, supply and demand at the tourism market. Customers are provided an overview of all the information about the destination before booking. Tourism companies have enabled progress and ability to follow all global trends that tourists themselves demand. The best promoter of good business of tourism company is still satisfied tourists. Therefore, according to Stojanović (2014) wishes and needs of tourists and the information placed on the tourist market must be taken into account, because once lost confidence is difficult to regain.

Today, tourism is one of the most important economic activities in the world that carries numerous positive, but also negative consequences for the environment and the local community. Application of sustainable development idea in the economy means doing business in a socially responsible way. Hotel companies that operate in a socially responsible manner are in harmony with the environment, rationally use natural resources and generate less waste, respect and protect the cultural landmarks of the local community in which they operate and care for the well-being of the entire community and their employees (Golja, 2009).

Quality, innovation, creativity, brand, hospitality company can be profiled at the tourism market. Tourists are becoming more demanding, they want more, and they become more sensitive regarding the business of the hospitality company and the products of its activity. Doing business in a socially responsible way is becoming an important element of any hospitality company that can keep its position at the turbulent tourism market. An enterprise development strategy that does not respect the basic principles of sustainable development leads the company in a bad direction from the beginning. It is necessary to implement all the determinants of sustainable development in the business strategy of the company and with their emphasis and constant adaptation and innovation, it is possible only to survive among the competitive hospitality companies at the market. A hospitality company can stand out and retain the loyalty of its guest and, of course, prove its economic viability by constantly improving and adapting (Golja, 2009).

Development policy of environmental protection, strengthening environmental awareness and changes in the market have influenced the changes in behaviour and business operations of hotel companies in relation to the environment; and then there's the introduction of the environmental label quality at the hotel offer and the changes in morality the hotel managers and employees whose environmental awareness is growing (Pavia, 2006).

In adjusting to the market requirements, that is, the needs, desires, motives and expectations of their guests, B&H hotels should implement the model that will lead their business to achieve the principles of excellence and leadership market position. The problems in our country relate to the lack of knowledge, ability, awareness, desire, and intention on a new approach to the dimensions of business excellence. There are no strategic initiatives in companies about the need to introduce organizational excellence (Žilić, 2006).

The concept of corporate social responsibility started to be applied since the 1950s, but it is only recently that this concept has been linked to tourism in terms of sustainability. Corporate social responsibilities are all activities of a particular company that contribute to the well-being of the community and are above the interests of the company, shareholders and legal requirements. It is accepted that the application of conceptions of sustainable development in business practice actually operates starting from the environmental and socio-cultural dimensions of sustainability, with the achievement of economic growth because production can and should grow, but don't jeopardise the man health, plant and animal species, natural flows (Črnjar, 1997).

Having all this in mind we conducted a research in Bosnia and Herzegovina (B&H) aiming to determine the level of ICT utilization in B&H hotels and its impact on their operations and performances. This paper is based on the results of this study.

2. ORGANIZATIONAL CHANGES IN TOURISM

Nowadays, globalization, advances in technology and the IT sector, and humanity's ecological awareness and the importance of protecting the environment are at a high level, and they are in constant turmoil and changes; in order to survive at the market, businesses must constantly invest in their development, act quickly, and adapt to all the changes that occur daily in both the indoor and outdoor environment. Every company is striving to meet better requirements of the market, and turns to the modern management and organizational changes that are imposed on them.

As a direct factor in changing trends in contemporary business organizations is certainly the external environment of the company. The external environment represents everything outside the organization itself.

Robbins & Judge (2009) state that the environment is composed of institutions or forces that operate on the performance of the organization, and over which the organization has very little control. It usually involves business partners, customers, suppliers, government institutions, banking sector, etc.

In the business world, it is well known that businesses need to continuously invest in their development and growth, and adapt and make changes according to the requirements of both the external and internal environments of the organization. In order for organizations to adapt in the best possible way without negative consequences, it is crucial that they understand the processes and the type of change that is being imposed on them. They need to know their internal business processes well enough to be able to understand the external environment, because both environments, both internal and external, have a major impact on the outcome of change.

Increasing demands of the environment and the increasing complexity of changes, it has become very difficult to plan which approach for the change to choose and not make a mistake. For this reason, a large number of supporters of the new approach to changes have emerged, referred to as continuous improvement or *kaizen.* The word kaizen comes from two Japanese words, "kai" which means change and the word "zen" which means to see, learn or gain wisdom (Đokić-Pešič, Đokić, 2010).

Organizational change and its implementation is very sensitive and not so easily feasible procedure. For organizational change alone, a series of checks and tests must be carried out in

order for the company or organization to first ascertain which organizational changes need to be made and how to make them successful. According to numerous researches, implementing of organizational changes can run into various obstacles, starting with the working staff and their resistance, over the risk of the inability of proper implementation of change, potential loss, etc. According to Benazić (2014) Organizations are at risk of losing the creative potential and energy needed to continue working effectively, while employees respond to the possible shocks and stresses the changes that follow. Namely, due to insecurity among employees' organizational inertia can occur as well as increased absence or fluctuations and reduced cooperative and slowing of changes.

Implementation of organizational changes at the very beginning requires a change in behaviour and habits of the working staff in the organization. Many researches speak about the importance of the attitude that the behaviour of the highest level of management is quite important for the other employees to properly accept and experience the change.

Change should be understood as a complete set of activities that will enable the organization to move from its present, current state to a new, improved state, that is, a position that will enable it to fulfil its goals and in new, future, changed environmental conditions. The organization can function successfully only through interaction with the environment that organisation is part of. Consequently, the structure and functioning of the organisation must reflect the nature of the environment in which the organization operates. This is not just about the external environment of the organization. Namely, it is necessary to establish a balance between the pressures that occur in the external environment of the organization and those within the organization itself (Aleksić, 2009).

Organizational change and management would be irrelevant if the environment in which the organization operates were stable. In this case, the organization would seek to maintain once achieved compliance through continuous small adjustments that would lead to continuous improvement in performance. However, the environment in which today's organizations operate is not only stable but extremely dynamic and sometimes even turbulent. In such an environment, the only way to survive organizationally is to change. Because organizations must respond to changes if they are to survive and prosper, change becomes inevitable and the key to success lies in adaptability. Belak & Ušljebrka (2014) conclude that organizational change and management represent one of the basic prerequisites for the survival and prosperity of the company.

Today's organizations are facing numerous challenges arising from the development of new technologies, changing demographic situation of workers, the phenomenon of global economic competition and economic shocks related to financial market volatility. The ability of a quick and appropriate adaptation to these challenges has become vital for the success of individual organizations. According to some aspects, the foundation of a company's competitive advantage is no longer rested on resources such as manufacturing plants or financial assets, but on their ability to accept change. At the same time, many studies show that the results of large changes are often disappointing. One of the explanations for the observed failures is the claim that organizational changes, especially major ones, generally draw the most attention to expensive information systems and complex new structures, and that people in companies are neglected. Penava & Šehić (2014) pointed out that the ability and driving force for change in an organisation very much depend upon the extent to which its employees are open, dedicated and motivated for change.

Since the organizations must respond to change if they want to survive and prosper, change becomes inevitable while the key to success lies in adaptability, and the idea of the change varies as the understanding of change management shifts from the traditional idea of a set of functions related to design tasks and implementation of the organizational change processes, and in the first plan sets a requirement for the construction of such organization that will be able to monitor and adapt to extremely numerous changes in the business environment. Although organizational change is primarily conditioned by changes of factors in the organization's environment, the necessity for change arises from the ongoing need for the organization to be successful. The goal is to find new or improved ways of using resources to increase the ability of an organization to create value, and therefore its performance, as well as the performance of individuals within the organization, by moving from the current state to the desired future state. Organizational change has significant implications for a company's ability to cope with events that can occur and need to be planned, achieve competitive advantage, and successfully manage diversity, and increase efficiency and capacity for innovation. (Aleksić, 2009)

When we want to classify organizational change, there are numerous divisions according to different authors who have studied the organization. In these divisions they encounter different names for exactly the same types of organizations. According to Daft (2010) there are several classifications of organizational changes based on different criteria, however, the most common classification of organizational changes according to the criteria of the content:

- Technological organizational changes,
- Structural and systemic organizational change,
- Personnel organizational changes.

Technological organizational changes represent the changes that appear both at the organizational structure and the employees in the companies. Technological changes have actually started to happen on a larger scale over the past twenty years along with the progress and technology development. The very growth and advancement of information technology has led to information revolutions in all spheres and in all parts of society (Sikavica, 2011). Information technology has changed the way business and production of all companies. It supports organizations to make changes to make business easier, and even in some more dramatic and risky ways. Information technology essentially shortened production time, reduced costs and makes it attractive to all organizations. Technological changes are affecting personnel at work as well, and by introducing these changes employees are getting rid of some repetitive and routine jobs in which they spent a lot of time in the past and now they can use this time in more productive way. Employees are now facing a challenge, where they must retrain and acquire new knowledge and skills to keep up with everything technological change imposes.

A change in the structure means a change in the organizational structure of the company as a whole or a change in the organization of its individual parts (Sikavica et al, 2008). Such changes in the structure and system of the organization are actually due to the growth and development of the organization and all its factors. Depending on the size and extent of the change, they can mean reorganization or complete transformation of the organization. Reorganization is actually about changing and upgrading an existing structure to make the organization as efficient as possible. While some more radical changes lead to the transformation of the organization (Sikavica, 2011).

Personnel changes are actually made when the employees or staff members are the source of the ineffective operation of the organization. Personnel changes are related to the amendments and

extension of the values, abilities, skills and behaviour of each employee. Motivation of employees is one of the most important factors on which depends success of business organizations. Motivation is closely linked to the skills and knowledge that employees possess, and if these factors are lacking in that organization, personnel organizational changes need to be made. The key role here is management who must recognise the need for changes related to employees, and the best way to implement changes avoiding in this way possible resistance by employees and conflict situation (Holt et al. 2008).

2.1. Impact of ICT on organizational changes in tourism and hotels

In the context of globalization, internationalization and the increasing and increasing changes in the markets, all organizations are forced to find ways to use and apply new techniques and new technological breakthroughs to keep up with others. In order for organizations to optimally adapt to new ways of doing business, it is essential that they improve and standardize the business process and adapt the organizational culture to the increasing globalization requirements.

The unprecedented and rapid development of technology has influenced the interconnection and establishment of virtual communication that facilitated and accelerated economic activity between states, regardless of spatial distance and national borders. Bedeković & Golub (2011) state that the Internet and communication technologies allow the simultaneous use of visual, audio and text communications, with the free flow of information globally providing instant access to information, virtual presence and direct participation in different events, regardless of where in the world they are occurring.

The open market as it is today due to globalization imposes and sets high quality criteria, managerial skills, environmental awareness of the business, employees' skills. The globalization that brings with it the development of highly sophisticated information technology is impossible to avoid. In addition to increasing competition, globalization is reflected in the constant technological changes that all organizations are exposed to. In order to fulfill the wishes of increasingly demanding customers, all organizations are forced to continually redefine and redesign their business strategies and processes to achieve drastic business process improvements and to retain customers. Of course, this is further emphasized by the elimination of barriers to the international trade in goods and services, so that customers can access products and services from around the world, and even in relatively closed markets, in less developed regions, where local businesses have until recently been protected by various forms of state interventionism.

In terms of tourism, globalization and the transition of the world to a global village, strongly influenced by the growth and development of technology and technology, that is, technological advancement, means a major expansion of the tourism market. New tourism companies, hotels, restaurants, travel agencies, brokerage agencies and the like are emerging. The process of globalization strengthens competition among destinations and thus the destination as a whole is made meaningful. Opitz (1998) stressed out another problem arising from globalization is the impact of travel on the environment and the preservation of cultural identity. Accordingly, tourism is attributed to the number of positive roles and not so positive ones.

Change management in tourism has changed a lot because the very nature of organizational change has shifted from that of traditional change in the past. Until the beginning of the twenty-first century, no attention was paid to change as an important factor in the management of

tourism enterprises. However, it is important to emphasize that organizations must abandon the traditional ways of managing change and increasingly focus and base their business on stimulating intangible assets, namely developing creativity, managing knowledge and intellectual capital. This way of managing change is crucial in the process of quality improvement, based on the resources that actually create the future, thus creating a solid foundation for development, innovating the concept of sustainability and achieving competitive advantage (Velagić, 2011).

In tourism, change management is quite different from any other economic sector. Everything must be centered around providing a unique service to the guest, utilizing all the creativity and innovative capabilities that the tourism business has. Achieving competitive advantage in tourism and hospitality has become a priority for all participants in the tourism market due to the rapid development of technology and increasing customer demands.

Technological change and development are revolutionizing production and services alike, and at the same time creating a vague boundary between them. These processes increase efficiency by optimizing logistics and creating more transparent pricing, allowing real competition. At the same time, an additional need for organizations for creativity and innovation is created. More and more, technological development is forcing organizations to invest in creativity, development and innovation, otherwise they will hardly have a chance to survive in the market. It is these everyday changes in the dynamics of the economy that need to be investigated and recorded to affect growth and development.

The presence of trends related to the automation of marketing strategy and communication with potential guests with the significant development and implementation of virtual reality with the help of technologies result in the development of completely new markets and market segments. Easily established relationships and technological innovations are definitely crucial to shortening business cycles and are directly referencing the competitive advantage of tourism and hospitality businesses.

One of the basic characteristics of modern tourism business is the use of computers, specified software, contactless cards, loyalty cards, that is, taking advantage of all the advantages that technology development has brought with it. The application and use of all these aids in everyday work is crucial for the business of every tourism business. Babić (2014) points out that using them reduces labor costs, replaces full-time job reports, increases competitiveness in the market, facilitates administrative-legal work, makes every job and job easier, and thus employees are relieved of some routine jobs that have taken their time and reduced their productivity and efficiency.

Technology has a major impact on tourism as an industry and conditions the development of tourism. Technological organizational changes in tourism and hospitality are primarily related to improving and facilitating the operation of the hotel, helping to meet all guest requirements, and promoting the tourist offer and products offered by the hotel company.

Technological organizational changes in tourism have made it possible to promote hotels on a global scale, with a wealth of information on hotel businesses, their offerings and opportunities. It is the technology that enables the guest / tourist to have all hotel information available at any time of the decision, which has led to significantly and much more informed guests. The presence of technological organizational changes in tourism and hospitality can be observed through the following trends:

Mobile applications - Mobile technologies have produced a constant sense of immediacy that has forever changed tourists' interactions with service providers, in this case hoteliers and their expectations. From mobile bookings, check-in options, access to rooms, mobile technology dominates the list of the best new technology solutions;

- Access and use of information - Hotels have long been available, but underutilized. Information is the most valuable resource for many brands and a key priority in the hotel personalization process. Application of technology in guest rooms / accommodations. Introduction of technology with on-demand content, flat screen TV, access to fast WIFI, possibility of extinguishing light from bed, remote control of sound system;
- Provide security to guests - With increasingly sophisticated hackers increasingly attacking people's attitudes towards security, they have completely changed, and this area is subject to increasing financial investment. Investing in security especially when it comes to payments is significant. Guest privacy is a growing challenge in deploying mobile devices and social networks;
- Energy efficiency - Among the capital IT expenditures in the hotel industry is to invest in energy management technology. For most hotels, energy is among the top three ranked costs, so energy efficiency efforts are very significant given the assumed financial savings. Intelligent technologies help hotels track and report on energy consumption. (Barjaktarović, Pindžo, 2016)

Today, it is almost impossible to imagine the business of hotel companies without the use of information technology. The application of information technology helps hotels to establish electronic management and management of all departments in the company. This is primarily related to the networking of the financial sector, with marketing, human resources, sales, control, reception, inventory management. This part is of utmost importance for the best possible management and strategic planning of the business. Technological organizational changes in the hotel industry are also reflected in building their own or incorporating them into an existing reservation system. The reservation system refers to connecting with airlines, travel agencies, hotel chains or tourist boards (Barjaktarović, Pindžo, 2016).

3. RESEARCH INTO IMPACT OF ICT ON HOTEL OPERATIONS IN HOTELS IN B&H

This study focuses on hotels located in most developed tourist destinations in B&H. Hotels are classified according to their standards in five categories from 1 to 5. In order to identify the impact of ICT on operations in hotels in B&H, a survey research was conducted on a sample of 100 3, 4- and 5-star hotels. For the purpose of the research, a questionnaire and a stratified sample were designed. The sample included 40 3-star hotels, 54 4-star hotels and 6 5-star hotels.

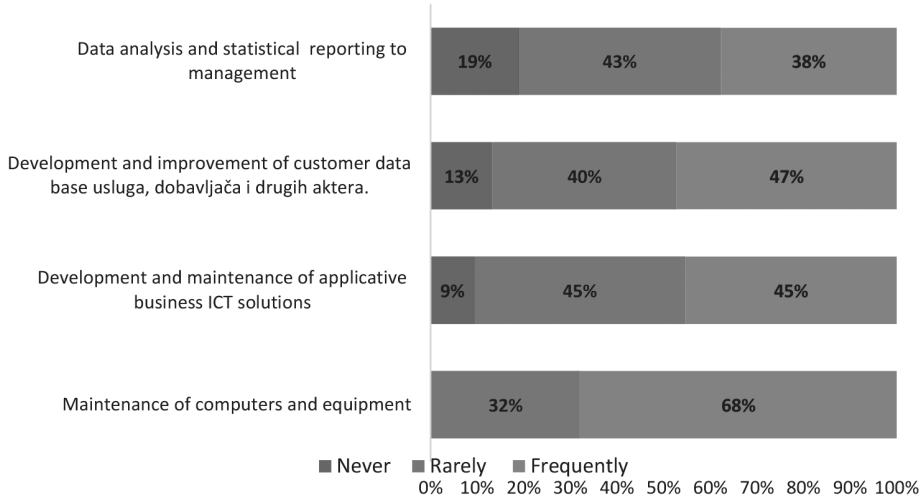
The respondents pointed out that the hotel uses some form of advertising, whether it is content marketing, email marketing or social media marketing, but that they do not use paid advertising in social media marketing or mobile marketing. 63% of hotels indicated that they do not have a digital strategy 63 and only 23% indicated that they will formulate one in the future.

Even 15% of hotels do not have employees or departments with IT responsibilities and 38% use external companies or consultants for all IT assignments. Hotels which do have IT department were asked to identify frequency of different assignments in this department (Graph 1.)

Table 1. Application of digital marketing elements in hotel business

	YES		NO		X^2	p
	f	%	f	%		
Hotel has a web site	100	100,0%	0	0,0%	/	/
Use of Google tools: Google AdWords, Remarketing etc.	44	44,0%	56	56,0%	1,44	0,230
E-mail marketing	60	60,0%	40	40,0%	4,00	0,046
Mobile marketing	41	41,0%	59	59,0%	3,24	0,072
Content marketing	78	78,0%	22	22,0%	31,36	0,000
Social media marketing	94	94,0%	6	6,0%	77,44	0,000
Use of paid advertisement in social media marketing	55	55,0%	45	45,0%	1,00	0,317

Source: Authors´ research



Graph 1. Intensity of different assignments in IT department

Source: Authors´ research

Most hotels do not have any software at their disposal to assist them in certain business activities, while for those hotels that have a particular solution, the most common is Hotel Management Software. A much smaller percentage of hotels have solutions such as CRM.

Table 2. Revenue from online/offline reservations

	f	%	X^2	p
Online (hotel web site, social media, booking platforms, e-mail etc.)	69	69,0	14,44	0,000
Offline (telephone, reception desk etc.)	31	31,0		
Total	100	100		

Source: Authors´ research

The survey results indicate that hotels generate statistically significantly more revenue through online bookings (social networks, their own websites, through different web platforms) than offline (Table 2). However, as far as the reservation system is concerned, as many as 69% of respondents indicated that they make more income from bookings made online than offline or in person or by telephone.

A higher percentage of hotels (29%) account for up to 30% of the total revenue from bookings made through digital channels, while 28% do not have such records at all (Table 3).

The research results indicate that annual revenues using information technology increased, which is presented in Table 4. Exactly 73% of respondents indicated that utilization of ICT has positively influenced revenue and improved business performance.

When it comes to cost reductions caused by the introduction of technological organizational changes, a significantly higher percentage of hotels (45%) state that they have reduced costs between 0-10%. (Table 5)

Table 3. Revenue made from reservations through digital channels

	f	%	X^2 p
Less than 30%	29	29,0	2,960 0,398
31-60%	25	25,0	
61-100%	18	18,0	
Do not know	28	28,0	
Total	100	100,0	

Source: Authors´ research

Table 4. Influence of ICT utilization on revenue

	f	%	X^2 p
Increase	73	73,0	75,14 0,000
Decrease	5	5,0	
No changes in revenue	22	22,0	
Total	100	100,0	

Source: Authors´ research

Table 5. Influence of ICT utilization on costs

	f	%	X^2 p
0-3%	25	25,0	28,88 0,000
5-10%	20	20,0	
10-15%	9	9,0	
Costs have not decreased	46	46,0	
Total	100	100,0	

Source: Authors´ research

A statistically significantly higher percentage of hotels believe that the introduction of technological organizational changes has led to an increase in the total number of overnight stays, but also to an increase in the number of overnight stays of foreign guests. Also, a significantly higher percentage of hotels accept the claim that the existing organizational structure, due to the use of information technology, results in retention of existing guests, as well as results in attracting new guests. Such results are expected as foreign tourists can book our hotels only online or through digital channels. Foreign tourists do not have the ability to view hotel rooms, restaurants and surroundings live, and having good representation and providing information on the internet means a lot to them, as it can best approximate their hotel atmosphere before arrival.

As many as 94% of respondents said that the introduction of technological changes has led to an increase in the total number of hotel nights, which is a goal that all hotel companies strive for. The general goal of social media presence and technological literacy is to attract new guests. It is up to the other departments of the hotel to make these guests happy and to make the guest come back again. The highest level of agreement was with the claim that the use of information technologies increased the number of foreign guests by as much as 95%. Foreign tourists,

especially those from developed countries, who are increasingly interested in research tourism, when booking and staying, are looking for technical and technological literacy as they themselves are.

5. CONCLUSION

Business environment today is dynamic, turbulent and complex. The global economic and social structure has changed. Tourism has become one of the key economic sectors globally. One of the main factors in this changing environment is technological advancement and development of ICT. The application of ICT has altered the way business is done in tourism. ICT and its application in tourism has become more important over the years since ICT has transformed tourism offering new opportunities for its development. Tourist organizations can greatly benefit from ICT and its implementation with minimal costs and with little resource from the staff. ICT can have effects on competitiveness of tourist organizations as well as their market share, effectiveness and efficiency, productivity etc. On the whole, the research results prove that ICT has positive impact on business performance in B&H hotels. The study has proven that ICT had an impact on revenue increase and cost reduction, increase in reservations online and foreign guests, as well as total hotel nights. The study shows that there is room for improvement since not all hotels have recognized the benefits of ICT application in their business and do not have staff responsible for ICT application, insufficiently use all possibilities of digital marketing and customer management software.

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CROATIAN WINE TOURISM FROM THE WINERY PERSPECTIVE: THE CASE OF THE GRAND CRO

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Abstract: *The paper focuses on importance on wine tourism and explores how Croatian premium small to medium-size wineries can successfully expand into wine tourism and thus enhance and expand their core business activity. In order to access the required data, survey questionnaire was created, conducted and analysed. The sample consists of eight premium Croatian wine estates that form The Grand Cro and encompass: Baković, Bibich, Boškinac, Duboković, Galić, Meneghetti, Petrač and Saint Hill. The research conducted has proved that vintners have justifiable reason to include transition to wine tourism into their future medium-term development strategy because it might help them to drive bottle sales and increases the number of tourists visiting their wineries. More so, through the development of complementary tourist-oriented services, wineries might enhance their brand loyalty and awareness, creating a positive image of their wine product, and consequently the wine region.*

Keywords: *Wine Tourism, Winery, Croatia, Grand CRO.*

1. INTRODUCTION

As the number of tourists in the global wine tourism significantly increased over the past decades, many wineries have developed and promoted wine tourism, seeking new ways to enhance visitor experiences (McDonnell and Hall, 2008). For some destinations, wine roads and wineries present major tourism attractions (Getz, 2000). Furthermore, wine tourism provides a reasonably low-cost distribution channel for selling wines and products associated with wine directly to tourists (Getz and Brown, 2006). Through the development of complementary tourist-oriented services, wineries build brand loyalty and awareness, creating a positive image of the wine product, and consequently wine region and/or particular wine destination within the region (Asero and Patti, 2001; Byrd et al., 2011). Despite recent interest and growing research output, many issues related to tourist interest in the wine tourism and value of perceived wine tourism benefits beyond the core value product have yet to be revealed (Bruwer and Lesschaeve, 2012). This paper therefore aims to reveal whether, how and to what extent such benefits help to drive both bottle sales at selected wineries, as well as the increase of a number of tourists as a part of the wine tourism offer. Because of the increasing importance of wine tourism for many destinations, and because of the important role that wine tourism has in supporting local economies, this research looks at the perceptions of Croatian wine tourism from the winery perspective.

The paper is divided into five parts. It starts with literature review that helps the reader better understand what is meant by wine tourist, wine tourism and the wine tourism destination. The review section also emphasizes the importance of the holistic approach to wine tourism, Croatia's place in the wine world, and value of its wine regions and wine tourism. Secondly, the paper focuses on research methodology and provides a rationale for survey used on a sample of

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eight small to medium-size wineries that form a part of The Grand Cro wine association. The research results are outlined in the third part and encompass differences between wineries, wine tourism products and trends, marketing and management of wineries, and vintners'[3] opinions. Conclusion and future potential research directions are two final parts of the paper.

2. LITERATURE REVIEW

2.1. Defining the Wine Tourist

In order to define wine tourism, it is important to consider who travels to wineries as well as what wine tourists expect in such destinations. Byrd et al. (2016) argue that wine tourists can be day-visitors from closer points of origin, or overnight visitors from the immediate area. They possess different demographic characteristics but are often a combination of domestic and international travellers with high socioeconomic level in terms of education, income, and profession (Byrd et al., 2016). With regards to psychological motivation, wine tourist is "someone who has a desire to experience the geographical space where the wine was produced" (Cohen and Ben-Nun, 2009). Many researchers criticized the idea that wine tourists are focused purely on wine. They argued that together with wine, tourists seek for broader experiences connected to wine (Hall et al., 2000; Dodd, 1995; Byrd et al., 2016).

2.2. Defining the Wine Tourism and the Wine Tourism Destination

Tourism destinations have evolved over time from focusing on the core winery facility to thinking more broadly in the context of wineries as tourism products and wine regions as tourism destinations. What initially existed was: (1) the grapes and their needs; (2) the natural environment that meets those needs; and (3) vintners who take care of the vineyards through looking at varieties of grapes, spacing the wines, and trellising system to the final products entering bottles (Peters, 1997). More recently, winescape is described as being composed of a combination of vineyards, winemaking activity; and wine tasting (Telfer, 2000). Hall et al. (2000) argue that wine tourists expect seeing grape growing, wine making, picturesque vineyard landscape, and wine tasting room in the wine cellar as a product as a whole, where experience is enriched with wine tasting. Even further, wine tourists combine these with the culture and heritage of a region, as well as local dining and accommodation offers (Cambourne et al., 2000; Bruwer and Alant, 2009). Wine festivals and wine shows create additional wine tourism values (Getz, 2000).

Despite the fact that there is no unique and globally accepted wine tourism definition, wine tourism is closely connected to tourism experiences and motivations. Hall et al. (2000) define wine tourism as "visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape region are the prime motivating factors for visitation." The authors further claimed that there are three different stakeholders involved: wine producers, consumers, and tourism agencies. Others argue that wine tourism is at the same time a form of consumer behaviour, a strategy through which destinations develop and market wine-related attractions and imaginary, as well as the wineries who sell their products to customers (Getz and Brown, 2006). Wine tourism, therefore, doesn't exist in wine tourists solely visiting wineries and vineyards to drink and purchase wine but are rather attracted by the expanded winery experiences (wine, gourmet and accommodation).

[3] Vintner is a person whose job is to make wine as well as to buy and sell wine. In this research term vintner is used instead of wine maker because owners of examined wineries are not necessarily wine makers but have a variety of other professional and educational background.

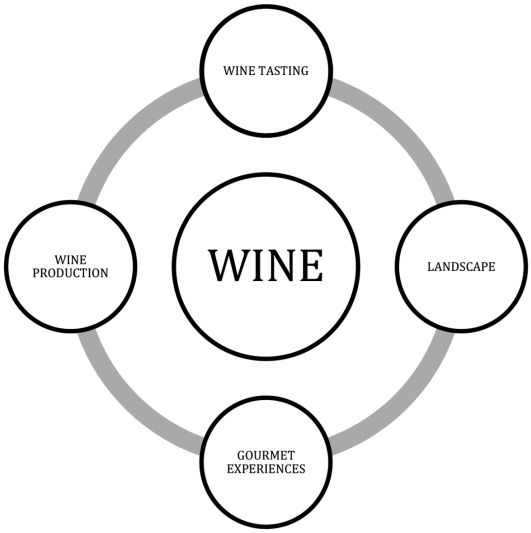

Figure 1. Wine products as a tourist package
Source: Authors

That is why, many wineries today sell their core products (wine) as a package of landscape, wine production, and gastronomic/gourmet experience (Figure 1). Consequently, this paper explores how Croatian premium wineries can successfully expand into the wine tourism through supporting their primary business activity of producing and selling high-quality wine; and, how these core products can successfully be "packed" for the wine tourism.

2.3. Holistic Approach to Wine Tourism

The core product in the wine industry as well as in wine tourism is wine (Bruwer and Lesschaeve, 2012). From the perspective of winery, the core production arena in wine tourism would then be grape growing and producing wine. According to a study made by Bruwer (2003), wine tasting and wine purchasing are primary benefits of winery visits. This means that wine tourism benefits should be well connected to the core product. Despite the complexity in understanding the exact relationship between wine production and wine tourism, certain common benefits should be examined. Byrd et al. (2016) proposed model of the core, augmented and ancillary services in the wine region (Figure 2).

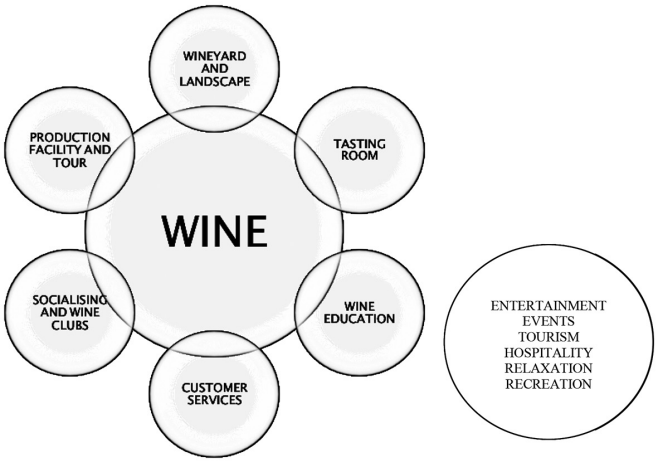

Figure 2. Core, augmented and ancillary services in wine region
Source: Adapted from Byrd et al. (2016:22)

What this model suggests is that everything starts with a core product. The Core (wine) is represented by the big circle in the Figure 2 above, augmented services on its edge and ancillary services in the separate, outer ring. The core represents (in most cases) the primary reason of a winery visit – the wine itself, its quality and direct consumption (for example, tasting or purchasing the wine). The augmented services pertain to winescape such as vineyard, winemaking activity, wine-tasting facilities, wine education and wine clubs. The third level of services represents relaxation, recreation, events, tourism and hospitality services, accommodation, restaurant, and visitor centres, transportation, all linked, directly or indirectly, to wine.

This research, therefore, explores to what extent examined wineries extended their offer in the context of wine tourism as well as their opinions on the role each of those plays in wine tourism of the small to medium-sized premium Croatian wine estates.

2.4. The Wine World

> "*As anybody who loves wines knows, the regions where the finest wine is made are special places – even magical.*" (Wine Spectator, 1997)

In general, French wine is often being regarded as one of the premium qualities, with French wine tourism as one of the most cultivated and elevated. The country boasts with rich history and gastronomy and many world-famous wine regions, among them, to name but a few, Alsace, Beaujolais, Bordeaux, Burgundy and Champagne. Some argue that Italy's wine production is bigger that its neighbour's. The country also benefits from beautiful and inspiring countryside, architectural and art achievements and nice climate, key pillars of prosperous (wine) tourism industry. Among its most famous wine regions are Tuscany, Lombardy and Sicily. Spain and Portugal are important wine producers, and regions such as La Rioja, Porto and Alentejo world known for their wine production and scenic beauty. Napa and Sonoma valleys might be considered as the best wine regions in USA, Mendoza in Argentina, Western Cape in South Africa. Each of mentioned wine regions is unique, loved and visited for different reasons, but what is common to all of them is the relatively recent shift from pure emphasis on the wine production to more aesthetic and experiential dimensions (Williams, 2001). The imaginary of wine tourism as a rural paradise presents an important combination of leisure, cuisine, scenery as well as other outdoor activities. The question of how Croatia stands in this respect naturally arises and represents the focal point of this paper.

2.5. Croatia and The Wine World

In the case of Croatia, history can be used as an important factor in positioning and placing Croatian wine among the *Great wine world maps*. The ancient Greeks who colonized the Adriatic region of today's Croatia regularly carried grapevines looking to grow them in the newly occupied colonies (Bakalović, 2018). Romans have developed the viticulture and wine production, while many centuries later, the Austro-Hungarian Empire set the fundaments for more extensive wine production at the same time introducing many previously unknown grape varieties in Croatian wine regions. In Yugoslavia, vintners and entire wine philosophy focused predominantly on the quantity of production, rather than its quality.

Croatia has, since the end of the last century, experienced transition in wine production. From focusing on the yield and quantity, it has shifted to quality. Such change can be seen through

a continuous increase in the number of wines and quality wines in comparison to table wines and the number of bottled wines in relation to cheaper and bulk wines. The change has started after Croatia gained independence, when some enologists left state-owned wine cooperatives and started their own, initially small wineries. One of the pioneers of this change were Istrian vintners through giving a new treatment to their most popular sort – Malvazia Istarska, implementing new strategies from planting grape to new marketing approaches (Bakalović, 2018). More so, this change positioned Istria as the leading wine destination in Croatia, setting the standards to other Croatian wine regions in developing food and wine tourism.

In general, Croatia can be divided into four basic wine regions covering around 20,000 hectares of vineyards. These are: Istria and Kvarner, Dalmatia, Slavonia and Croatian Danube; and Croatian Uplands (Hrvatsko zagorje). In 2018, their overall wine production was around 750 000 hectolitres (Bakalović, 2018). Almost half of the wine production in Croatia is based on the five leading grape varieties: Plavac Mali, Malvazia, Graševina, Merlot and Cabernet Sauvignon.

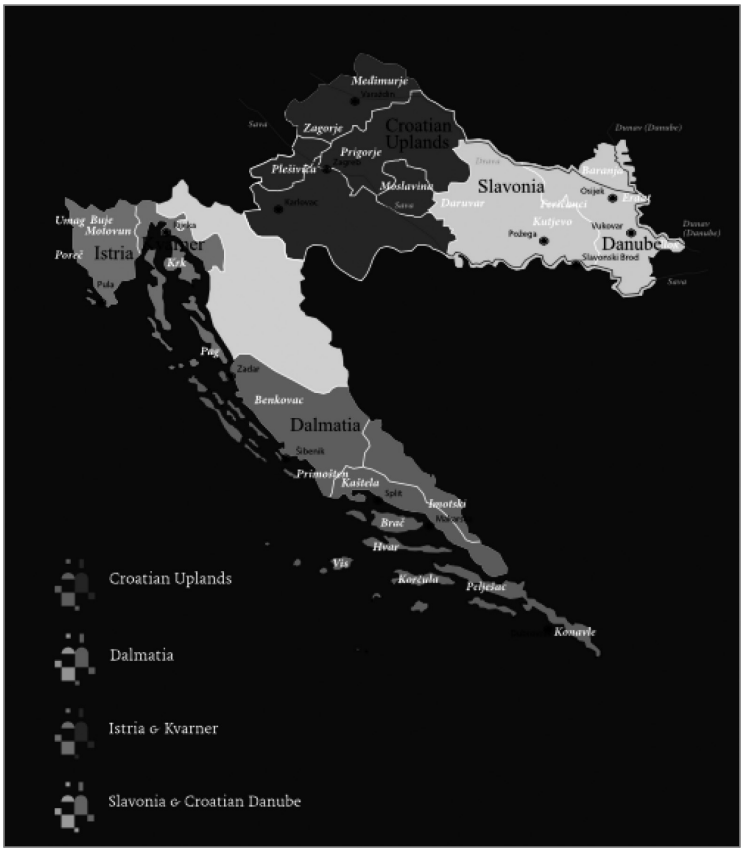

Figure 3. Four basic Croatian wine regions
Source: Adapted from Premium Croatian Wine Estates (2018)

The export of Croatian wines was worth 13 million euros in 2017 (ibid). Traditionally, the largest amount of wines is exported to the neighbouring Bosnia and Herzegovina as well as to Germany (Jakšić et al., 2016). In the context of exports, it is important to mention the so-called "internal export", where a large amount of wine export is consumed by almost twenty million foreign tourists visiting Croatia every year (ibid). There is an increase of the wine tourism segment with the key motivation factor being wine and gastronomy, creating a new opportunity for vintners in expanding their business to the wine tourism segment. Accordingly, this research focuses on how Croatian wineries can strategically approach, enter and prosper from the wine tourism sector.

2.6. Croatian Wine Regions and Tourism

As already mentioned, Croatia can be divided into four basic wine regions. Dalmatia is the origin of the wine civilization of modern Croatia. The first vineyards were planted on islands Vis and Hvar by the Greek colonizers, where Croats settled in the late 7th Century adopting wine tradition they found there (Bakalović, 2018). Protected sorts are Dingač, Postup, Plavac Mali, Babić and Pošip. Dalmatia today stands as one of the most attractive tourism destinations attracting tourists not only by the sun and sea but also searching for other products connected to food and wine. Babić vineyard in Primošten, for example, is a protected UNESCO world heritage site famous for turning the rocky ground into the beautiful vineyards (UNESCO, 2019). Dalmatia is also home to the two out of five Michelin star restaurants in Croatia (Via Michelin, 2019).

As already mentioned, Istria and Kvarner are the most developed wine and wine tourism regions in Croatia. The most popular sorts of wine are Malvazia Istarska, Teran and Žlahtina (Kvarner). Istria was the first region that implemented a strategic way of wine tourism products development; with strong focus on quality, design and combining food with wine offer. This resulted in receiving the first Michelin star restaurant in Croatia. Istria's closeness and good road connections to Venice, Triest, Graz, Vienna, Munich, Ljubljana, and Zagreb, make it a perfect all-year destination.

Slavonia and Croatian Danube are the home of Pannonia, the Central European plain laced with rivers. The turbulent history of this region has left a distinctive mark on the wine culture here. The most important sort of this region is Graševina. Despite being the region mostly developed for the large quantity production of wine, it had only recently started its revitalization towards quality wine production. The best quality Graševina is produced here and is being exported around the world. Concerning tourism, Slavonia started to build a variety of infrastructure to open its vineyards to potential tourists. Many new tasting rooms and hotels have been opened, leading cellars are Ilok and Kutjevo. Wine tourism is seen as a catalyst to revitalize this region after war and devastations of the 1990s.

Croatian Uplands (Zagorje, Prigorje, Plešivica, Moslavina and Međimurje) are close to Zagreb, the Croatian capital, and home of the wine sorts such as Portugizac, Reisling, Sauvignon Blanc, Škrlet and others. In the tourism context, beautiful hills and castles, as well as proximity of Zagreb, attract many tourists to the region.

All mentioned regions started with the revival of their wine production at the end of the 20th Century. There is a huge potential to develop wine tourism and offer tourists many products related to wine and local gastronomy. Many examples show that knowledge and potential exist, however, there is still a long way to go for the region's placement on the EU or global wine tourism map.

2.7. Premium Croatian Wine Estates: The Case of The Grand Cro

Within this research, the focus was on the premium Croatian wine estates or, to be more precise, The Grand Cro association. The Grad Cro presents an association gathering the eight Croatian vintners represented by the small premium Croatian wine estates. The member's vineyards, wineries, and wine accommodation are located in different wine regions of Croatia. They share similarities but also specificities in terms on how they approach wine and gastronomy in broader wine tourism perspective. As many tourists choose Croatia for wine and gastronomy, and as

the list of worldwide restaurants whose wine lists include Croatian wine is growing, The Grand Cro was chosen as a sample for this research. The members of The Grand Cro are: Baković; Bibich; Boškinac; Duboković; Galić; Meneghetti; Petrač; and Saint Hills (Figure 4).

Figure 4. Members of the Grand Cro Association
Source: Adapted from Premium Croatian Wine Estates (2018)

Each of the members took part in this research and findings obtained from survey conducted are presented in the paragraphs that follow.

3. RESEARCH METHODOLOGY AND METHOD

The outlined literature review as well as the aims of this research served as the foundation for the survey guideline in this qualitative research. The survey was divided into four sections, each focusing on a certain topic relevant to the research. These topics were: data on wineries, wine tourism products and trends, marketing and management activities, and vintners' opinions. These primary sections were further sub-divided, allowing for the collection of more detailed and categorised data. Each section opened with a more general question and then was followed with a certain number of sub-questions addressing the general one in more detail. Both closed and opened questions were asked with the aim of gathering a qualitative average. The questions, along with the rationale of their inclusion are outlined in Figure 5.

The survey questionnaire was sent out via e-mail to members of The Grand Cro. While analyzing data, each of the eight surveys were looked independently, and then compared and analyzed in order to create meaningful and properly organized data. This data was then used for the purposes of comparing the results of survey taking into account previously made literature review. Finally, comprehensive conclusions were made, presented in research results and discussion that follow.

Data on wineries	This section looks into differences between the wineries, wine areas, their ownership, etc.
Wine tourism products and trends	This section identifies wine tourism products provided by examined wineries. It also discusses potential future trends in wine tourism and the way wineries can adapt to them.
Marketing and management activities	This section identifies the marketing and management strategies that are used by wineries and evaluates their successfulness.
Vintners opinions	This section focuses on vintners' feelings and opinions concerning present and future developments in wine tourism, as well as their co-operation with other tourism stakeholders.

Figure 5. Questionnaire sections and the rationale of their inclusion in the research
Source: Authors

4. RESEARCH RESULTS

Research surveys revealed several common themes that often mirrored the literature review and secondary data collection with regards to the importance of focusing not only on wine as a core product in the process of expanding into the wine tourism market. Research results are discussed are divided into the five main themes: differences between wineries, wine tourism products and trends, marketing and management of the winery, and vintners' opinions, each discussed separately in the text that follows.

4.1. Differences between wineries

Ownership model

As seen in the Figure 6, most of the wineries are established as a limited liability (75%), while others are registered as family businesses – family farms (25%).

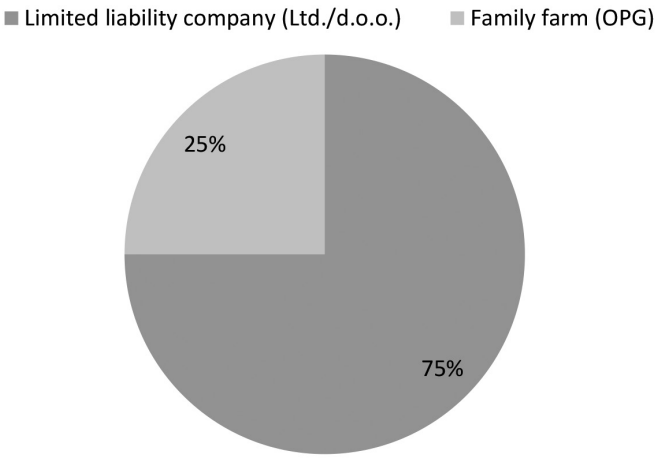

Figure 6. Ownership models of selected Wineries
Source: Authors

Despite most of wineries are small family boutique wineries they still choose limited liability business models (Ltd), which presumably mirrors professional backgrounds of their owners. Only one of The Grand Cro property owners has wine making background. Most of them have a business and entrepreneurship backgrounds, while others have backgrounds in law, sales, engineering and tourism (Figure 7).

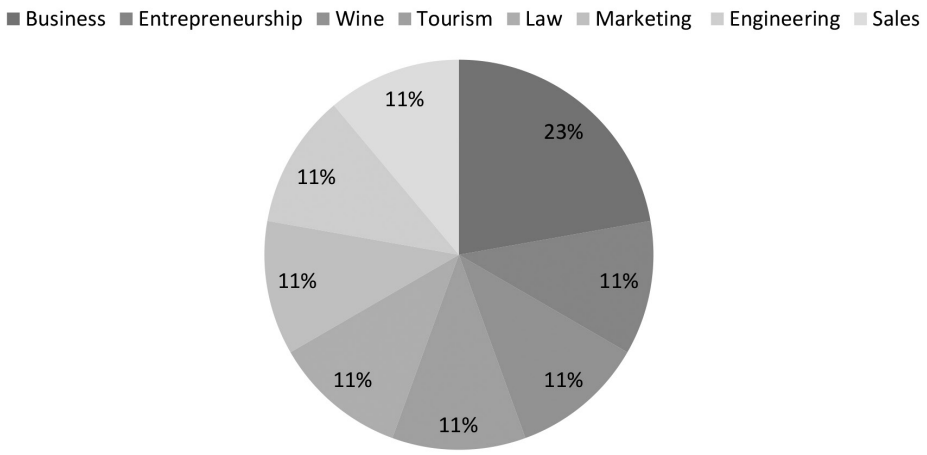

Figure 7. Owners' backgrounds
Source: Authors

Average size of vineyards and Production size

On average, selected boutique wineries are small to medium sized, and the same can be said about their production. As seen in the Figure 8, most of The Grand Cro vineyards are up to 10 hectares in terms of size (62.5%), with only one quarter of them exceeding 21 hectares. In terms of wine output, most of selected wineries produce relatively small amounts of wine (less than 50,000 litres), with only a quarter with production surpassing 100,000 litres.

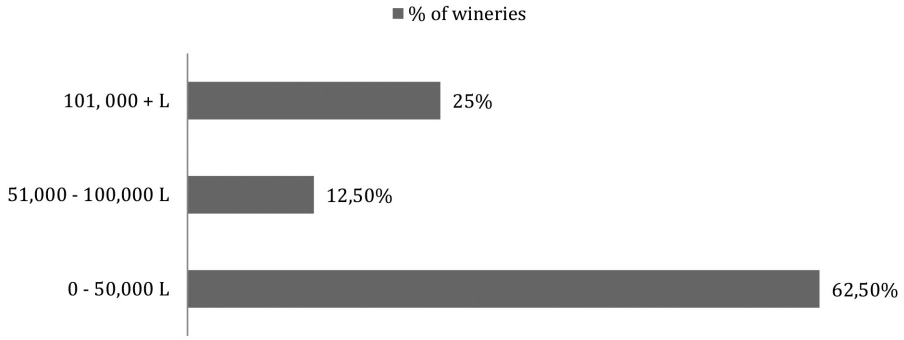

Figure 8. Average vineyard size
Source: Authors

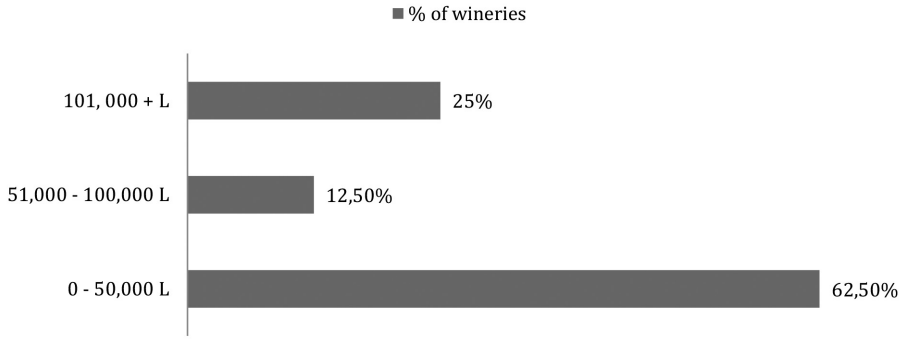

Figure 9. Average production size
Source: Authors

Entering wine tourism

The wineries of The Grand Cro have also evolved from focusing on the core winery facility to thinking more broadly in the context of wineries as tourism products (as stipulated, in general, by Byrd et al., 2016). Figure 10 differentiates between wineries that first entered wine production business and only later expanded to wine tourism (75%) from those that immediately entered both markets (25%). Those who immediately entered wine tourism are wineries that recently opened (since 2000) proving that wine tourism is a relatively new phenomenon in Croatia.

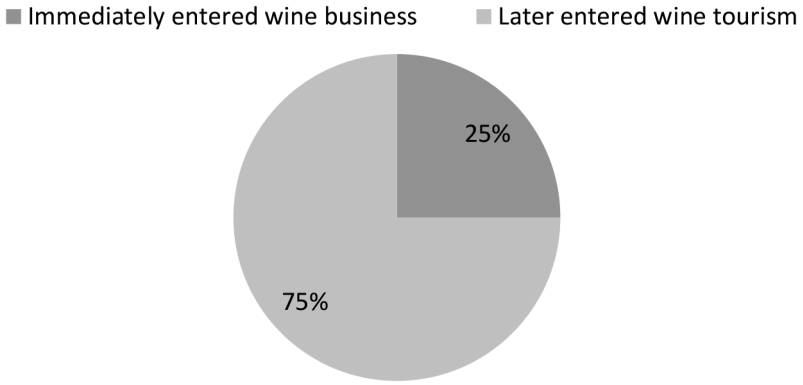

Figure 10. Wineries that expanded to wine business vs. wineries that were immediately in wine tourism

Source: Authors

Employees

Figure 11 shows percentage of overall employees in surveyed wineries divided into those working in the wine production and those working in the wine tourism related products developed by wineries.

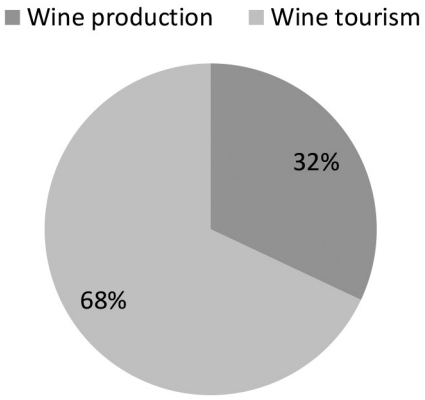

Figure 11. Overall number of employees in winery production vs. number of employees in wine tourism (gastronomy and accommodation of examined wineries)

Source: Authors

The data shows that despite wine production presenting the core product of wineries, once the wineries expand to wine tourism (which is work-intensive sector) they require and employ more hands.

4.2. Wine tourism products and trends

Pull-factor to visit the winery

As mentioned in the literature review, wine is the core product of winery visit. As seen in the Figure 12, vintners agree wine is the main motive for winery visit.

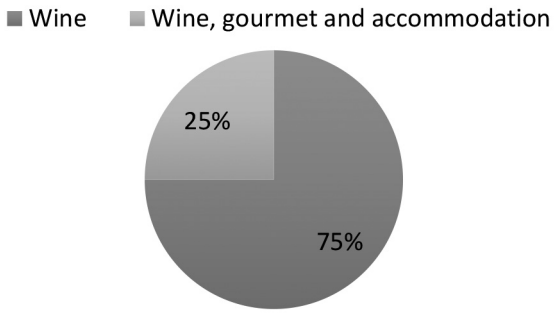

Figure 12. The core motive of the winery visit
Source: Authors

Despite the fact that the core product is wine, theory and global wine industry experience indicate that development of the wine tourism products is crucial for expanding into the wine tourism. To what extent selected Croatian wineries develop their wine tourism related products is the focus of the next paragraph.

Development of wine tourism products

Most of the wineries recognized benefits of expanding into the wine tourism and have therefore developed variety of the wine tourism products as seen in the Figure 13.

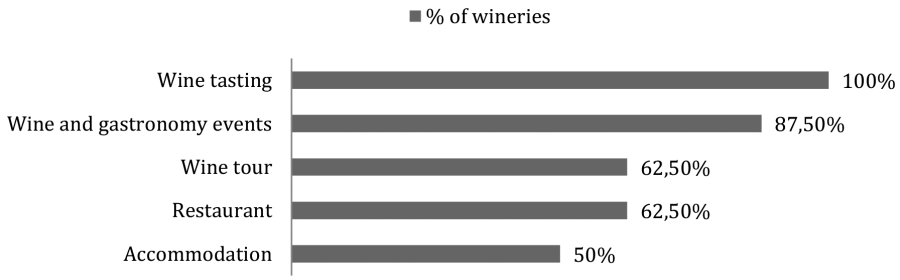

Figure 13. Wine tourism products offered by the selected wineries
Source: Authors

As Telfer (2000) argued the combination of the following elements is needed for proper development of wine tourism products: vineyards, winemaking activity, and wine tasting. More so, Bruwer (2003) argued that wine tasting and wine purchasing are primary benefits of winery visit. As seen in the Figure 12, all wineries have developed wine tasting followed by wine and gastronomy events. Half of them have also developed local dining and accommodation offers, and have by that created the wine products as a tourist package combining wine, gastronomy and accommodation as proposed by Getz and Brown (2006) and through that developed core, augmented as well as ancillary services (Figure 2).

Relationship between Wine tourism and Wine sales

In supporting the claim of wine tourism benefiting to increased sales of wine, all vintners have agreed that wine tourism positively impacts wine sales. Figure 14 shows relationship between wineries revenues form wine compared to those from wine tourism.

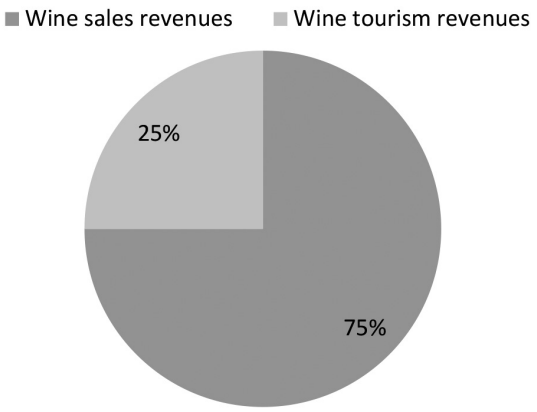

Figure 14. Overall wine revenues vs. wine tourism revenues
Source: Authors

Data shows that most of the wineries still generate more revenues from the wine production business compared to wine tourism. However, if examined closer, those wineries that developed wine tourism consequently have higher overall revenues in wine tourism then in wine production.

4.3. Current and Future Budget Allocation

Most of the wineries still allocate more of their budgets into the production of wine (62.5%), while somewhat more than 1/3 of their budget is allocated for development of wine tourism. However, by looking at their development plans, as seen in the Figure 15, vintners plan to allocate more in the wine tourism in the future.

Figure 15. Future budget allocation of selected vineries
Source: Authors

This further confirms that there is an increased recognition of wine tourism segment as a new opportunity that vintners are trying to be a part of. One of the reasons of this shift is response to the change of the trends in wine tourism. As all of the wineries already developed wine production, now they have entered the phase of the wine tourism product development. In order to do

it successfully, wineries should approach entering wine tourism strategically and marketing oriented. Such approach, foreign experience shows, might be beneficial for the long-term success of these premium Croatian wine estates. Their current approach to marketing and management of winery is discussed below.

4.4. Marketing and Management of the Winery

The same person manages winery and wine tourism in 80% of the examined wineries. Marketing is mostly managed in-house (75%) and is outsourced only by the minority of wineries (25%). The most often used marketing tools are public relations (PR), events and personal sales as seen in the Figure 16.

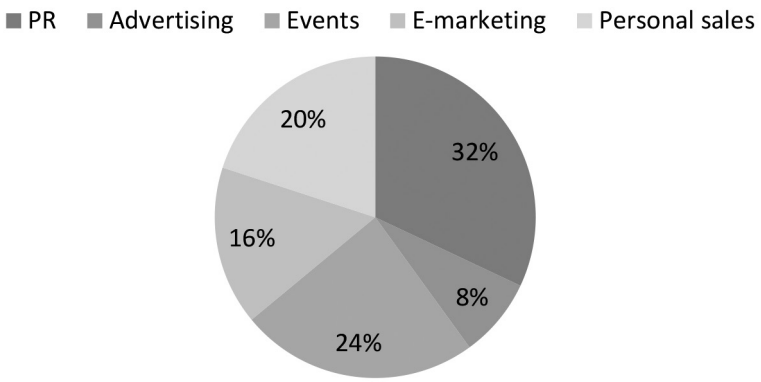

Figure 16. Promotional tools mostly used for marketing of winery and wine tourism
Source: Authors

Examined wineries allocate most of their budget for events (75%), followed by public relations (50%), and then other marketing tools.

4.5. Vintners Opinions

Main Challenges

Despite the confirmation that wine tourism positively impacts their wine sales and brand development, The Grand Cro wineries outlined the main challenges they face in development of wine tourism products (Figure 17).

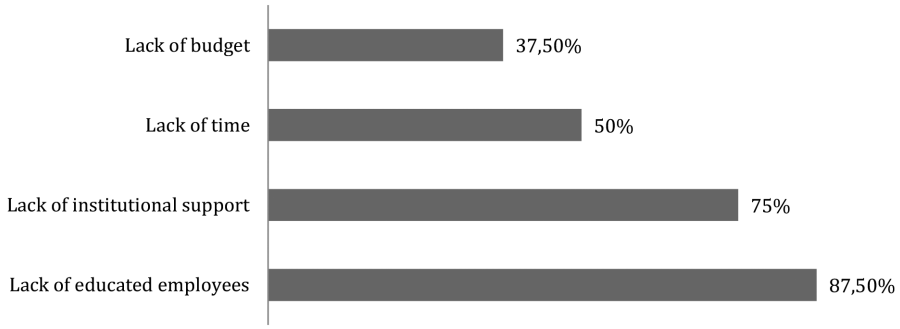

Figure 17. Main challenges vintners face in transition to wine tourism
Source: Authors

Lack of educated employees is one of the main challenges that vintners face in their transition to wine tourism. More so, they agreed that there is a lack of governmental institutions support in their transitioning to wine tourism as well as time and budget constraints.

Being a part of The Grand Cro

All members agreed that being the member of Grand Cro association helps them in their core business – wine production as well as in developing wine tourism products. One of the vintners argued:

> *"It is easier to work on promotion when there is more of us. Through sharing expenses, we can cover more marketing channels and use more tools than we would be able should we do it alone."*

Other vintners added:

> *"It is easier to get governmental funding that is allocated on the yearly basis. The only thing that we lack is long-term planning and vision."*

> *"We're brought together by common interests and aims. We work together and often appear together at fairs. We make different styles of wine, come from different regions of Croatia, and so we don't compete with each other. I believe that through association we can get a lot more done. Now we are in a period when more and more entrepreneurs and winemakers in Croatia understand they have to get together and that synergy will bring a lot more benefits than some imaginary fear of competition".*

Support of the Governmental Institutions

The three main themes were constantly mentioned by vintners with regards to what governmental institutions need to do in order to better support development of wine production and wine tourism. These are: professional help, easier access to funds available for both wine production development as well as wine tourism development, and, finally, reduction of the administrative burden.

Stakeholder Collaboration

Throughout the research vintners have outlined that better collaboration is needed with other tourism stakeholders, and especially so with Croatian Chamber of Commerce, tourism boards, local communities as well as tourism agencies.

Way Forward

Way forward for all of the wineries that are part of The Grand Cro, according to their thoughts, is to focus on and to further develop the wine tourism. After developing wine tasting and restaurants, most of the vintners want to invest in small wine hotel developments and different wine tourism products.

5. CONCLUSION

The evidence from this study might be of help and value added for successful transition from wine production to wine tourism of small to medium sized Croatian high-quality wine producers. In Figure 18 a general model for as yet non-existent strategy of other small quality wineries in Croatia is outlined as a possible recommendation to go forward. Recommended path relies on processes suggested by various authors (Byrd et al., 2016; Hall et al., 2000; Bruwer and Lesschaeve, 2012) and consists of four stages. Stage 1 relates to the core business (wine production) and the ongoing process of the brand building and recognition. Ensuing stages are linked to wine tourism. The initial step in this respect (Stage 2) is wine tasting and combination of wine tasting and gastronomic experience. In Stage 3 experience is further expanded by onsite accommodation and finally, in Stage 4, by wine spa, education and clubs.

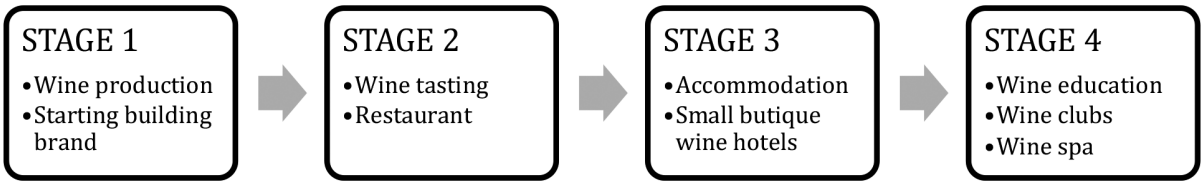

Figure 17. Proposed model for successful transition from wine production to wine tourism for small boutique Croatian wineries

Source: Authors

Although this research examined small and medium-size wineries that are members of The Grand Cro wine association, findings are transferable to other high-quality Croatian wineries. Finally, this study has corroborated that wine tourism is an important factor for further development of wineries. The research conducted has proved that vintners have justifiable reason to include transition to wine tourism into their future medium-term development strategy because it might help them to drive bottle sales and increases the number of tourists visiting their wineries. More so, through the development of complementary tourist-oriented services, wineries might enhance their brand loyalty and awareness, creating a positive image of their wine product, and consequently the wine region.

6. FUTURE RESEARCH DIRECTIONS

Research based on larger sample of wineries in various other locations in Croatia would be of value added. Also, as this research focused on the supply side of the wine tourism market (wine producers), this research should be extended to the demand side of the wine tourism market (wine tourists). More so, future research projects could attempt to highlight differences between Croatian and similar wineries in other parts of the world.

7. ACKNOWLEDGEMENT

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ABOUT MARKETING STRATEGY FOR WINE ROUTE. CASE STUDY – CONSTANTINOPLE WINE ROUTE

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Abstract: *The main goal of this paper is to present the diversity of the tourist offer of the Constantinople Wine Route (CWR). The paper contains PESTEL and SWOT analysis, two of the best strategic management techniques and research analysis through questionnaire that actually indicate how interested respondents are in wine tourism in Serbia, how much experience they have about it, and whether they are aware of the Constantinople Wine Route. The survey was conducted on the basis of random sample, in the territory of Serbia. At the very end, the results of this survey were crossed with those of interviewed winery owners about what their wineries can offer to tourists and what their expectations are from participating in this project. Cross-referenced analysis opens up new areas for research, but also provides clear guidance on how to communicate the tourist offer of the Constantinople Wine Route.*

Keywords: *Wine, Wine Tourism, Cultural Route, Constantinople Wine Route.*

1. INTRODUCTION

Constantinople Wine Route is a new wine tourism project in the Balkans. The initiative comes from Serbia, and with this route, besides Serbia, Bulgaria and the European part of Turkey (Thrace) are also connected. Originally, this route was established by the Romans in 33 A.D., who built Via Militaris, a route that was primarily used to navigate their legions. In the Middle Ages, this route became the main trade and military link between Asia and Europe, changing its name to the Constantinople Route. This route was used by travellers, travel writers, merchants, bandits, pilgrims and many others. Using this route, the Romans brought the first vine seedlings to the Old Continent. Centuries later, using the Constantinople Route, the Turks went to conquer Europe. Many historically important events are related to this route, but also to wine. For example, it is noted that the Serbian Grand Prince Stefan Nemanja, welcoming Holy Roman Emperor Frederick I Barbarossa in Nis, served his guest wine and mead. In 1433, the French travel writer Berntrandon de la Broquière (De la Broquière, 2002) also travelled on the Constantinople Route, and his subsequently published travel book "Travel over the sea" testifies that "at the time Serbian wine was better than French".

The Constantinople Route connects Belgrade (then Singidunum), Nis, Pirot, Dimitrovgrad, Sofia, Plovdiv and Istanbul, (then Constantinople) (Zirojević, 1970). Although most of the route is locat-

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ed in Serbia, a country with a long viticulture tradition, the part of the route that passes through Bulgaria and Turkey, is not of less importance, especially the part that goes through the Thracian region, which is located in both countries. This part of the route is considered to be one of the oldest viticulture regions in the world and is about 7000 years old (Ivanova et al, 2017). It is interesting to note that the Turkish part of Thrace has its own route called "Thrace Wine Route" which is also the first wine route in Turkey (Akdag et al, 2017; Maksimović et al, 2019).

2. MARKETING IN WINE TOURISM

Wine tourism is a relatively new type of tourism in the Balkans. When we talk about the Constantinople Wine Route, which connects Belgrade and Istanbul, that is, Serbia, Bulgaria and Turkey, we are talking about regions where people have been involved in viticulture for thousands of years. However, all three countries have only recently appeared on the wine map of the world as wine tourist destinations. The existence of a wine route, based on a striking common past, rich in cultural and historical heritage, similar, yet completely different gastronomy, viticulture that nurtures a completely different autochthonous assortment, but also completely different styles of wine of international and regional varieties, cultural, religious and ethnological diversity, can make the promotion of wine tourism in all three countries a lot easier. In general, wine routes, as clearly defined routes, help facilitate the branding of a wine destination, while at the same time facilitating orientation and movement for tourists. Furthermore, it is a fact that clearly defined wine routes enrich the tourist product, create greater engagement of people in rural areas, prolong the tourist season, accelerate economic development, facilitate promotion, enhance the image, revitalise the village and the similar (Marzo-Navarro & Pedraja-Iglesias, 2009; Blazheska & Nickova, 2016; Fernández et al, 2018).

The primary goals of every business, including wine tourism, are survival, profitability and growth (Cant et al, 2007). To fulfil these goals, wineries interested in wine tourism have to develop a valuable and profitable relationship with visitors (Kotler & Armstrong, 2006). This can be achieved in many ways, wine routes are probably one of the most promising because, although wine is the most important component of wine tourism (Alebaki & Iakovidou, 2011), wine tourism is much more than simply enjoying a glass of good wine (Mitchell, 2006). Hall and Mitchell called this phenomenon "tourist terroir" in an attempt to explain the physical, cultural and natural specificity that makes a wine region or in our case a route a unique tourist experience (Hall & Mitchell, 2002).

3. PESTEL ANALYSIS

PESTEL analysis is the analytical method of the business environment and is the basis of all strategic planning. PESTEL analyzes the environment and is used for both emerging and existing markets, and provides an overview of the situation that can significantly affect the development of wine tourism. Also, this analysis provides an overview of the external factors that may affect wine tourism globally, as well as a more serious introspective overview of wineries within the observed area (Gregorić, 2014).

The name PESTEL is an acronym for English words that define the elements that serve the analysis: Political, Economic, Social, Technological, Ecological and Legal factors. Considering the fact that all these factors can crucially affect the success of a start-up project such as the Constantinople Wine Route, it is logical to opt for such analysis, which will subsequently be cross-checked against the information obtained by SWOT analysis.

Political factors

ADVANTAGES	DISADVANTAGES
• Stable security situation in the country and region • Solid relations between countries on the CWR route • The process of joining the EU has started • The professional public is interested in developing the CWR idea • The existence of TO Serbia	• Political instability in the country • Potential disinterest of people in responsible positions to develop new idea • Lack of confidence in the system • Wine tourism is absolutely not recognized in the Tourism Development Strategy of Serbia

Economic factors

ADVANTAGES	DISADVANTAGES
• Currency stability • Creating new jobs • Greater investment in tourism	• Slow return on invested capital • Unstable market • Few funds are invested in tourism development in smaller municipalities

Social factors

ADVANTAGES	DISADVANTAGES
• Traditional hospitality of the population • Long and rich tradition • Interest of foreign tourists to discover new destinations	• Negative birth rate • Expressed passivity of the local population • Insufficient education of the local population • Insufficient knowledge of foreign languages

Technological factors

ADVANTAGES	DISADVANTAGES
• Use of new technologies in production • Simultaneous use of traditional technologies in production • Introduction of information technology • Investing in the construction of new facilities	• Inexperience in working with new technologies • Poor road infrastructure in some destinations • Insufficient use of the Internet for marketing purposes

Ecological factors

ADVANTAGES	DISADVANTAGES
• Developed environmental awareness • Relatively preserved nature • Increasing status of eco wine on the market • Development of new wine varieties favorable for organic production	• High cost of producing organic wines • Insufficient knowledge of newly created wine varieties • Existence of wild dumps

Legal factors

ADVANTAGES	DISADVANTAGES
• Ability to quickly register a legal entity • Harmonization of standards and regulations with the EU • Incentive measures for rural development • To adopt a new law on tourism that regulates the issue of accommodation in rural tourism	• Non-compliance with laws and other legal acts • Poor citizens' confidence in the state's legal system • Laws that are more demanding than EU law (organic production example)

Political factors

When it comes to political factors it is very important to highlight the stable political situation in all three countries on the CWR route, as well as their mutual relations. However, the Serbian Law on Tourism (adopted in 2019), as well as the Tourism Development Strategy of Serbia 2016-2025, have absolutely no knowledge of the term wine tourism. According to these two documents, wine tourism may eventually be classified as rural tourism, which is not considered wrong but not good enough. The recent establishment of the Association of Winegrowers and Viticulturist of Serbia, as well as the announced development of the Strategy for the Development of Winegrowing and Viticulture, may have a potential impact on better position of wine tourism in Serbia, but there remains a problem of mistrust in the system as well as a dilemma regarding the equal treatment of all interested entities.

Economic factors

Recognizing the importance of wine tourism in the Law on Tourism and the Tourism Development Strategy of Serbia, would allow greater investments in this branch of tourism, but also regulate the system of work. Thus, wine tourism often stays in the so-called "gray zone" of which neither the state nor the winemakers have an interest. The state does not collect taxes on wine tourism, and does not invest in the development of this branch of tourism.

Social factors

None of the three countries, Serbia, Bulgaria and Turkey, as countries in the CWR route, exist on the wine map of the world as recognizable tourist destinations. On the other hand, they can be of particular interest to tourists of distant markets, as it allows them to visit more countries, get acquainted with more cultures, peoples and traditions, but also experience completely different wines and gastronomy, all in just one trip. Moreover, for European tourists, the CWR route, which can also be observed as the "breath of the Orient in Europe", may seem completely exotic and interesting.

Technological factors

Throughout the CWR route there are very small, family-owned wineries which in an attempt to preserve tradition can make technologically debatable wines, but also there are large, profit-oriented wineries that clearly understand the needs of the modern market and are able to respond in style, quality and quantities. For both, there is often a lack of strategically driven market communication. The solution to both problems lies in education.

Ecological factors

The global and domestic markets are becoming more environmentally conscious and, accordingly, eco-produced wines are gaining the importance. Insight into the wine offer of the CWR route reveals a small number of organically produced wines. The reason for this lies in the lack of information on market trends, but also in new grape varieties intended primarily for organic production.

Legal factors

Although, in legal terms, there is the unresolved issue of wine tourism, the new Law on Tourism of the Republic of Serbia, passed in 2019, regulated the issue of accommodation in rural tourism. For now, it remains an open question to implement it, but also the complicated procedure regarding certification in organic production.

4. SWOT ANALYSIS

Bringing together the strengths and weaknesses of the Constantinople Wine Route, with chances and threats in the environment, it can be decided to choose the best strategy for the development of this wine tourism project. This is assisted by SWOT analysis, one of the best strategic management techniques, named after the initial letters of four English words: Strengths, Weaknesses, Opportunities and Threats. SWOT analysis is a tool for understanding the situation according to which the current strongest and weakest points of the project, total potential, space for development can be identified, but also reveal real threats to the successful realization of the whole project.

The main advantage of SWOT analysis is its simplicity in observing the positive sides of the Constantinople Wine Route and at the same time in identifying some potentially negative aspects that may threaten the new wine tourism project. Likewise, through the positive and negative aspects, the present and the possible future of the project are easily perceived.

Strengths	Weaknesses
• Original and attractive tourist offer • Long and rich tradition of wine production • Authentic and quality wines • Healthy and original food • Rich historical heritage • Positive attitude of all stakeholders	• Disloyal competition • Unrecognized wine tourist destination • Uneven wine quality • Lack of team spirit • Problems in financing startups
Opportunities	**Threats**
• Status of the project of national importance • Familiarizing the market with the rich historical heritage of the entire route • The new life of medieval gastronomy • The recognition of Serbia as an attractive tourist destination • Creating positive publicity	• Creating positive publicity • Political instability in the country and the region • Poor cooperation among all actors involved • Lack of tourists • Problems with project financing

The Constantinople Wine Route, as an original and historically extremely powerful new tourist offer, is of great interest to both expert public and tour operators. The fact that all three countries on the CWR route have a millennial tradition in wine production, and are still on the sidelines of wine tourism globally, makes this route interesting and under-researched. Authentic gastronomic and wine offer are an important factor and a precondition for the success of wine tourism. Because of all this, the Constantinople Wine Route has the potential to become a wine tourism project of national importance. All that is needed the support of the ministry in charge and a well-conducted media campaign. Launched on the private initiative of a group of wine tourism enthusiasts, the Constantinople Wine Route project faces the problem of financing a marketing campaign aimed at clearly defined target groups.

5. METHODOLOGICAL SETTINGS AND ANALYSIS OF RESULTS

For the purpose of this paper, two studies have been done. Crossing the results of both surveys will open new areas for research, as well as provide clear guidance on how and by what channels to communicate this tourist offer.

5.1. Interviews with winemakers and/or winery managers on the CWR route

The first research was done by the method of semi-structured interview with the owners or managers of all 19 wineries located on the Serbian part of the Constantinople Wine Route, and which are potential partners in the project of establishing a new wine route. The goal of interviewing winemakers was to clearly define the tourist wine offer of CWR, as well as to indicate their expectations from partners in this project.

The results of this research showed that most wineries on the route have the necessary capacities for the development of wine tourism, some are in preparation and will soon be ready to receive the first tourists, and some currently do not have the desire or ability to develop tourism potential. Wine tourism capacities primarily include the existence of wine cellar and vineyards that can be visited, as well as a tasting room and toilet for winery guests. The offer includes also smaller wineries, which meet the four above mentioned criteria. The fact that small wineries cannot offer their guests top service, luxury and prestige in the way they present their wineries, but instead they offer that unique sense of warmth, cordiality and often family heritage so characteristic of small businesses. It is interesting to point out that, when asked what they expected from participation in the project of the Constantinople Wine Route, all respondents subsequently answered "increase in the number of tourists and better sale of wine at the winery". This response, although expected, seems at the same time a bit disappointing because, aimed at their own prosperity, winemakers do not see the wider potential of wine routes when it comes to the whole region. The reason for this attitude lies possibly in the fact that most winemakers built their entire capacities with their own resources and without much support from the state and local government.

5.2. Survey of potential wine tourists

The second research is based on a survey questionnaire of potential wine tourists. The aim of the questionnaire was to indicate the degree of awareness of potential wine tourists in the overall wine tourism offer of Serbia, as well as the awareness of a new wine tourism project called the Constantinople Wine Route. The questionnaire consisted of 19 questions: 7 questions related to creating insights into the demographic picture of respondents, 5 questions provided an overview of travel habits and motives, 4 related to travel information habits and the organization of travel, while the last 3 questions related exclusively to wine tourism. The questionnaire was distributed exclusively electronically, via mail and social networks, and exclusively in the territory of Serbia. The questionnaire was created using Google Forms, a specialized online data collection tool. In order to avoid a situation where one user answers multiple times, the questionnaire could be accessed only once from each mail address. Responses were collected during September 2019. The questionnaire was completed anonymously.

The sample consists of s total of 1084 respondents, 64% are women and 36% are men. Reasons for the two-thirds dominance of women in this sample of respondents should be sought in the

area of consumer behaviour (Booth et al, 2014), where women have been proven to be less risky when it comes to jobs, money, but also their families. We can conclude that women bear most of the decision to choose holiday and travel destinations. Just over half of the respondents are between 20 and 40 years old (53%), and a significant number are between 40-60 years old (40%). 42% of respondents have university degree, 32% of respondents have master's degree, and a third of respondents (32%) have a secondary education. The questionnaire was also completed by 27 PhDs, accounting for 3% of the total sample. 81% of the respondents are employed, which corresponds to the age category, but also to the stable monthly income (Table 1).

Table 1. Demographic data on respondents (the first part)

Gender	**%**
M	36
F	64
Age	**%**
Up to 20	1
21-40	53
41-60	40
Over 60	6
Education	**%**
Primary school	1
Secondary school	32
College or bachelor's degree	42
Master's degree	22
PhDs	3
Place of living	**%**
village	15
city	85
Profession	**%**
University student	5
Employed	81
Unemployed	9
Retired	5

When it comes to monthly income and money in general, it is interesting to point out the diversity of the survey sample, in which 30% of respondents claim to have income from 40.000 to 60.000 dinars per month, 18% receive 60.000 to 80.000 dinars, 17% from 20.000 to 40.000 dinars, 17% over 100.000 dinars, 10% 80.000 to 100.000 dinars, while 7% of respondents report less than 20.000 dinars of monthly income. Furthermore, 52% of them are married and 85% of respondents live in urban areas (Figures 1 and 2).

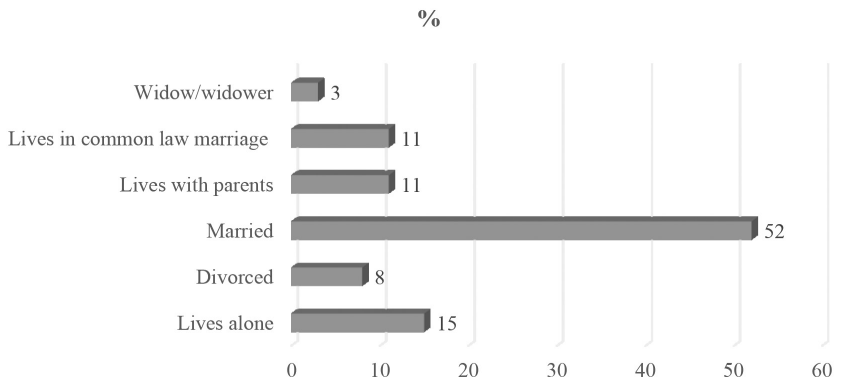

Figure 1. Marital status of respondents

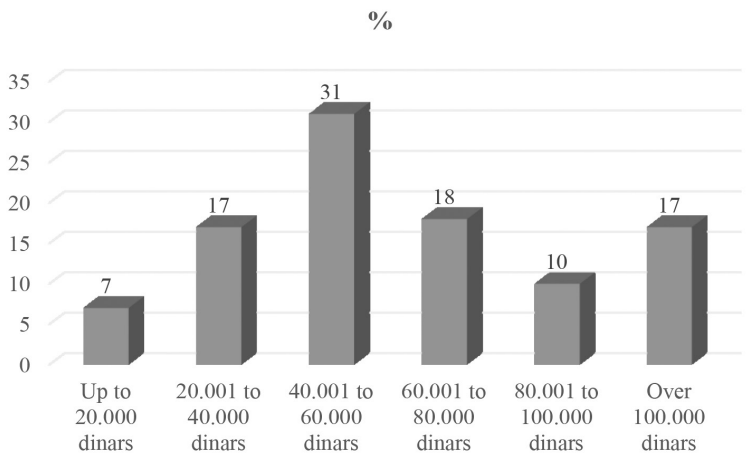

Figure 2. Monthly income of respondents

When it comes to travel habits, as the most frequent destinations to visit 44% of the respondents cite the sea, 33% of the respondents cite cities, while the mountains are in the third place (12.5%), rural areas in the fourth (8%), and spas in the last place (3%). Most respondents travel with their spouse and children (38%), which is logical since 52% of them are married, 27% go on vacation only with a partner, while friends are placed in the third place (23%). The percentage of those who travel alone (9%) is not negligible, which can be an interesting market niche for tour operators, especially considering the fact that only 13% of respondents always use the service of travel agencies for the organization of travel. It is also interesting to note that 17% of the respondents use the service only for the organization of holidays, but not for the weekend trips. 37% of them use the services of travel agencies occasionally, and 33% never use the services of travel agencies (Figure 3). These decisions raise a number of questions on the topic of travel agencies, as it would certainly be interesting to identify the reasons for avoiding them. Also, profit that agencies lose in this way is not insignificant if one considers that the price of organized travel is often lower than individual ones. Reasons for tendency towards individual travel organization should also be sought in easy access to information with the help of internet, web platforms for hotel reservations, the purchase of airline tickets and other tickets.

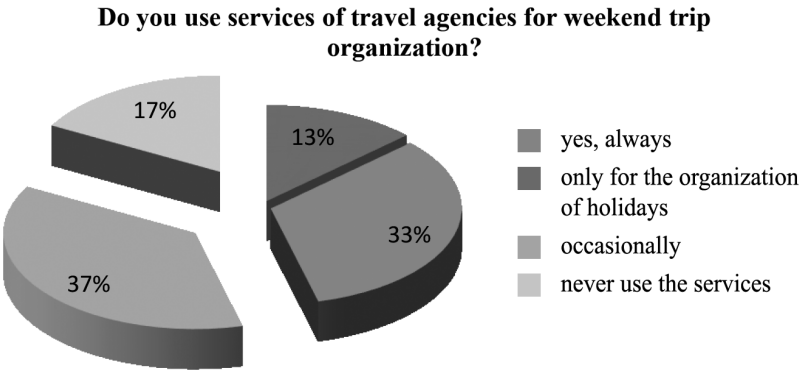

Figure 3. Graphical representation of respondents' answers on the topic of travel agencies

Further, as a quite logical choice, there is a tendency to travel with one's own vehicle when weekend trips are mentioned (73%), while only 18% choose organized transport and 9% public transport. Such choices also raise the issue of safety when it comes to wine tourism because we know that driving and wine do not go together. Also, the need for medium and long-term projections for the development of wine tourism, the issue of transportation and travel organization

puts this issue at the forefront when it comes to the way of making a profit from wine tourism, especially from the aspect of wine tourism intermediaries.

The Tourism Development Strategy for the period between 2016 and 2025 adopted by the Government of the Republic of Serbia recognizes the wine tourist as the tourist who spends more money (https://mtt.gov.rs/download/3/strategija.pdf). It's true that this fact was not enough for wine tourism to enter the above-mentioned Strategy as a branch of tourism, while on the other hand scientific researches clearly testify to this attitude regarding wine tourists (Pratt, 2014). When it comes to Serbia, 42.5% of respondents state that they are ready to spend up to 5.000 dinars per person for a weekend trip. 33% of respondents think that up to 10.000 dinars is more realistic, 15% of them are ready to spend up to 15.000 dinars for the same thing, and only 10% of them fall into the category of people who would spend over 15.000 dinars for a weekend trip. If we connect this with the fact that, as they stated earlier, in most cases people travel in pairs (27%) or family (38%), then it is a logical decision to spend less money per person, because the money certainly comes from the same budget.

When it comes to wine tourism, 58% of respondents admit that they have no experience with visits to wineries, 39% were sometimes in a winery, while 3% of respondents consider themselves a good connoisseur of wine tourism potential in Serbia. With further insight, 76% stated that they would be very happy to visit one of the Serbian wineries because they primarily expect "an interesting, original and informative experience" from their travels (70%). The remaining 24% of respondents categorically refuse to visit wineries because they believe wine is not their area of interest.

Respondents gave the answer to the question how to communicate the wine tourist offer by answering how to get information about tourist offers, where the majority of them stated that information was obtained exclusively through social networks (49%), 23% via print and electronic media, 20% used other sources, while only 5% received information from travel agencies.

Last but not least, only 16.5% of the respondents heard about the existence of a new wine route called the Constantinople Wine Route. How good or bad the result is, depends from the angle the problem is observed. If we start from the fact that The Constantinople Wine Route is promoted almost exclusively on social networks and significantly less in electronic and print media, and we have seen that respondents receive information about new tourist offers mainly through these two channels of communication (72% in total), then we must not be satisfied with what we have achieved. On the other hand, if we take into consideration that all the promotion of this wine route is based on the enthusiasm of one person and virtually no budget, then the result is not so bad. All in all, on the basis of this information which testifies on properly selected channels of communication further decisions can be made. What is missing here is a more aggressive performance which to certain extent depends on available budget, and no less significant is the virtually non-existent synergetic effect in which the participating wineries in the project are expected to contribute more to the promotion of the Constantinople Wine Route, primarily through their personal and business profiles on networks.

6. CONCLUSION

The research conducted for the purpose of this paper, as stated in the analysis of the results, has raised many questions. When it comes to the research of wider population, some of them, such as: the influence of women in the travel decision-making process, exploring channels of communication with potential wine tourists (which networks, which electronic and print media to use) and

research into travel motives, deserve to be given extra attention. The results of these studies would make a significant contribution to understanding the needs of consumers, in this case of potential wine tourists, and open up new, more precisely defined, channels of communication through which information on wine tourism offers would reach them. This is especially important because with this research we found out that although they do not know much about it, respondents are largely open to new knowledge that will bring them, as they stated in most cases (70%) "Interesting, original and informative experience". Given the previous (in)experience in wine tourism, the Constantinople Wine Route may be just that. When it comes to winemakers and winery managers, interviews indicated that they were more oriented on sale than on marketing activities, lacking understanding and good enough sense of connection between the two sectors. Also, social networks, originally social media, perceive wineries in Serbia more as a bulletin board than as a medium that they have the power to edit themselves. Likewise, they do not understand that social networks allow constant two-way communication with their target group and so not make sufficient use of this potential. The marketing strategy for Constantinople Wine Route must strive to promote understanding between wineries and government, establishing standards for the industry of wine tourism, raising the skill level of employees in the wine tourism and improving the relationship between lifestyle, travel habits, food and wine. The obligation imposed by the law on the association of viticulturists in regional associations, primarily in order to exercise the right of protection of geographical origin for their wines, is finally starting to give results. The Association of Viticulturists and Winemakers of Sumadija is a good example of internal communication, cooperation and mutual support. A bit younger in experience, but also a good example of association are members of the Association of viticulturists and winemakers of Srem – Fruska Gora. These two examples of good practice give hope that wineries united around a new wine tourism project called the Constantinople Wine Route will find ways to achieve, at this point more than necessary synergetic effect.

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