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MODERN MANAGEMENT TOOLS AND ECONOMY OF TOURISM SECTOR IN PRESENT ERA

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Modern Management Tools and Economy of Tourism Sector in Present Era

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Preface

International Thematic Monograph: *Modern Management Tools and Economy of Tourism Sector in Present Era – 2022/2023* is the seventh 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 characterizes the 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 **40 chapters** that have been submitted for publication, it has **26 double-blind peer-reviewed chapters** accepted and published in English on more than **400 pages**;
- All chapters have been scanned with Crosscheck (powered by Turnitin) and have ORCID iD integration;
- It gathered **59 authors** from **10 different countries**: Bosnia and Herzegovina, Bulgaria, Croatia, France, Hungary, Italy, Montenegro, North Macedonia, Serbia, Slovenia, who come from different faculties, universities, colleges, scientific institutes, enterprises, ministries – listed at the next page;
- **40,67% of all listed authors originate from abroad;**
- In a review process of a thematic monograph their contribution gave **50 highly esteemed reviewers all with PhDs**;
- Among listed **peer reviewers 48% of them are international by country of origin**;
- The average **grade of all published chapters** obtained according to all reviews is **72,37** out of 100.

Best Chapter Award Candidates of the 7th International Thematic Monograph: Modern Management Tools and Economy of Tourism Sector in Present Era are:

- Jani Bekő, Darja Boršič, chapter title – *Testing the Purchasing Power Parity Hypothesis with Tourism Price Indices for OECD Countries*;
- Loredana Picciotto, Immacolata Ummarino, chapter title – *Entrepreneurship of People with Disabilities and Accessible Tourism in the Non-Hotel Accommodation Sector in Italy*;
- Maja Strugar Jelača, Nemanja Berber, Dimitrije Gašić, Marko Aleksić, Radmila Bjekić, Slobodan Marić, chapter title – *Factors Determining Holiday Intentions of Serbian Travelers During COVID-19*;
- Vera Mirović, Nataša Pavlović, Branimir Kalaš, chapter title – *Estimating International Tourism Indicators in Context of Macroeconomic Stability and Fiscal Sustainability in the Republic of Serbia*;
- Vesna Jablanović, chapter title – *Tourism Direct GDP in the Nordic Countries.*

More information on Best Chapter Award Winners, award guidelines and criteria is available at the following link: https://www.udekom.org.rs/best-chapter-award

According to given criteria, i.e. usefulness and accuracy of the review; depth and scope of the review, i.e. not length, but rather coverage; timeliness of the review; the extent to which the review is constructive; and the submitter's average feedback to the usefulness and tone of the reviewer

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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 chapters for our 2023/2024 annual edition**.

Call for chapters is available at the following link: https://www.udekom.org.rs/publications.

The Publishers

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Key Management Tools for Managing Tourism Firms and Destinations

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External environment;
Internal environment;
Competitive positioning

Abstract: *This chapter offers a sufficiently exhaustive overview of some key management tools appropriately selected by the authors. Given the close interconnection between tourism firms and destinations, its premise is that sustainable tourism paths can take place if both attempt to properly manage their common problems in the continuous adaptation to environmental evolutions. To do so, some tools consolidated in management literature, but still overlooked in tourism research and practice, can be valid support for tourism firms and destinations to analyze their external and internal environments. It is a basic condition to develop adequate knowledge of new opportunities and challenges deriving from the interplay between socioeconomic and environmental systems, acting accordingly. Therefore, these tools are needed to improve the impact of sustainable tourism through the propagation of sustainable business models. The chapter represents one of the very few attempts to point out the effectiveness of their joint consideration.*

1. INTRODUCTION

The worlds of tourism organizations and tourists are increasingly playing a key role in the development of many countries worldwide due to their strong dependence on natural and cultural resources. Thus, how these resources are being used is important and largely influenced by the interplay between local socioeconomic and natural systems (Boschma & Martin, 2010; Moreno-Peñaranda & Kallis, 2010; Norgaard, 1994). It is also relevant for competitiveness (Porter, 1998).

Accordingly, the evolving research and practice on sustainable tourism shed light on some external/environmental and internal/firm-specific factors capable of influencing sustainable tourism paths' creation and development. The former is identified at the macro- and local-context levels and are institutional (e.g., regulations and policies), industrial (e.g., dynamics of the tourism demand and competition, sector life and related dimension), and natural types (e.g., Mellon & Bramwell, 2016; Prebensen & Foss, 2011; Reinhold et al., 2019; Sigala, 2020; Xu & Dai, 2012). The latter concern some firms' specific characteristics, such as their business dimensions (almost small and micro), the availability of skills and knowledge (Freytag & Hjalager, 2021), the firms' life cycle (Weiermair et al., 2010), the intentionality, and entrepreneurial mental models on using, combining, and exploiting resources and capabilities (Souto, 2015).

These factors influence each other and these influences can change over time, therefore generating and regenerating new social constructions, such as new business models, positive and negative (Aldrich, 2011), that involve tourist firms, destinations, and tourists.

Recently, some management scholars have adopted the co-evolution concept to understand the reciprocal causation among external and internal factors in influencing sustainable tourism

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paths (e.g., Paniccia & Baiocco, 2021; Paniccia & Leoni, 2019; Paniccia et al., 2017). Through the co-evolutionary lens, the relationship between tourism firms and destinations is conceived as circular (Weick, 1969), with mutual and dialectical influence (Benson, 1977; Cafferata, 2016; Hrebiniak & Joyce, 1985).

What emerges is the role of tourism firms as the subject (and not only the object) of evolutionary change, positive or negative, and the need for theoretically sound public policies, but which are also practically feasible (Mellon & Bramwell, 2016). In other terms, sustainable tourism paths can take place if both tourism firms and destinations attempt to properly manage their common problems in the continuous adaptation to environmental evolutions.

Given the complex dynamics underlying sustainable tourism paths development, using management tools, such as Porter's Five Forces framework, the Value Chain, and SWOT analysis, can be a valid support for tourism firms and destinations for a balanced analysis of the external and internal environments. It is a basic condition to develop adequate knowledge of new opportunities and challenges deriving from the interplay between socioeconomic and environmental systems, acting accordingly. However, while the usefulness of these tools is acknowledged in the tourism field (Roper & Hodari, 2015), they are often analyzed separately. Moreover, their practical application is still limited (Okumus et al., 2019). Indeed, these tools are needed to improve the impact of sustainable tourism through the propagation of sustainable business models (Paniccia & Basciano, 2014). Hence, this chapter offers a sufficiently exhaustive overview of seven management tools, consolidated in management literature, and appropriately selected by the authors. The chapter represents one of the very few attempts to point out the effectiveness of their joint consideration.

The selected tools are presented in the following paragraphs in relation to their adoption to analyze the external environment, the internal environment, and the competitive positioning.

2. THE ANALYSIS OF THE EXTERNAL ENVIRONMENT

An important aspect of competitiveness among destinations on a global scale concerns how their unique resource setting is used, assigning value both to entrepreneurship and local (social, environmental, economic) contexts (e.g., Brouder & Eriksson, 2013; Paniccia & Leoni, 2019). Local contexts exert selective pressures of vital importance for the existence of tourism firms. In turn, tourism firms respond and adapt exerting cognitive and material pressures. These dynamics affect how selection forces operate, and thus, the differential in the evolution of tourism organizations (Cafferata, 2016). Thus, not all tourism firms and destinations can accumulate variations for survival.

The analysis of the external environment is, therefore, useful for decision-makers, but also policymakers, to understand how to operate in the environment, what new opportunities may arise and what threats may be encountered, what influences may be exerted on the firm by the environment and, in turn, which influences may be exerted by the firm.

It is for this reason that, in this section, Porter's five forces framework, the PEST and stakeholders' expectations analyses, and Hofstede's national cultural dimensions are illustrated as useful management tools for both static and dynamic analyses of the external environment, highlighting their implications for tourism firms and destinations.

2.1. Adopting Porter's Five Forces Framework in the Tourism Sector

Following the clear reasoning pattern proposed by Porter (1998, 2008), one effective tool for analyzing the environment within which the firm exists and operates is based on the understanding of the forces exerting pressure in its sector of economic activity.

Each sector of economic activity is the environment where the firm faces competitors and satisfies customers of its goods and/or services, dealing also with suppliers of inputs, producers of substitute goods (indirect competitors), and potential entrants. All the above-mentioned organizations—including the firm—are competitive forces exerting pressures in the sector. Moreover, other organizations belonging to the general (institutional, socioeconomic, and natural) environment are capable of influencing the firm's activities in its sector. These organizations can have (or not) specific purposes in the sector. The former includes, for example, trade unions and the latter include regulatory agencies, government agencies, and non-profit organizations.

Thus, by conducting this analysis, each type of tourism firm (e.g., accommodation firm, tour operator, travel firm) can identify its customers, suppliers, competitors (direct and indirect), potential entrants as well as other organizations with and without specific purposes in its sector (accommodation, tourism intermediation, transport). This may help tourism firms to better understand the forces exerting pressures in their sector and make decisions (strategic or not) accordingly. In parallel, this analysis is useful also for policymakers to identify, together with tourism firms, more appropriate targeted actions for co-contributing to firms' and destinations' competitiveness and development.

Setting aside direct competitors, a brief description of the forces that each tourism firm should scrutinize in its task environment is reported below. Moreover, and even more important in practice, a methodology for looking at the tourism industry, both qualitatively and quantitatively, is drawing on Dobbs' (2014) guidelines for applying Porter's (2008) five forces framework.

Customers (tourists and intermediaries in B2B transactions). The competitive pressures of customers come from the bargaining power that they are able to express in dealing with the tourism firm, forcing down prices, but also leading to increased quality and better service. If an intermediary firm (such as a travel agency) is critical to reaching a specific type of tourist (e.g., religious tourist, MICE tourist, sport tourist), or it is the only one available to the firm, or again, low concentration characterizes the distribution of a specific product, then it can exert strong bargaining power. In particular, various factors are highlighted as capable of driving powerful customers of firms in general, and tourism firms in particular, some of which can be quantified (Dobbs, 2014). These factors include: i) the number of customer orders (is it about few or large volumes of orders?); ii) customer information (is it low or high?); iii) customer backward integration (is this threat feasible or not credible?); iv) type of products/services offered (are products/services highly differentiated or, conversely, standardized?), v) customers switching costs to another tourism firm (are these costs high or low?); vi) number of customers in the market (are there few or many customers representing a relevant or not relevant portion of tourism firms' sales?); vii) customer profitability (does the customer record high profits or operating losses?); and viii) customer product/service (high impact or low impact?). By assessing these factors, tourism firms can identify powerful as well as price-sensitive tourists and intermediaries, trying to act upon the critical factors to minimize the associated threats.

Suppliers. The competitive pressure of suppliers also comes from the bargaining power that they can express. The implications for a tourism firm dealing with a powerful supplier (such as hotel suppliers) encompass the level of prices charged as well as the service quality offered, but also the decision to shift costs to other players in the sector. Again, some factors can be assessed to identify powerful suppliers and related levels of threat, namely: i) supplier concentration (are there many or few suppliers?); ii) supplier volume/profit (is it high or low?), iii) supplier forward integration (is this threat feasible or not credible?); iv) supplier products/services (are they standardized or highly differentiated?); v) industry switching costs (are these costs low or high?); and vi) supplier substitutes (are there many or few to nullify viable options?).

Indirect competitors. An indirect competitor of a firm that offers product "A" is a firm offering product "B", substitute for "A". Product "B" is a technologically different product, but it can satisfy the same needs as product "A". To identify this type of competitor, it is, therefore, necessary to think in terms of the functionality of the goods or services offered. If, for example, hotels are considered, their indirect competitors are B&Bs or agritourism that can satisfy the accommodation needs of some tourism segments served by hotels (Paniccia & Baiocco, 2021). Accommodations, hotels and non-hotel, as traditionally understood, must now compete with innovative proposals that are made possible by new digital technologies (Guttentag, 2015). Examples in this regard are the rooms and beds offered in private homes by Airbnb, an internet-based marketplace for peer-to-peer accommodation where a large-scale rental of spaces from one ordinary person to another takes place. The presence of an indirect competitor can lead a tourism firm to place a ceiling on the prices of its services and, in parallel, to improve its offering by investing, for example, in marketing and R&D. Among the factors driving this force, and which a tourism firm should carefully evaluate, are the following: i) price/indirect costs (is the substitute product more expensive or less expensive?); ii) price sensitivity of buyer (is it low or high?); iii) performance (is the performance of the product lower or higher?); iv) buyer switching costs (high or low?); and v) profile of buyer (is the buyer risk averse or risk taking?).

Potential entrants. These are firms that are not operating in the sector but are interested in entering it. They, therefore, create pressures on prices of products/services, but also on investments needed to keep them out of the sector. A sector characterized by a high rate of return and also by low barriers to competitors' entry, as the tourism industry, is very attractive to firms of other sectors of economic activity that are willing to invest. The following factors can be considered by tourism firms to evaluate the threat of new entrants: i) economies of scale related to the supply side (high or low?); ii) benefits of scale related to the demand-side (are there high network effects or, conversely, low network effects?); iii) switching costs (are they high or low?); iv) capital requirements (high or low?); v) government policy (are there many regulations?; are subsidies available?); vi) distribution channels (is the access limited or easy?); and vii) what is the anticipated incumbent response (retaliatory or welcoming?). Following this evaluation, tourism firms can try to protect themselves, by erecting entry barriers. Among these are: economies of scale, the need for capital, product differentiation, legal barriers (such as permissions), access to distribution channels; and competitors' reactions.

In addition, as anticipated, also other forces attributable to organizations outside the tourism sector (e.g., regulatory agencies, government agencies, non-profits and numerous other social organizations) must be considered as *non-market forces* capable of influencing the tourism firm's activities within its economic sector. Among these non-market forces, an important role is played by public institutions (local and multi-local). An example of this is the specific measures for tourism implemented following COVID-19 through support policies aimed at favoring immediate response, impact mitigation, and recovery of the sector (OECD, 2020).

It is worth noting that Porter's five forces framework is essentially static. However, given the dynamic nature of the relationship between tourism firms and the local contexts of a destination, this analysis must be framed within a temporal perspective. In fact, in their evolution, tourism firms and local contexts co-adapt according to an evolutionary tight circular relationship; the external factors generate dependence and firms tend towards relative autonomy by strengthening their resources and competencies over time (Paniccia & Baiocco, 2021) (see Figure 1).

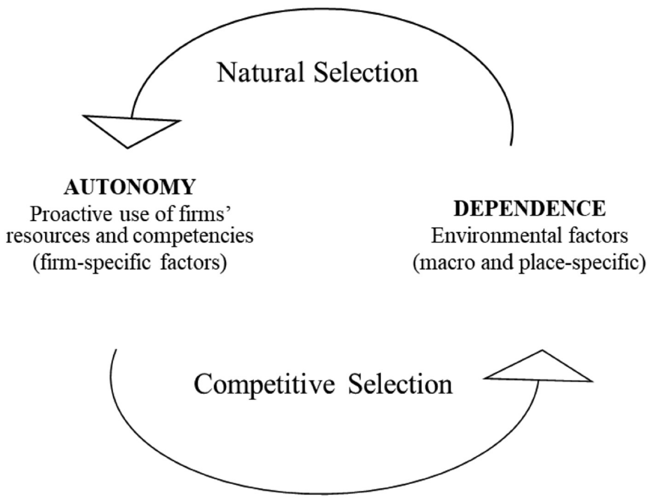

Figure 1. Porter's five forces framework within a temporal perspective

Source: Adapted from Cafferata, 2018

Thus, the inter-systemic power relationships (organizational autonomy versus dependence) continuously change direction leading to the ongoing competitive repositioning of tourism firms. The monitoring of such evolutionary dynamics has to be an integral part of the application of Porter's five forces framework in the tourism sector.

2.2. PEST and Stakeholders' Expectations Analyses

PEST analysis is useful to identify those political, economic, social, and technological factors in the general environment capable of influencing the evolution of firms. Indeed, tourism firms, as well as destinations, are strongly influenced by political, economic, social, and technological factors that can limit or encourage decision-makers' and policymakers' choices (strategic or not). Thus, time and resources should be invested to identify sources of threats as well as opportunities in the general environment. This implies carefully analyzing contexts and realigning behaviors if necessary. The starting point for the PEST analysis is the identification of the factors outlined below.

Political factors (including institutional-legal variables) relate, for example, to laws and regulations (and their evolution over time) and the educational system. The influence exerted at multiple levels by public institutions through policy frameworks for regulatory actions is an important issue that can orient (or not) tourism firms and destinations towards sustainability. In commenting on political factors, some scholars raised that in the tourism sector, they can encourage tourism entrepreneurial initiatives that revitalize real estate heritage (Hjalager & Madsen, 2018) or support recovery during periods of severe crises (Sigala, 2020). However, they can also limit new business models through tax regimes (Reinhold et al., 2019) or restriction measures such as COVID-19 ones (Sigala, 2020).

Economic factors include, in particular, GDP and per capita GDP, economic growth, exchange rates, inflation and interest rates, and employment rates. All these factors may have a considerable impact on the decisions of tourism firms, as well as destinations, given that they can affect tourists' behavior. For this reason, it is important to consider factors influencing tourists' trust and sentiment toward tourism organizations. In this regard, an empirical analysis conducted over the period 1995-2012 on a sample of 218 countries shed light on the influence of the most important economic factors on world tourism demand (Martins et al., 2017). Scholars highlighted that tourism demand can be boosted by an increase in the World's GDP per capita, a depreciation of the national currency, and a decline in relative domestic prices. Conversely, inflation has a substantial impact on average spending per person and the number of average overnight stays (Huseynli, 2022).

Social factors include issues such as demographic and social trends, distribution of the population by age, level of health, and crime rate. Social trends (e.g., the spread of mobile phones in the population, and diffuse social media communication), heavily influence people's thoughts and actions, therefore their demands. Thus, social factors may have an impact on tourists' behavior and decisions as well as on tourism organizations' business models. Several studies shed light on the extraordinary evolution over the last two decades of the tourist demand towards requests for experiences of human contact, immersion in nature, culture, tradition, and everyday life of the communities (Paniccia & Baiocco, 2021; Prebensen & Foss, 2011). More recently, some scholars have highlighted the importance for tourism firms and policymakers of being aware of the perceptions, beliefs, and behaviors of tourists related to the COVID-19 pandemic, such as disruption and vulnerability, health and security importance, information seeking (Meyer et al., 2022). This awareness was crucial to drive (or not) policymakers appropriately design policies and allocate investments, and tourism firms to address new needs.

Factors related to technology include research and development activities, firms' and public administration level of automation, rate of technological change, diffusion of innovation and new digital technologies. All the aforesaid factors can influence, for example, firms' business models and customers' behavior as well as barriers to entry by favoring, for instance, economies of scale. This is particularly true in the tourism sector. At least since the 1970s, the evolution of the tourism phenomenon has occurred in connection with the development and application of a multitude of information and communication technologies (Buhalis & Law, 2008). More recently, the adoption of different technological solutions relying on sensors and cloud computing have enabled new forms of connectivity between humans and machines and networked information exchange, leading to the emergence of the "smart tourism" concept (Gretzel et al., 2015).

PEST analysis increasingly concerns factors related to the natural environment, such as natural resources and climate change, on which tourism firms and destinations are strongly dependent. Surprisingly, the natural environment is among the factors capable of influencing tourism firms and destinations, still limitedly analyzed (Paniccia & Baiocco, 2021).

Once the general environmental factors have been identified, the links existing between those factors and the tourism organization's activity should follow as well as the identification of threats and opportunities that might arise from changes occurring in the general environment.

Again, it is important to analyze not only the current state of the above-commented factors but also to assess their future development, adopting, whenever possible, official and reliable sources of data. Different scenarios for future evolution must therefore be hypothesized, seeking to understand what may happen and, therefore, what will be the impact on tourism organizations in the case that a particular scenario materializes. For example, at the outbreak of the COVID-19 pandemic, the UNWTO prospected three scenarios for international tourist arrivals in 2020 based on possible dates of the lifting of travel restrictions and gradual re-opening of international borders (UNWTO, 2020).

The following table lists some of the variables to consider in the PEST analysis.

Table 1. Generic scheme for PEST analysis

Political	*Economics*
Regulations and directives Laws regarding employees/natural environment care/competition Taxation Types of contracts and tourist protection measures Government stability …	GDP and other indicators of economic development Economic growth and cycles Interest, exchange, and inflation rates Rates of investment Distribution of income Incentives in tourism …
Social	*Technological*
Demographic trends Living conditions and lifestyle Level of education Reference groups Spread of new technologies Trends towards globalization Trends towards digitalization …	R&D investments Dissemination of (new) technologies in the industry Current technological changes Intellectual property Costs for energy and network connectivity Specific innovations in various sectors Technical qualification of the workforce …

Source: Own elaboration

Moreover, it must be noted that the analysis should not only consider the place where the tourism organization is located, but also the places of origin of the current and potential tourism demand. This means, for example, that if a hotel rooted in Rome serving mainly Italian tourists plans to expand its activity in favor of customers coming from the BRICS countries (i.e., Brazil, Russia, India, China, and South Africa), then the PEST analysis should be conducted not only for the place where the hotel is located but also concerning the countries from which the potential tourism demand comes from.

PEST analysis works well with the stakeholders' expectations analysis which is aimed at understanding what can be offered by the firm to meet such expectations. This analysis takes place through the following steps: *i)* identification of the firm's stakeholders; *ii)* evaluation of the contribution of the firm in relation to the identified stakeholders; and *iii)* evaluation of the incentives that the firm might offer to maximize the contributions or minimize risks due to the unavoidable interactions with the stakeholders.

2.3. Hofstede's National Cultural Dimensions

Over time, studies have attempted to determine how national value systems can influence organizations. One of the most influential studies was conducted in the '70s by Geert Hofstede (1991, 2001), who provided the basic framework for explaining national cultural differences[3].

[3] Note that the basic framework provided by Hofstede (1991, 2001) includes an analysis of the internal environment. However, the authors have decided to place this tool in this paragraph in light of its possible application in tourism to scrutinize the external environment.

In particular, Hofstede surveyed more than 116,000 IBM employees across 50 countries about their work-related values and identified five dimensions of national culture that vary widely across managers and employees of different countries. These five dimensions have a strong impact on organizations and are listed below.

1. *Power distance.* It reflects the degree to which members of a culture accept that power is distributed unequally within institutions and firms. This variable ranges from low power distance (Australia, England, Sweden, United States) to high power distance (Greece, Mexico, Singapore, Venezuela), and moderate power distance (Canada, Italy, Japan).
2. *Individualism versus collectivism.* It reflects the degree to which, for a given culture, social ties are centered on the individual or group belonging. Low individualism is equivalent to collectivism. Individualism is high in the following countries: Australia, Canada, England, France, Italy, Sweden, and the United States. High collectivism is scored in Greece, Japan, Mexico, Singapore, and Venezuela.
3. *Quantity of life versus quality of life.* It reflects the degree to which people in a country value assertiveness and quantitative achievements, such as the acquisition of money and material goods (labelled 'masculine'), versus concern for the welfare of others, relationships, feelings, and the quality of life (labelled 'feminine'). Masculine countries include Australia, England, Italy, Japan, Mexico, the United States, and Venezuela and feminine countries include France and Sweden. Moderate masculine countries include Canada, Greece, and Singapore.
4. *Uncertainty avoidance.* It reflects the extent to which people in a country feel uncomfortable with unstructured situations (high uncertainty avoidance) and whether people are willing to take risks (low uncertainty avoidance). This dimension is: high in France, Greece, Italy, Japan, Mexico, and Venezuela; moderate in Australia and England; and low in Canada, Singapore, Sweden, and the United States.
5. *Long-term versus short-term orientation*. It reflects the extent to which people in a country adopt a future-oriented behavior such as planning and delaying gratification rather than a short-term orientation.

In the current global competitive context, tourism firms are called to develop cross-cultural competencies to be able to adapt effectively to cross-cultural environments. In practice, this model provides organizations with an effective tool to understand key cultural differences when dealing with international tourists, partners, and suppliers. This can help tourism firms to prevent cultural misunderstandings and failures, develop cooperative approaches, and a greater focus on other organizations' and tourists' needs with an appreciation for different viewpoints.

Consider, for example, the case of a hotel in Rome offering its products to tourists coming from the United States and Singapore. In formulating its offer, the hotel should consider the individualism and low uncertainty avoidance tendencies of American tourists and the collectivistic and high uncertainty avoidance tendencies of Singaporean ones. Understanding these tendencies can help the hotel to tailor tourist experiences to specific travel-related preferences. In this regard, the experience offered to American tourists could include, for example, a local food menu, long trips, many places to visit, authentic experiences, action, and adventure at the destination. On the other hand, the specific tendencies of Singaporean tourists could be translated into tourist experiences based on their cuisine, traveling in groups, safe activities, rigid planning of the trips, few places in the itinerary, and "staged" events. This is only an example of how a tourism firm can apply Hofstede's cultural dimensions when dealing with international tourists. However, it is worth noting that Hofstede's framework (1991, 2001) offers guidelines for dealing with key cultural differences across countries considering that people's behavior may not necessarily follow the tendencies captured in the aforesaid national dimensions.

In summary, Figure 2 graphically shows the main management tools discussed for the analysis of the general environment.

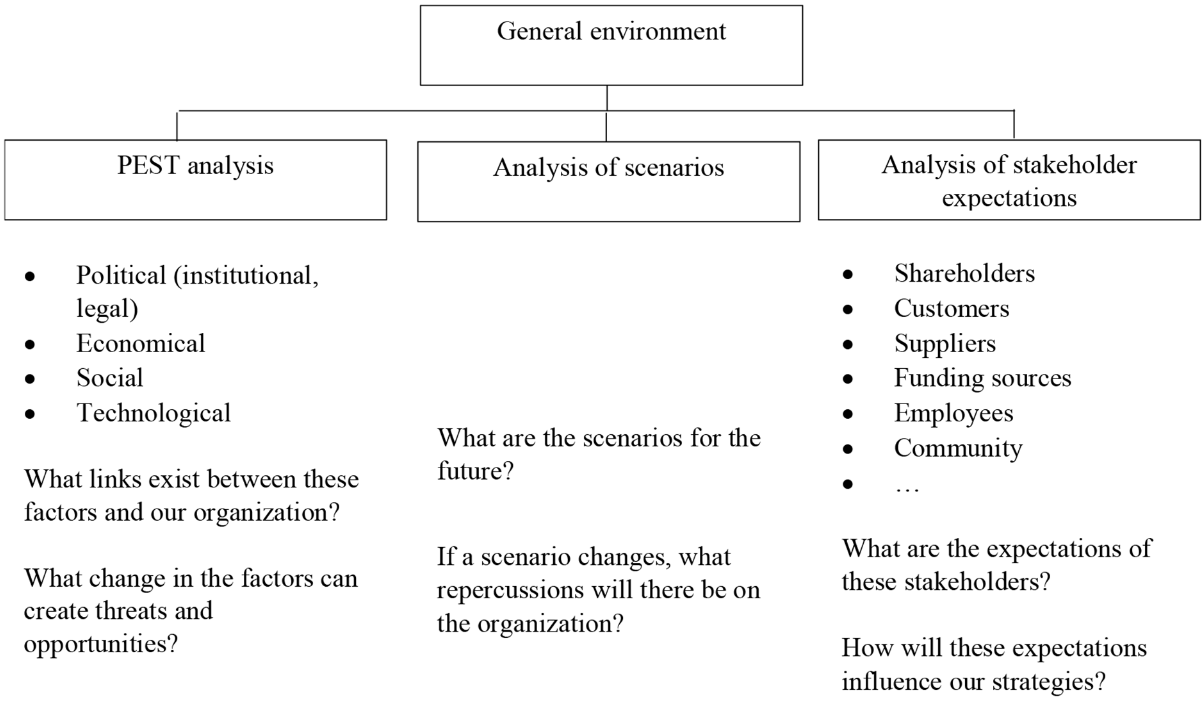

Figure 2. Main tools for the general environment analysis

Source: Own elaboration

3. ANALYSIS OF THE INTERNAL ENVIRONMENT

To take advantage of the opportunities offered by the environment, avoid threats and maintain a competitive, successful position, each tourism organization has to nurture the needed competencies and neural centers (i.e., governance bodies, leaders, high performing individuals). It is a basic condition to make autonomous strategic decisions.

Moreover, it is fundamental to encourage synergies within and between tourism organizations based on shared values and cooperative behaviors driven by a common vision of development (Paniccia & Baiocco, 2021).

A contribution in this sense can be offered by the management tools illustrated in this section. In particular, some of them can be adopted as valuable support to carry out the necessary self-analysis on which ultimately the survival of each organization depends. Others can be of help to orient practices and behaviors towards collaborative approaches in engaging with the sustainability issue.

3.1. The Value Chain

The value chain was proposed by Porter (1985) in his seminal, and still highly influential, book *Competitive Advantage: Creating and Sustaining Superior Performance*. Following this model, each firm generates value through its five primary and four support activities and related connections that take place within the firm itself. In particular, Figure 3 graphically shows the chain of primary and support activities that a firm performs to deliver value to its customers.

When referring to value, it is meant as the positive margin given by the difference between the total costs of the inputs and revenue derived from output sales that a balanced and profitable firm yields.

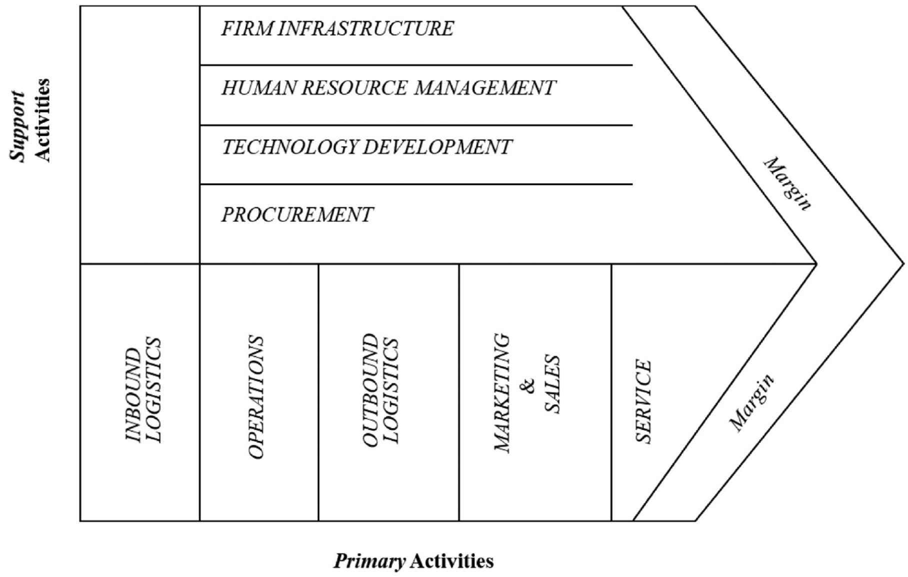

Figure 3. Representation of a generic firm's value chain
Source: Porter, 1985, p. 37

Tourism firms can adopt this model to identify areas of competitive advantage (current or potential) within the firm itself. To do so, the following phases of analysis are needed:
- *Identification* of all the firm's activities.
- *Recognition* of the activities that generate value.
- *Allocation* of primary and support activities according to the value chain's generic scheme. This means answering, for example, the following questions: What are the inbound logistics represented by? What are the main activities of production?
- *Break down* all the strategic activities to a sufficient level of detail.
- *Identification of internal connections* existing between activities in the same area and also between activities in different areas. Among these latter, for example, are those between "marketing & sales" and "operations" activities, with particular regard to quality control systems.
- *Identification of external connections* existing between the value chain of the firm and the value chain of suppliers and customers.
- *Analysis* of costs and margins for each primary and support activity.

All the aforesaid phases are important and it is necessary to carry them out with deliberation. Particular attention should be paid to identifying connections since the source of competitive advantage for the firm lies within them. After having gone through all the above phases, tourism firms should be able to answer the following fundamental question: What kind of competitive advantage can be pursued? There are, in synthesis, essentially three answers:
1. *Cost leadership*: producing at lower costs than all competitors to keep prices at a level that is the lowest in the market, so as to realize, in any case, large profits due to high quantities sold. Cost leadership is pursued, for example, by Ryanair, an airline company.

2. *Differentiation*: the product has characteristics of uniqueness that make it highly recognizable and distinguishable from others. For this motive, the price charged may be higher than that of competitors and it is possible to recover costs and still achieve high-level profits. Emirates, another airline organization, can be mentioned among those companies pursuing differentiation.
3. *Focus*: production may be oriented toward cost or differentiation. In the first case, the firm aims to achieve cost leadership in one or a few market segments. In the case of focused differentiation, instead, the firm identifies a segment of the market (niche) that is very sensitive to the quality and/or certain characteristics of the product.

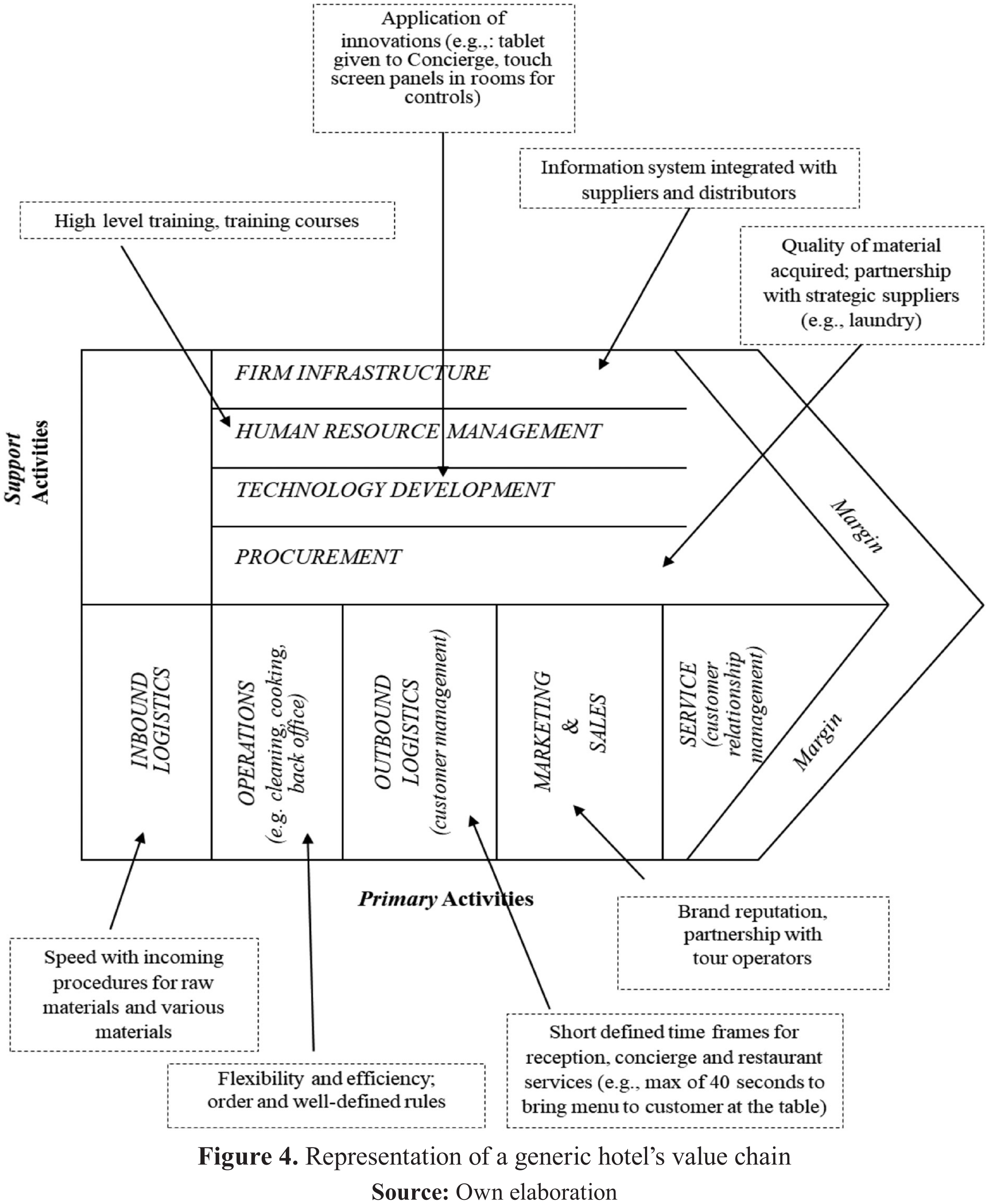

Figure 4. Representation of a generic hotel's value chain

Source: Own elaboration

Moreover, it can be useful to compare the current configuration of the firm's value chain with the strategic goals that have been set. This can facilitate reflections and evaluations regarding the following topics:

- *Critical issues of single activities in relation to the value created for the customer, costs, and margin.* Is it possible to reduce costs in order to increase the contribution of the activity to the firm's margin?
- *Internal connections*. What are the implications deriving from the current internal connections between activities? Can connections between activities be organized in a different way (physically, conceptually, or in terms of information flow)? Optimization and coordination of connections can lead to notable increases both in efficiency and effectiveness, which easily translate into enhanced competitive performance.
- *External connections*. Are external information exchanges facilitated? Are these exchanges slow or fast?
- *Redesign the value chain, even considering external forces*. Are there better ways in which to pursue critical activities? Are there non-critical activities that could be outsourced? If yes, is outsourcing economically convenient?

Figure 4 graphically shows the application of the value chain model to a generic hotel. The boxes outside the value chain design identify some critical factors for the success of the tourism firm.

3.2. Road-mapping

Road mapping is a technique aimed at creating a shared vision within an organization. This technique allows experts to plan future developments, particularly in the areas of technology and the marketplace, outlining the potential consequences for the firm[4].

Road map means "schedule" and this offers a hint of the method. Road mapping concerns drawing an indicative schedule. Basically, through road mapping, future goals are clarified (based on analyses and opinions of experts recognized in the technological area of reference) and the "way to go" to reach those goals, with any eventual stages in between, is indicated. In advancing the process, a firm should also clarify what it can contribute to the realization of the future vision of the market and the industry overall, which the road map will include.

Given that the road map has to create a shared vision, it should be synthesized and represented graphically, so as to be intelligible for all firms' employees. Different types of road maps can be developed: i) for a sector, to plan the future of a department; ii) for a firm, to allow individual firms to make strategic decisions highlighting product-market combinations[5]; iii) for product-technology to outline both the plan for research and development and future scenarios of marketing; and iv) for expertise-research, to reach the goal of innovation by combining expertise and research.

Among the above, for any firm in the tourism sector, whether a hotel or a tour operator, the product-technology road map is, in the authors' opinion, the most useful and complete tool for defining a master plan for the future. It helps to understand what the new market developments and new markets will be, for which it may be necessary to adapt the product or develop

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[4] Note that road mapping includes an analysis of the external environment. However, the authors have decided to place this technique in this section given its focus on vision and long-term planning.

[5] To represent the product-market relationships, which should also be considered in a road map, it is possible to use the well-known Ansoff (1957) matrix on strategic options for increasing sales.

an entirely new one. In managing tourism activities, therefore, this method can be useful to understand which future developments of technology and demand will have a decisive impact on the firm; and, above all, to understand if the services and how they are proposed will be in line with the times and with the tourists' needs.

The product-technology road map shows the following elements (Van Assen et al., 2009): *a)* purpose that leads to the analysis of market(s), product(s) and technology; *b)* distribution, through the description of both the product and the necessary research activities; *c)* temporal aspect (i.e., timing) of main activities; and *d)* resources needed to create imagined products.

The road mapping methodology has several advantages for the user, including, in particular:
- *Release of valuable and well-structured information* that will allow making decisions on the strategic plan;
- *Vision of the overall market scenario*, needs of consumers, technology development, and other environmental factors;
- *Easier conception* of alternative choices;
- *Better alignment* between the actual expenditure in research and development and product development;
- *Detection of any strategic weaknesses* that allow prevention;
- *Better focus and shared vision*.

In order to effectively develop a product-technology road map, the results of the three following activities are needed: a) market analysis; b) examination of technology; and c) product evaluations. The results of these analyses must be discussed by the team in charge of road mapping, which should preferably be multidisciplinary and include a member from outside the firm (consultant) who is an expert in the technology field related to the product. Discussion may occur during meetings that, in part, should be creative brainstorming meetings. The specific objectives of this discussion should be:

a. conception and evaluation of new product ideas;
b. risk assessment (related both to technology and market potential);
c. calculation of key investments required.

The support of external consultants is strongly recommended to foster an external perspective and greater objectivity. Among the main factors for success is, in fact, the involvement of experts in given technology areas.

A strong commitment of management is, moreover, of fundamental importance to have a shared road map and encourage positive impacts across the entire organization. Another element for the success of a road map is its regular updating; also because the road map is a forecasting tool for the long term, to be possibly integrated with other medium and short-term prediction tools.

In conclusion, the above technique can be used to facilitate the creation of a shared vision or to develop a shared perspective about the external and internal environments of an organization, including the role of the latter in the task and general environment. Moreover, the main purpose of a road map is to inspire and give suggestions for improvement and continuous renewal. The road map is not a detailed forecast document, as is, for example, a business plan for a new initiative. At the same time, though, organizations that adopt road mapping usually benefit from better planning of details.

4. COMPETITIVE POSITIONING ANALYSIS

This section critically explains the SWOT analysis and the Boston Consulting Group (BCG) matrix. These tools are considered useful to jointly consider the information collected on the factors, external and internal to tourism organizations, which are capable of influencing their evolution, thus providing useful information for the resolution of problems.

4.1. SWOT Analysis

The SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is considered very useful in management practice, particularly in many strategic problem-solving processes to best optimize reflections on specific objects of investigation, be it a sub-sector of the tourism sector (e.g., accommodation), a destination, a firm, or a product.

This analysis is based on the following assumption: for competitiveness, it is essential to know what the strengths and weaknesses of the specific object of investigation are as well as the opportunities and threats from the environment. To this end, it is possible to use the results obtained by adopting the tools commented on earlier in the chapter. The analysis may, for convenience, be represented as a matrix, as shown in Figure 5.

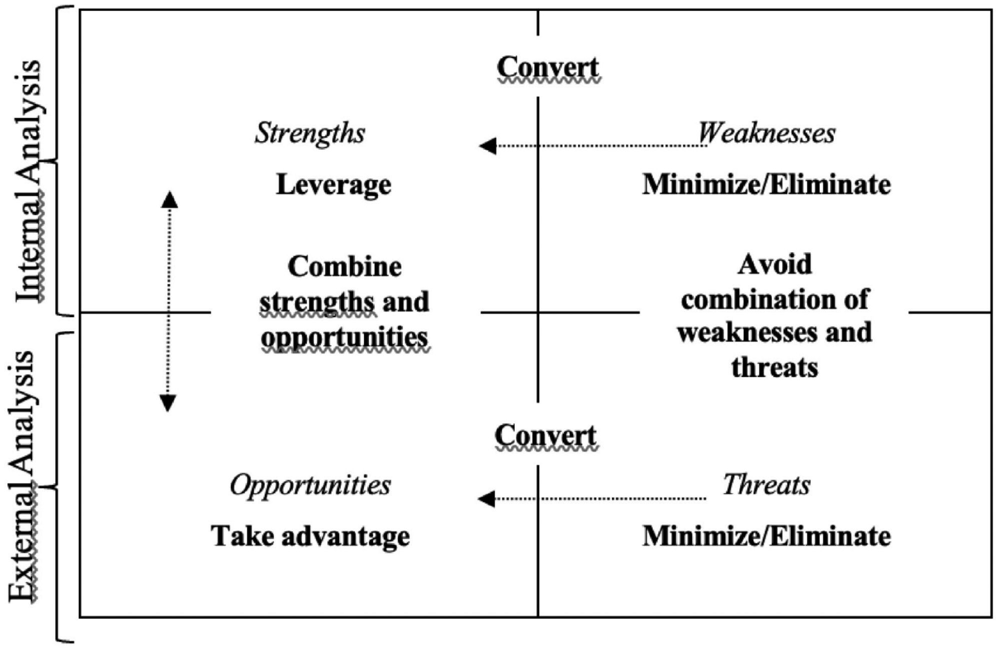

Figure 5. SWOT analysis scheme
Source: Own elaboration

The subsequent problem solution must take into account the following general criteria (Van Assen et al., 2009): i) leverage strengths; ii) take advantage of opportunities (in particular, where possible, through own strengths); iii) minimize or eliminate weaknesses, particularly those that could combine with threats; iv) convert threats into opportunities.

The basic assumption of this analysis when applied in the tourism industry is that the firm development cannot be realized separately from its destination. It requires adequate knowledge of the region where it is located and the capacity to create a system with it.

This is illustrated by an example drawn from the analyses carried out within the works of the Strategic Plan for Tourism in Rome for the period 2019-2025, in which the authors of this chapter have been involved. The object of the analysis was the accommodation sector in Rome and is shown in Table 2.

Table 2. SWOT analysis of the accommodation sector in Rome

Strengths	**Weaknesses**
- Quality level of accommodation facilities - Proactive tourism entrepreneurs - Broad variety of hotel and non-hotel accommodation facilities - Increasing number of high-standard hotels - Evolution of the hotel and non-hotel accommodation offering	- Lack of: univocal and coherent regulations; clear, organized, and multilingual information; an effective and integrated sanctioning system against unauthorized phenomena; international hotel chains - Accessibility - City tax - Few repeaters
Opportunities	**Threats**
- Cultural and religious heritage - Growth of high-spending tourism demand - Tourism offering to specific market segments (e.g., on plain air facilities) - Digital technologies to provide multicultural assistance and information	- Unauthorized accommodation facilities - Lack of continuous coordinated action between institutions and tourism firms - Competitive dynamics between tourism firms

Source: Own elaboration

Based on the aforesaid analysis, optimal strategies and related targeted actions have been suggested to both tourism firms in general, and accommodation firms in particular, as well as policymakers for further strengthening the competitiveness of Rome as a tourism destination. These strategies and related actions are summed up in Table 3.

Table 3. SWOT analysis of the accommodation sector in Rome

Strategies	**Targeted actions**
Diversification of tourism experiences offered	• To study and interpret national and international tourism demand by integrating official statistics with big data for example from Trenitalia, Aeroporti di Roma, Viasat, MasterCard • To raise and share information and knowledge on the needs/values expressed by tourists but also residents • To facilitate access to information by using new digital technologies • To integrate traditional accommodation services with new digital technologies • To invest in ad hoc training programs
Innovation of process	• To manage rationally and creatively the resources of the destination (natural/environmental, cultural/social, economic) by cooperating with all the stakeholders also through the lever of digital technologies • To improve the technologies available within the firms, especially through targeted investments in new digital tools • To invest in ad hoc training programs
Networking	• To build lasting relationships within the tourism supply chain (with suppliers and consumers) • To build ongoing collaborative relationships between public institutions, tourism firms, other firms, universities and the local community • To create a tourism research center by involving scholars and practitioners
Implementing socially responsible actions	• To guarantee, as a pre-condition to the Strategic Plan for Tourism in Rome, adequate mobility services, security, and urban decorum also through digital technologies, for the benefit of the local community as well as tourists • To adopt institutional and entrepreneurial behaviors that are respectful towards people/communities and places (decoration and renewal also of the peripheral areas of the city)

Source: Own elaboration

4.2. Boston Consulting Group Matrix

The Boston Consulting Group (BCG) matrix is a model of strategic analysis of the product/market portfolio based on the assumption that a firm implementing production of any kind has to optimize the allocation of financial resources to different areas of activity. The same assumption can be applied also to the analysis of the competitive positioning of one or more products of a tourism destination. Even in this case, it is of fundamental importance to know how to distribute the resources available concerning different products.

In general, product/market portfolio matrices have been created to provide the management of large conglomerate companies with a tool capable of supporting governance in defining strategies (corporate and portfolio) and limiting uncertainty in decision-making. This analysis includes the fragmentation of the entrepreneurial activity, and the collectivization of decision-making processes, and leads to defining strategies for each strategic business unit within a firm.

The matrix is built based on two dimensions or analysis criteria: the growth rate of the target segment (which acts as an indicator of attractiveness) and the market share, possibly considering that of the most dangerous competitor (used as an indicator of the competitiveness of its product). A double-entry table is obtained built on two dimensions: the size of market growth and the size of market share (relative). For analysis and discussion, the two variables are simplified into two values: low and high. Thus, four quadrants are obtained that define a similar number of different situations, which will be managed separately in terms of marketing strategy. It is, thus, possible to identify four different product-market conditions in terms of priority strategic objectives.

In general, the configurations identified are the following:
- The *cows to be milked (cash cows)*. Products whose market is characterized by weak growth, but for which the firm holds a high market share. In tourism, it concerns, for example, those products with low growth within the tourism market, but that are particularly successful within the tourism destination. These products should generate much financial liquidity and consume little. The priority strategic objective is to maintain the *status quo*;
- *Dead weights (dogs)*. Products whose relative market share is low in a sector that is aging. The objective is to disinvest or otherwise conduct modest activity;
- The *dilemmas (problem children)*. Products with a modest relative market share in a rapidly expanding market. In tourism, it may concern those products that within the destination are still underdeveloped, but present rapid growth in the tourism market. The goal, in this case, is either the identification of activities that can be promoted with possible success (i.e., growth of market share) or disinvestment;
- The *stars*. Leading products in their market that experience rapid expansion. They require financial resources that support growth; however, due to their competitive position, they also generate substantial profits.

Figure 6 graphically shows the Boston Consulting Group matrix.

Drawing on Paniccia and Basciano (2014), an example of the application of the BCG matrix to the tourism products offered in Rome to the Russian tourism market is provided followed by a brief explanation (Figure 7).

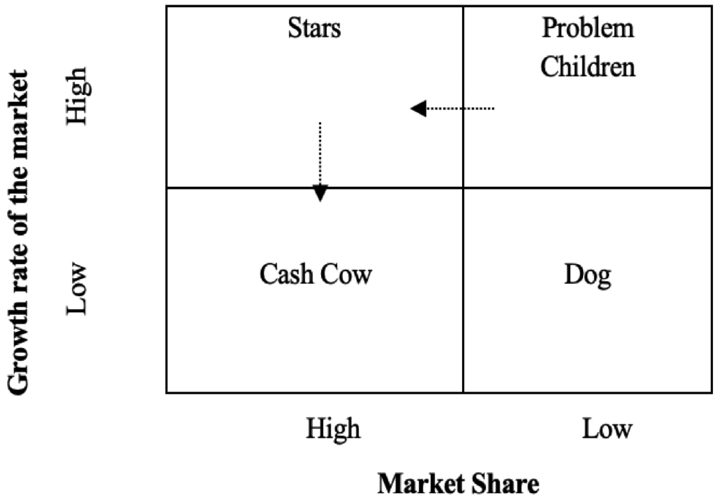

Figure 6. The Boston Consulting Group
Source: Paniccia and Basciano, 2014, p. 44

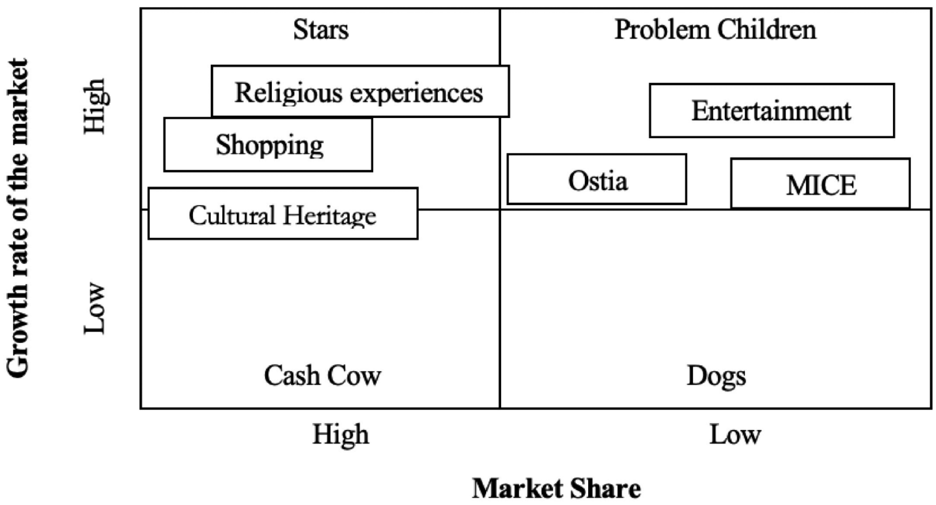

Figure 7. The Boston Consulting Group matrix applied to a Rome tourism offering
Source: Paniccia and Basciano, 2014, p. 45

The *cows to be milked* (cash cows) identify those products for which Rome has a high market share among Russian tourists. These are successful products in a market that, however, has a low growth rate. The priority strategic objective concerning Russian tourists is more adequate management and promotion. Cultural heritage and religious experiences could become star products provided that the destinations invest in them. Dead weights (dogs) are products with a low relative market share and a market that "ages". There have not been any tourism products identified as dogs in Rome concerning Russian tourists. The dilemmas (problem children) are products with a modest market share but characterized by a rapidly expanding market. With particular reference to Russian tourists, a positive process of the identified products towards the quadrant of excellence (stars) has been considered a possible option. The strategic objective here is either to invest to achieve market share growth or to divest. Therefore, the true priority is to be able to identify attractions with concrete possibilities of success and invest in them. The stars are leading products in the market undergoing rapid expansion. They generate economic value but require adequate resources to support their growth. In this regard, shopping in the center of historic Rome, especially with reference to well-known brands, is highly attractive for Russian tourists.

5. FUTURE RESEARCH DIRECTIONS

Future research should consider the concrete effects that the use of the highlighted management tools can have on tourism firms' and destinations' ability to grasp opportunities and also address challenges deriving from the interplay between socioeconomic and environmental systems.

6. CONCLUSION

The chapter has provided a sufficiently exhaustive overview of some key management tools that are considered particularly useful for tourism firms and their entrepreneurs, but also for policy-makers. These tools can help to appropriately address—and attempt to solve—the key problems associated with sustainable tourism, and thus to the progress towards sustainability.

To become and remain sustainable, tourism requires both the sustainable growth of tourism firms and the sustainable use of natural and cultural resources of destinations. This means that both are called to properly manage common problems in their continuous adaptation to their environments, taking advantage of new opportunities and addressing the challenges emerging, especially from the natural environment. Living and competing mean measuring first against oneself and then also with other organizations, investing both in knowledge, skills, and material resources.

Based on these considerations, the management tools mentioned above can constitute support for tourism firms, but also for destinations, at least concerning the following issues:

- To make shared decisions that enable effective and responsible policies and strategies resulting in practices and behaviors that are more aware of the value of the natural and cultural heritage of tourism destinations and the needs of communities that live there.
- To organize and manage systemic and multiple relationships of mutual functionality within tourism organizations and among all the actors involved in the tourism offering at different interconnected levels of a destination. This is a prerequisite for renewing skills and competencies and then implementing shared strategies to generate favorable variations within destinations, adapting to local environments.
- To critically look, in a holistic and dynamic view, at the environments, both external and internal to tourism firms and destinations. This means understanding and managing the effects that can derive from the environmental evolutions on the tourist demand and offering, being aware that tourists co-determine (or not) change towards sustainability in both the aforesaid tourism organizations.
- To recognize that both tourism firms and destinations involve local communities that are the primary stakeholders of natural and cultural heritage. Thus, considering the environmental fragility and realizing practices and policies aimed at ensuring a system of local resources means assigning value both to entrepreneurship and regions' identities, ameliorating living conditions.

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Testing the Purchasing Power Parity Hypothesis with Tourism Price Indices for OECD Countries

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Abstract: *This chapter investigates the empirical validity of PPP for the group of 26 OECD economies. Four improvements are derived from the research. First, the testing strategy relies on two price indicators: the consumer price index for all items and the consumer price index for hotels and restaurants including catering and accommodation services. Second, the PPP theory is scrutinized by employing two base currencies; the US dollar and the euro. Third, the mean reversion hypothesis of OECD countries' real exchange rates is evaluated by a variety of first-generation panel unit root tests plus by the Pesaran CIPS unit root test integrating potential correlations across residuals of panel units. Fourth, the PPP model is inspected on a new data set covering the period from February 2002 to October 2022. The results reveal robust evidence of mean reversion of real exchange rates in the panel of OECD countries.*

1. INTRODUCTION

The theory of purchasing power parity (PPP) constitutes an indispensable part of any type of open economy model which describes price mechanisms underlying international trade flows and financial markets. The starting point of this theory is the idea that under efficient arbitrage across different markets, the price of an individual good converted to the same currency is the same in international markets. Extension of the logic of the law of one price over a homogeneous basket of goods and services results in the absolute PPP. Under the given exchange rate such a homogeneous basket of items should therefore cost the same in both countries leading to the equalization of national price levels (calculated in the same currency). Although the relative PPP allows differences between national price levels, it predicts that nominal exchange rates will systematically respond to inflation differentials between the observed economies. The PPP dictum essentially postulates that shifts in international relative prices dictate the behavior of exchange rates and that in the world of successful arbitrage as well as the high mobility of goods and services price differences are among particular competitive markets and between open economies in the long run theoretically nonexistent, empirically trivial.

The scientific literature provides a plethora of evidence about the possible factors causing at least short-run departures from PPP standards (Drissi & Boukhatem, 2020; Taylor & Taylor, 2004). The presence of menu costs, imperfect price flexibility and temporary market frictions require a certain time in the price adjustment towards PPP-determined levels. Significant transport costs, high tariffs in international trade and costly nontariff barriers are making the manifestation of the PPP mechanism even more difficult. The PPP-determined price adjustment can also be impeded due to excessive price-cost margins, the presence of differentiated and nontradable goods, extensive intra-industry trade activities, or due to the pricing to market strategies of companies (Cheung et al., 2001).

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The movement of real exchange rates towards the PPP level can also take nonlinear dynamics. Several sources of nonlinearity in real exchange rates have been identified (Taylor & Taylor, 2004; Taylor, 2006; Vo & Vo, 2020): high sunk costs of investments allow participants to enter the market only under substantial arbitrage opportunities; huge mismatch between expectations of dominant traders in foreign exchange markets and the expectations of market followers; the impact of central bank actions on market participants in circumstances of pronounced exchange rate misalignments. Above all, fundamental deviations from PPP equilibrium can be triggered by idiosyncratic productivity shocks, via the effects of government spending on relative prices and the structure of aggregate consumption, whereas demographic changes can increase the relative demand for nontradable old-age related goods and services (Abioglu & Hasanov, 2021; Groneck & Kaufmann, 2017; Taylor & Taylor, 2004).

The goal of this study is to put forward fresh evidence about the relevance of the PPP proposition in 26 members of The Organization for Economic Co-operation and Development (OECD). The group of OECD countries provides around 60% of world GDP and generates approximately 75% of world trade (U. S. Department of State, 2023). In 2019, member countries of the OECD accounted for 61% of all international travel receipts and 49 % of all international travel expenditures. In the pre-Covid-19 period, the average direct contribution of tourism to GDP in the OECD group amounted to 4.7%. Considerably above-average was 2019 the direct contribution of the tourism sector to OECD countries' GDP, for example in Spain (12.4%), Portugal, Mexico, Iceland (8% each), France (7.5%), and Greece (OECD, 2022a).

The current research on PPP for OECD economies stands out with four original contributions. First, the study relies on two categories of price indices: the consumer price index for all items and the consumer price index for hotels and restaurants including catering and accommodation services. Second, the testing procedures are performed on two base currencies; the US dollar and the euro. Third, the mean reversion hypothesis of OECD countries' real exchange rates is evaluated by a variety of first-generation panel unit root tests plus by the Pesaran CIPS unit root test integrating potential correlations across residuals of panel units. Fourth, the PPP model for the OECD club is inspected on a new data set covering the period from February 2002 to October 2022, and in addition, subsamples are created to investigate the impact of the Great Recession on PPP and to isolate the effects of Covid-19 pandemic outbreak on the observed empirical phenomenon.

The study is divided into the following seven sections. After the introduction, the relevant PPP studies for the group of OECD countries are evaluated in the second section. A description of the PPP theory and the implemented econometric strategy are presented in the third section. The definition of the available data set is given in the fourth section. Results of the empirical examination and possible extensions of the current research are elaborated in section five and section six, respectively. The fundamental conclusions of the study are summarized in the final section.

2. LITERATURE REVIEW

The overview of PPP studies which concentrate on the countries of the OECD group offers great heterogeneity in terms of applied methodological approaches, estimation techniques, types of data, and the period of the data observed. A large number of research papers examine the relevance of PPP conditions under the floating exchange rate regime in the post-Bretton Woods era. Coe and Serletis (2002) and Serletis and Gogas (2004) employ quarterly data for 21 OECD countries covering the period between 1973 and 1998 for three benchmark currencies: the US dollar, the German DM mark and the Japanese yen. Serletis and Gogas (2004) found only weak evidence of PPP, whereas the research outcome in the paper written by Coe and Serletis (2002) is more encouraging. In their study the absolute PPP is rejected under the US dollar rates, some evidence about the absolute PPP is reported when the Japanese yen and the German mark are employed as base currencies. Further, Coe and Serletis (2002) confirm the existence of relative PPP irrespective of the used numeraire currency.

The behavior of exchange rates consistent with parity equilibrium conditions are scrutinized in the post-1973 period also in Narayan (2005) and Coakley et al. (2005). When applying the unit root test with structural breaks in the intercept and slope, Narayan (2005) reports only 3 valid PPP cases based on US dollar values out of 17 OECD countries, whereas for the German mark-based real exchange rates 7 PPP cases out of 17 OECD countries are revealed. Based on the finding of Coakley et al. (2005), the PPP relationship is substantially more sensitive to the selection of price index; more support for the PPP proposition is provided when the tested real exchange rates are derived from producer price indices. Regardless of the chosen panel unit root tests and numeraire currencies, on the other hand, the real exchange rates based on consumer price indices do not imitate the PPP trajectory. Kalyoncu and Kalyoncu (2008) operate with two types of real exchange rates; first, they are calculated by comparing consumer prices of 25 OECD economies with US consumer price indices, and second, they are corrected by the ratio between each OECD country's consumer price index and the consumer prices index of industrial countries. Experimenting with various country subgroups, Kalyoncu and Kalyoncu (2008) can confirm the stationarity of real exchange rates among OECD economies under both indicators of consumer price indices. Chortareas and Kapetanios (2009) analyze the relevance of PPP based on the US dollar and the German DM mark in 25 members of the OECD club over the period 1957-1998. Their estimates show that the mean reversion of real exchange rates is especially robust for US dollar rates.

Cerrato and Sarantis (2008) applied a variety of panel cointegration tests for 20 OECD countries between 1973 and 2000. The authors found significant cointegration between the US dollar-based nominal exchange rates and domestic and foreign prices thereby corroborating the weak version of PPP, although the joint symmetry and proportionality conditions (strong form of PPP) could not be validated for the complete set of OECD economies. Using the KPSS cointegration test with multiple structural breaks Narayan et al. (2009) confirmed a significant cointegration relationship between nominal exchange rates and relative prices for all OECD countries in the sample. In addition, among a range of econometric approaches, Ramajo and Ferré (2010) utilized various individual and panel cointegration tests. The derived results support the weak version of the PPP-determined relationship between nominal exchange rates and domestic and foreign prices, and even some evidence in favor of the strong version of PPP is obtained.

The issue of nonlinearity in the dynamics of PPP-driven real exchange rates in the OECD group is addressed among others by Ramajo and Ferré (2010), Christopoulos and León-Ledesma (2010) and Omay et al. (2020). Christopoulos and León-Ledesma (2010) specify structural breaks and nonlinear adjustment of US dollar-based real exchange rates with the ESTAR model for the quarterly time sample 1974-2006. The review of results shows that they can reject the nonstationarity in the observed real exchange rates for 14 countries out of 15 OECD economies. Evidence about the stationarity of real exchange rates for OECD countries is also presented by Ramajo and Ferré (2010) with a combination of various individual and panel unit root tests incorporating nonlinear adjustment processes. Omay et al. (2020) developed a new testing procedure that considers both temporary breaks in data series and nonlinear re-adjustment towards PPP-determined levels, thereby avoiding the problem with the Fourier series that is not consistent with any exchange rate theory. Instead, they apply an exponential smooth transition function to specify the deterministic component of the series, simultaneously studying both symmetric and asymmetric ESTAR-type nonlinearities (Omay et al., 2020, 3489). With this testing strategy, the quoted authors verified 16 PPP cases among 26 real exchange rate series of OECD countries.

In the context of the global economy, in the world of increasing specialization and dispersed trade flows countries have many important trading partners, therefore the trade-weighted multilateral and effective real exchange rates could capture more precisely the degree of a country's international competitiveness. Studies analyzing PPP on real effective exchange rates of the OECD group include Aslan and Korap (2009); Cuestas and Regis (2013); Bahmani-Oskooee et al. (2014); Jiang et al. (2015) and Xie et al. (2021). Holmes et al. (2012) operated with trade-weighted multilateral real exchange rates in a panel of 26 OECD economies. The panel stationarity of related real exchange rates is established after the authors identify relevant structural breaks and cross-sectional dependencies in the data. On the whole empirical results found in Aslan and Korap (2009); Cuestas and Regis (2013), and Bahmani-Oskooee et al. (2014) are in favor of the PPP model at least for the group of OECD economies. Similarly, the hypothesis of PPP-determined real effective exchange rates holds for half of the sample of 34 OECD countries examined by Jiang et al. (2015). Xie et al. (2021) employ a range of advanced unit root tests on monthly real effective exchange rates of 23 OECD economies plus the members of the euro area for the period 1994-2019. In the quoted paper the researchers analyze four types of exchange rate specifications: standard PPP, trend PPP, qualified PPP and trend qualified PPP. Except for Ireland, at least one of the four types of PPP is substantiated for all of the economies studied by Xie et al. (2021). The validity of trend PPP in the data sample is verified by the majority of empirical tests. Xie et al. (2021) emphasize that more types of PPP are empirically accepted for economies with smaller GDP and that the government debt to GDP has a negative effect on the relevance of the PPP hypothesis.

The possibility that various shocks impact the dynamics of real exchange rates at different time intervals can be modeled by quantile unit root tests. Thus, Bahmani-Oskooee and Ranjbar (2016) adopt a quantile stationarity test on the sample of 23 OECD countries and detect 16 economies with mean reversion in their real effective exchange rates. Bahmani-Oskooee and Wu (2018) extend the quantile unit root testing procedure with specifications of sharp shifts and smooth breaks. Such an upgraded quantile unit root test is used on the real effective exchange rate series of 34 OECD countries over the period 1994-2016. The published results show that 18 countries' real effective exchange rates follow a mean reverting process consistent with the PPP proposition and the calculated half-life of the real effective exchange rate takes 7-18 months (Bahmani-Oskooee & Wu, 2018, p, 2633).

3. THE PPP HYPOTHESIS AND PRESENTATION OF ECONOMETRIC METHODOLOGY

The purchasing power parity (PPP) can be empirically expressed as (Froot & Rogoff, 1995):

$$e_t = \alpha_0 + \alpha_1 p_t + \alpha_2 p_t^* + \xi_t \tag{1}$$

where e_t denotes the nominal exchange rates defined as the price of foreign currency in the units of domestic currency; p_t marks domestic price index and p_t^* foreign price index. The error term ξ_t illustrates deviations from PPP. All variables are expressed in logarithms.

In this paper, we estimate the characteristics of real exchange rates in line with the strict version of PPP in Equation 1, where $\alpha_0 = 0$, $\alpha_1 = 1$ and $\alpha_2 = -1$. The nominal exchange rates should adjust in such a way as to eliminate the changes in relative prices. Therefore, the real exchange rates should be constant over the long-run and their time series are expected to be stationary, with no unit roots (Parikh & Wakerly, 2000).

In search of evidence in favor of PPP, this paper applies panel unit root tests. As described in Bekő and Boršič (2018) the model takes into account the following first-order autoregressive (AR(1)) process for panel data:

$$y_{i,t} = \rho_i y_{i,t-1} + X_{i,t}\delta_i + \varepsilon_{i,t} \tag{2}$$

where i represents N cross-section units observed over periods $t = 1, 2, \ldots, T_i$, $X_{i,t}$ are exogenous variables in the model (any fixed effects or individual trends), ρ_i are autoregressive coefficients, while errors ($\varepsilon_{i,t}$) are assumed as a mutually independent idiosyncratic disturbance. When the absolute value of ρ_i is less than 1, y_i is weakly stationary. When the absolute value of ρ_i is 1, y_i contains a unit root.

The panel unit root tests in this empirical study belong to the first and the second generation of panel unit root tests. The first generation of panel unit root tests assumes cross-section independence, while the second generation of panel unit root tests assumes cross-sectional dependence. Furthermore, the first-generation unit root tests differ in two assumptions about the ρ_i in panel unit root tests. Im et al. (2003), Fisher ADF and Fisher PP (Choi, 2001; Maddala & Wu, 1999) procedures deal with individual unit root processes, where ρ_i vary across cross-sections. While, Levin et al. (2002) and Breitung (2000) approaches consider common unit root processes, with common autoregressive coefficients across cross-sections ($\rho_i=\rho$) for all i. According to Bekő and Boršič (2020), the preceding subchapters denote the specific characteristics of the first-generation panel unit root tests applied in this research.

3.1. Im, Pesaran and Shin Test

Im et al. (2003) take into account individual unit root processes and calculate individual ADF regression for each cross-section:

$$\Delta y_{i,t} = \alpha y_{i,t-1} + \sum_{j=1}^{p_i} \beta_{i,j} \Delta y_{i,t-j} + X'_{i,t}\,\delta + \varepsilon_{i,t} \tag{3}$$

where the null hypothesis is

$$H_0 : \alpha_i = 0, \text{ for all } i \tag{4}$$

while the alternative hypothesis is defined as:

$$H_1 : \begin{cases} \alpha_i = 0 & \text{for} \quad \mathrm{i} = 1,2,\ldots,\mathrm{N}_1 \\ \alpha_i < 0 & \text{for} \quad \mathrm{i} = \mathrm{N}_1 + 1,\ldots,\mathrm{N} \end{cases} \tag{5}$$

$\bar{t}$ stands for the average of the t-statistics for α_i from individual ADF regressions:

$$\bar{t} = \frac{1}{N}\sum_{i=1}^{N} t_i \tag{6}$$

Im et al. (2003) standardize the $\bar{t}$-statistic and prove that the new statistic W is asymptotically normally distributed.

3.2. Fisher ADF and Fisher PP Tests

Taking into account the results of Fisher (1932), Maddala and Wu (1999) and Choi (2001) developed tests that integrate the individual p-values. π_i denotes the p-value from individual unit root test for cross-section i. According to Hurlin (2010) the corresponding p-values are uniform [0, 1] variables. Maddala and Wu (1999) define their statistic as

$$\chi^2 = -2\sum_{i=1}^{N}\log(\pi_i) \tag{7}$$

and prove that it has an asymptotic χ^2-distribution with $2N$ degrees of freedom. Choi (2001) defines a similar Z statistic:

$$Z = -\frac{\sum_{i=1}^{N}\log(\pi_i) + N}{\sqrt{N}} \tag{8}$$

The null and alternative hypotheses are the same as for the Im, Pesaran and Shin test above (Equations 4 and 5). Under the null hypothesis, Z-statistic is normally distributed.

3.3. Levin, Lin and Chu test, and Breitung Test

Levin et al. (2002) test takes into account the following ADF specification:

$$\Delta y_{i,t} = \alpha y_{i,t-1} + \sum_{j=1}^{p_i}\beta_{i,j}\Delta y_{i,t-j} + X'_{i,t}\,\delta + \varepsilon_{i,t} \tag{9}$$

where a common $\alpha = \rho$ - 1 is assumed, while the lag order for difference terms (p_i) varies across cross-sections. The null hypothesis ($H_0: \alpha = 0$) implies that there is a unit root. While the alternative hypothesis ($H_1: \alpha < 0$) implies stationarity. In Levin et al. (2002) approach the first step requires an assessment of auxiliary regressions of $\Delta y_{i,t}$ and $y_{i,t}$ on lagged terms $\Delta y_{i,t-j}$ and exogenous variables X_{it}. Residuals (denoted by ~) are used as proxies for $\Delta y_{i,t}$ and $y_{i,t}$. In the next step, α is calculated from the pooled equation:

$$\Delta\tilde{y}_{i,t} = \alpha\tilde{y}_{i,t-1} + \eta_{i,t} \tag{10}$$

Since the standard t-statistic for testing the hypothesis $\hat{\alpha} = 0$ diverges to negative infinity, Levin et al. (2002) derive the modified t statistics (t^* in Equation 11) and show that it is asymptotically normally distributed.

$$t^* = \frac{1}{\sigma^*}\left(t - NT \cdot \hat{S}_N \hat{\sigma}^{-2}\hat{\sigma}_\alpha \mu^*\right) \tag{11}$$

where

μ^* and σ^* are adjustment terms for the mean and standard deviation calculated by Levin et al. (2002),

$\widehat{Df}_\alpha$ is the standard error of $\hat{\alpha}$,

$\hat{\sigma}^2$ is the estimated variance of the residuals from equation (10) and

$\hat{S}_N$ denotes the average of individual ratios of long-run to short-run standard deviations.

$\hat{S}_N$ is estimated with kernel-based techniques. According to Levin et al. (2002) we applied Bartlett kernel, Parzen kernel and quadratic spectral kernel. To check the robustness of the results we also considered regression (9) augmented with individual linear deterministic trends. The number of lags in each cross-section ADF regression (p_i) was selected by the Schwarz information criterion.

The Breitung test is similar to Levin, Lin and Chu test. It estimates auxiliary regressions of $\Delta y_{i,t}$ and $y_{i,t}$ on lagged terms $\Delta y_{i,t-j}$ only, while proxies are transformed and detrended (Δy_{it}*). Panel proxy equation is used to estimate the persistence parameter α:

$$\Delta y_{it}* = \alpha\, y_{it\text{-}}1* + v_{it} \tag{12}$$

According to Breitung (2000) under the null hypothesis, the estimate of the persistence parameter α is asymptotically normally distributed.

3.4. Cross-section Dependence Test

In order to place ground for the second generation panel unit root test, we conducted a battery of cross-section dependence tests. The results of Breuch-Pagan LM test, Pesaran scaled LM test, Baltago, Feng and Kao bias-corrected LM test and Pesaran CD tests are presented in Table 15.

3.5. Pesaran CIPS Test

The framework for Pesaran (2007) Cross-sectionally augmented IPS (CIPS) test is an integrated panel data model, which can be formally expressed as:

$$Y_{i,t} = D_{it} + u_{it} \tag{13}$$

where D_{it} are the model deterministic dynamics and u_{it} are the innovations. The first generation panel unit root tests described above all assume that u_{it} are independent across cross sections (i). To take into account the cross sectional dependence u_{it} is structured as follows:

$$u_{it} = \lambda_i{'}F_t + v_{it} \tag{14}$$

where λ_i presents a vector of cross section specific factors, v_{it} denotes a multivariate idiosyncratic component, which is cross sectionally independent, while F_t accounts for all inter cross sectional dependence and is a vector of r common factors generated by a multivariate noise process η_t

$$(1\text{-}L)\, F_t = C(L)\, \eta_t \tag{15}$$

where L is lag operator. Thus, the integrated panel model assuming cross sectional dependence can be written as:

$$Y_{i,t} = D_{it} + \lambda_i{'}\, F_t + v_{it} \tag{16}$$

The Pesaran CIPS test considers cross-sectional dependency by restricting model (16) to a single stationary common factor (r=1, F_t=I(0)). Thus, model 16 becomes a simple heterogeneous dynamic linear model. Rewriting it in ADF form, Pesaran derives the null hypothesis for the unit root and for N sufficiently large also derives a proxy for the common factor F_t:

$$\bar{Y}_t = \frac{1}{N}\sum_{s=1}^{N} Y_{st} \tag{17}$$

Using these proxies Pesaran obtains the cross-sectionally augmented ADF (CADF) equation:

$$\Delta Y_{it} = \mu_i + \gamma_i t + \rho_i Y_{it-1} + \sum_{k=1}^{p} \varphi_{ik}\Delta Y_{it-k} + \alpha_i \bar{Y}_{it-1} + \sum_{k=1}^{p} \beta_{ik}\Delta \bar{Y}_{it-k} + \varepsilon_{it} \tag{18}$$

If is t-statistics related to traditional ADF test, the panel unit root test is a pooled version of individual CADF statistics, namely cross-sectionally augmented (CIPS) statistics:

$$\tau^{CIPS} = \frac{1}{N}\sum_{i=1}^{N} \tau_i^{CADF} \tag{19}$$

A truncated CIPS accounts for the influence of extreme outcomes if T is sufficiently small. CIPS and truncated CIPS critical values have been derived by Pesaran (2007) since the two test statistics do not have standard limiting distribution.

4. DESCRIPTION OF DATA

The preceding empirical tests are based on monthly data covering the period from February 2002 to October 2022 for 26 OECD countries, including Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Korea, Latvia, Lithuania, Luxembourg, Norway, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom. Thus, the panel dataset consists of 26 cross-sections and 249-period observations, resulting in a total of 6474 observations.

The consumer price indices (CPI, previous month=100) and the monthly averages of nominal exchange rates with reference currencies of euro (EUR) and US dollar (USD) were gathered from IMF International Financial Statistics (2022). In pursuance of applying empirical investigation for the tourism sector, data for CPI for hotels and restaurants (CPI C11) were assembled from OECD (2022b) database for most of the observed countries, except Euroarea (Eurostat, 2022), Finland (Statistics Finland, 2022), Hungary (Hungarian Central Statistical Office, 2022), Spain (Instituto Nacional de Estadística (2022), Switzerland (Federal Statistical Office, 2022) and USA (U.S. Bureau of Labour Statistics, 2022). Utilized CPI C11 data for the USA were calculated as a geometric average of data series CPI for "Food away from home" (BLS series code: CUUR0000SEFV), and data series CPI for "Lodging away from home" (BLS series code: CUUR0000SEHB).

The first step in testing the strict version of PPP requires the calculation of real exchange rates:

$$RER = NER\frac{P^*}{P} \tag{20}$$

where RER stands for real exchange rate, NER is abbreviation for nominal exchange rate defined as a price of foreign currency in units of domestic currency, P* is a foreign price index and P is a domestic price index. There are four sets of real exchange rates used in the empirical analysis.

Namely, the real exchange rates are calculated by two reference currencies (EUR and USD) and by using two different price deflators: CPI for the whole economy (CPI All items) and CPI for hotels and restaurants including catering and accommodation services (CPI C11 Hotels and restaurants).

The empirical analysis is generated by using logarithmic values of individual real exchange rates. Thus, the logarithms of real exchange rates based on CPI All items are presented in Figures 1 and 2, while Figures 3 and 4 display the logarithms of real exchange rates when CPI for tourism services was taken into account.

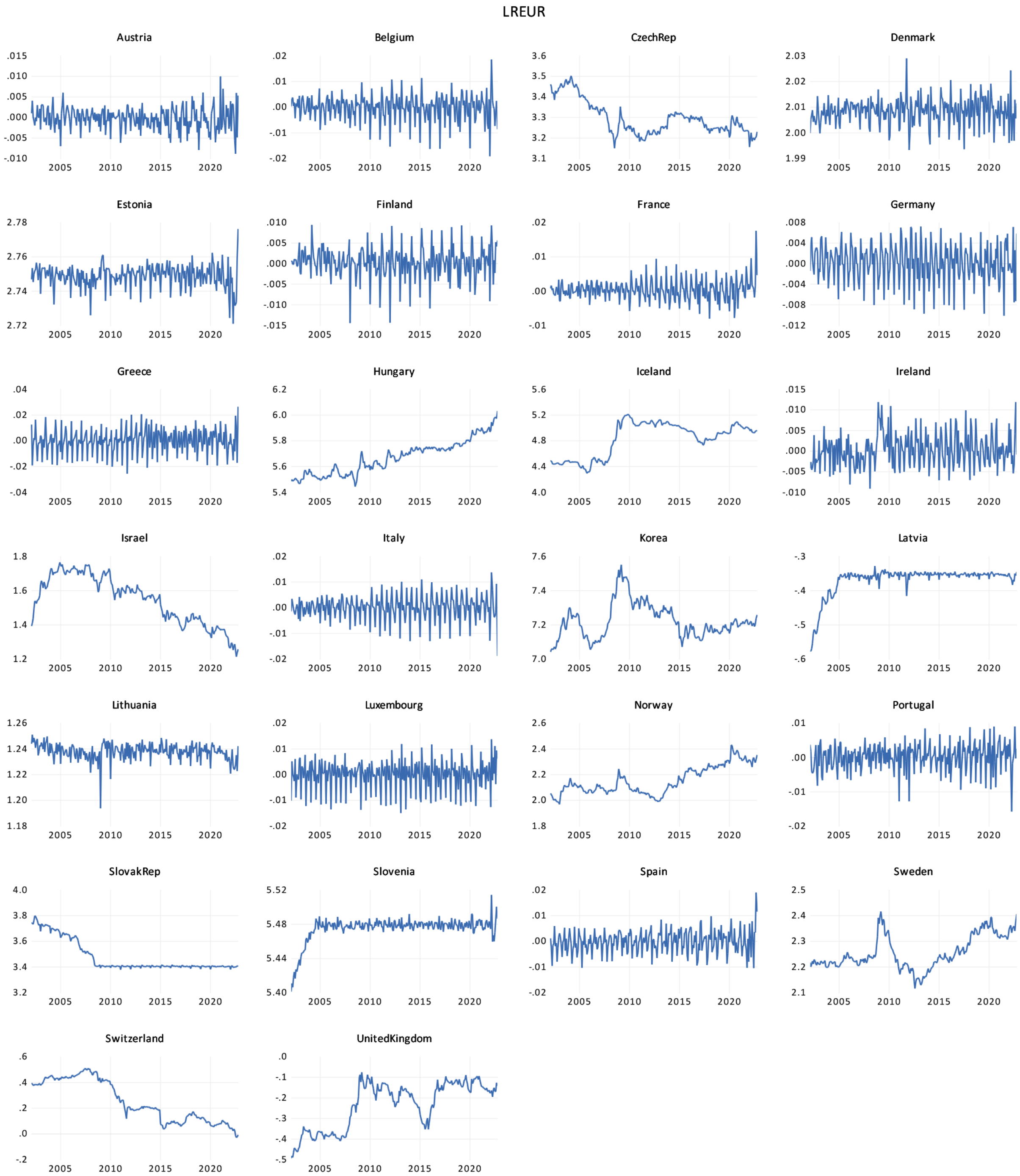

Figure 1. Logarithms of real exchange rates of selected OECD countries, reference currency EUR and CPI (All items) deflator

Source: Authors' compilation based on IMF (2022) and Eurostat (2022) data

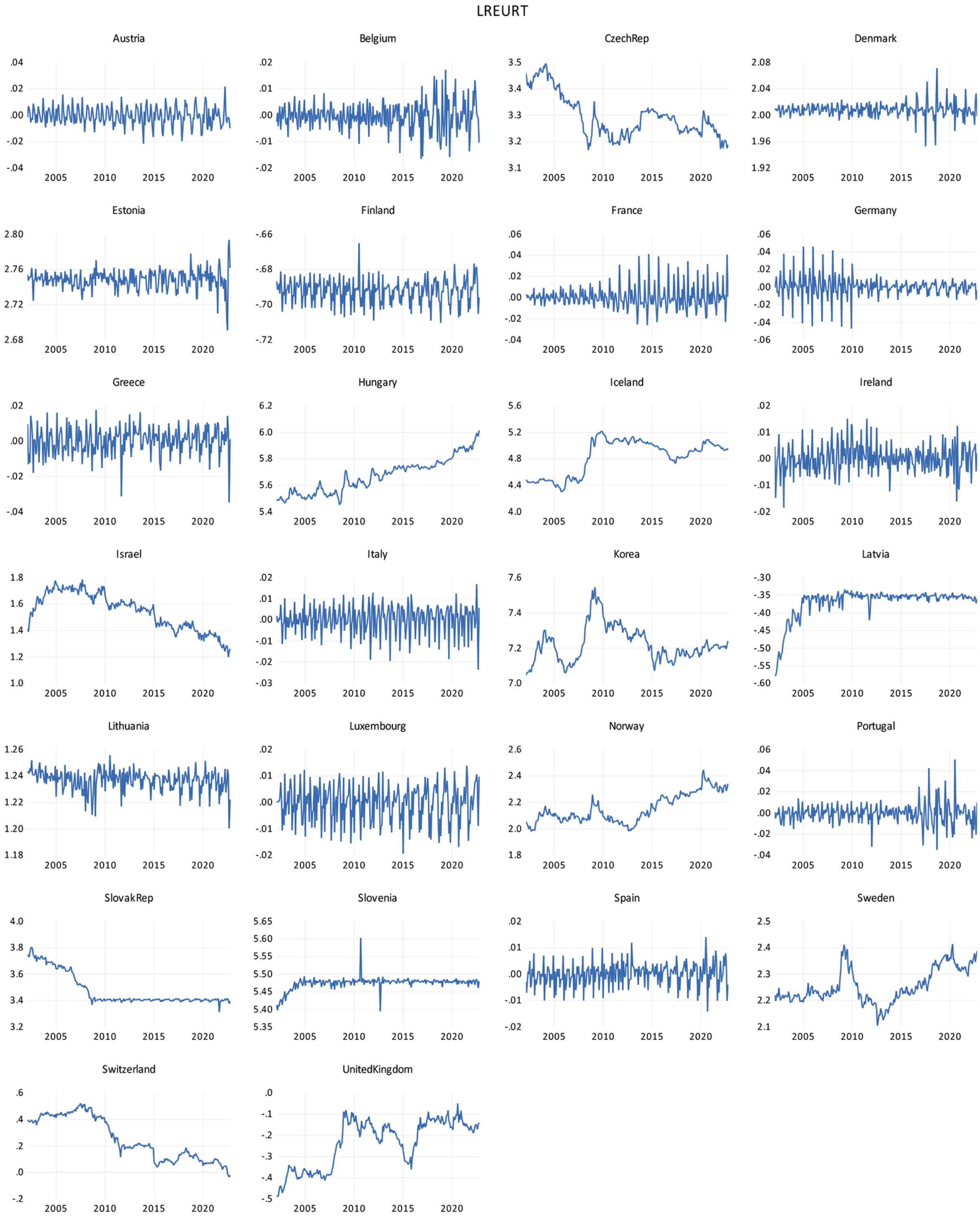

Figure 2. Logarithms of real exchange rates of selected OECD countries, reference currency EUR and CP11 (Hotels and restaurants) deflator

Source: Authors' compilation based on IMF (2022), OECD (2022b), Eurostat (2022), Statistics Finland (2022), Hungarian Central Statistical Office (2022), Instituto Nacional de Estadística (2022), and Federal Statistical Office (2022) data

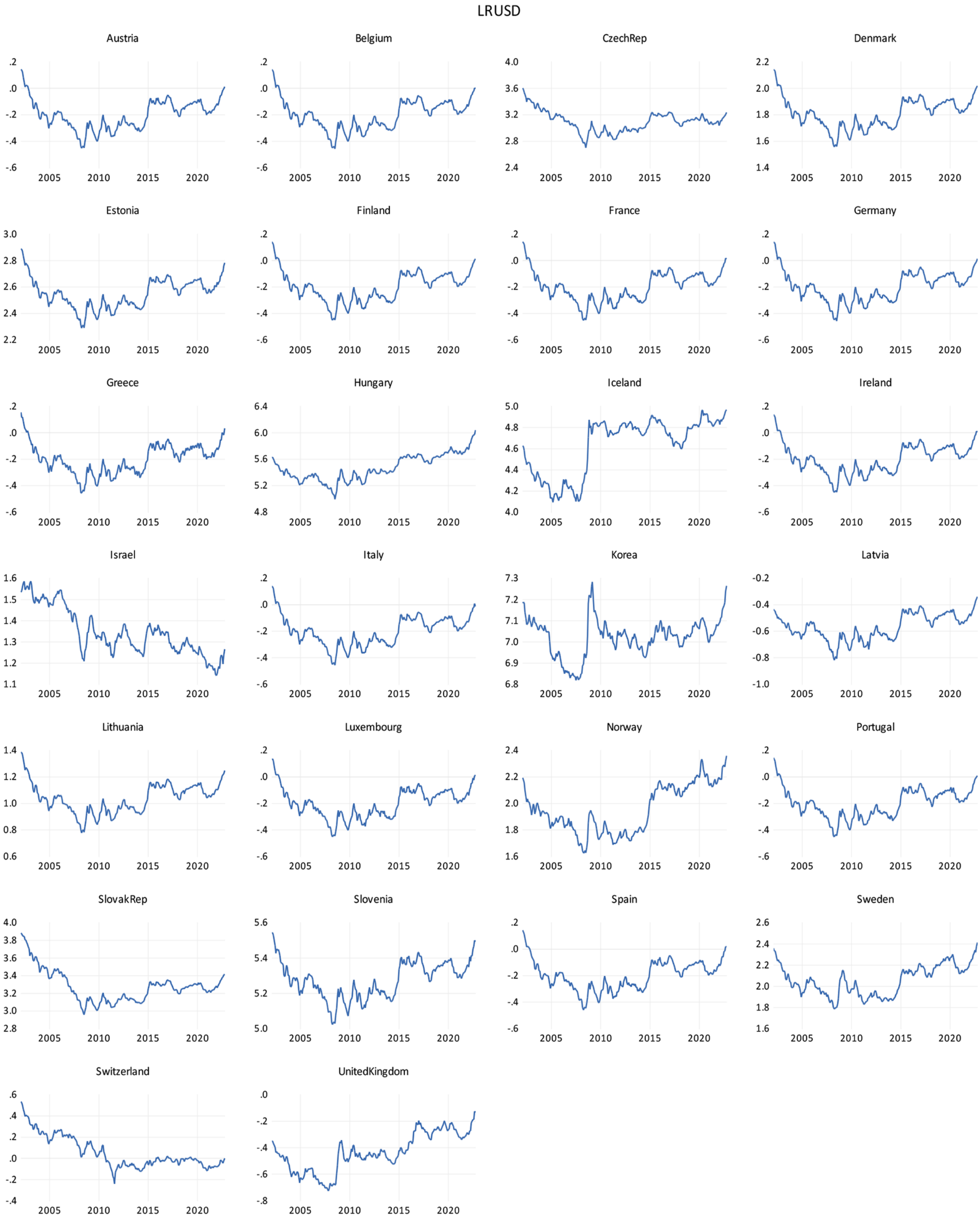

Figure 3. Logarithms of real exchange rates of selected OECD countries, reference currency USD and CPI (All items) deflator

Source: Authors' compilation based on IMF (2022) and U.S. Bureau of Labour Statistics (2022) data

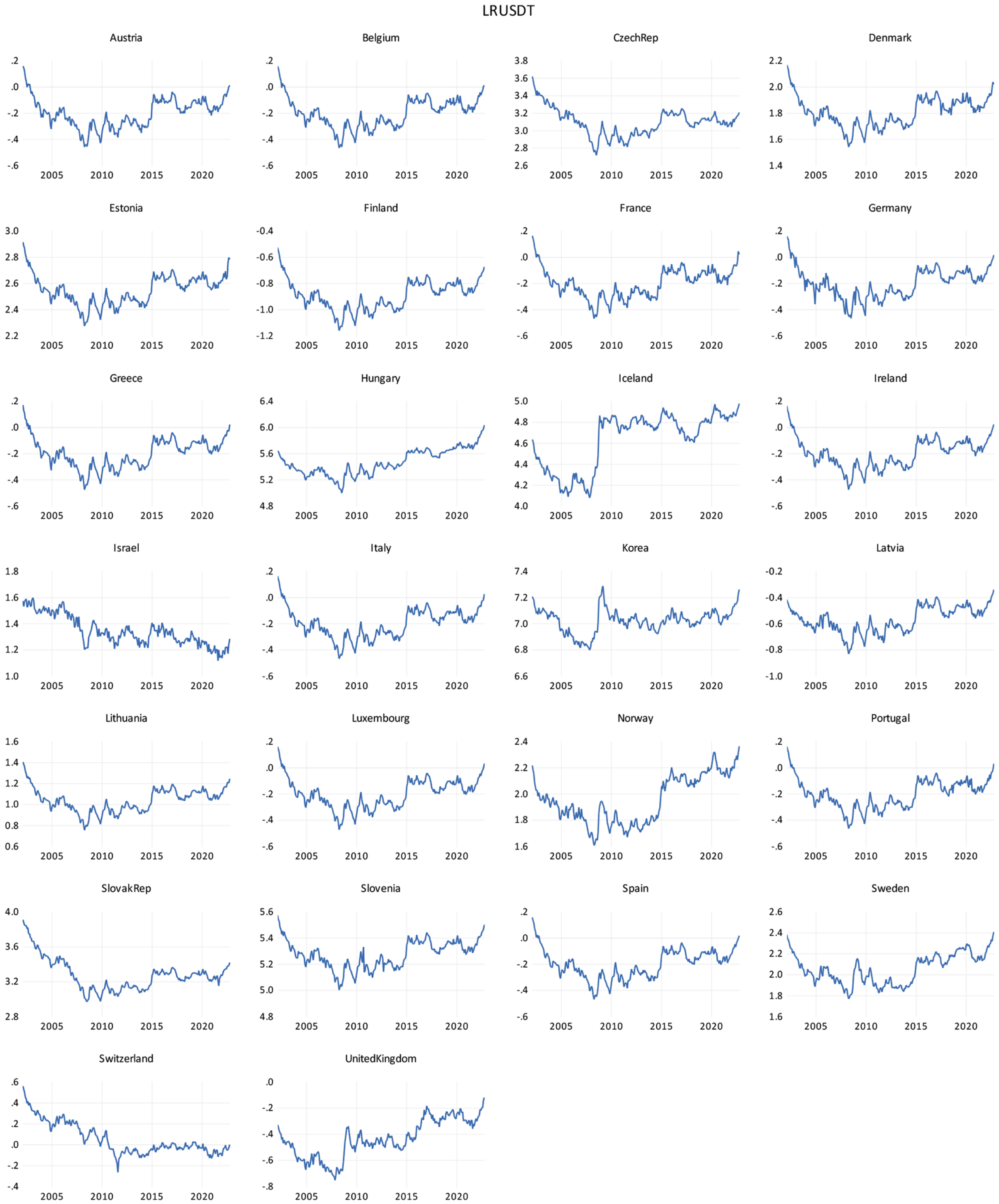

Figure 4. Logarithms of real exchange rates of selected OECD countries, reference currency USD and CP11 (Hotels and restaurants) deflator

Source: Authors' compilation based on IMF (2022), OECD (2022b), Eurostat (2022), Statistics Finland (2022), Hungarian Central Statistical Office (2022), Instituto Nacional de Estadística (2022), Federal Statistical Office (2022) and U.S. Bureau of Labour Statistics (2022) data

The empirical study was divided into four parts for both deflators. First, we analyzed the whole observed period (February 2002-October 2022) with 6474 observations. Second, we took into account the pre-pandemic period by shortening the sample to February 2020, resulting in 5642 observations. Third, we considered the pre-economic crisis period ranging from February 2002 to December 2007 including 1846 observations. And fourth, we studied the post-economic crisis period covering data from July 2009 to October 2022, consisting of 4160 observations. The NBER (2012) methodology for defining the US business cycles was applied to settle the subperiods. The following chapter presents the results of individual panel unit root tests for all four periods. The first set of tables examines the PPP concept for the whole economy based on CPI (All items) deflator, while the second set of tables reveals the evidence of PPP for the tourism sector based on the CPI for hotels and restaurants.

5. EMPIRICAL RESULTS

Results of first-generation panel unit root tests taking into account the individual unit root process (Im, Pesaran and Shin test, Fisher ADF tests and Fisher PP tests) are presented first, followed by the results of the two-panel unit root tests of the first-generation (Levin, Lin and Chu test, and Breitung test), which consider common unit root process. All tests that belong to the first generation assume no cross-section dependence, while the second generation panel unit root tests assume that there is dependency across cross-sections. That is why the results of the first-generation tests are followed by the results of the cross-section dependence test and then the outcomes of the Pesaran CIPS test are displayed.

5.1. Results Derived from the Consumer Price Index for All Items

Table 1 presents the results of Im, Pesaran, Shin test when CPI for all items was taken into account. The results for EUR present straightforward support for the validity of PPP, since all real exchange rates panels are stationary, as the null hypothesis of unit root can be strongly rejected for all versions of the test, regardless of information criteria for lag selection and taking into account individual effects alone or together with an individual linear trend. The same results apply to all four periods under investigation.

Also, results for USD are similarly strongly supporting the PPP theory for the whole sample, for the pre-pandemic period and the pre-crisis period. While in the post-Great Recession period, the evidence in favor of PPP depends on whether individual trends are taken into account. When only individual effects are considered the PPP theory cannot be confirmed. Including individual effects and individual trends Im, Pesaran and Shin test strongly confirms the validity of PPP.

Table 1. Results of Im, Pesaran and Shin test, CPI (All items) deflator

Sample	Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]
2002M2-2022M10	EUR	-5.78014 (0.0000) [0-13]	-6.07918 (0.0000) [0-13]	-5.24698 (0.0000) [0-15]	-5.36721 (0.0000) [0-15]	-5.33729 (0.0000) [0-14]	-5.19043 (0.0000) [0-14]
	USD	-4.74517 (0.0000) [0-7]	-6.35259 (0.0000) [0-7]	-4.19008 (0.0000) [1-15]	-5.78950 (0.0000) [1-15]	-4.51504 (0.0000) [0-13]	-6.20566 (0.0000) [0-13]

2002M2-2020M2	**EUR**	-6.84502 (0.0000) [0-13]	-6.88171 (0.0000) [0-13]	-5.68557 (0.0000) [0-14]	5.56488 (0.0000) [0-14]	-6.27352 (0.0000) [0-14]	-5.88820 (0.0000) [0-14]
	USD	-6.62722 (0.0000) [0-7]	-5.99606 (0.0000) [0-7]	-5.72964 (0.0000) [0-14]	-5.25286 (0.0000) [1-14]	-6.25777 (0.0000) [0-13]	5.75651 (0.0000) [0-13]
2002M2-2007M12	**EUR**	-10.3098 (0.0000) [0-11]	-11.7987 (0.0000) [0-11]	-5.04674 (0.0000) [0-11]	-5.65684 (0.0000) [0-11]	-7.53462 (0.0000) [0-11]	-5.73629 (0.0000) [0-11]
	USD	-2.63621 (0.0042) [0-2]	-2.79200 (0.0026) [0-1]	-3.11910 (0.0009) [0-4]	-3.59317 (0.0002) [0-4]	-2.76575 (0.0028) [0-2]	-3.41163 (0.0003) [0-4]
2009M7-2022M10	**EUR**	-5.09361 (0.0000) [0-13]	-5.10935 (0.0000) [0-12]	-3.51309 (0.0002) [0-13]	-3.16001 (0.0008) [0-13]	-4.09549 (0.0000) [0-13]	-4.01587 (0.0000) [0-13]
	USD	1.82794 (0.9662) [0-7]	-2.84118 (0.0022) [0-7]	0.73293 (0.7682) [0-13]	-5.03570 (0.0000) [0-13]	1.15103 (08751) [0-7]	-3.81023 (0.0001) [0-7]

Source: Authors' calculations

Table 2. Results of Fisher ADF tests (Maddala and Wu χ^2 statistic), CPI (All items) deflator

Sample	**Reference currency**	**Schwarz information criterion**		**Akaike information criterion**		**Hannan-Quinn information criterion**	
		Individual effects	**Individual effects and individual linear trends**	**Individual effects**	**Individual effects and individual linear trends**	**Individual effects**	**Individual effects and individual linear trends**
		χ^2 (p-value) [no. of lags]	**χ^2 (p-value) [no. of lags]**	**χ^2 (p-value) [no. of lags]**	**χ^2 (p-value) [no. of lags]**	**χ^2 (p-value) [no. of lags]**	**χ^2 (p-value) [no. of lags]**
2002M2-2022M10	EUR	202.502 (0.0000) [0-13]	191.605 (0.0000) [0-13]	179.419 (0.0000) [0-15]	161.641 (0.0000) [0-15]	180.951 (0.0000) [0-14]	159.273 (0.0000) [0-14]
	USD	111.485 (0.0000) [0-7]	123.604 (0.0000) [0-7]	103.407 (0.0000) [1-15]	114.435 (0.0000) [1-15]	107.689 (0.0000) [0-13]	121.008 (0.0000) [0-13]
2002M2-2020M2	EUR	189.863 (0.0000) [0-13]	179.082 (0.0000) [0-13]	150.872 (0.0000) [0-14]	132.592 (0.0000) [0-14]	167.222 (0.0000) [0-14]	145.652 (0.0000) [0-14]
	USD	140.138 (0.0000) [0-7]	117.321 (0.0000) [0-7]	125.549 (0.0000) [0-14]	105.621 (0.0000) [1-14]	133.274 (0.0000) [0-13]	113.148 (0.0000) [0-13]
2002M2-2007M12	EUR	233.374 (0.0000) [0-11]	264.123 (0.0000) [0-11]	148.543 (0.0000) [0-11]	136.544 (0.0000) [0-11]	191.175 (0.0000) [0-11]	149.282 (0.0000) [0-11]
	USD	72.2410 (0.0331) [0-1]	72.2625 (0.0330) [0-1]	78.2212 (0.0108) [0-4]	80.8290 (0.0064) [0-4]	74.1377 (0.0024) [0-2]	77.9812 (0.0113) [0-4]
2009M7-2022M10	EUR	189.578 (0.0000) [0-13]	170.243 (0.0000) [0-12]	130.397 (0.0000) [0-13]	108.543 (0.0000) [0-13]	1347.867 (0.0000) [0-13]	113.756 (0.0000) [0-13]
	USD	29.3628 (0.9952) [0-7]	71.9742 (0.0347) [0-7]	37.6908 (0.9319) [0-13]	102.062 (0.0000) [0-13]	34.1233 (0.9738) [0-7]	83.3177 (0.0038) [0-7]

Source: Authors' calculations

Since Fisher ADF tests provide two test statistics, the estimated Maddala and Wu χ^2 statistics are presented in Table 2 and the estimated Choi Z statistics are displayed in Table 3. Both statistics enable similar conclusions as Im, Pesaran, and Shin test above. Since in all cases, the null hypothesis of a unit root can be strongly rejected, there is strong support for the PPP theory in the case of the EUR reference currency. Similarly, the strong evidence in favor of PPP is documented in the whole period, pre-pandemic and pre-crisis periods when USD is used as reference currency. For the post-crisis period, the results depend on deterministic parameters. When taking into account individual effects and individual linear trends, the estimated test statistics strongly reject the null hypothesis and confirm the stationarity of the real exchange rates panel based on USD. But when only individual effects are considered the PPP cannot be confirmed.

Also, the Fisher PP test derives two test statistics. Table 4 presents the estimated Maddala and Wu χ^2 statistics and Table 5 demonstrates the estimated Choi Z statistics. For the whole period and the pre-pandemic period the PPP is strongly supported for real exchange rate panels based on EUR and USD reference currency. PPP is strongly confirmed also for EUR as a reference currency for pre- and post-crisis periods. In the pre-Great Recession period, there is evidence in favor of PPP for USD as a reference currency only when individual effects and individual trends are included in test specifications. However, in the post-crisis period, only one out of six versions of test specifications confirms the PPP for USD-based real exchange rates.

Table 3. Results of Fisher ADF tests (Choi Z statistic), CPI (All items) deflator

Sample	Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		Z (p-value) [no. of lags]	Z (p-value) [no. of lags]	Z (p-value) [no. of lags]	Z (p-value) [no. of lags]	Z (p-value) [no. of lags]	Z (p-value) [no. of lags]
2002M2-2022M10	EUR	-5.66171 (0.0000) [0-13]	-5.56139 (0.0000) [0-13]	-5.27360 (0.0000) [0-15]	-4.91066 (0.0000) [0-15]	-5.33896 (0.0000) [0-14]	-4.82349 (0.0000) [0-14]
	USD	-4.97738 (0.0000) [0-7]	-6.55241 (0.0000) [0-7]	-4.33927 (0.0000) [1-15]	-5.90280 (0.0000) [1-15]	-4.70607 (0.0000) [0-13]	-6.37866 (0.0000) [0-13]
2002M2-2020M2	EUR	-6.73052 (0.0000) [0-13]	-6.38078 (0.0000) [0-13]	-5.71559 (0.0000) [0-14]	-5.25665 (0.0000) [0-14]	-6.26080 (0.0000) [0-14]	-5.52731 (0.0000) [0-14]
	USD	-6.92172 (0.0000) [0-7]	-6.18613 (0.0000) [0-7]	-5.92363 (0.0000) [0-14]	-5.33194 (0.0000) [1-14]	-6.51742 (0.0000) [0-13]	-5.92322 (0.0000) [0-13]
2002M2-2007M12	EUR	-7.90642 (0.0000) [0-11]	-8.55379 (0.0000) [0-11]	-4.37430 (0.0000) [0-11]	-4.61720 (0.0000) [0-11]	-6.42010 (0.0000) [0-11]	-4.52622 (0.0000) [0-11]
	USD	-2.69767 (0.0331) [0-2]	-2.88208 (0.0020) [0-1]	-3.13628 (0.0009) [0-4]	-3.71273 (0.0001) [0-4]	-2.81992 (0.0024) [0-2]	-3.54171 (0.0002) [0-4]
2009M7-2022M10	EUR	-4.81655 (0.0000) [0-13]	-4.51182 (0.0000) [0-12]	-3.58572 (0.0002) [0-13]	-2.90504 (0.0018) [0-13]	-4.15672 (0.0000) [0-13]	-3.84135 (0.0001) [0-13]
	USD	2.03444 (0.9790) [0-7]	-2.92754 (0.0017) [0-7]	1.04427 (0.8518) [0-13]	-5.01966 (0.0000) [0-13]	1.36921 (0.9145) [0-7]	-3.87837 (0.0001) [0-7]

Source: Authors' calculations

The results of the Levin, Lin and Chu test presented in Table 6 show that the PPP is valid for EUR-based real exchange rates only for the pre-crisis period when all test specifications strongly reject the null hypothesis of unit root. Similarly, strong support for PPP yields in the whole period, the pre-pandemic and pre-crisis period for USD-based real exchange rates. In the post-crisis period, there is no evidence for the validity of PPP regardless of reference currency and regardless of test specifications.

Table 7 displays the results of the Breitung test, which provide no support for PPP in the whole period and the pre-pandemic period neither for EUR nor USD as reference currency no matter what test specification is chosen. When the economic crisis is taken into account, the results show that before the crisis and after the crisis PPP could be confirmed for real exchange rates based on USD, while it cannot be confirmed for real exchange rates based on EUR. Some weak evidence in favor of PPP is provided for EUR-based real exchange rates in the pre-Great Recession period when lag selection is based on the Schwartz information criterion.

Table 4. Results of Fisher PP tests (Maddala and Wu χ^2 statistic), CPI (All items) deflator

Sample	Reference currency	Bartlett kernel		Parzen kernel		Quadratic spectral kernel	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)
2002M2-2022M10	EUR	1675.23 (0.0000)	1642.14 (0.0000)	1652.27 (0.0000)	1619.03 (0.0000)	1652.51 (0.0000)	1626.86 (0.0000)
	USD	117.185 (0.0000)	113.878 (0.0000)	120.271 (0.0000)	115.674 (0.0000)	117.185 (0.0000)	113.878 (0.0000)
2002M2-2020M2	EUR	1536.19 (0.0000)	1387.49 (0.0000)	1480.69 (0.0000)	1420.82 (0.0000)	1475.49 (0.0000)	1413.47 (0.0000)
	USD	140.884 (0.0000)	106.316 (0.0000)	142.800 (0.0000)	107.619 (0.0000)	143.060 (0.0000)	108.406 (0.0000)
2002M2-2007M12	EUR	418.636 (0.0000)	378.904 (0.0000)	423.525 (0.0000)	-13.0455 (0.0000)	416.362 (0.0000)	392.364 (0.0000)
	USD	73.4882 (0.0265)	59.6991 (0.2161)	74.7673 (0.0210)	59.6662 (0.2170)	74.0471 (0.0239)	59.8177 (0.2131)
2009M7-2022M10	EUR	1517.45 (0.0000)	1270.55 (0.0000)	1498.15 (0.0000)	1359.14 (0.0000)	1495.09 (0.0000)	1384.02 (0.0000)
	USD	29.3483 (0.9953)	58.2042 (0.2477)	32.9492 (0.9819)	65.6695 (0.0964)	32.4511 (0.9847)	63.7731 (0.1268)

Source: Authors' calculations

Table 5. Results of Fisher PP tests (Choi Z statistic), CPI (All items) deflator

Sample	Reference currency	Bartlett kernel		Parzen kernel		Quadratic spectral kernel	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		Z (p-value)	Z (p-value)	Z (p-value)	Z (p-value)	Z (p-value)	Z (p-value)
2002M2-2022M10	EUR	-29.7721 (0.0000)	-29.7936 (0.0000)	-29.5972 (0.0000)	-29.9685 (0.0000)	29.6331 (0.0000)	-30.0407 (0.0000)
	USD	-5.33035 (0.0000)	-6.01740 (0.0000)	-5.53659 (0.0000)	-6.13536 (0.0000)	-5.33035 (0.0000)	-6.01740 (0.0000)

2002M2-2020M2	EUR	-28.4226 (0.0000)	-26.5486 (0.0000)	-27.6294 (0.0000)	-2.0247 (0.0000)	-27.5584 (0.0000)	-26.8798 (0.0000)
	USD	-6.94482 (0.0000)	-5.56639 (0.0000)	-7.06569 (0.0000)	-5.65544 (0.0000)	-7.09141 (0.0000)	-5.70167 (0.0000)
2002M2-2007M12	EUR	-14.3603 (0.0000)	-12.9721 (0.0000)	-14.4514 (0.0000)	-13.0455 (0.0000)	-14.3047 (0.0000)	-13.3386 (0.0000)
	USD	-2.79687 (0.0026)	-2.09163 (0.0182)	-2.88660 (0.0019)	-2.11544 (0.0172)	-2.84388 (0.0022)	-2.09836 (0.0179)
2009M7-2022M10	EUR	-29.6170 (0.0000)	-27.8986 (0.0000)	.-29.4251 (0.0000)	-29.1773 (0.0000)	-29.3501 (0.0000)	-29.4357 (0.0000)
	USD	2.05960 (0.9803)	-2.16138 (0.0153)	1.56819 (0.9416)	-2.80474 (0.0025)	1.65338 (0.9509)	-2.65081 (0.0040)

Source: Authors' calculations

Table 6. Results of Levin, Lin and Chu test, CPI (All items) deflator

Sample	Reference currency	Bartlett kernel		Parzen kernel		Quadratic spectral kernel	
		Individual effects	**Individual effects and individual linear trends**	**Individual effects**	**Individual effects and individual linear trends**	**Individual effects**	**Individual effects and individual linear trends**
		t* (p-value) [no. of lags]	**t* (p-value) [no. of lags]**	**t* (p-value) [no. of lags]**	**t* (p-value) [no. of lags]**	**t* (p-value) [no. of lags]**	**t* (p-value) [no. of lags]**
2002M2-2022M10	**EUR**	1.36681 (0.9142) [0-13]	2.03139 (0.9789) [0-13]	-0.09635 (0.4616) [0-13]	-0.73034 (0.2326) [0-13]	-0.13162 (0.4476) [0-13]	-0.73401 (0.2315) [0-13]
	USD	-2.69403 (0.0035) [0-7]	-8.18550 (0.0000) [0-7]	-2.39598 (0.0083) [0-7]	-7.88830 (0.0000) [0-7]	-2.35920 (0.0092) [0-7]	-7.73071 (0.0000) [0-7]
2002M2-2020M2	**EUR**	1.41886 (0.9220) [0-14]	3.71566 (0.9999) [0-14]	-0.14018 (0.4443) [0-14]	1.01058 (0.8439) [0-14]	-0.51255 (0.3041) [0-14]	-0.52406 (0.6999) [0-14]
	USD	-5.58281 (0.0000) [0-7]	-8.87669 (0.0000) [0-7]	-5.31250 (0.0000) [0-7]	-8.60589 (0.0000) [0-7]	-5.26012 (0.0000) [0-7]	-8.46474 (0.0000) [0-7]
2002M2-2007M12	**EUR**	-3.73422 (0.0001) [0-11]	-3.03986 (0.0012) [0-11]	-5.75558 (0.0000) [0-11]	-6.60570 (0.0000) [0-11]	-5.86588 (0.0000) [0-11]	-6.66652 (0.0000) [0-11]
	USD	-7.25265 (0.0000) [0-2]	-4.90553 (0.0000) [0-1]	-7.28113 (0.0000) [0-2]	-5.10481 (0.0000) [0-1]	-7.25634 (0.0000) [0-2]	-4.96540 (0.0000) [0-1]
2009M7-2022M10	**EUR**	2.30704 (0.9895) [0-13]	3.08865 (0.9990) [0-12]	0.40181 (0.6561) [0-13]	-0.53095 (0.2977) [0-12]	0.32106 (0.6259) [0-13]	-0.61789 (0.2683) [0-12]
	USD	3.45708 (0.9997)	1.78662 (0.9630)	3.80202 (0.9999)	2.33860 (0.9903)	2.75764 (0.9999)	2.24572 (0.9876)

Notes: The number of lags used in each cross-section ADF regression (p_i) was defined by the Schwarz information criterion. Computation was conducted with Newey-West bandwidth selection.

Source: Authors' calculations

Results of the first generation panel unit root tests for real exchange rates based on prices of tourism services (CPI CP11 Hotels and restaurants) are exhibited in Tables 8 to 14. Estimated W-statistics derived from Im, Pesaran and Shin test are presented in Table 8. For all exhibited test specifications and for both reference currencies the null hypothesis can be strongly rejected for the whole period, the pre-pandemic period and pre-crisis period confirming the PPP proposition. In the post-crisis period, the null is strongly rejected again for all test variants in the case of EUR reference currency, while the results for USD reference currency depend on the inclusion of deterministic parameters. If only individual effects are taken into account, the null hypothesis cannot be rejected. PPP validity can be confirmed if both individual effects and individual linear trends are included.

Table 7. Results of Breitung test, CPI (All items) deflator

Sample	Reference currency	Schwarz information criterion	Akaike information criterion	Hannan-Quinn information criterion
		Individual effects and individual linear trends		
		t-stat (p-value) [no. of lags]	t-stat (p-value) [no. of lags]	t-stat (p-value) [no. of lags]
2002M2-2022M10	EUR	4.50768 (1.000) [0-13]	4.44414 (1.000) [0-15]	4.24031 (1.000) [0-13]
	USD	4.09138 (1.000) [0-7]	3.89616 (1.000) [1-15]	4.04705 (1.000) [0-13]
2002M2-2020M2	EUR	0.24556 (0.4030) [0-13]	-0.10530 (0.4581) [0-14]	-0.22920 (0.4094) [0-14]
	USD	1.74548 (0.9595) [0-7]	1.97004 (0.9756) [1-14]	1.79023 (0.9633) [0-13]
2002M2-2007M12	EUR	-1.30312 (0.0963) [0-11]	0.94250 (0.1730) [0-11]	-0.62994 (0.2644) [0-11]
	USD	-1.42759 (0.0767) [0-1]	-1.96242 (0.0249) [0-4]	-1.91247 (0.0279) [0-4]
2009M7-2022M10	EUR	3.87283 (0.9999) [0-12]	4.65690 (1.0000) [0-13]	3.62470 (0.9999) [0-13]
	USD	-2.97103 (0.0015) [0-7]	-4.37493 (0.0000) [0-13]	-3.67756 (0.0001) [0-7]

Source: Authors' calculations

5.2. Results Derived from the Consumer Price Index for Hotels and Restaurants

Tables 9 and 10 present the results of Fisher ADF tests. In the whole period, the results of both test statistics provide straightforward support for PPP validity when EUR is chosen as the reference currency. The Choi Z statistic (Table 10) yields strong evidence in favor of PPP also for USD-based real exchange rates, while Maddala and Wu χ^2 statistic (Table 9) supports the PPP theory in five out of six types of test specifications. During the pre-pandemic period and pre-crisis period, both test statistics reject the null hypothesis of unit root, suggesting that the panels are stationary for both reference currencies. In the post-crisis period, there is a strong confirmation of PPP theory in the case of EUR reference currency, while PPP is confirmed for real exchange rates based on USD, only when individual effects and individual linear trends are included in the test specification for both test statistics.

Tables 11 and 12 exhibit the results of Fisher PP tests. Both test statistics for all presented test specifications strongly reject the null hypothesis of unit root, providing support for PPP standard for both reference currencies in the whole observed period, in the pre-pandemic period and the pre-crisis period. In the post-crisis period, the same holds true for EUR reference currency, while the USD-based real exchange rate panel is stationary when individual effects and individual trends are taken into account.

Table 8. Results of Im, Pesaran and Shin test, CP11 (Hotels and restaurants) deflator

Sample	Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]	W-stat (p-value) [no. of lags]
2002M2-2022M10	EUR	-8.45378 (0.0000) [0-15]	-9.26773 (0.0000) [0-15]	-4.96031 (0.0000) [2-15]	-4.20099 (0.0000) [2-15]	-6.22200 (0.0000) [0-15]	-6.83329 (0.0000) [0-15]
	USD	-5.65312 (0.0000) [0-13]	-7.23880 (0.0000) [0-13]	-1.64128 (0.0504) [0-14]	-4.36878 (0.0000) [0-15]	-4.99475 (0.0000) [0-13]	-6.81894 (0.0000) [0-13]
2002M2-2020M2	EUR	-8.59184 (0.0000) [0-14]	-7.4420 (0.0000) [0-14]	-5.79892 (0.0000) [0-14]	-5.40052 (0.0000) [0-14]	-6.37968 (0.0000) [0-14]	-7.16983 (0.0000) [0-14]
	USD	-7.12203 (0.0000) [0-13]	-6.31751 (0.0000) [0-13]	-2.95247 (0.0016) [0-14]	-3.28230 (0.0005) [0-14]	-6.34356 (0.0000) [0-14]	-5.94558 (0.0000) [0-13]
2002M2-2007M12	EUR	-2.61104 (0.0045) [0-11]	-4.10230 (0.0000) [0-11]	-2.58036 (0.0049) [0-11]	-2.43149 (0.0075) [0-11]	-2.87985 (0.0020) [0-11]	-2.39616 (0.0083) [0-11]
	USD	-3.85975 (0.0001) [0-2]	-5.72075 (0.0000) [0-2]	2.99405 (0.0014) [0-11]	-3.74740 (0.0001) [0-11]	-3.13789 (0.0009) [0-3]	-4.58357 (0.0000) [0-2]
2009M7-2022M10	EUR	-9.72397 (0.0000) [0-13]	-10.9005 (0.0000) [0-13]	-6.78215 (0.0000) [0-13]	-7.51934 (0.0000) [0-13]	-9.18749 (0.0000) [0-13]	-10.4426 (0.0000) [0-13]
	USD	0.45883 (0.6768) [0-12]	-4.05686 (0.0000) [0-12]	0.56714 (0.7147) [0-13]	-4.47241 (0.0000) [0-13]	0.69193 (0.7555) [0-13]	-4.17287 (0.0000) [0-12]

Source: Authors' calculations

Table 9. Results of Fisher ADF tests (Maddala and Wu χ^2 statistic), CP11 (Hotels and restaurants) deflator

Sample	Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		χ^2 (p-value) [no. of lags]	χ^2 (p-value) [no. of lags]	χ^2 (p-value) [no. of lags]	χ^2 (p-value) [no. of lags]	χ^2 (p-value) [no. of lags]	χ^2 (p-value) [no. of lags]
2002M2-2022M10	EUR	281.151 (0.0000) [0-15]	287.311 (0.0000) [0-15]	147.271 (0.0000) [2-15]	108.324 (0.0000) [2-15]	200.254 (0.0000) [0-15]	195.080 (0.0000) [0-15]
	USD	129.698 (0.0000) [0-13]	139.364 (0.0000) [0-13]	63.8478 (0.1255) [0-14]	86.9130 (0.0017) [0-15]	117.794 (0.0000) [0-13]	131.158 (0.0000) [0-13]

2002M2-2020M2	**EUR**	270.043 (0.0000) [0-14]	206.379 (0.0000) [0-14]	159.923 (0.0000) [2-14]	132.259 (0.0000) [2-14]	180.397 (0.0000) [0-14]	198.206 (0.0000) [0-14]
	USD	151.664 (0.0000) [0-13]	122.107 (0.0000) [0-13]	79.4660 (0.0084) [0-14]	71.4639 (0.0379) [0-14]	136.396 (0.0000) [0-14]	115.419 (0.0000) [0-13]
2002M2-2007M12	**EUR**	9.2555 (0.0001) [0-11]	106.105 (0.0000) [0-11]	103.161 (0.0000) [0-11]	72.6305 (0.0309) [0-11]	97.3051 (0.0001) [0-11]	72.7038 (0.0305) [0-11]
	USD	84.4105 (0.0030) [0-2]	112.493 (0.0000) [0-2]	78.5550 (0.0101) [0-11]	82.2078 (0.0048) [0-11]	78.6620 (0.0099) [0-3]	95.6761 (0.0002) [0-2]
2009M7-2022M10	**EUR**	316.831 (0.0000) [0-13]	311.293 (0.0000) [0-13]	211.779 (0.0000) [0-13]	208.552 (0.0000) [0-13]	302.464 (0.0000) [0-13]	300.015 (0.0000) [0-13]
	USD	41.9958 (0.8378) [0-12]	85.8359 (0.0022) [0-12]	41.6091 (0.8484) [0-13]	92.2346 (0.0005) [0-13]	40.7085 (0.8713) [0-13]	88.0049 (0.0013) [0-12]

Source: Authors' calculations

Table 10. Results of Fisher ADF tests (Choi Z statistic), CP11 (Hotels and restaurants) deflator

Sample	**Reference currency**	**Schwarz information criterion**		**Akaike information criterion**		**Hannan-Quinn information criterion**	
		Individual effects	**Individual effects and individual linear trends**	**Individual effects**	**Individual effects and individual linear trends**	**Individual effects**	**Individual effects and individual linear trends**
		Z (p-value) [no. of lags]	**Z (p-value) [no. of lags]**	**Z (p-value) [no. of lags]**	**Z (p-value) [no. of lags]**	**Z (p-value) [no. of lags]**	**Z (p-value) [no. of lags]**
2002M2-2022M10	**EUR**	-7.83728 (0.0000) [0-15]	-8.05358 (0.0000) [0-15]	4.96701 (0.0000) [2-15]	-3.81047 (0.0001) [2-15]	-6.05343 (0.0000) [0-15]	-6.13864 (0.0000) [0-15]
	USD	-5.90311 (0.0000) [0-13]	-7.36306 (0.0000) [0-13]	-1.40576 (0.0799) [0-14]	-4.26592 (0.0000) [0-15]	-5.17618 (0.0000) [0-13]	-6.93296 (0.0000) [0-13]
2002M2-2020M2	**EUR**	-8.09746 (0.0000) [0-14]	-6.77719 (0.0000) [0-14]	-5.79076 (0.0000) [2-14]	-5.00837 (0.0000) [2-14]	-6.34685 (0.0000) [0-14]	-6.47304 (0.0000) [0-14]
	USD	-7.39160 (0.0000) [0-13]	-6.45591 (0.0000) [0-13]	-2.81862 (0.0024) [0-14]	-3.09736 (0.0010) [0-14]	-6.55870 (0.0000) [0-14]	-6.05822 (0.0000) [0-13]
2002M2-2007M12	**EUR**	-2.40834 (0.0080) [0-11]	-2.97914 (0.0014) [0-11]	-2.35415 (0.0093) [0-11]	-1.94030 (0.0262) [0-11]	-2.65562 (0.0040) [0-11]	-1.94060 (0.0262) [0-11]
	USD	-3.90798 (0.0000) [0-2]	-5.72260 (0.0000) [0-2]	-2.95656 (0.0016) [0-11]	-3.70139 (0.0001) [0-11]	-3.13328 (0.0009) [0-3]	-4.56924 (0.0000) [0-2]
2009M7-2022M10	**EUR**	-8.30900 (0.0000) [0-13]	-8.93200 (0.0000) [0-13]	-6.06757 (0.0000) [0-13]	-6.30327 (0.0000) [0-13]	-7.89596 (0.0000) [0-13]	-8.58427 (0.0000) [0-13]
	USD	0.59819 (0.7251) [0-12]	-4.19302 (0.0000) [0-12]	0.76170 (0.7769) [0-13]	-4.55180 (0.0000) [0-13]	0.86362 (0.8061) [0-13]	-4.26910 (0.0000) [0-12]

Source: Authors' calculations

Table 11. Results of Fisher PP tests (Maddala and Wu χ^2 statistic), CP11 (Hotels and restaurants) deflator

Sample	Reference currency	Bartlett kernel		Parzen kernel		Quadratic spectral kernel	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)	χ^2 (p-value)
2002M2-2022M10	EUR	1646.26 (0.0000)	1718.29 (0.0000)	1525.50 (0.0000)	1604.65 (0.0000)	1506.07 (0.0000)	1578.20 (0.0000)
	USD	145.075 (0.0000)	153.521 (0.0000)	145.702 (0.0000)	153.205 (0.0000)	146.054 (0.0000)	154.861 (0.0000)
2002M2-2020M2	EUR	1516.88 (0.0000)	1529.41 (0.0000)	1424.23 (0.0000)	1476.14 (0.0000)	1406.26 (0.0000)	1455.14 (0.0000)
	USD	163.680 (0.0000)	132.425 (0.0000)	164.329 (0.0000)	132.365 (0.0000)	165.252 (0.0000)	133.634 (0.0000)
2002M2-2007M12	EUR	367.176 (0.0000)	348.317 (0.0000)	364.935 (0.0000)	336.098 (0.0000)	361.937 (0.0000)	338.887 (0.0000)
	USD	92.6917 (0.0004)	109.893 (0.0000)	93.2782 (0.0004)	111.464 (0.0000)	92.3517 (0.0005)	110.056 (0.0000)
2009M7-2022M10	EUR	1538.85 (0.0000)	1492.15 (0.0000)	1342.55 (0.0000)	1225.90 (0.0000)	1334.28 (0.0000)	1226.23 (0.0000)
	USD	52.3044 (0.4621)	112.723 (0.0000)	53.4267 (0.4192)	118.906 (0.0000)	53.6845 (0.4096)	118.128 (0.0000)

Source: Authors' calculations

Table 12. Results of Fisher PP tests (Choi Z statistic), CP11 (Hotels and restaurants) deflator

Sample	Reference currency	Bartlett kernel		Parzen kernel		Quadratic spectral kernel	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		Z (p-value)	Z (p-value)	Z (p-value)	Z (p-value)	Z (p-value)	Z (p-value)
2002M2-2022M10	EUR	-29.7358 (0.0000)	-31.0818 (0.0000)	-27.8368 (0.0000)	-29.3452 (0.0000)	-27.5268 (0.0000)	-28.9838 (0.0000)
	USD	-6.83600 (0.0000)	-8.01233 (0.0000)	-6.86481 (0.0000)	-7.98762 (0.0000)	-6.89367 (0.0000)	-8.07373 (0.0000)
2002M2-2020M2	EUR	-28.602 (0.0000)	-28.7356 (0.0000)	-27.0754 (0.0000)	-27.6182 (0.0000)	-26.7956 (0.0000)	-27.3720 (0.0000)
	USD	-8.07111 (0.0000)	-6.98555 (0.0000)	-8.11077 (0.0000)	-6.98640 (0.0000)	-8.16758 (0.0000)	-7.05077 (0.0000)
2002M2-2007M12	EUR	-13.0694 (0.0000)	-12.9698 (0.0000)	-13.0443 (0.0000)	-12.7983 (0.0000)	-12.9646 (0.0000)	-12.8078 (0.0000)
	USD	-4.52924 (0.0000)	-5.70804 (0.0000)	-4.55753 (0.0000)	-5.76883 (0.0000)	-4.49011 (0.0000)	-5.70133 (0.0000)
2009M7-2022M10	EUR	-30.2797 (0.0000)	-31.2532 (0.0000)	-27.5462 (0.0000)	-27.3986 (0.0000)	-27.3799 (0.0000)	-27.3852 (0.0000)
	USD	0.04237 (0.5169)	-5.64942 (0.0000)	0.04065 (0.5162)	-5.96722 (0.0000)	-0.07664 (0.4695)	-5.95479 (0.0000)

Source: Authors' calculations

Table 13. Results of Levin, Lin and Chu test, CP11 (Hotels and restaurants) deflator

Sample	Reference currency	Bartlett kernel		Parzen kernel		Quadratic spectral kernel	
		Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends	Individual effects	Individual effects and individual linear trends
		t* (p-value) [no. of lags]	t* (p-value) [no. of lags]	t* (p-value) [no. of lags]	t* (p-value) [no. of lags]	t* (p-value) [no. of lags]	t* (p-value) [no. of lags]
2002M2-2022M10	EUR	1.56910 (0.9417) [0-15]	2.14248 (0.9839) [0-15]	-1.04781 (0.1474) [0-15]	-2.73933 (0.0031) [0-15]	-1.18456 (0.1181) [0-15]	-2.93088 (0.0017) [0-15]
	USD	-3.02190 (0.0013) [0-13]	-8.27487 (0.0000) [0-13]	-3.13387 (0.0009) [0-13]	-8.84831 (0.0000) [0-13]	-5.93265 (0.0017) [0-13]	-8.32181 (0.0000) [0-13]
2002M2-2020M2	EUR	-6.18619 (0.0000) [0-14]	-9.58728 (0.0000) [0-14]	-7.63947 (0.0000) [0-14]	-11.9205 (0.0000) [0-14]	-7.67016 (0.0000) [0-14]	-11.8885 (0.0000) [0-14]
	USD	-5.50982 (0.0000) [0-13]	-8.33662 (0.0000) [0-13]	5.63636 (0.0000) [0-13]	-8.80337 (0.0000) [0-13]	-5.38655 (0.0000) [0-13]	-8.23877 (0.0000) [0-13]
2002M2-2007M12	EUR	3.30467 (0.9995) [0-11]	5.09327 (1.0000) [0-11]	-0.05693 (0.4773) [0-11]	-0.02802 (0.4888) [0-11]	-0.13699 (0.4455) [0-11]	-0.09656 (0.4615) [0-11]
	USD	-7.45163 (0.0000) [0-2]	-6.94050 (0.0000) [0-2]	-7.60761 (0.0000) [0-2]	-7.26210 (0.0000) [0-2]	-7.70555 (0.0000) [0-2]	-7.31277 (0.0000) [0-2]
2009M7-2022M10	EUR	1.12839 (0.8704) [0-13]	1.42992 (0.9236) [0-13]	3.38923 (0.9996) [0-13]	5.64214 (1.0000) [0-13]	1.71491 (0.9568) [0-13]	1.89922 (0.9712) [0-13]
	USD	3.25976 (0.9994) [0-12]	1.91255 (0.9721) [0-12]	2.90377 (0.9982) [0-12]	1.20489 (0.8859), [0-12]	3.10765 (0.9991) [0-12]	1.62364 (0.9478) [0-12]

Notes: The number of lags used in each cross-section ADF regression (p_i) was defined by the Schwarz information criterion. Computation was conducted with Newey-West bandwidth selection.

Source: Authors' calculations

Levin, Lin and Chu test results, demonstrated in Table 13, strongly confirm PPP in the case of EUR reference currency only in the pre-pandemic period. While only two test specifications out of six in the whole period provide support for PPP when EUR base exchange rates are tested. This test provides more support for PPP in the case of USD reference rates, namely the PPP validity is strongly confirmed in the whole sample, in the pre-pandemic period and the pre-crisis period. As for the post-Great Recession period, no evidence of PPP is detected no matter which reference currency and which test specification is taken into account.

Table 14. Results of Breitung test, CP11 (Hotels and restaurants) deflator

Sample	Reference currency	Schwarz information criterion	Akaike information criterion	Hannan-Quinn information criterion
		Individual effects and individual linear trends		
		t-stat (p-value) [no. of lags]	t-stat (p-value) [no. of lags]	t-stat (p-value) [no. of lags]
2002M2-2022M10	EUR	0.36167 (0.6412) [0-15]	1.97595 (0.9759) [2-15]	0.71821 (0.7637) [0-15]
	USD	3.88920 (0.9999) [0-13]	4.15112 (1.0000) [0-15]	3.83795 (0.9999) [0-13]

2002M2-2020M2	EUR	-1.17392 (0.1202) [0-14]	-0.49001 (0.3121) [2-14]	-0.93132 (0.1758) [0-14]
	USD	2.54520 (0.9945) [0-13]	2.66317 (0.9961) [0-14]	2.45261 (0.9929) [0-13]
2002M2-2007M12	EUR	-0.69885 (0.2423) [0-11]	-0.75909 (0.2239) [0-11]	-0.07318 (0.4708) [0-11]
	USD	-0.69072 (0.2449) [0-2]	3.09800 (0.9990) [0-11]	1.90896 (0.9719) [0-2]
2009M7-2022M10	EUR	0.97937 (0.8363) [0-13]	3.19177 (0.9993) [0-13]	1.14872 (0.8747) [0-13]
	USD	-2.04805 (0.0203) [0-12]	-0.80152 (0.2114) [0-13]	-1.11179 (0.1331) [0-12]

Source: Authors' calculations

Breitung test results listed in Table 14 provide almost no support for PPP as in all cases the null hypothesis of unit root cannot be rejected. Only when Schwarz information criteria in the post-crisis period are applied for lag selection, the USD-based exchange rates show support for PPP.

5.3. Results Derived from the Second-Generation Panel Unit Root Test

Before proceeding to the second generation panel unit test, table 15 presents the results of the cross-section dependence test. All four test specifications strongly reject the null of no cross-section dependence for all four periods under investigation and for both reference currencies. These results provide support for applying the second-generation panel unit root tests. In this study, the Pesaran CIPS test was applied for the same periods, price indices, and reference currencies as the above-presented first-generation panel unit root tests.

Table 15. Cross-Section Dependence Test

	Breusch-Pagan LM	Pesaran scaled LM	Bias-corrected scaled LM	Pesaran CD
2002M2 – 2022M10				
EUR CPI	8474.125***	319.6350***	319.5826***	20.95241***
USD CPI	49712.58***	1937.140***	1937.088***	199.3473***
EUR CP11	7781.483***	292.4673***	292.4149***	14.48261***
USD CP11	49531.61***	1930.042***	1929.990***	199.5850***
2002M2 – 2020M2				
EUR CPI	7623.628***	286.2758***	286.2156***	21.62850***
USD CPI	43778.01***	1704.367***	1704.307***	189.5820***
EUR CP11	6693.385***	249.7886***	249.7284***	15.04277***
USD CP11	43721.02***	1702.132***	1702.072***	190.0578***
2002M2 – 2007M12				
EUR CPI	2128.719***	70.74768***	70.56196***	11.5691***
USD CPI	20659.99***	797.6038***	797.4181***	143.3675***
EUR CP11	3444.050***	1223.392***	1221.535***	1889.405***
USD CP11	20518.44***	792.0519***	791.8662***	142.8362***
2009M7– 2022M10				
EUR CPI	5334.113***	196.4736***	196.3918***	28.07937***
USD CPI	35572.23***	1382.510***	1382.429***	170.3549***
EUR CP11	4603.435***	167.8140***	167.7323***	20.26979***
USD CP11	35333.69***	1317.154***	1373.072***	170.8734***

Source: Authors' calculations

Table 16. Results of Pesaran CIPS test (CIPS statistic), CPI (All items) deflator

Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
	Constant	Constant and trend	Constant	Constant and trend	Constant	Constant and trend
	CIPS statistic					
2002M2 - 2022M10						
EUR	-3.36153***	-3.90506***	-1.99959	-2.60789*	-2.59301***	-3.16161***
USD	-2.63605***	-3.20595***	-2.93027***	-3.57668***	-2.65126***	-3.33661***
2002M2 - 2020M2						
EUR	-4.25714***	-4.85505***	-2.41736***	-3.02483***	-3.18667***	-3.90681***
USD	-2.63121***	-3.08017***	-3.04885***	-3.55478***	-2.83944***	-3.33945***
2002M2 - 2007M12						
EUR	-4.59711***	-4.92420***	-2.61018***	-3.18834***	-3.27001***	-4.24434***
USD	-1.99020	-2.63491*	-2.28560**	-2.24956	-2.01142	-2.54499
2009M7 - 2022M10						
EUR	-4.12493***	-4.75191***	-2.14467*	-2.72910**	-2.64381***	-3.31385***
USD	-3.08528***	-3.53425***	-2.79838***	-3.22227***	-2.89687***	-3.30892***

Source: Authors' calculations

Table 16 (CIPS statistics) and Table 17 (truncated CIPS statistics) display the results of the Pesaran CIPS test when CPI for the whole economy are utilized, while Table 18 (CIPS statistics) and Table 19 (truncated CIPS statistics) demonstrate the results of Pesaran CIPS test when CPI for tourism services (CPI CP11 Hotels and restaurants) are taken into account when calculating the real exchange rates.

Results in Table 16 and Table 17 provide similar conclusions about PPP validity. Concerning the CIPS statistics, estimated results support PPP in the whole sample, in the pre-pandemic period and post-crisis period for exchange rate panels based on both, EUR and USD reference currencies. During the pre-crisis period, the PPP can be confirmed for EUR-based exchange rates, while for the USD-based exchange rates the PPP is not supported since four out of six test specifications do not reject the null of unit root. The truncated CIPS statistics also show some deviations from PPP validity in the case of EUR-based exchange rates in two cases of specifications in the whole period, one case in the pre-pandemic period and one case in the post-crisis period.

Table 17. Results of Pesaran CIPS test (truncated CIPS statistic), CPI (All items) deflator

Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
	Constant	Constant and trend	Constant	Constant and trend	Constant	Constant and trend
	Truncated CIPS statistic					
2002M2 - 2022M10						
EUR	-2.78886***	-3.38086***	-1.98700	-2.60594	-2.35474***	-2.96452***
USD	-2.63605***	-3.20595***	-2.93027***	-3.57668***	-2.65126***	-3.33661***
2002M2 - 2020M2						
EUR	-3.27115***	-3.93773	-2.32410***	-2.95096***	-2.77495***	-3.52661***
USD	-2.63121***	-3.08017***	-3.04885***	-3.55478***	-2.83944***	-3.33945***
2002M2 - 2007M12						
EUR	-3.92762***	-4.17361***	-2.49636***	-3.03140***	-2.99360***	-3.82136***
USD	-1.99020	-2.63491*	-2.28560**	-2.24956	-2.01142	-2.54499
2009M7 - 2022M10						
EUR	-3.18878***	-3.86430***	-2.02036	-2.61152*	-2.40725***	-3.09904***
USD	-3.44290***	-3.90603***	-2.68976***	-3.09466***	-2.92791***	-3.33922***

Source: Authors' calculations

Table 18. Results of Pesaran CIPS test (CIPS statistic), CPI (Hotels and restaurants) deflator

Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
	Constant	Constant and trend	Constant	Constant and trend	Constant	Constant and trend
	CIPS statistic					
2002M2 - 2022M10						
EUR	-3.30060***	-3.05651***	-2.46055***	-3.97388***	-2.57809***	-3.20826***
USD	-2.89008***	-3.53071***	-2.74425***	-3.34334***	-2.82753***	-3.39792***
2002M2 - 2020M2						
EUR	-3.15403***	-3.75811***	-2.52609***	-2.99746***	-2.57560***	-3.10018***
USD	-2.95348***	-3.41856***	-2.85941***	-3.38429***	-2.81199***	-3.23840***
2002M2 - 2007M12						
EUR	-3.20765***	-3.56766***	-1.19134	-2.53769	-2.45674***	-3.12386***
USD	-2.19510**	-2.87999***	-2.18854**	-2.35881	-2.12208*	-2.49928
2009M7 - 2022M10						
EUR	-5.05388***	-5.18354***	-2.90074***	-3.71204***	-3.34730***	-4.01385***
USD	-3.80114***	-4.26465***	-2.68976***	-3.09466***	-2.98188***	-3.38976***

Source: Authors' calculations

Table 19. Results of Pesaran CIPS test (truncated CIPS statistic), CPI (Hotels and restaurants) deflator

Reference currency	Schwarz information criterion		Akaike information criterion		Hannan-Quinn information criterion	
	Constant	Constant and trend	Constant	Constant and trend	Constant	Constant and trend
	Truncated CIPS statistic					
2002M2 - 2022M10						
EUR	-2.80508***	-3.47963***	-2.29585*	-2.90157***	-2.37285***	-3.01285***
USD	-2.84524***	-3.47158***	-2.74425***	-3.34334***	-2.78269***	-3.33879***
2002M2 - 2020M2						
EUR	-2.80787***	-3.41454***	-2.37146***	-2.89441***	-2.41215***	-2.94050***
USD	-2.95348***	-3.41856***	-2.85941***	-3.38429***	-2.81199***	-3.23840***
2002M2 - 2007M12						
EUR	-3.06673***	-3.47432***	-1.01683	-2.50337	-2.35168***	-2.99620***
USD	-2.19510**	-2.87999***	-2.18854**	-2.35881	-2.12208*	-2.49928
2009M7 - 2022M10						
EUR	-3.59820***	-4.09247***	-2.53507***	-3.35644***	-2.81239***	-3.54038***
USD	-3.44290***	-3.90603***	-2.68976***	-3.09466***	-2.92791***	-3.33922***

Source: Authors' calculations

Results displayed in Table 18 and Table 19 are strongly in favor of PPP for both reference currencies in the whole sample, in the pre-pandemic period and the post-crisis period. Evidence supporting the relevance of PPP is also provided for the pre-crisis period, where only one out of six types of test specifications do not support the PPP validity for USD-based exchange rates and two out of six types of test specifications do not confirm PPP for EUR-based exchange rates.

6. FUTURE RESEARCH DIRECTIONS

The current study can be upgraded in three possible directions. Analyzing the nonlinearity and persistence properties of real exchange rates of OECD countries is clearly an important future research task. Results from quantile unit root tests can also provide new insights into the PPP puzzle. Revealing possible cointegration relationships between nominal exchange rates and movements of relative prices of tourism services is the third complementary research alternative.

7. CONCLUSION

This study reports a thorough analysis of the validity of PPP for the group of 26 OECD economies. Several important findings can be emphasized from the research. First, in the complete sample of estimations comprising two price indices (general consumer price index and consumer price index for hotels and restaurants), two benchmark currencies and a rich collection of panel stationary tests for four time periods (144 estimates in total), the hypothesis about the unit root process can be rejected in 83% of the cases. Second, the PPP model with general consumer price indices is supported in 82% of the cases, when the consumer price indices for hotels and restaurants are considered the PPP holds in 85% of the cases assessed. Third, the evidence of mean reversion of real exchange rates is not dependent upon the selection of numeraire currency, thus the null hypothesis of unit root is for US dollar rates rejected in 61 of out 72 cases, whereas for euro rates in 59 out of 72 examples. Fourth, the PPP is verified for all four-time frames: for the whole time sample, over the period without the Covid-19 pandemic time interval, in the pre-Great Recession period as well as for the post-Great Recession period. Even in the post-crisis period, where the evidence of mean reversion is comparatively the weakest among all the time frames observed, the percentage of PPP cases reaches 78%. Fifth, when tested for cross-sectional dependencies the null hypothesis of nonstationarity of real exchange rates in OECD economies is rejected in 94% of the cases.

Empirical results, documented in this study, strongly support the existence of PPP and are also consistent with the evidence about the advancing traceability of services reported by Rabe and Waddle (2020) and with the growing role of the tourism sector in influencing international prices and relative incomes between countries described in Tubadji and Nijkamp (2018). From the macroeconomic standpoint, the validity of PPP implies that the PPP model can be a useful tool to predict the scrutinized OECD countries' equilibrium exchange rates. From the sectoral perspective, however, the permanence of PPP reflects the intensity of price competition and gains from expanding trade with services and goods encapsulated in the tourism sector of OECD economies.

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Tourism Direct GDP in the Nordic Countries

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Abstract: *This paper examines the stability of tourism's total contribution to the gross domestic product. This indicator is measured as a percentage of total GDP. The basic aim of this paper is to create a relatively simple chaotic growth model of tourism's total contribution to the gross domestic product. Also, this paper examines the relationship between tourism and the gross domestic product in the Nordic countries. This paper confirms the existence of the growing stability of tourism contribution to GDP in the Nordic countries in the observed periods.*

1. INTRODUCTION

According to Saarinen (2013), tourism research has a relatively short tradition in the Nordic countries. Academic interest in the Nordic tourism space has grown and diversified. The Nordic context has provided thematic foci for empirical studies that characterize tourism geographies in the region, with topics such as nature-based tourism, use of wilderness areas, second homes and rural developments, impacts in peripheral areas, and tourism as a tool for regional development.

Hall et al. (2008) explain that tourism is an important industry in the Nordic countries. Tourism is a part of sustainable development. It is important to promote winter tourism. Their book combines Nordic tourism research and key concepts in tourism science. The book consists of eleven chapters covering topics such as marketing and policy, nature-based tourism, culture, and tourism's contribution to environmental change.

Björk et al. (2021) confirm that in recent decades, the study of tourism experiences has become an important topic among Nordic researchers. Their review provides an overview of the main themes in Nordic tourism experience research and addresses the preconditions of tourism experiences, i.e., tourists' emotions and interests, and the outcomes of tourism experiences, i.e., the value of tourism. In addition, emphasis is placed on nature and gastronomic tourism. Finally, thematic ways to keep Nordic experience researchers at the forefront of future experience research challenged by global disruptors such as climate change and the COVID-19 pandemic are outlined.

According to Zheng et al. (2021): (1) Chinese tourists visiting Nordic countries are often travel-savvy. The local climate during the cold season does not deter them from visiting the aurora scenery. (2) The travel behavior of Chinese tourists is spatially heterogeneous. The network

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analysis shows that Iceland has stronger community independence and a smaller world effect compared with the other Nordic countries. (3) In the warm season, Chinese tourists choose a variety of destinations, while in the cold season, they are more likely to choose destinations where the probability of seeing the northern lights is higher. These results are important to improve the marketing of Nordic countries and development efforts targeting Chinese tourists.

Hall et al. (2008) explain that the term Scandinavia is often used in connection with the Nordic countries, which originated in the 16th century and included the countries that then occupied the Scandinavian peninsula: Norway, Sweden, and Denmark. Denmark, however, had no territory on the peninsula since 1658, while Finland ceased to be a part of Sweden in 1809. The Scandinavian peninsula, Denmark, Iceland, Scandinavian Greenland, and the Faroe Islands (along with the Shetland and Orkney Islands, the Isle of Man, and other parts of Ireland and Britain) shared a common linguistic, cultural, and religious environment until the High Middle Ages. For example, Greenland is geologically part of North America. On the other hand, Finnish is also completely independent of the Scandinavian languages and instead belongs to the Finno-Ugric/Auric languages (p. 4).

The Nordic Region refers to the following countries: Denmark, Norway, Sweden, Finland, and Iceland. Also, the autonomous territories of the Faroe Islands and Greenland, and the autonomous region of Åland belong to the Nordic Region. The word "Nordic" comes from the term "Norden," which means "the northern lands".

According to Hall et al. (2008) " The term "Nordic" refers to the countries of northern Europe: Denmark, Finland, Iceland, Norway and Sweden, and the associated territories of Greenland, Faroe Islands and the Åland islands. The term is derived from the Scandinavian language equivalent of Norden which is Pohjola or Pohjoismaat in the Finnish language, meaning northern or northern countries. However, the term does not just refer to a geographical space but is also a reference point to a political space, a cultural space; and an economic space. Finally, related to the various ways in which the Nordic idea is understood, as well as the openness of movement between the Nordic countries, is the tourism space of the Nordic countries " (p. 2).

IMF Country Report No. 21/61 (IMF, 2021) explains that in 2019, growth in Sweden slowed to 1.4 percent. The current account surplus widened to 4.6 percent of GDP as exports remained strong, while import growth was held back by weak investment and consumption. Unemployment rose slightly to 6.8 percent, and inflation was slightly below the 2 percent target. Economic growth contracted significantly in 2020 (-2.8%). The unemployment rate in Sweden was 8.7. % in 2021.

According to the OECD Economic Outlook (2022), economic growth in Sweden will fall below the trend in 2022-23. High Inflation and rising interest rates generate slowing consumption. However, economic growth will be slower in Sweden than in the euro area. But due to rising public investments and energy sector expansion, total capital spending will increase. On the other hand, high energy and food prices are now squeezing households. An economic slowdown is expected. High energy prices were the dominant factor of Swedish inflation.

According to the IMF (2022a), Norway's economy recovered quickly after the first wave of Covid 19. Real GDP grew 4.1 percent in 2021, supported by record private consumption. The country has benefited from higher oil prices. High private consumption has driven the recovery. Increased private consumption boosted demand in 2021. Economic activity and private investment increased. Prices increased. At the end of 2021, core inflation was still below the 2% target, while headline inflation reached 5.3%, reflecting very high energy prices. Higher wage expectations were supported by the tight labor market and rising consumer prices. Unemployment gradually declined to 4.4% in 2021, and the current account surplus increased from 1.1% in 2020 to 15% of total GDP in 2021, reflecting high oil prices and primary incomes.

According to the OECD Economic Outlook (2022), rising interest rates will slow mainland GDP growth towards a trend in 2023. Mainland GDP will grow by 3.5 per cent in 2022. High oil and gas prices are resulting in high petroleum revenue for the government in Norway. The petroleum and shipping sectors account for 21 per cent of GDP. High inflation and energy prices, combined with rising interest costs, are decreasing consumption. Core inflation above 3 per cent in 2022. Economic growth will have fallen to its long-term potential rate of 1.7%. Inflation risks are pronounced. The already tight labor market will add to the pressure on wage inflation. House prices and household debt remain high (p.188).

Table 1. Key characteristics of the Nordic States

State	Area km^2	Population	Form of government	Capital
Denmark	43,376	5,411,405	Constitutional Monarchy	Copenhagen
Finland	338,145	5,236,611	Republic	Helsinki
Iceland	103,300	293,577	Republic	Reykjavik
Norway	323,82	4,606,363	Constitutional Monarchy	Oslo
Sweden	449,964	9,011,392	Constitutional Monarchy	Stockholm
Faroe Islands	1393	48,379	Home rule within the Kingdom of Denmark	Tórshavn
Greenland	2,166,086	56,969	Home rule within the Kingdom of Denmark	Nuuk
Åland	1552	26,530	Home rule within the Republic of Finland	Mariehamn

Note: All information 2005 unless otherwise stated.

Source: Hall et al., 2008, p. 2

According to the IMF (2022b), the strength of the economic recovery bodes well for a rebound in economic activity to 4.7 percent in 2021 in Denmark. Domestic demand has led a strong recovery. Public consumption also made a positive contribution, thanks to continued fiscal support. Investment remained strong. However, net exports made only a small contribution to growth, as strong imports offset the upturn in exports. Gross public debt fell from 42 percent in 2020 to 37 percent of GDP in 2021. As in many other countries, headline inflation rose significantly in 2022. The current account remains in surplus.

According to the OECD Economic Outlook (2022), the economic growth of the Danish economy has slowed, with GDP forecast to expand by 3% in 2022 and 1.4% in 2023. Inflation has increased to over 6%. Further energy market disruption could reduce growth and push prices higher again (p. 115).

According to the IMF (2023) real GDP growth in Finland is forecast at 0.5% in 2023. High energy prices are feeding through to core prices and keeping inflation high. Headline inflation stabilized at around 9% in November, but core inflation of 4¾ points to increasing price pressures. The employment rate has reached a record high. Inflation has led to a decline in real incomes, which has a negative impact on consumption. The current account balance has deteriorated. Household debt (mainly mortgage debt) continues to increase. Corporate debt has also increased.

According to the OECD Economic Outlook (2022), inflation will be high, but manageable in Finland. Food and energy, which have seen the highest price increases, make up a small proportion of household expenditures. Unemployment will continue to decline gradually, reaching 6.8 per cent this year and 6.5 per cent in 2023. Inflation is high in Finland but lower than in many EU countries.

According to the OECD Economic Outlook (2022), the Icelandic economy is projected to grow by 4.2% in 2022 and 2.8% in 2023. Investment in residential housing will remain solid. Unemployment will continue to decline slightly. Inflation is accelerating and long-term expectations are rising. Household consumption remains solid after significant wage increases. The unemployment rate stands at around 5%. Headline inflation has accelerated to 7.6% in May 2022 driven by rising housing, food and commodity prices. Foreign tourism might decline again if economic conditions are weaker than projected in the home countries of visitors (p. 142).

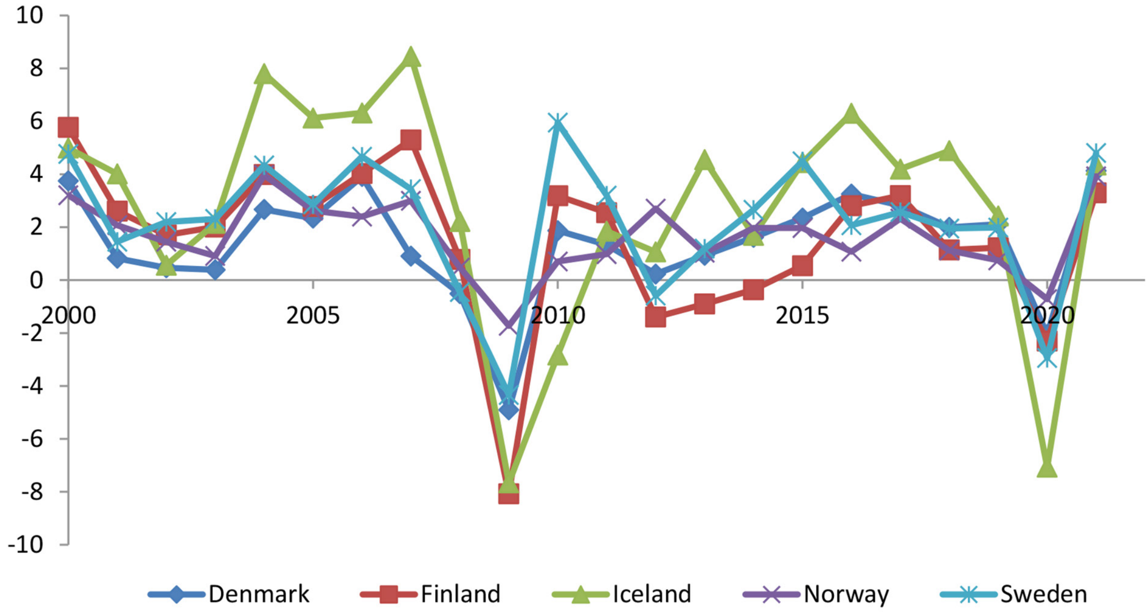

Figure 1. GDP, constant prices, Percent change, the Nordic countries, 2000-2021.

Source: IMF, n. d.

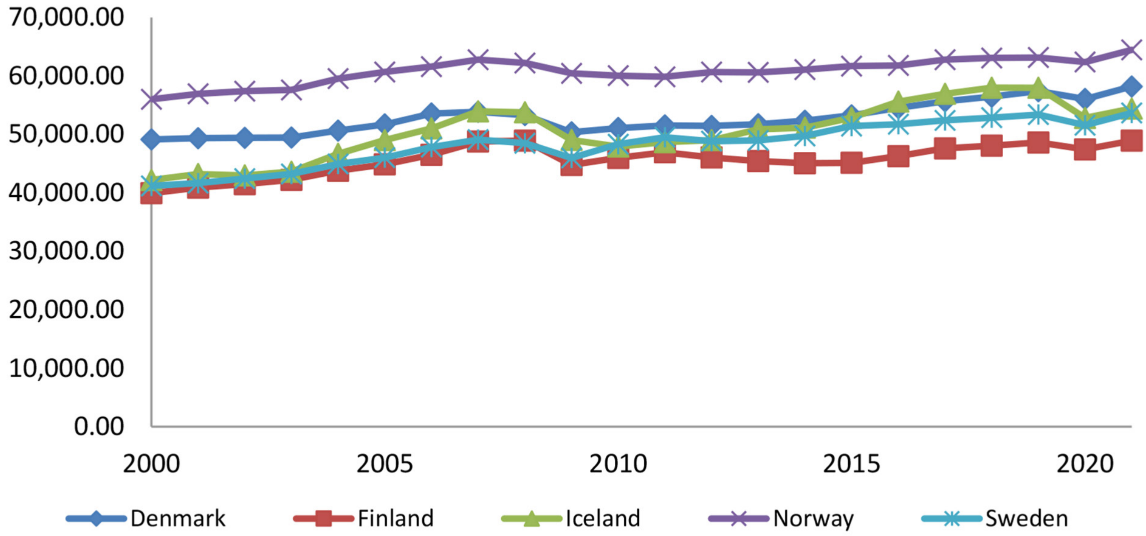

Figure 2. GDP per capita, constant prices, Purchasing power parity, 2017 international dollar, the Nordic countries, 2000-2021

Source: IMF, n. d.

Tourism is a major industry in the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). Tourism is an important factor in economic, social and sustainable development. Tourism also contributes to the Nordic countries through destination promotion and tourism activities (winter tourism), etc.

Falk et al. (2021) provide a brief overview of the main topics studied in Nordic economic research, as well as potential future research ideas (e.g., short-term rents, rising industry concentration, innovation, and ICT) and data sources (Big Data, social media data, linked micro-level data, and registry data) that can be developed and used for future studies. The authors believe that the COVID-19 pandemic, general uncertainty, and government intervention in the tourism sector will lead to a change in travel flows, which will require further quantitative studies.

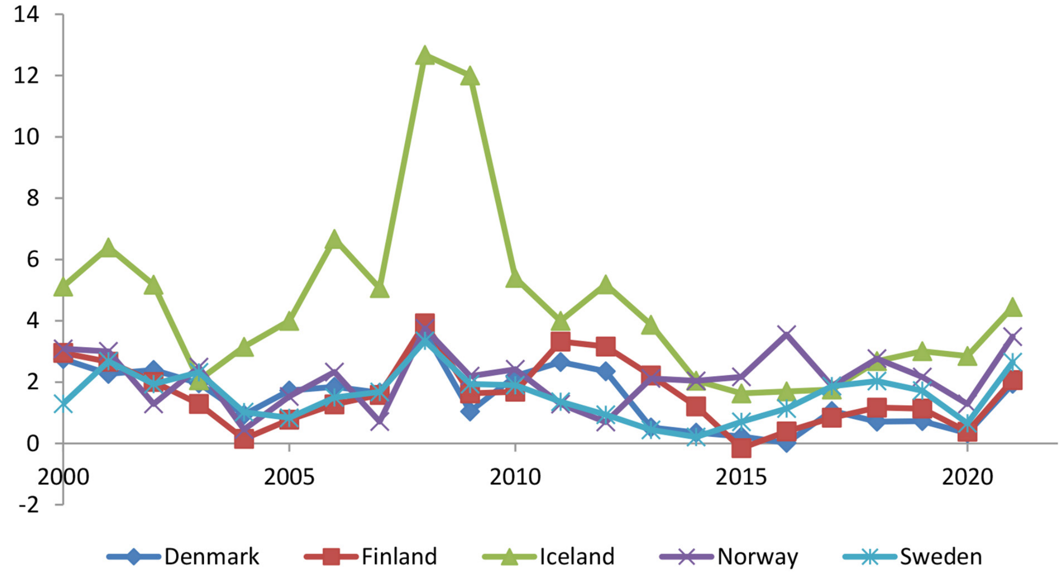

Figure 3. Inflation, average consumer prices, Percent change, the Nordic countries, 2000-2021

Source: IMF, n. d.

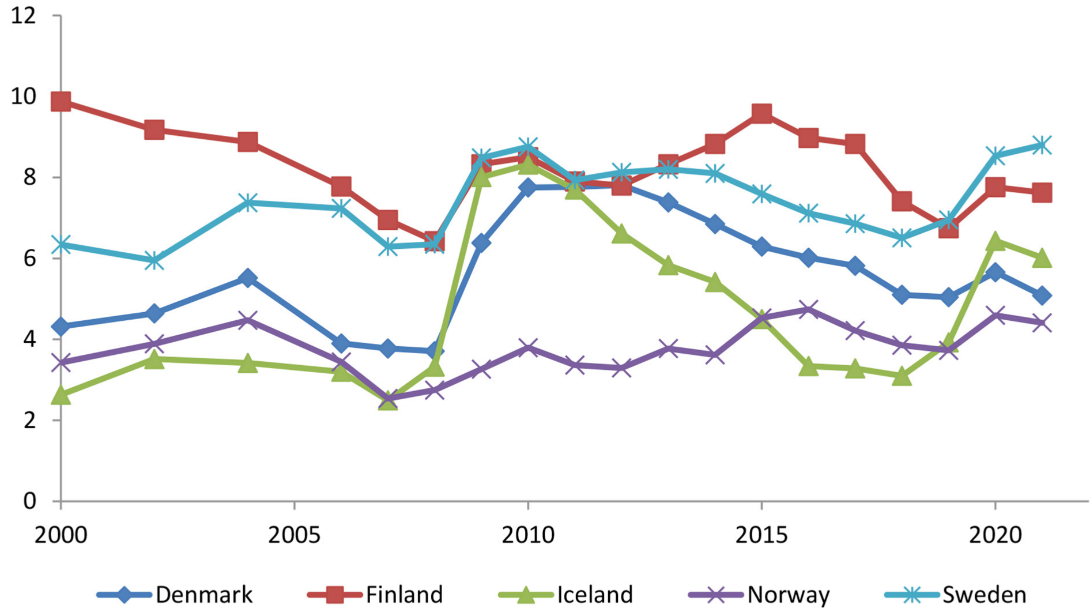

Figure 4. Unemployment rate, Percent of total labor force, the Nordic countries, 2000-2021

Source: IMF, n. d.

Xie and Tveterås (2020) tested the hypothesis that the economic downfall caused by the fall in crude oil prices has boosted tourism growth through a weakening of the local currency in Norway. The positive currency effect outweighed the negative income effect. Namely, at some income levels, the positive effects on tourism demand for further income growth are outweighed by the negative impact of reduced price competition. In this sense, tourism development is not always associated with economic growth.

This paper uses the elements of chaos theory. Chaos theory has been applied in economics by Benhabib and Day (1981,1982), Day (1982, 1983, 1997.), Grandmont (1985), Goodwin (1990), Medio (1996), Lorenz (1993), and Jablanovic (2016, 2018, 2019), among many others.

The basic aim of this paper is to create a relatively simple chaotic economic growth model. It is important to analyze the tourism total contribution to GDP growth stability in the Nordic countries in the observed period.

2. THE MODEL

The chaotic growth model is presented by the following equations:

$$S_t = \left(\frac{Y_1}{Y}\right)_t \tag{1}$$

$$I_{1,t} = \gamma \, Y_{1,t}\,;\; 0 < \gamma < 1 \tag{2}$$

$$\frac{\left(\frac{Y_1}{Y}\right)_{t+1} - \left(\frac{Y_1}{Y}\right)_t}{\left(\frac{Y_1}{Y}\right)_t} = \alpha + \beta\left(\frac{I_1}{Y}\right)_t = \alpha + \beta\left(\frac{\gamma Y_1}{Y}\right)_t\,;\; \alpha, \beta > 0 \tag{3}$$

Or

$$\frac{S_{t+1} - S_t}{S_t} = \alpha + \beta\,\gamma\,S_t\,;\; \alpha, \beta > 0 \tag{4}$$

Or

$$S_{t+1} = (1+\alpha)\,S_t + \beta\,\gamma\,S_t^{\,2}\,;\; \alpha, \beta > 0 \tag{5}$$

with Y – the gross domestic product (GDP), Y_1 – tourism GDP, S - the percentage of tourism in GDP, I – investment in tourism, γ – investment in tourism rate, α, β – the coefficients of the tourism total contribution to GDP growth function.

We introduce s as $s = S / S^m$, where S is the percentage of tourism in GDP and S^m is the maximal size of the percentage of tourism in GDP in time series. Thus s range between 0 and 1. Now the tourism total contribution to the GDP growth rate is measured as

$$s_{t+1} = (1+\alpha)\,s_t + \beta\,\gamma\,s_t^{\,2} \tag{6}$$

For most choices of α, β, and γ, there is no explicit solution for the logistic model (6). Lorenz (1963) discovered this effect - the lack of predictability in deterministic systems. Sensitive dependence on initial conditions is one of the central parts of what is called deterministic chaos.

3. THE LOGISTIC EQUATION

Iteration process for the logistic equation

$$z_{t+1} = \pi z_t (1 - z_t);\ \pi \in [0, 4];\ z_t \in [0, 1] \tag{7}$$

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

$$z_t = -\left[\frac{\beta\gamma}{(1+\alpha)}\right] s_t \text{ and } \pi = (1+\alpha) \tag{8}$$

Using (6) and (8) we obtain:

$$z_{t+1} = -\left[\frac{\beta\gamma}{(1+\alpha)}\right] s_{t+1} = -\left[\frac{\beta\gamma}{(1+\alpha)}\right]\left[(1+\alpha)s_t + \beta\gamma s_t^2\right] = -\beta\gamma s_t - \left[\frac{\beta^2\gamma^2}{(1+\alpha)}\right] s_t^2$$

On the other hand, using (7) and (8) we obtain:

$$z_{t+1} = \pi z_t (1 - z_t) = -(1+\alpha)\left[\frac{\beta\gamma}{(1+\alpha)}\right] s_t \left\{1 - \left[\frac{\beta\gamma}{(1+\alpha)}\right] s_t\right\} = -\beta\gamma s_t - \left[\frac{\beta^2\gamma^2}{(1+\alpha)}\right] s_t^2$$

Thus we have that iterating (6) is the same as iterating (7) using (8). It is important because the dynamic properties of the logistic equation (9) have been widely analyzed by Li and Yorke (1975), and May (1976).

It is obtained that: (i) For parameter values $0 < \pi < 1$ all solutions will converge to $z = 0$;(ii) For $1 < \pi < 3{,}57$ there exist fixed points the number of which depends on π.(iii) For $3{,}57 < \pi < 4$ the solution becomes "chaotic" which means that there exists a totally aperiodic solution or periodic solution with a very large, complicated period.

4. EMPIRICAL EVIDENCE

The main aim of this paper is to analyze the tourism total contribution to GDP growth stability in the Nordic countries. (see Figures 5-9). In this sense, it is important to use the logistic model (9):

$$s_{t+1} = \pi s_t + \upsilon s_t^2 \tag{9}$$

where: s – the percentage of tourism in GDP, π – $(1+\alpha)\ \upsilon$ - $\beta\ \gamma$, where γ – investment in tourism rate, α, β – the coefficients of the tourism total contribution to GDP growth function.

Now, the model (9) is estimated (see Tables 2-6).

According to Table 2, π was 2.150246. Further, according to the logistic equation, for $2 < \pi < 3$ fluctuations of the tourism total contribution to GDP are convergent in Sweden in the observed period, 2009-2015.

According to Table 3, π was 1.53491. Further, according to the logistic equation, for $1 < \pi < 2$ all solutions monotonically increase to $z = (\pi - 1) / \pi$. Namely, stable growth of the tourism total contribution to GDP existed in Norway in the observed period.

According to Table 4, π was 1.303658. Further, according to the logistic equation, for $1 < \pi < 2$ all solutions monotonically increase to $z = (\pi - 1) / \pi$. Namely, stable growth of the tourism total contribution to GDP existed in Denmark in the observed period.

According to Table 5, π was 1.599417. Further, according to the logistic equation, for $1 < \pi < 2$ all solutions monotonically increase to $z = (\pi - 1) / \pi$. Namely, stable growth of the tourism total contribution to GDP existed in Iceland in the observed period.

According to Table 6, π was 1.305288. Further, according to the logistic equation, for $1 < \pi < 2$ all solutions monotonically increase to $z = (\pi - 1) / \pi$. Namely, stable growth of the tourism total contribution to GDP existed in Finland in the observed period.

Table 2. The estimated model (9): Sweden, 2009-2015.

R=0.44486 Variance explained: 19.790 %		
	π	υ
Estimate	2.150246	-1.233498
Std. Err.	0.221381	0.234021
t(4)	4.825510	-5.270881
p-level	0.000029	0.006208

Source: Author`s calculation

Table 3. The estimated model (9): Norway, 2008-2019.

R=0.57313 Variance explained: 32.847%		
	π	υ
Estimate	1.53491	-0.62335
Std. Err.	0.253627	0.30078
t(8)	6.051868	-2.07244
p-level	0.000305	0.07196

Source: Author`s calculation

Table 4. The estimated model (9): Denmark, 2008-2019.

R=0.67711 Variance explained: 45.848%		
	π	υ
Estimate	1.303658	-0.329585
Std. Err.	0.327143	0.398055
t(7)	3.984980	-0.827989
p-level	0.005290	0.434994

Source: Author`s calculation

Table 5. The estimated model (9): **Iceland**, 2011-2020.

R=0.62542 Variance explained: 39.115%		
	π	υ
Estimate	1.599417	-0.71580
Std. Err.	0.393497	0.44132
t(7)	4.064622	-1.62194
p-level	0.004782	0.14885

Source: Author`s calculation

Table 6. The estimated model (9): Finland, 2011-2019.

R=0.69416 Variance explained: 48.186%		
	π	υ
Estimate	1.305288	-0.309998
Std. Err.	0.293424	0.312261
t(6)	4.448463	-0.992755
p-level	0.004336	0.359163

Source: Author`s calculation

Figure 5. Tourism direct GDP as a proportion of total GDP (%), **Sweden**, 2008-2019.

Source: UNWTO, 2023

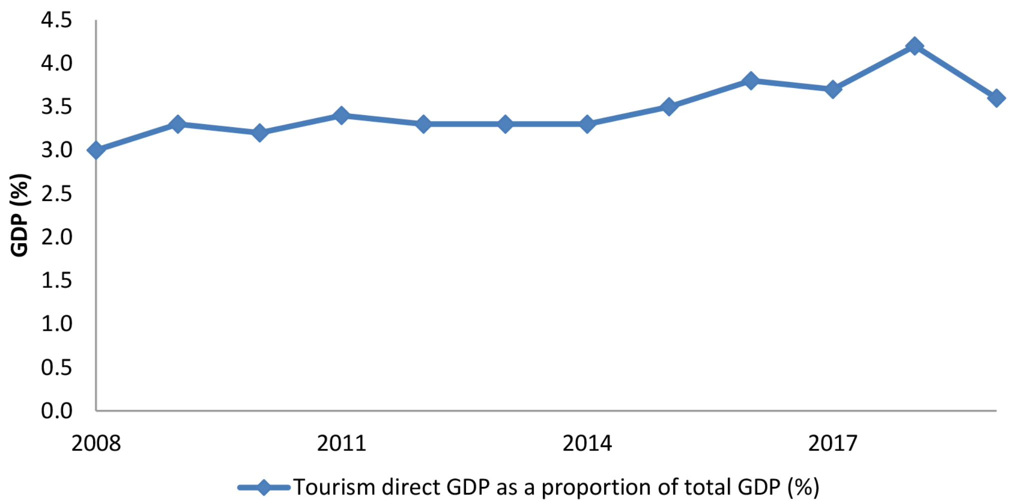

Figure 6. Tourism direct GDP as a proportion of total GDP (%), **Norway**, 2008-2019.

Source: UNWTO, 2023

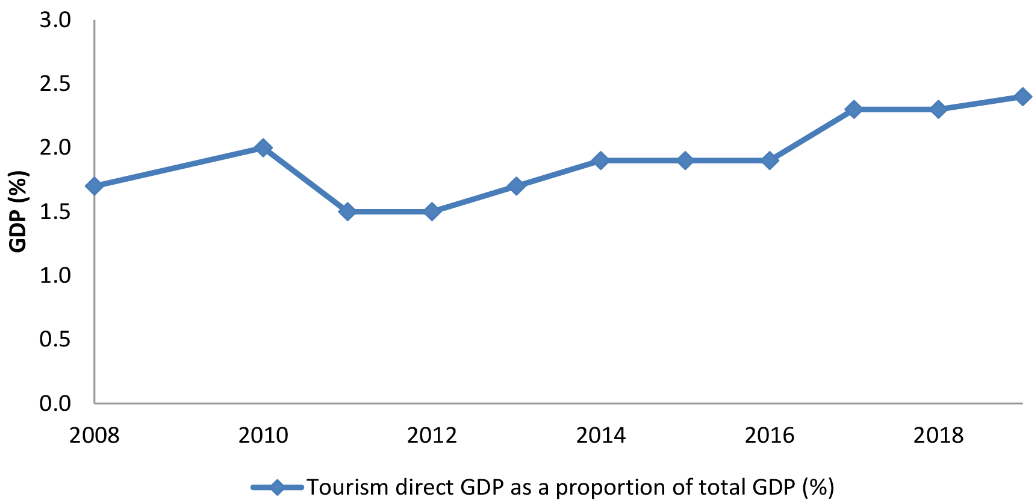

Figure 7. Tourism direct GDP as a proportion of total GDP (%), **Denmark**, 2008-2019.

Source: UNWTO, 2023

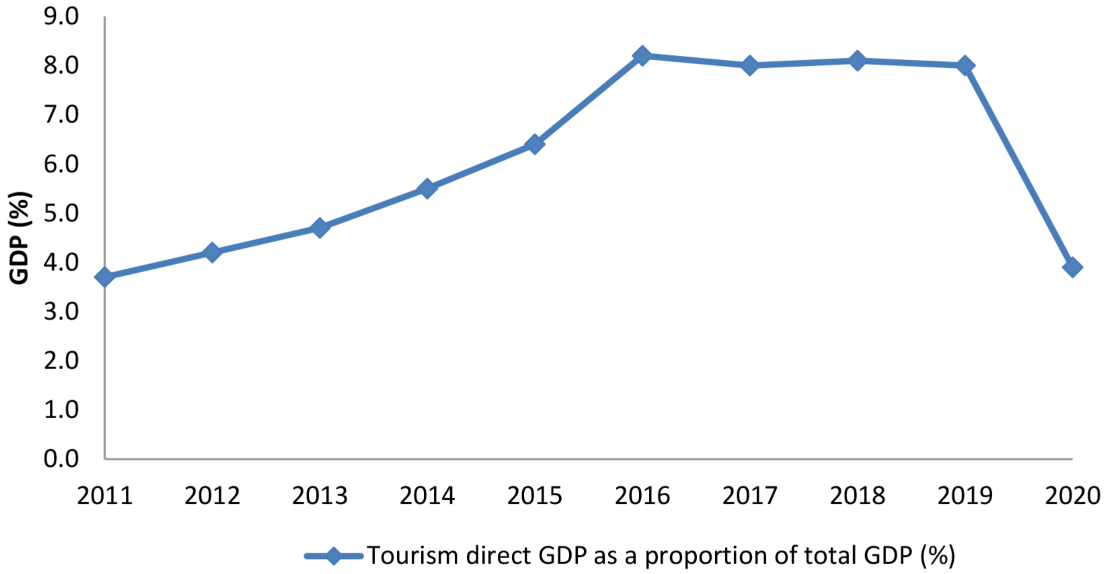

Figure 8. Tourism direct GDP as a proportion of total GDP (%), **Iceland**, 2011-2020.
Source: UNWTO, 2023

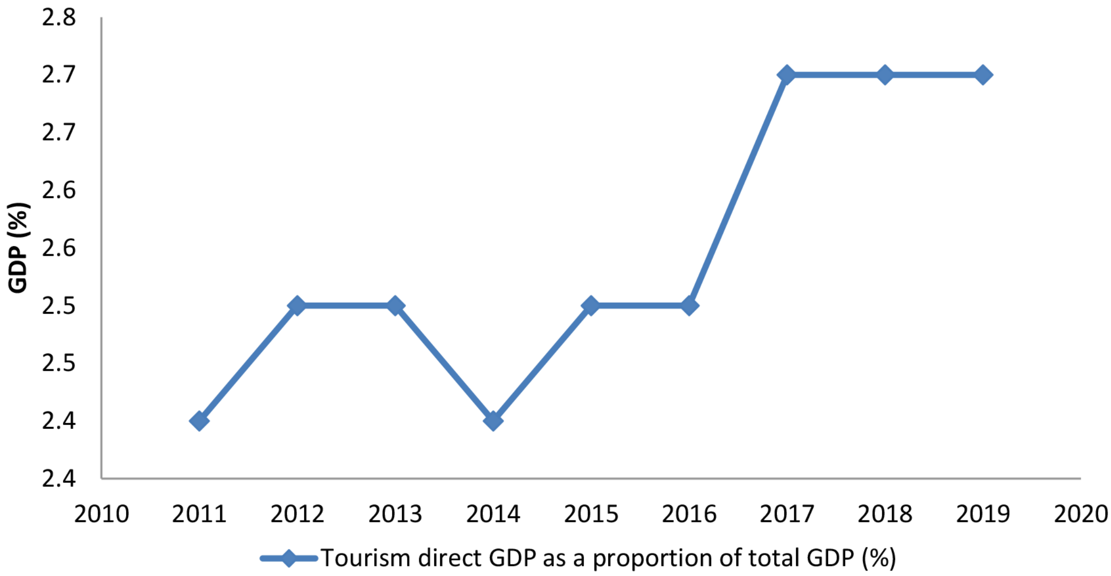

Figure 9. Tourism direct GDP as a proportion of total GDP (%), **Finland**, 2011-2019.
Source: UNWTO, 2023

5. CONCLUSION

This paper creates the tourism total contribution to GDP chaotic growth model. For most choices of α, β, and γ there is no explicit solution for the growth model (9).

A key hypothesis of this work is based on the idea that the coefficient π =(1+α), where α, is the coefficient of the tourism total contribution to the GDP growth function plays a crucial role in explaining the local growth stability of the tourism total contribution to GDP.

Estimated values of the coefficient π confirm stable growth (Norway, Denmark, Finland, Iceland) and stable fluctuations (Sweden) of the tourism total contribution to GDP in the observed periods, respectively.

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The Relationship between Tourism, Renewable Energy and Economic Growth in Western Balkan Countries

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Western Balkan countries

Abstract: *The main aim of this study is to investigate the relationship between tourism, renewable energy and economic growth in Western Balkan countries. Tourism is one of the most significant sectors for growth across the Western Balkan countries. In this study, metadata has been used. A model in which economic growth is a function of renewable energy consumption and tourist arrivals has been explored. To test validity, the Granger causality has been used. The results showed that tourist arrivals had a positive impact on economic growth in Western Balkans. Renewable energy consumption had a significant positive impact on economic growth in all Western Balkan countries, too. Based on the research results, the recommendations for policy-makers are presented. The limitations and future research agenda are presented, too.*

1. INTRODUCTION

Sustainable tourism development has become an imperative and industry-standard practice (Trekksoft, 2019). Tourism is one of the most significant sectors for growth across Western Balkan countries (Balkan Forum, 2017).

The vast majority of studies have been conducted in developed countries (Adedoyin et al., 2021; Enilov & Wang, 2022; Leitão & Lorente, 2020; Manzoor et al., 2019). A few studies focused on developing countries (Ben Jebli et al., 2019; Salahodjaev et al., 2022). This study fills the research gap in the literature on sustainable tourism in the specific context of Western Balkan countries.

The main objective of this paper was to investigate the relationship between tourism, renewable energy and economic growth in Western Balkan countries. This study aimed to answer the following research questions:

- Does tourism, measured by tourist arrivals, and renewable energy consumption affect economic growth in a specific environment?
- Can similarities in the tourism sector lead to the creation and implementation of a Strategy for the sustainable development of Western Balkan countries?

This paper is structured as follows. The first part is devoted to the theoretical background of sustainable tourism development, a review of past research is incorporated, and the research context of Western Balkans is presented. The next part presents the methodology, followed by results and discussion. The final part gives the contributions to theory and practice, including the main recommendations, limitations and directions for future research.

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2. THEORETICAL BACKGROUND

The results of the study showed that the tourism industry is an engine of economic development and GDP growth in South Asian countries i.e. Pakistan (Manzoor et al., 2019). A regression analysis indicated a long-term relationship between tourism and economic growth as well as tourism and employment rate in Pakistan (Manzoor et al., 2019).

Another quantitative study conducted in 23 developed and developing countries has shown a causal relationship between international tourist arrivals and economic growth (Enilov & Wang, 2022). The same study indicated that in developing countries tourism would remain a key factor to future economic growth, contrary to developed countries. Also, the Granger causality model has been used to investigate the relationships between tourism development, renewable energy consumption, and economic growth in the United States, France, Spain, China, Italy, Turkey, and Germany (Isik et al., 2018). Tourism development induced economic growth in developing countries, but the relationship in developed countries has been interdependent (Arzoumanidis et al., 2021; Haller et al., 2021). Empirical data from Spain, China, Turkey, and Germany confirmed the theory that renewable energy led to economic growth (Isik et al., 2018).

In the line of an econometric strategy is a study that evaluated the linkages between economic growth, renewable energy, tourism arrivals, trade openness, and CO_2 emission in the European Union (Leitão & Lorente, 2020). The results showed positive impacts of trade openness and renewable energy on the environment and pointed to the importance of sustainable tourism development (Leitão & Lorente, 2020).

The same linkages with addition of the foreign direct investment have been investigated in 22 Central and South American countries (Ben Jebli et al., 2019). The results indicated a long-term relationship between renewable energy and tourism, and these two factors and foreign direct investments had a positive environmental impact. Although, trade openness, as well as economic growth, led to higher CO_2 emissions in observed developing countries (Ben Jebli et al., 2019). In the Central and South American region, policymakers have to attract foreign direct investments, stimulate the use of renewable energy, and promote sustainable tourism.

Adedoyin et al. (2021) stated that green economic growth is possible with adequate environmental protection policies that stop the negative impact of energy consumption. In the same manner, the authors explored the relationship between tourism, renewable energy, and CO_2 emission in European and Central Asian countries (Salahodjaev et al., 2022). The main results were two causal relationships:

- First, renewable energy reduced CO_2 emissions, and
- Second, tourism increased CO_2 emissions.

Salahodjaev et al. (2022) pointed to the importance of renewable energy sources, especially their implementation in the tourism sector. Renewable energy uses and tourism investments had a positive impact on the tourism sector i.e. tourism revenues and tourist arrivals (Lu et al., 2019). The key factors of tourism development in the G20 countries can be renewable energy sources and tourism investments through sustainable tourism development strategies by relevant policymakers.

The assessment of renewable energy potential at the local level is a precondition of sustainable tourism and local development. A case study conducted in Peru showed a positive correlation between tourism activities and local development (Riojas-Díaz et al., 2022).

A new development strategy for the local tourism industry can be the replacement of traditional sources of energy with renewable energy. One study showed that using renewable energy in tourism on the island of Crete had various social, economic, and environmental benefits (Vourdoubas, 2020).

The results of situational analysis have revealed that tourism may be a source of economic growth and development for three main reasons (UNWTO, 2019, 133):

- The main part of the national balance belongs to tourism;
- The tourism sector is one of the most labor-intensive sectors of the national economy. Therefore, the development of tourism can initiate a higher employment rate, especially among females, and youth;
- The development of sustainable tourism creates a demand for specific agriculture products as well as other products from construction, industry, or handicrafts. In some cases, such a demand can initiate the recovery of lost activities and skills.

The important issue of the tourism sector development composite index for selected European countries has been calculated based on indicators such as tourist arrivals, % of beds occupied, nights spent at the destination, and GDP per capita (Mitrovic & Beloglavec, 2021). Of the 29 selected countries, only Serbia and North Macedonia belong to Western Balkan countries. In these two countries, the tourism sector development composite indexes were significantly lower than the European average.

Sustainable tourism is defined by UN World Tourism Organization (UNWTO, 2019) as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities."

The comparative econometric study about EU-15 countries, new EU countries, and Western Balkans showed that sustainable tourism development had a significant and positive influence on relative tourism efficiency (Radovanov et al., 2020). The same study revealed that the average efficiency of tourism development in Western Balkan countries is relatively high in the period before the COVID-19 pandemic.

Tourism is an important sector of many national economies, especially in Western Balkan countries. The western Balkan region includes the following countries: Serbia, Montenegro, Bosnia and Herzegovina, Albania, and North Macedonia. In the aspect of energy, this region has the highest energy intensities, on one side. On the other side, the Region has high renewable energy potential. The complex situation in the regional energy sector has been initiated by the transition to a market economy at a national level, along with the process of the reduction of CO_2 emission. In the aspect of tourism, this is an extremely important sector for the development of all national economies in Western Balkan countries.

The main macroeconomic indicators of the Western Balkan region in 2018 are presented in Table 1. The competitiveness assessment in the same year (2018) is illustrated in Table 2.

Table 1. The main macroeconomic indicators in Western Balkan countries in 2018

	Country				
Indicator	Albania	Bosnia & Herzegovina	Montenegro	North Macedonia	Serbia
GDP growth	4.1	3.1	5.1	2.7	4.5
GDP per capita	13.546	14.900	21.547	16.672	17.736
National GDP (USD billion)	15.1	20.2	5.50	12.7	50.6
Inflation (consumer price index)	2.0	1.4	2.9	1.5	2.0
Net foreign direct investment (as % of GDP)	7.9	2.9	6.9	5.6	7.4
Unemployment (%)	12.8	18.4	15.5	20.7	29.4

Source: OECD, 2021

In 2018, the highest GDP growth has been in Montenegro, and the lowest was in North Macedonia. The highest national GDP had Serbia, and the lowest was in Montenegro. The average inflation rate in Western Balkan countries was 1.96%. The highest unemployment rate was in Serbia, followed by North Macedonia. The detailed analysis of the unemployment rate showed that at least 7 years of sustained high growth rates would be needed to decrease the average unemployment rate in the Western Balkans under 10% (Berthomieu et al., 2016).

Table 2. The competitiveness assessment in Western Balkans

	Country score					**WB average**
Dimension	Albania	Bosnia & Herzegovina	Montenegro	North Macedonia	Serbia	
Investment policy and promotion	3.1	2.7	3.2	3.0	3.9	3.0
Trade policy	3.3	2.5	3.2	3.8	3.8	3.4
Access to finance	2.5	2.3	2.7	2.4	3.3	2.6
Tax policy	2.8	2.6	2.8	3.3	3.1	3.0
State-owned enterprises	2.3	2.0	2.7	2.3	3.1	2.6
Educational policy	3.3	2.1	3.2	2.9	3.2	3.0
Employment policy	2.8	2.0	3.0	3.3	2.8	2.6
Science, technology & innovation	1.8	1.3	2.4	2.4	3.1	2.1
Digital society	2.5	1.7	2.7	2.4	3.0	2.4
Transport policy	2.5	1.3	2.1	1.8	3.0	2.0
Energy policy	3.2	2.1	3.0	3.7	3.0	3.0
Environmental policy	1.9	1.7	2.4	2.3	2.2	2.1
Agriculture policy	2.8	2.0	3.4	2.8	3.1	2.7
Tourism policy	2.1	1.2	3.1	1.5	2.3	2.0
Anti-corruption policy	2.1	2.0	3.6	2.9	2.9	2.5

Source: OECD, 2021

Along with the key macroeconomic indicators and competitiveness index, the key tourism indicators for Western Balkan countries will be exposed (Table 3).

In the domain of the tourism sector, WTTC (2019) calculates Travel & Tourism competitive index. Selected data for Western Balkans are presented in Table 4.

Table 3. The main tourism indicators in Western Balkan countries in 2018

	Country				
Indicator	Albania	Bosnia & Herzegovina	Montenegro	North Macedonia	Serbia
International tourist arrivals	5,1 mill	1,1 mill	2,1 million	0,7 mill	1,7 mill
International tourism receipts (in USD)	2,2 mill	1 million	1,2 million	400 mill	1,5 mill
Total contribution of tourism to the growth (in %)	2.2	5.9	5.9	6.7	4.2
Inflation (consumer price index)	2.0	1.4	2.9	1.5	2.0
Net foreign direct investment (as % of GDP)	7.9	2.9	6.9	5.6	7.4
Unemployment (%)	12.8	18.4	15.5	20.7	29.4

Source: UNWTO, 2019; WTTC, 2019

Table 4. Travel & Tourism Competitiveness Index in Western Balkans

	Country score				
Index	Albania	Bosnia & Herzegovina	Montenegro	North Macedonia	Serbia
ENABLING ENVIRONMENT					
Business Environment	4.0	3.4	4.6	4.3	4.4
Safety & Security	5.8	5.4	5.6	5.2	5.5
Health & Hygiene	5.3	5.6	5.8	6.0	6.3
Human Resources & Labor Market	5.1	4.1	4.8	4.1	4.7
ICT Readiness	4.7	4.5	5.2	4.7	5.1
T&T POLICY & ENABLING CONDITIONS					
Prioritization of T&T	5.0	4.1	5.0	3.7	3.9
International Openness	2.4	2.4	2.4	2.3	3.2
Price Competitiveness	5.3	5.5	5.6	5.8	5.5
Environment Sustainability	4.3	4.3	4.7	3.6	4.5
INFRASTRUCTURE					
Air Transport Infrastructure	2.1	2.0	3.2	2.4	2.6
Ground & Port Infrastructure	3.1	2.4	3.3	2.6	3.0
Tourist Service Infrastructure	4.0	3.9	5.5	3.9	3.9
NATURAL & CULTURAL RESOURCES					
Natural Resources	2.9	1.9	2.7	2.2	2.1
Cultural Res. & Business Travel	1.2	1.5	1.1	1.4	1.7
Average score per country	3.6	3.3	3.9	3.4	3.6

Source: Calderwood & Soshkin, 2019

The strategic choice and implementation of the development strategy depend on European and national strategies for sustainable tourism. Detailed analysis of tourism policies in Western Balkan countries showed the categorization into two groups: advanced tourist destinations such as Montenegro and the rest countries that have basic tourism services (Porfido, 2020).

To promote sustainable tourism in Serbia the authors proposed the following projects connected to the National Strategy of Sustainable development: identification of tourism, create a database of these resources, renew tourism capacities and build new ones, mark key tourism objects and destinations, and develop urban plans to take advantage of tourism potential (Kontic et al., 2020). Considering the great similarities in Western Balkans, a regional tourism strategy for the Region will be an opportunity for all countries in tourism development (Kontic et al., 2021; Porfido, 2020).

The issue of renewable energy in the region of Western Balkans has been analyzed in various studies (Dunjic et al., 2016; Kontic et al., 2021; Papapostolou et al., 2017; Pavicevic et al., 2020; Topalovic et al., 2022). But, the relationship between tourism, renewable energy, and economic growth in Western Balkan countries has not been explored yet.

3. METHODOLOGY

In this study, metadata from relevant institutions has been used i.e. Eurostat, UNWTO, and WTTC. From the latest Eurostat (2021) report, the data about energy balances for Western Balkans have been included. Metadata about international tourist arrivals was taken from UNWTO (2019). The tourism contributions to GDP growth have been extracted from WTTC (2019) report.

Previous studies conducted in different countries used an econometric model (Enilov & Wang, 2022; Isik et al., 2018; Leitão & Lorente, 2020; Salahodjaev et al., 2022). Since there was no relevant data for all Western Balkans, the authors decided to explore a simplified model in which economic growth is a function of renewable energy consumption and tourist arrivals. To control the robustness of the direction of causality between tourism and economic growth, we used tourist arrivals data.

The model can be written as follows:

$$EG_{it} = f(REC_{it}, TA_{it}) \tag{1}$$

where: EG is economic growth, REC is renewable energy consumption, and TA is tourist arrivals in country i at a time t.

To validate causality from various econometric tests the Granger causality has been used (Maziarz, 2020). Theoretical propositions for Granger causality are as follows (Chandler, 2022):

The null hypothesis of non-causality was firstly tested (H_0: β_2,1 = β_2, 2 = β_2, 3 = 0).

The Wald test statistic follows a χ^2 distribution.

Both directions $X \Rightarrow Y$ and $X \Leftarrow Y$ need to be tested.

4. RESULTS AND DISCUSSION

First, the data about energy mix, tourist arrivals as well as tourism sector contribution to GDP is presented in the following tables.

Table 5. Energy mix in Western Balkan countries in 2018

Country	Coal	Oil and oil products	Natural gas	Renewable energy	Other
Albania	2598,407	13419,953	404,93	11858,142	0
Bosnia and Herzegovina	49195,803	19668,886	2315,007	20399,295	0
Montenegro	4192,993	4533,523	0	4008,589	0
North Macedonia	9743,03	11555,9	2428,743	4262,807	0
Serbia	87794,086	44381,589	24793,795	23490,923	13,588

Source: Eurostat, 2021

The highest exploitation of renewable energy was in Serbia, followed by Bosnia and Herzegovina, and the lowest was in Montenegro. The same situation was in the aspects of other energy sources in Western Balkans. In the green agenda for sustainable development, the main recommendation for Serbia and other Western Balkans was to reduce coal, and oil exploration.

Since 2008 in the domain of renewable energy the Report has suggested the following (OECD/IEA, 2008):

- To adopt a comprehensive action plan for renewable energy;
- To identify market potential for renewable energy uses;
- To provide temporary, targeted support to industries that manufacture renewable energy equipment, particularly those manufacturing efficient solid fuel stoves;
- To reinforce actions against illegal logging;
- To develop a national reforestation programme, and
- To support efforts to improve statistics on fuel/wood consumption.

The results of the scenario analysis showed three scenarios for Serbia until 2030 regarding renewable energy consumption (Kontic et al., 2021). The proportion of renewable energy in the total balance will be from 36.8% to 39%.

Table 6. International tourist arrivals in million per year

Country	Year		
	2017	**2018**	**2019**
Albania	4,6	5,340	5,9
Bosnia and Herzegovina	0,9	1,053	1,2
Montenegro	1,9	2,007	2,5
North Macedonia	0,6	0,707	0,8
Serbia	1,5	1,711	1,8

Source: UNWTO, 2019

In 2018, the highest number of international tourist arrivals was in Albania, and the lowest was in North Macedonia. Montenegro had the largest contribution of the tourism sector to GDP (over 32%), followed by Albania, but Serbia had the smallest contribution of all Western Balkan countries.

Table 7. Tourism sector contribution to GDP

Country	Year		
	2017	**2018**	**2019**
Albania	20.5%	20.1%	21.2%
Bosnia and Herzegovina	8.5%	8.7%	9.2%
Montenegro	30.8%	31.05%	32.1%
North Macedonia	6.95%	7.2%	7.4%
Serbia	5.8%	5.8%	5.85%

Source: WTTC, 2019

The results of the Granger causality test for the relationship between economic growth and renewable energy are the following:

EG=f (REC), F=174.049, p=0.05

REC=f (EG), F=3.573, p=0.31.

The results of the Granger causality test for the relationship between economic growth and tourist arrivals are the following:

EG=f (TA), F=0.052, p=0.857

TA=f (EG), F=18.028, p=0.147.

The tourist arrivals had a positive impact on economic growth in Western Balkans. In this study, the short-term from a long-term perspective has not been distinguished. The results of the study conducted in developing countries showed that tourist arrivals had a positive impact on economic growth in the long term, but not in the short run (Khanal & Khanal, 2022).

Renewable energy consumption had a significant positive impact on economic growth in all Western Balkan countries. This goes in line with previous studies conducted in other developing countries (Ben Jebli et al., 2019; Isik et al., 2018).

The results of the econometric analysis showed a positive and statistically significant relationship between tourism and economic growth in the Western Balkans. The results of the Hausman test, the Hausman Taylor IV suggested that for every 1% increase in tourist arrivals, GDP per capita increased approximately by 0.08% over the same time (Selimi et al., 2017). To create a Regional development strategy, it is important to analyze national policy in the domain of tourism. Table 8 summarizes tourism national strategies and policies in all five Western Balkan countries.

Except for North Macedonia, other countries have relevant national strategies for sustainable tourism development. The same situation is with tourism policy in Western Balkan countries. Montenegro addressed the tourism policy of tourism destination, contrary to other Western Balkans which create basic tourism services. All five countries have relevant government bodies dealing with the issues of tourism and development. All five countries have national promotion slogans for tourism, as well. Along with the lack of legislation, North Macedonia has not defined tourism products as nationally recognizable markers.

The results of the comparative analysis of the Western Balkans showed significant similarities in the domain of cultural heritage, religions, and tradition. In September 2020, the European Union (EU), in cooperation with the German Federal Ministry for Economic Cooperation and Development, launched one million euros for the first 120 aid grants in the tourism sector in Serbia entitled "EU for cultural heritage and tourism" (Government of the Republic of Serbia & Delegation of the European Union, 2021). The largest number of grant beneficiaries, who received a grant of up to 10,000 euros per project, provide private accommodation for tourists (52 entrepreneurs), and camps, restaurants and providers of various catering services, boarding houses, hotels and hostels, tourist agencies, wineries and beekeepers (Maksimovic & Stamatovic, 2021).

Since October 2020, the European Commission has adopted 10 Flagship projects of the Economic and Investment Plan for the Western Balkans in the domain of the following (Barlett et al., 2022):

- Sustainable transport - flagship 1,2,3;
- Clean energy - flagship 4, 5, 6;
- Environment and Climate - flagship 7;
- Digital future - flagship 8;
- Private sector - flagship 9, and
- Human capital - flagship 10.

Table 8. The comparative analysis of Tourism strategies and policies in Western Balkans

	Strategies and policies
Albania	National Strategy for the Sustainable Tourism Development 2019- 2023
Bosnia & Herzegovina	Development Strategy in the Federation of Bosnia and Herzegovina 2021-2027
Montenegro	Montenegro Tourism Development Strategy 2022-2025 with the Action Plan
North Macedonia	National Strategy for Tourism Development should be updated
Serbia	Tourism Development Strategy of the Republic of Serbia 2016-2025
	Tourism policy and focus
Albania	The five Policy Goals are as follows: - Policy Goal 1: Promotion of Public and Private Investments; - Policy Goal 2: Consolidation and Development of Tourism Products; - Policy Goal 3: Improvement of Tourism Services; - Policy Goal 4: Reorientation of Promotion towards Potentials; - Policy Goal 5: Support for the Management of Destinations.
Bosnia & Herzegovina	"Investment attraction, spatial and urban development, standard quality improvement, and branding/marketing strategy definition."
Montenegro	• Operational goal 1 – Improved regulatory framework in tourism with formalization of tourism turnover; • Operational goal 2 – Improved tourism infrastructure and supporting infra and supra structure; • Operational goal 3 – Improved quality and quantity of accommodation capacities; • Operational goal 4 – Improved quality of diversified tourism product; • Operational goal 5 – Improved human resources, knowledge and skills in tourism; • Operational goal 6 – Development of digital, innovative solutions and new technologies in tourism; • Operational goal 7 – Montenegro – a globally recognized tourist destination"
North Macedonia	Should be updated
Serbia	1) Establish an efficient system of tourism development management coupled with a strengthening of the PPP; 2) Improve and align the methodologies and procedures for the collection and processing of statistical data with international standards and practices; 3) Establish the Register of tourism on legal grounds; 4) Reduce the "grey economy" in tourism.
	Government Body
Albania	Ministry of Tourism and Environment
Bosnia & Herzegovina	Federation of BiH – Ministry of Environment and Tourism / Republika Srpska – Ministry of Trade and Tourism
Montenegro	Ministry of Sustainable Development and Tourism
North Macedonia	Ministry of Economy – Department of Tourism and Hospitality
Serbia	Ministry of Trade, Tourism and Telecommunications
	Tourism national promotion
Albania	"Albania – Go your own way"
Bosnia & Herzegovina	"Bosnia and Herzegovina – The heart-shaped land"
Montenegro	"Montenegro – Wild beauty"
North Macedonia	"Macedonia Timeless"
Serbia	"Serbia – The place to be"
	Tourism products
Albania	Coastal tourism, maritime tourism, agrotourism, event and business tourism, cultural tourism (heritage, history, religion, etc.), enogastronomic tourism and health tourism (thermal, welfare and medical).
Bosnia & Herzegovina	Cultural tourism, spa tourism, mountain tourism, outdoor sports, and adventure tourism products, pilgrimage/religious tourism, hunting and fishing tourism, nature and adventure tourism.
Montenegro	Inclusive tourism, wild beauty, wellness, smart tourism, green tourism
North Macedonia	Should be updated
Serbia	Business events, mountain and lakes, urban, health, nautical, touring, and rural and transit tourism.

Source: Adapted from Porfido (2020)

In the turbulent business environment, managers have to revise the strategic plan and make a list of investments by priority. Selling non-core business along with assets is important to gain liquidity. Managers need to focus on cash flow daily and restructure long-term debts. The optimization of all business processes, along with investment in digitalization can be a win-win strategy.

"Private investment will be key in contributing to the development finance equation, in a time where capital and public investment will be heavily stretched" (Svrtinov et al., 2020).

Investing in the competitiveness of the private sector as a precondition of national development and regional integration is one of the priorities of EU funds for Western Balkans. The strategic aim is to invest in innovation and green development, to increase the employment rate of young people, and to initiate transformation and sustainable development of rural areas in Western Balkans (Barlett et al., 2022). New entrepreneurs and managers with adequate business plans can be funded by this EU fund.

Based on the fact that the vast majority of studies have been conducted in developed countries, and a few in developing countries, this study fills the research gap in the literature on sustainable tourism in the specific context of the Western Balkan countries.

From various factors, this study focused on tourist arrivals and renewable energy consumption which caused economic growth in the specific environmental context. This new theoretical approach is presented in Figure 1.

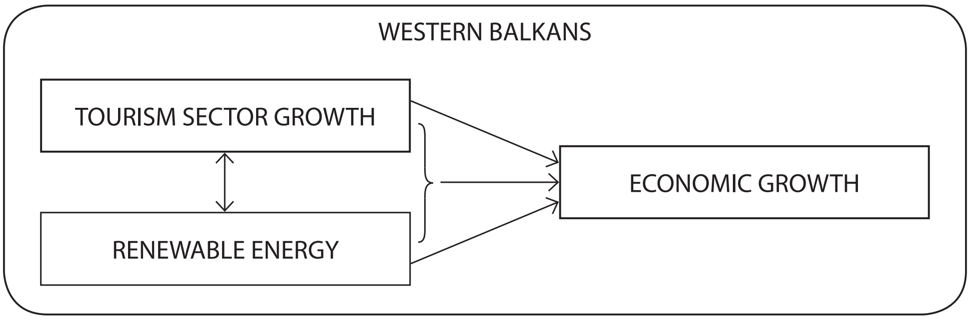

Figure 1. The new approach to sustainable tourism and economic growth in Western Balkans
Source: Authors' elaboration

First, overall recommendations for policy-makers for the future can be summarized as follows (Esch & Palm, 2020):

- Restructure public debt,
- State supported Loan Guarantee schemes,
- Strengthen partnerships with the business sector,
- Reduce taxes for tourism and travel industries,
- Enable schemes for domestic tourists,
- Prepare all state resources for implementation of Economic and Investment Plan for the Western Balkans, and
- Continue to provide additional resources to public health stakeholders.

Main projects in sustainable tourism should be conducted by Government investment and supervision. It is important to invest in the restoration of cultural and historical monuments, recreational and entertainment objects for children and adults, and to mark the key tourism spots. The vital segment for sustainable tourism development is education.

The TSDI Index can serve as a tool that will allow the classification of goals and priorities when designing tourism development policies of the Western Balkan countries. Figure 2 summarizes a review of tourism development recommendations from policy-makers in the Western Balkans.

VITAL	DESIRABLE
• Reduce the long waits at border crossing, • Stop unexpected closings, • Increase skills of tourism workforce through training, • Standardize skills, • Promote partnerships between local community, business, and universities	• Welcome tourists at destination, • Promote regional mobility of the workforce, • Form the regional data center for tourist arrivals

ADDITIONAL
• Promote a word of mouth, • Examine the cause of negative reports of international operators, • Promote regional employment rights, • Data sharing with forming the regional protocols based on convergence

Figure 2. Tourism development recommendations from policy-makers in Western Balkans
Source: Adopted from Kennell et al., 2021

The establishment of the macro-regional strategy EUSAIR – the "EU Strategy for the Adriatic and Ionian Region" – and the Transnational Cooperation Programme "Interreg ADRION (Adriatic Ionian)," will be the first step to Regional Sustainable Tourism Strategy in Western Balkan countries.

4. LIMITATIONS AND FUTURE RESEARCH

This study focused on Western Balkan countries, and the findings had limited generalizability to other emerging economies. There were some difficulties in data collection for some countries that have not updated the relevant data. The study has been based on metadata.

Future studies could expand to other important factors of sustainable development and economic growth in Western Balkans countries. This region has similar ethic and cultural values, and traditions; therefore, it is possible to create Regional Development Strategy.

Finally, the future study could address the following aspects:
- Besides international tourist arrivals and renewable energy, it is important to include CO_2 emission in the econometric model.
- Monitoring the implementation of proposed projects by the European Union and regional institutions to foster regional sustainable development of the Western Balkan region.

5. CONCLUSION

Tourism is one of the most significant sectors for growth across the Western Balkan countries, and sustainability has become standard in this sector. This study filled the research gap in the literature on sustainable tourism in the specific context of Western Balkan countries. The main aim of this study was to test the relationship between tourism, renewable energy and economic growth. The starting proposition was that there is a significant impact of international tourist arrivals as well as renewable energy on the economic growth in Western Balkan countries.

To analyze a specific environment, the study explored the following indicators:
- The main macroeconomic indicators of the Western Balkan region i.e. GDP growth, inflation, unemployment rate and foreign direct investments in 2018,
- OECD (2021) competitiveness assessment by country and average Western Balkans score,
- The key tourism indicators in each country in 2018,
- Travel & Tourism competitiveness index by each country.

Based on the metadata about energy mix, tourist arrivals as well as tourism sector contribution to GDP from relevant international institutions, the Granger causality was tested. The results revealed the positive relationship between international tourist arrivals and economic growth, as well as renewable energy consumption and economic growth of the Western Balkans countries.

To answer the second research question about common regional strategy, the study analyzed existing strategies and policies of each Western Balkan country. The results of the comparative analysis of the Western Balkans showed significant similarities in the domain of cultural heritage, religions, and tradition. The same fact motivated the European Commission to approve 10 Flagship projects of the Economic and Investment Plan for the Western Balkans.

In the line of aforementioned issues, the authors proposed a theoretical framework for the formulation and implementation of the Regional strategy for sustainable tourism development.

A summary of policymakers' recommendations is presented, too. The findings of the study were limited to the Western Balkan countries; therefore, some issues could be implemented in other emerging economies.

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Tourism as a Function of the Economic Development of Serbia

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Abstract: *Tourism, as a branch of the economy, is characterized as a very complex and important economic category. Today, it is impossible to imagine the economic growth and development of not only global but also national economies without tourism. After the oil and chemical industry, tourism ranks third in terms of contribution to economic growth and development of the world economy. Its importance is realized through its influence on macroeconomic aggregates, which contributes to the increase of macroeconomic stability. This leads to an increase in employment and an acceleration of development at the local, regional and national levels. Empirical findings indicate that the tourism sector in the Republic of Serbia is characterized by the recovery of flows thanks primarily to the growth of domestic tourism. In this paper, the authors try to analyze the impact of tourism on the overall development of the economy of Serbia and point out the importance of tourism as one of the determinants of the development of the national economy.*

1. INTRODUCTION

The participation of individual sectors of the economy in economic development changes over time. In the past, agriculture was the main branch of the economy and accounted for the largest share of the national product, national income and labor force employment. At a higher level of economic development, primacy is assumed by the industry as the driver of economic growth and development. Today and in the past few decades, we are witnessing the growth of the participation of services (tertiary sector - tourism, trade, insurance, banking, finance, transport, education, engineering, etc.) in economic development. In all this, tourism is one of the most profitable and largest industries in the world. The evolution of the observation of tourism also speaks of its importance. Tourism was once viewed as a phenomenon that results in travel and vacation for a certain period without the possibility of generating a significant amount of income, and today it is viewed as one of the key factors of growth and development of many countries, which can "contribute to the improvement of national well-being" (Adamou & Clerides, 2009, 4). "Tourism can also be presented as a simple dynamic growth model, "tourism - growth generator", which starts from the fact that it is not about mutual relations between two or more factors, in the sense that here is a cause - there is an effect, but that there are various factors at play that they interfere with each other and are under mutual influence" (Stojanović, 2011, 24).

Since the second half of the 20th century, due to continuous expansion and diversification, tourism has become one of the largest and fastest-growing sectors in the world. International tourist arrivals have increased from 25 million globally in 1950 to 278 million in 1980, 674 million in 2000, and 1,235 million in 2016. Likewise, international tourism receipts earned by destinations worldwide have surged from US$ 2 billion in 1950 to US$ 104 billion in 1980, US$ 495 billion in 2000, and US$ 1,220 billion in 2016 (UNWTO, 2017, 2). In 2018, a record 1.4 billion

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international arrivals were recorded in world tourist movements, which is an increase of 5% compared to 2017. At the same time, export earnings generated by tourism have grown to USD 1.7 trillion (UNWTO, 2019, 2). Before the pandemic, Travel & Tourism (including its direct, indirect, and induced impacts) was one of the world's largest sectors, accounting for 1 in 4 of all new jobs created in the world, 10.3% of all jobs (333 million), and 10.3% of global GDP (USD 9.6 trillion) (WTTC, 2022, 2).

Tourism as an economic branch accounts for 10% of the world GDP, and the largest consumers are Chinese, American and Russian tourists. The fact that tourism drives the world economy is also shown by the data that tourism represents 30% of the world's export of services and 6% of the total export of goods and services, and as an export category in the world, it is behind the oil, chemical and food industries (Stanić & Vujić, 2016, 14).

The growth of tourism is influenced by several factors. First of all, it is a favorable economic environment characterized by the growth of the world GDP, moderate movement of the exchange rate and low-interest rates. In second place is the high demand for air transport, which is experiencing growth in international passenger traffic caused by stable fuel prices and low ticket prices. Recently, digital technologies have had a great impact on the growth of tourism. Artificial Intelligence is transforming tourism, from virtual assistants to companies being able to offer hyper-personalized customer experiences and improve business performance (UNWTO, 2019, 4). Finally, we list the visa benefits. Traditional visas required for travel are decreasing, and e-visas and visas on arrival are on the rise.

The world economy today is characterized by insecurity, and uncertainty, as well as an economic, health and security crisis, caused above all by the Covid-19 pandemic and the conflict between Russia and Ukraine. With the emergence of the coronavirus and the outbreak of the pandemic, national borders were closed, which is one of the measures taken by countries to reduce the spread of the coronavirus. This resulted in a drastic drop in tourist movements all over the world, so tourism became one of the sectors most severely affected by restrictions imposed by governments. The crisis at the end of 2019 caused huge losses, especially in international tourism, which was seen as one of the main factors responsible for the spread of the pandemic (Korinth, 2022, 1). The situation was further complicated by the conflict between Russia and Ukraine, which further affected the complexity of the uneven recovery of tourism. Global tourism experienced a 4% upturn in 2021, compared to 2020 (415 million versus 400 million). However, international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic year of 2019. This follows from 2020, the worst year on record for tourism when international arrivals decreased by 73% (UNWTO, 2022).

Despite the aforementioned situation, which is characterized by geopolitical and trade tensions, a further recovery in the movement of tourists and the growth of the effects thereof is predicted. All this indicates the strength and resilience of the tourism sector. On the one hand, the recovery of tourist movements is possible with better coordination and clear information about travel protocols, the easing of travel restrictions, the end of the COVID-19 pandemic and the end of the conflict between Russia and Ukraine. However, on the other hand, an unstable economic environment can negatively affect the growth of tourism through rising oil prices, increasing inflation, rising interest rates, high levels of debt and disruptions in supply chains. UNWTO scenarios indicate that international tourist arrivals could grow by 30% to 78% in 2022 compared to 2021. However, this would still be 50% to 63% below pre-pandemic levels (UNWTO, 2022).

We will show that the state of tourism in Serbia follows the trends and movements of tourism in the world in the continuation of the work. To present the state of tourism in Serbia, general scientific methods applied in economic research were used.

2. LITERATURE REVIEW

Most major travel magazines are full of articles dealing with the impact of tourism on economic development. Although the economic impact of tourism on destinations has been examined in a large body of tourism literature, most studies have utilized the tourism-led economic growth hypothesis and traditional methods and data rather than cutting-edge economic methods. Study Liu et al. (2022) conducts a systematic literature review of the economic impact of tourism between 1975 and 2020, analyzing the general bibliometrics and examining the key themes and methods of assessing the economic impact of tourism. It contributes to an accurate assessment of the economic impact of tourism, works to identify gaps in the literature, highlights emerging trends in the field and proposes directions for future research.

As one of the fastest-growing economic sectors in the last few decades, tourism has had a great impact on the establishment of stable economic growth and development. Its importance is especially prominent in countries that do not have sufficient own funds for financing economic development. In those countries, the development of tourism reduces unemployment and re-establishes disturbed macroeconomic stability, increases foreign exchange inflows and tourist tax income, promotes entrepreneurship, boosts overall economic growth and GDP growth and improves global economic structure. The impact of tourism on economic development has led to the emergence of the "tourism-driven development" concept (Petković et al., 2011, 89). Over the last few decades, tourism has experienced constant growth and as such it can contribute greatly to global economic development. Competitiveness in the tourism sector has become a major growth and development factor, especially in developing countries (Khoja et al., 2021, 361). Increasing the number of employees is one of the many benefits of tourism development (Charbel, 2012). Tourism as a low-skilled, labor-intensive industry, has many benefits for local regions including poverty alleviation and is a key sector for local economic development (Meyer & Meyer, 2015, 197).

Lakićević et al. (2019, 104) emphasize both the economic and non-economic benefits of tourism in particular destinations that have an overall impact on the prosperity of those destinations. The importance of tourism for global economic growth and development is best confirmed by many new pilot projects that are being launched worldwide and in the European Union (Vujović et al., 2012, 16). The current level of economic development and overall economic efficiency affect the competitiveness of tourism in the Republic of Serbia, and thus determine the position of tourism in the overall economic development (Dimitrovski & Milutinović, 2014, 57). Tourism expenditure has a negative impact on economic growth, while tourism income has the opposite effect (Nyasha et al., 2021, 2).

International tourism is an important source of foreign exchange earnings and one of the key factors in establishing GDP. The impact of tourism on GDP growth in the European Union countries, where tourism participates with the largest percentage in GDP and whose economic growth depends on tourism, has forced these countries to improve their competitive advantages in the conditions of a highly competitive international market (Radukić & Kostić, 2019, 169). Based on the fact that due to the cumulative effect, the overall contribution of tourism to GDP (especially in the segment of international tourism) is much higher than the direct contribution to GDP (both at the national and international levels), the tourism sector will continue to be crucial in terms of economic growth in developed and developing countries (Iastremska & Kononova, 2021). Travel and tourism's direct contribution to GDP, foreign spending and business spending are positively associated with monetary policy stimulus as captured using interest rate cuts (Khalid et al., 2021). Depending on the inward or outward direction of tourist flows, tourism can have both a positive and negative impact on national income (Mihalič, 2014, 93).

During the last two years, the majority of articles were focused on the impact of the COVID-19 pandemic on the tourism sector. Closing of borders and maximally reduced air traffic between the countries affected revenues from tourism. Korinth study aims to investigate how the pandemic changed revenues in international tourism in 2020 in comparison to 2019 (Korinth, 2022, 2). The economic effects of the pandemic on tourism in Europe were diverse. Differences in the economic consequences of the pandemic also result from different government responses to the pandemic. Taking into account the obvious impact of major extreme events such as health epidemics gives support to the "tourism-led vulnerability hypothesis" (Hoarau, 2022).

Research on the impact of the COVID-19 pandemic on the environmental issues within the tourism sector in Central and Eastern Europe is also interesting (Nagaj & Žuromskaitė, 2021). The results of the study indicated that the COVID-19 pandemic caused a decrease in greenhouse gas emissions from tourism in all CEE countries. The scale of the impact varies from country to country, while the relationship between tourism development and pollution levels is positive.

Regarding the hotel industry, the conducted scientific research indicated that the hotel industry was not fully prepared for the crisis in March 2020 (Wong et al., 2021). Lin and Chen (2021) proved that a major decline in income was observed in international and five-star hotels. New hotels with better offers and promotions via the Internet will experience a faster recovery from the COVID-19 pandemic (Guo et al., 2022).

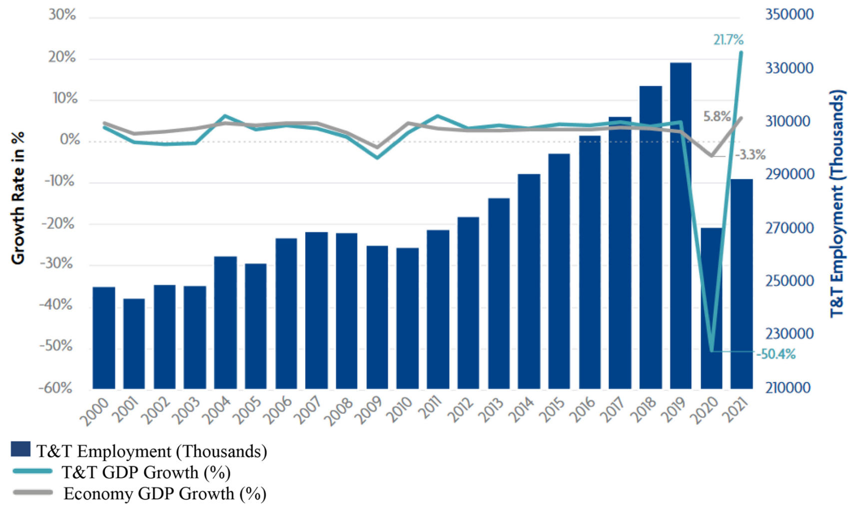

Figure 1. Economic Impact Timeline, 2000-2021
Source: WTTC, 2022, 5.

According to research "Travel & Tourism Economic Impact 2022" (WTTC, 2022) which covers 185 countries and 26 regions of the world, in 2020, 62 million jobs were lost, leaving just 271 million employed across the tourism sector globally. The tourism sector suffered a loss of almost 4.9 trillion USD, with its global contribution to GDP declining by 50.4% year-on-year, compared to a 3.3% decline in the global economy. Travel & Tourism's contribution to GDP increased by 1 trillion USD (+21.7% rise) in 2021 to reach 5.8 trillion USD while the sector's share of the whole economy increased from 5.3% in 2020 to 6.1% in 2021. Additionally, the sector saw a recovery of 18.2 million jobs, representing an increase of 6.7%. Travel & Tourism GDP is set to grow on average by 5.8% annually between 2022 and 2032, outpacing the growth of the overall economy (2.7% per year). What is more, the sector is expected to create nearly 126 million new jobs within the next decade (WTTC, 2022, 2).

3. ANALYSIS OF THE TOURISM SECTOR IN SERBIA - DISCUSSION

According to the latest research on tourism (Uppink & Soshkin, 2022), in many countries, Travel & Tourism Development Index (TTDI) indicates the signs of recovery after the COVID-19 pandemic. The Travel & Tourism Development Index (TTDI) 2021 is an evolution of the 15-year-old Travel & Tourism Competitiveness Index (TTCI) series, a flagship index of the World Economic Forum's Platform for Shaping the Future of Mobility. This revised index serves as a strategic benchmarking tool for policymakers, companies and complementary sectors to advance the future development of the Travel and Tourism (T&T) sector by providing unique insights into the strengths and development areas of each country/economy to enhance the realization of sector potential and growth (Uppink & Soshkin, 2022, 4). The index is comprised of five subindexes, 17 pillars and 112 individual indicators, distributed among the different pillars.

Table 1. The Travel & Tourism Development Index framework

Enabling Environment	Travel and Tourism Policy and Enabling Conditions	Infrastructure	Travel and Tourism Demand Drivers	Travel and Tourism Sustainability
Business Environment	Prioritization of Travel and Tourism	Air Transport Infrastructure	Natural Resources	Environmental Sustainability
Safety and Security	International Openness	Ground and Port Infrastructure	Cultural Resources	Socioeconomic Resilience and Conditions
Health and Hygiene	Price Competitiveness	Tourist Service Infrastructure	Non-Leisure resources	Travel and Tourism Demand Pressure and Impact
Human Resources and Labour Market				
ICT Readiness				

Source: Uppink & Soshkin, 2022, 8.

The described index ranking included 117 countries based on factors crucial for the development and sustainability of their tourism sector. Based on this index, Japan is the best-ranked country. It is followed by the United States of America, Spain, France and Germany. Concerning former Yugoslavia countries, Croatia ranked 46th (with 4.2 index), Montenegro 67th (with 3.9 index), Serbia 70th (with 3.8 index), Northern Macedonia 87th (with 3.5 index), and Bosnia and Herzegovina 95th (with 3.4 index) (Uppink & Soshkin, 2022, 13). Serbia holds a relatively weak position. This position has been improving and deteriorating cyclically, partly as a consequence of opposite trends of indicators within individual sub-indices, which all indicates uncoordinated activities (Petković et al., 2022, 113). The progress on the said list "can be accomplished by analyzing the remaining indicators, by analyzing those indicators in countries that are better ranked on the list than Serbia and by defining the necessary activities to achieve progress in individual groups in the short, medium and long term" (FREN, 2019, 62).

According to the data of the Statistical Office of the Republic of Serbia (RZS, 2022c, 359), the period from 2017 to 2021 was characterized by alternating periods of increasing and decreasing number of tourists arrivals to Serbia. The increasing number of tourists represents an immense potential for the tourism sector and concerning economies at a global level it will lead to a significant increase in GDP and increased labor force employment if traveling becomes normalized (Milanović & Perić, 2022).

The total number of tourist arrivals in Serbia (figure 2) in 2017 was 3,085,866. 2018 saw an 11% growth (3,430,522) compared with 2017, while 2019 (3,689,983) saw about 8% growth compared to 2018. In 2020 the number of tourists arrivals to Serbia (1,820,021) decreased by over 50% compared with 2019. In 2021 there was a 42% increase in tourist arrivals (2,591,293) compared with 2020. From the aspect of regions, in 2017 most tourists visited the region of Sumadija and Western Serbia (35%), then the Belgrade region (33%), Vojvodina region (16%) and Southern and Eastern Serbia Region (15%). The share of regions in the number of tourist arrivals remained almost the same in the following years. In 2020, characterized by the decreased number of tourist arrivals, the region of Sumadija and Western Serbia accounted for over 45% (824,358) of the total number of tourist arrivals (1,820,021). It was followed by the region of Southern and Eastern Serbia (21% or 395,961), the Belgrade region (18% or 330,897) and finally Vojvodina region (15%). In 2021, Sumadija and Western Serbia region prevailed again (40% or 1,056,801), followed by the Belgrade region (23% or 607,873), Southern and Eastern Serbia region (19% or 498,246) and finally Vojvodina region (17% or 428,373).

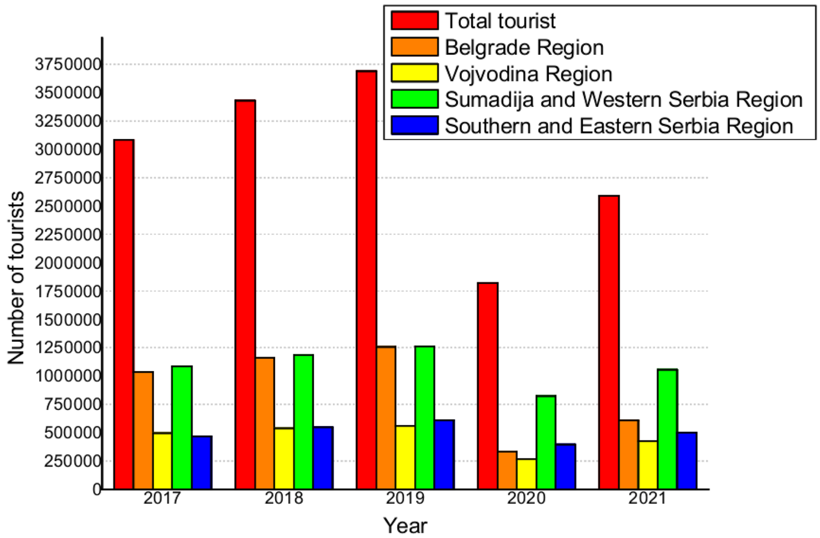

Figure 2. Total number of tourist arrivals in Serbia and by region, 2017-2021

Source: Authors based on RZS, 2022c, 361.

The ratio of the number of domestic and foreign tourist arrivals has changed over the years (figure 3 and figure 4). That ratio of domestic and foreign tourists was:

- 52% or 1,588,693 versus 48% or 1,497,173 in 2017;
- 51% or 1,720,008 versus 49% or 1,710,514 in 2018;
- 49% or 1,843,432 versus 51% or 1,846,551 in 2019;
- 75% or 1,374,310 versus 25% or 445,711 in 2020;
- 66% or 1,720,054 versus 34% or 871,239 in 2021.

Based on this, it can be concluded that the number of tourist arrivals was reduced and that a pre-crisis level has not been reached yet. Regarding domestic tourists' arrivals to Serbia by region, Sumadija and Western Serbia region prevailed with about 50% of the share, depending on the observed year. It was followed by the Southern and Eastern Serbia region, the Vojvodina region and, finally, the Belgrade region. Concerning foreign tourist arrivals, the ranking was the opposite. Belgrade region saw most foreign tourist arrivals (over 50% depending on the observed year), followed by the region of Sumadija and Western Serbia, the region of Vojvodina and, finally, the region of Western and Eastern Serbia.

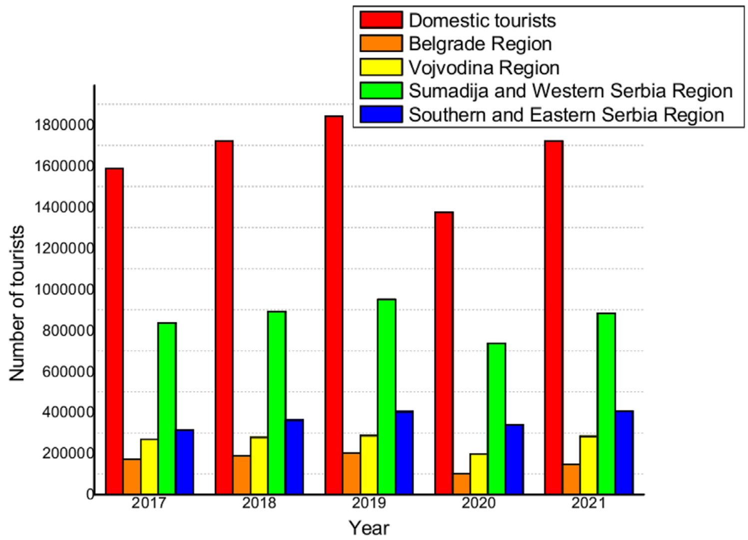

Figure 3. Total number of domestic tourists in Serbia and by region, 2017-2021

Source: Authors based on RZS, 2022c, 361.

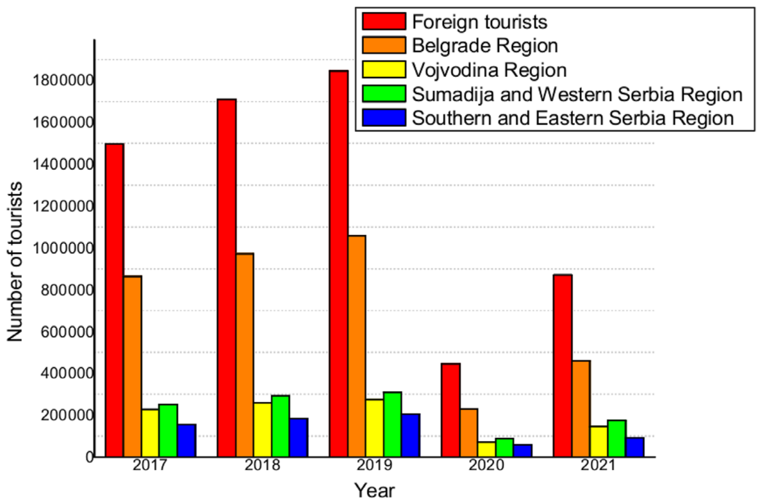

Figure 4. Total number of foreign tourists in Serbia and by region, 2017-2021

Source: Authors based on RZS, 2022c, 361.

In parallel with the change in tourist arrivals number over the years, the number of their overnight stays changed as well (figure 5). A stable growth of the number of tourist overnight stays from 2017 to 2019 was interrupted in 2020 when the number of overnight stays dropped drastically, by 61%, compared with the previous year. Realized number of overnight stays of all the tourists in 2021 who used accommodation facilities was 8,162,000 which was 31,6% more compared with the previous year. Sumadija and Western Serbia region were dominant concerning the realized number of overnight says of all the tourists in the observed period (2017-2019). In 2021 the total number of realized overnight stays of all the tourists in Sumadija and Western Serbia region was 3,565,312 which was close to 20% growth compared with 2020 (2,979,581).

In the Southern and Eastern Serbia region 1,788,846 overnight says were realized, which was 17% growth compared with the previous 2020 (1,528,528). With 1,628,288 overnight stays of all tourists, the Belgrade region saw a 75% growth (928,233) compared with 2020. In 2021 Vojvodina region was ranked last with 1,179,984 overnight says of all tourists, which was a growth of over 54% compared with 2020.

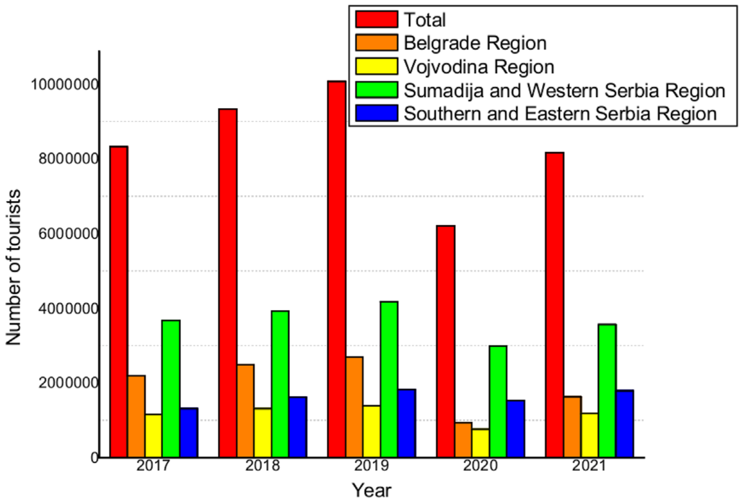

Figure 5. Total number of overnight stays by tourists in Serbia and by region, 2017-2021

Source: Authors based on RZS, 2022c, 361.

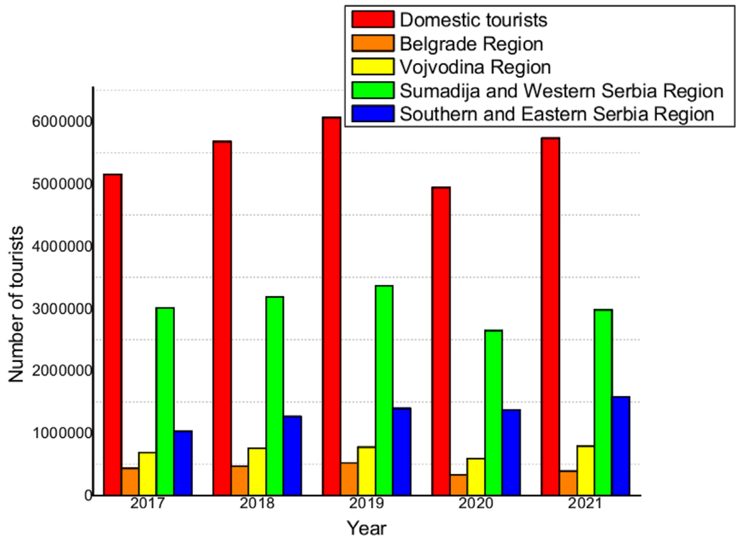

Figure 6. The total number of overnight stays of domestic tourists in Serbia and by region, 2017-2021

Source: Authors based on RZS, 2022c, 361.

Out of the total number of realized overnight stays in 2021, domestic tourists accounted for 5,733,000 overnight stays (16,1% growth compared with 2020). In 2021 the largest number of overnight stays of domestic tourists was realized in the following regions (figure 6):

- Sumadija and Western Serbia region 2,972,890 overnight stays (growth of over 12% compared with 2020);
- Southern and Eastern Serbia region 1,578,276 (growth of almost 15% compared with 2020);
- Vojvodina region 791,373 (growth of over 34% compared with 2020);
- Belgrade region 390,294 (growth of almost 18% compared with 2020).

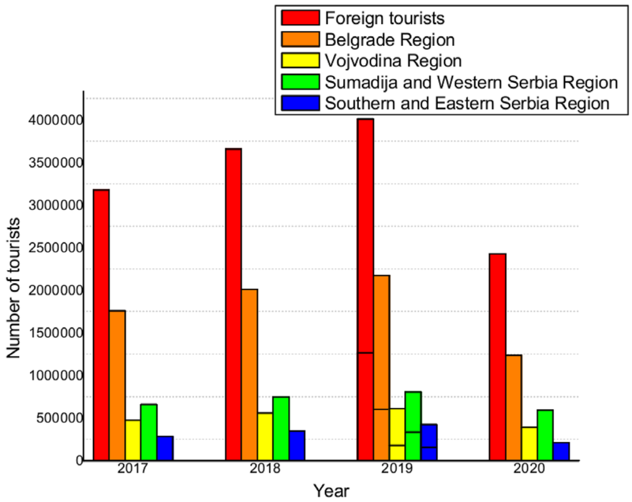

Figure 7. Total number of overnight stays by foreign tourists in Serbia and by region, 2017-2021
Source: Authors based on RZS, 2022c, 361.

The number of foreign tourists' overnight stays in 2021 was 2,429,000 (92,1% growth compared with 2020). The situation by region was the following (figure 7):

- Belgrade region 1,237,994 (107% growth compared with 2020).
- Sumadija and Western Serbia region 592,422 (77% growth compared with 2020).
- Vojvodina region 388,611 (almost 120% growth compared with 2020).
- Southern and Eastern Serbia region 210,570 (35% growth compared with 2020).

Figures 8 and 9 show tourists' arrivals and overnight stays in the period 2012-2021 in thousands.

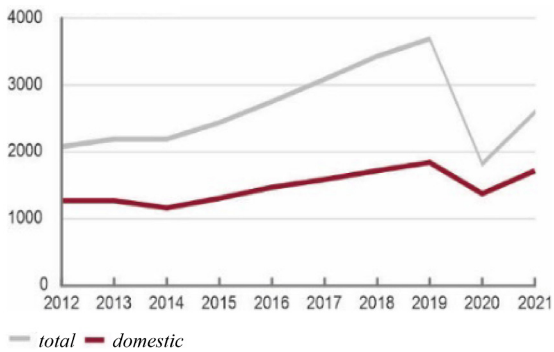

Figure 8. Tourists' arrivals, in thousands, 2012-2021
Source: RZS, 2022c, 361.

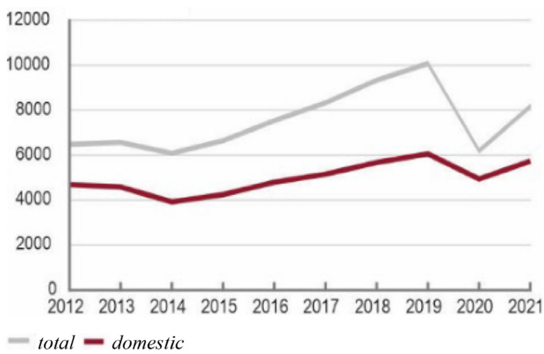

Figure 9. Tourists' overnight stays, in thousands, 2012-2021
Source: RZS, 2022c, 361.

Figures 10 and 11 show the overnight stays of tourists by region in 2021.

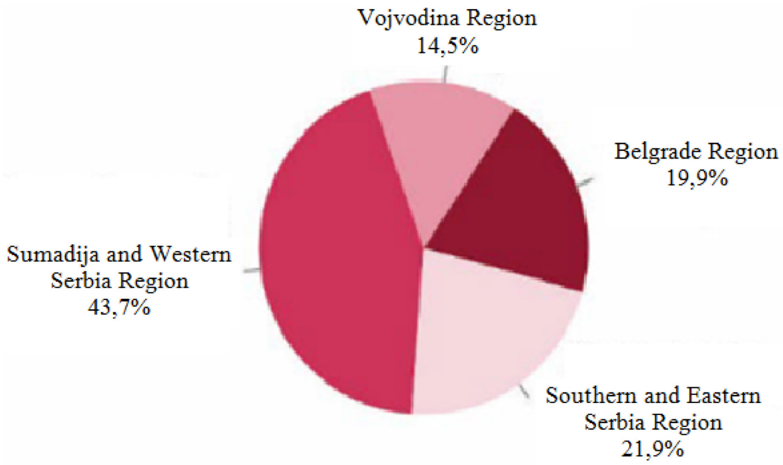

Figure 10. Total tourists' overnight stays by regions, 2021, in %
Source: RZS, 2022c, 361.

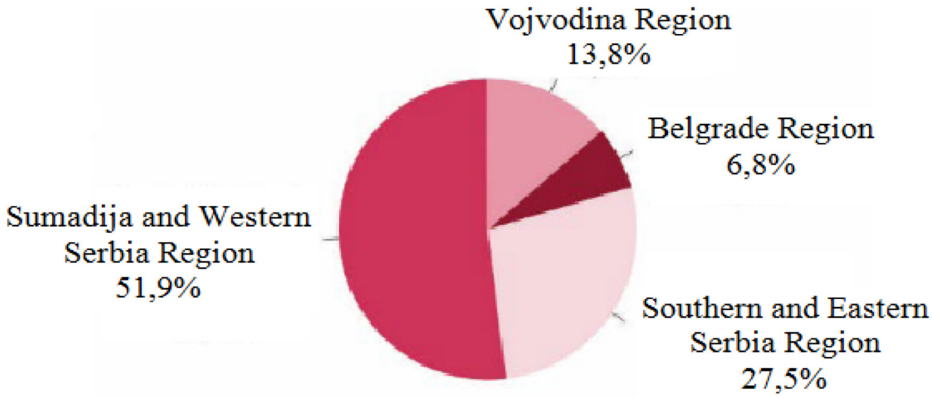

Figure 11. Total overnight stays of domestic tourists by regions, 2021, in %
Source: RZS, 2022c, 361.

Out of the total number of tourist overnight stays (8,162,000), 32,3% (2,636,000) took place in spa resorts and 23,1% (1,886,000) in mountain regions. Spa tourism prevailed concerning tourists' overnight stays which makes it a special segment of medical tourism development that additionally offers various recreational activities, diverse services and products. Most of these spa resorts are located either in villages or in towns. This basic attribute is crucial for understanding the socio-economic impact of spa tourism on municipalities (SKGO, 2021, 26). Regarding the structure of domestic and foreign tourist overnight stays, it was the following: the structure of domestic tourists' overnight stays showed that spa resorts accounted for 41.6% (2,383,000), and mountain resorts for 28.7% (1,645,000) of the total number of domestic tourists' overnight stays (5,733,000); structure of foreign tourists' overnight stays showed that out of the total number of foreign tourists' overnight stays (2,429,000), 50.9% tourists (1,238,000) spent the night in the city of Belgrade, 7.5% in the city of Novi Sad (183,000), 10.4% (253,000) in spa resorts and 9.9% (241,000) in mountain resorts. The following tourism products are of special importance for the development of tourism in Serbia (Službeni glasnik RS br. 98/2016, 2016):

1) city tourism;
2) festivals/events (culture, sport, etc.);
3) mountain tourism;
4) spa & wellness in spas/health tourism;

5) thematic routes;
6) rural tourism;
7) nautical tourism;
8) meetings, incentives, conferences and exhibitions/events (in further text: MICE tourism);
9) cultural heritage;
10) special interests;
11) transit tourism.

Most foreign tourists who visited the Republic of Serbia in 2021 were tourists from Bosnia and Herzegovina (102,000 arrivals, 222,000 overnight stays), Russian Federation (63,000 arrivals, 174,000 overnight stays), Montenegro (58,000 arrivals, 154,000 overnight stays) and Germany (57,000 arrivals, 120,000 overnight stays) (RZS, 2022c, 359).

The impact of tourism on employment also indicates the significance of this sector within the national economy. According to the Labor Force Survey data, in 2021 the Accommodation and catering services sector had 91,200 employees, i.e. 3.2% of the total employment (RZS, 2022a, 38). After the pandemic, however, the number of employees in the Accommodation and catering services sector decreased. In 2019, before the pandemic, there were 105,200 employees, i.e. 3.6% of the total employment (FREN, 2020, 59). This makes the changes in the labor market transparent within this sector. Observed by activity sectors, the Accommodation services sector saw a major fall in average performed working hours per employee. Changes in the labor market in the tourism sector are more complex and do not include only the dismissal of workers and reduction of working hours but also the reduction of salaries, forced vacations, etc. Labor market problems at the moment of the pandemic breakout did not involve only the employees but also a large number of seasonal workers who did not add to the unemployment rate, but they did add to the inactivity rate. Regarding employees in the Accommodation and catering services sector by age groups, this was the situation in % in 2021 (RZS, 2022a, 41):

- 15 to 34 years old 37,9%;
- 35 to 54 years old 48,6%;
- 55 years old and above 13,5%.

Negative effects that in this case primarily included Accommodation and catering services are not only limited to this sector, as there is a high multiplication effect between this sector and other activities, such as services of renting, museums, festivals, and other cultural activities, transport, etc. Indirect effects are 0.42, which means that any new 100 working positions in the tourism sector contribute to opening 42 working positions in other sectors (Posthumus, 2016, 11). The recovery of the tourism sector in Serbia in the upcoming period is expected to lead to an increasing number of employees in this field which is a direct contribution of tourism to the reduction of unemployment in Serbia.

From the aspect of revenue, according to the data of the National Bank of Serbia (NBS, 2022), the export value of tourism in 2020 was 1.084 billion EUR and in 2021 it was 1.596 billion EUR. Before the pandemic, in 2019, the export value of tourism was 1.436 billion EUR i.e. almost 8,2% of the total export (FREN, 2020, 59). Export from tourism grows faster than the total export, which additionally confirms the importance of this economic sector for Serbia.

Gross domestic product in 2021, at current prices, was 6,270,097 million RSD. Compared with the previous year, GDP was nominally higher for 13.9%, and higher for 7.5%. Share of tourism in the GDP of Serbia is at a very low level and in 2021 it was 1.3%. Observed by activities, in 2021 the following sectors had the major share in GDP: the manufacturing industry sector (13.0%), wholesale and retail trade sector and motor vehicles repair sector (11.8%), real-estate activities sector (6.8%), agriculture, forestry and fishing sector (6.3%) and construction sector (6.0%). As observed by activities, in 2021, the Accommodation and catering services sector created a real growth of gross value added (GVA) of 31.8% (RZS, 2022b).

Table 2. Gross domestic product 2021

	2018	2019	2020	2021
GDP total, RSD million	**5,072,329**	**5,421,851**	**5,504,431**	**6,270,097**
Accommodation and catering services:				
RSD Million	70,922	75,746	58,357	79,172
Structure (%)	1.4	1.4	1.1	1.3
Real growth rates (%)	6.8	6.0	-29.1	31.8

Source: RZS, 2022b.

Revenue from tourism in the Republic of Serbia (with foreign tourists accounting for its major part) will have a higher growth rate until 2025 if the Republic of Serbia takes adequate measures to support the development of existing and new products, improves promotion at the main markets, increases the efficiency of destinations management and ensures a high-quality level of permanent new knowledge and skills acquisition by employees thus taking advantage of the traffic infrastructure development.

4. CONCLUSION

Tourism has a very favorable effect on macroeconomic aggregates and increases the macroeconomic stability of the national economy. It also affects the acceleration of local and regional development and the increase in employment. Tourism transforms entire communities and helps build a better life. The COVID-19 pandemic has hit the tourism sector hard. Today, tourism in many parts of the world is showing signs of recovery, although overall international tourism is still below the pre-pandemic level. The recovery of the tourism sector will not happen all at once, but gradually. The complete recovery of tourism, not only in Serbia but also globally, will happen when there is no longer any danger of the disease COVID-19 and when the global tourism market re-establishes balance and trust between tourist supply and demand, which is necessary a prerequisite for any tourism growth and development.

Amid the COVID-19 pandemic and reduced international tourism, the importance of domestic tourism is emerging. This is supported by the fact that of the total tourist arrivals in Serbia in 2021, as many as 67% were domestic tourists, while foreign tourists were around 33%. Domestic tourists and tourists from our immediate environment are increasingly opting for their own or neighboring countries rather than large tours to distant and relatively unsafe places. The evolution of domestic tourism is a great hope for the country's resilience, and with the right measures, it can influence a change in the model of tourism development. In that process, the role of the government is also very important, and by introducing a series of economic incentives, it tries to mitigate the negative effects of the pandemic on the decline of the tourism sector. Driving trends that will continue to shape Serbia's tourism in the coming period will be domestic tourism, outdoor activities, products based on nature, spa, mountain and rural tourism.

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Estimating International Tourism Indicators in Context of Macroeconomic Stability and Fiscal Sustainability in the Republic of Serbia

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Abstract: *The importance of the tourism sector is manifested in the fact that this sector is one of the fastest-growing sectors worldwide. This research aims to determine the impact of tourism indicators on the macroeconomic and fiscal framework. The subject of the paper includes estimating the effect of international tourism arrivals and international tourism receipts on economic growth, unemployment and fiscal sustainability in the Republic of Serbia for the period 2002-2020. The obtained empirical results show that international tourism categories significantly improve macroeconomic stability and fiscal sustainability in the Republic of Serbia for the observed period. Based on the empirical findings, policymakers should focus on increasing international tourist arrivals as well as increasing international tourism receipts to provide positive implications for the economic development of our country.*

1. INTRODUCTION

Tourism represents a considerable sector for many economies and it will become more significant in the future (Ahmad et al., 2020). The tourism industry is an important source of income for many developed and developing economies (Gričar et al., 2021) and thus, most governments actively support this industry (Chi, 2020; Mitra, 2019). By imposing and collecting taxes on tourism, the governments will get more revenues that can be used to upgrade infrastructure, as well as increase health and accommodation capacities in poor areas (Li et al., 2018). From the aspect of the government's role, Zeng et al. (2020) highlighted the importance of local governments' competition with positive implications for environmental improvement and tourism development, although fiscal decentralization is not conducive to tourism growth. With increasing global economic integration and permanent improvement of trade liberalization, global tourism trade has advanced (Chen et al., 2021).

Specifically, Fonseca and Sanchez-Rivero (2020) found that the effect of economic growth on tourism flows varies across income levels and degrees of tourism specialization. According to the empirical findings of Joshi et al. (2016), rules and regulations that support tourism, the wealth of natural resources, as well as rich cultural history have a greater impact on international tourism receipts. Petrevska (2017) highlighted the importance of the tourism sector which has a tremendous impact on the national economy and people. Băndoi et al. (2020) identified the tourism sector as an essential tool for connecting people from all over the world, as well as a driver of the use of natural and cultural resources, traditions and customs.

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During the period from February to June 2020, the global economy sharply slowed as a result of COVID-19 (Olivia et al., 2020), where this pandemic and crisis put enormous pressure on the budget state (Gordon et al., 2020). Right on, the lockdown was costly in terms of halting economic activity that damage public finances due to declined revenues and spending growth on health and social care (Adam et al., 2020). Since the start of the COVID-19 pandemic in China, the effect of the crisis on the travel tourism industry was significantly underrated (Škare et al., 2020). Unsurprisingly tourism is one of the most impacted sectors as a consequence of COVID-19 (Hoarau, 2022). Accordingly, the government should identify and values tourism's contribution to the economy, creating a tourism policy focused on increasing revenues from visitors and international tourists (Joppe, 2018). Tourism infrastructure development has a double impact on the real sector: it promotes the growth and development of the tourism sector and other economic sectors (Nyasha et al., 2020). In the recent era of globalization, the tourism sector is increasing rapidly and enabling economic growth around the world (Danish & Wang, 2018). The importance of the tourism sector is constantly increasing for the economy of many countries (Lee, 2021), where this sector is among the fastest-growing sectors in the global economy (Banerjee et al., 2018; Bošković et al., 2019; Kyara et al., 2021). Similarly, tourism was defined as one of the largest industries from a global perspective, and considered as a new tool for growth and development (Su et al., 2021). Furthermore, the tourism industry is recognized as the main determinant of economic growth in many developed and emerging economies (Eyuboglu & Eyuboglu, 2019). This means that the tourism sector is considered to have a positive effect on economic growth (Brida et al., 2020). Within the tourism industry, international tourism has become one of the leading factors to impact the economy's development (Ongan & Gozgor, 2018). It can be explained that international visitors spend money on goods and services, making economic effects on value-added, income and employment to tourism destinations (Tafel & Szolnoki, 2020). Besides positive implications for growth, the tourism sector generates employment and tax revenues and encourages investment in human capital, infrastructure and technology (Shahzad et al., 2017). Similarly, Qian et al. (2018) argue that this sector has a significant role in arousing consumption, promoting trade and, boosting international communication. Songling et al. (2019) recognized tax revenues from the tourism sector as one of the significant sources for decreasing the budget deficit.

The structure of this chapter is as follows. After the introduction, there is a theoretical background related to tourism's economic contribution. The third segment is a methodological framework that includes data, sample, variable definition, hypotheses, as well as model selection. The fourth segment implies descriptive statistics, correlation analysis and regression models of macroeconomic stability and fiscal sustainability. These models are defined to identify the role and potential contribution of tourism indicators on economic growth measured by GDPpc, as well as fiscal sustainability measured by government revenues. The last segment covers obtained results and conclusions with enabling information support to policymakers in Serbia from the standpoint of tourism's contribution to macroeconomic stability and fiscal sustainability.

2. THEORETICAL FRAMEWORK

The significance of international tourism receipts for many economies in the world has been well emphasized in the world (Gnangnon, 2020). One of many authors around the world, Maneejuk et al. (2022) indicated that tourism's contribution to economic development has been scientifically verified, and this relation can be confirmed by the Tourism-Led-Growth Hypothesis (TLGH). Consequently, many theoretical and empirical researchers have analyzed the relationship between tourism and economic growth (Antonakakis et al., 2019; Arslanturk et al., 2011; Bouzahzah & El Menyari, 2013; Brida et al., 2014, 2020; Demiröz & Ongan, 2005; Gričar et al., 2021; Gunduz & Hatemi-J, 2005; Hristov

Stančić et al., 2022; Kadir & Karim, 2012; Khan et al., 2020; Kim et al., 2006; Lean & Tang, 2010; Lee & Chang, 2008; Lee, 2021; Mirović et al., 2021; Perles-Ribes et al., 2017; Pratt, 2015; Shahzad et al., 2017; Sokhanvar et al., 2018; Songling et al., 2019; Tafel & Szolnoki, 2020; Wu & Wu, 2018; Wu et al., 2022). If the mentioned studies are briefly analyzed, Demiröz and Ongan (2005) investigated the impact of international tourism receipts on the long-run economic growth of Turkey from 1980 to 2004. Using Granger causality analysis, their study has shown a bidirectional causality between these variables for the observed period. It implies that economic growth contributes to tourism development, while the tourism sector affects the economic growth in Turkey. Similar research and results for Turkey, Gunduz and Hatemi-J (2005) have found a unidirectional causal relationship running from international tourist arrivals to economic growth. The empirical analysis of Lee and Chang (2008) has confirmed a unidirectional causal relationship between tourism development and economic growth in OECD countries and a bidirectional causal relationship in non-OECD countries for the period 1990-2002. Kadir and Karim (2012) have confirmed the existence of cointegration between international tourism receipts and real economic growth in Malaysia for the period 1998-2005. Bouzahzah and El Menyari (2013) analyzed tourism activity on the economic growth of Morocco and Tunisia for the period 1980-2010. Their results have confirmed the tourism-led growth hypothesis (TLGH) in the short-run for these two countries of Maghreb. When it comes to the case of Spain, Perles-Ribes et al. (2017) confirmed bidirectional causality between tourism and economic growth. On the other hand, Sokhanvar et al. (2018) found a unidirectional relationship between tourism to economic growth in Brazil, Mexico and the Philippines. Likewise, inverse causality is determined in China, India, Indonesia, Malaysia and Peru. Finally, bidirectional causality is identified for Chile. Khalid et al. (2019) highlighted the significant impact of macroeconomic indicators such as inflation and debt on international tourism arrivals. Namely, their analysis included 200 countries for the period 1995-2010 and identified that the inflation crisis has a dampening impact on international tourism flows in host and origin countries. Furthermore, their analysis has confirmed that the domestic debt crisis boosts international tourism arrivals in the host countries, while its impact in the origin countries is negative. The analysis by Khan et al. (2020) found a significant and positive impact of economic growth on tourism in Pakistan.

Empirical findings have manifested that a 1% increase in economic growth improves tourism by 1.9% in the long term while the same increase in economic growth enhances tourism by 1.32% in the short term. Mirović et al. (2021) have identified the positive impact of tourism on economic growth in Višegrad group countries (Czechia, Hungary, Poland and Slovakia) from 2008 to 2018. When it comes to European Union, Haller et al. (2020) have found a positive and direct causality between tourism and economic growth in EU member states from 2012 to 2018. Similarly, business tourism spending and domestic tourism spending significantly affect the economic growth in European Union (Pjanić & Mitrašević, 2020). Also, Gričar et al. (2021) investigated the relationship between tourist arrivals and gross domestic product in Montenegro and Slovenia for the period 2010-2019. Their empirical findings confirmed the unidirectional causality of economic growth-led domestic tourism growth in Montenegro and one cointegrated vector. On the other hand, these results were not identified for Slovenia. Majeed and Mazhar (2021) analyzed 155 countries for the period 1971-2017 from the aspect of the relationship between tourism and economic growth. Using panel data techniques, their empirical results have confirmed that international tourism helps in achieving high economic growth. Hristov Stančić et al. (2022) confirmed the tourism-growth hypothesis in Serbia, which means that tourism is a generator of Serbian economic growth for the period 2007 – 2017. Wu et al. (2022) analyzed the asymmetric impact of international tourism development on economic growth in eastern China for the period 1995 – 2020. Their empirical findings indicated a positive relationship between these variables in eastern China, but among China's eastern regions, their correlation was the smallest.

3. METHODOLOGICAL FRAMEWORK

Within this segment, we introduce samples, data, selected variables, developed hypotheses and predicted regression models with testing econometric preconditions. The empirical analysis implies annual data obtained from the World Bank (WB), International Monetary Fund (IMF) and Bulletin Public Finances from the Ministry of Finance of the Republic of Serbia. The analyzed period is from 2000 to 2020 on an annual basis.

Table 1. Variable definition

Variables	Notation	Calculation	Source
Tourism indicators			
International tourism receipts	ITR	US$	WB
International tourism arrivals	ITA	absolute value	WB
Macroeconomic indicators			
Gross domestic product per capita	GDPpc	US$	IMF
Gross domestic product	GDP	annual rate	IMF
Unemployment	UNM	annual rate	IMF
Fiscal indicators			
Government revenues	GR	relative share of GDP	IMF
Government expenditures	GE	relative of GDP	IMF
Gross government debt	GD	relative share of GDP	IMF

Source: Authors illustration

The chapter includes seven hypotheses based on the determined research's objectives that are developed as follows:

H_0: International tourist arrivals and international tourism receipts positively affect the macroeconomic stability and fiscal sustainability in the Republic of Serbia.

H_1: International tourist arrivals and international tourism receipts positively affect the economic growth in the Republic of Serbia.

H_2: International tourist arrivals and international tourism receipts inversely affect the unemployment rate in the Republic of Serbia.

H_3: International tourist arrivals and international tourism receipts positively affect the government revenues and government expenditures level in the Republic of Serbia.

H_4: International tourist arrivals and international tourism receipts inversely affect the government debt level in the Republic of Serbia.

H_5: There is a significant causality between tourism indicators and macroeconomic indicators in the Republic of Serbia.

H_6: There is a significant causality between tourism indicators and fiscal indicators in the Republic of Serbia.

Models construction can be presented as:

- MS model:
  $\log GDP_{pc} = \beta_0 + \beta_1(\log ITA_t) + \beta_2 \log(ITR_t) + e_t (1)$
  $\log GDP = \beta_0 + \beta_1(\log ITA_t) + \beta_2 \log(ITR_t) + e_t (2)$
  $\log UNM = \beta_0 + \beta_1(\log ITA_t) + \beta_2 \log(ITR_t) + e_t (3)$
- FS model:
  $\log GR = \beta_0 + \beta_1(\log ITA_t) + \beta_2 \log(ITR_t) + e_t (4)$
  $\log GE = \beta_0 + \beta_1(\log ITA_t) + \beta_2 \log(ITR_t) + e_t (5)$
  $\log GD = \beta_0 + \beta_1(\log ITA_t) + \beta_2 \log(ITR_t) + e_t (6)$

where MS – macroeconomic stability, FS – fiscal sustainability, while selected indicators are: GDP_{pc} – gross domestic product per capita, GDP – gross domestic product growth rate, UNM – unemployment rate, GR – government revenues, GE – government expenditures, GD – government debt, ITA – international tourism arrivals, ITR - international tourism receipts and COVID-19 – dummy variable (0 – absence of COVID-19, 1 – presence of COVID-19), β = the constant term; β_B= the coefficient of the independent variables; e = the error term of the equation. To obtain adequate model results, the values of selected variables are logarithmic.

4. EMPIRICAL ANALYSIS AND RESULTS

After presenting theoretical and methodological framework with defined objectives and hypotheses of the research, there is an empirical framework that includes descriptive analysis, stationary tests, correlation matrix, regression model, as well as causality analysis of tourism indicators, macroeconomic indicators, and fiscal indicators in the Republic of Serbia for the period 2002 – 2020.

Table 2. Descriptive statistics

Variable	Mean	Std. dev.	Min.	Max.
GDPpc	14554.53	2443.71	9721	18269
GDP	3.354	3.53	-2.73	10.15
UNM	18.01	4.13	10.09	24.6
GR	40.13	1.36	37.32	42.03
GE	42.52	1.93	39.82	48.23
GDP	53.87	14.19	30.56	76.12
ITA	846000	461079.8	312000	1847000
ITR	1047157895	461079.8	77000000	2000000000

Source: Authors' calculation

The results of descriptive statistics have shown that the mean GDPpc was 14545 dollars in the Republic of Serbia, while the average GDP growth rate was 3.35% for the observed period. The economy of Serbia recorded an average unemployment rate of 18.01%, as well as a mean government debt level of 53.87 of the GDP. Furthermore, a relative share of government expenditures in GDP was greater than a relative share of government revenues at the average level. Precisely, the mean share of GR was 40.13% of GDP, while the average share of GE was 42.52% of GDP. When it comes to tourism indicators, The Republic of Serbia had 846000 international tourism arrivals, as well as 1047157895 international tourism receipts at the average level from 2002 to 2020.

Table 3. Unit root test

	ADF	
Variable	Level	First diff.
GDPpc	-3.810***	-6.617***
GDP	-5.062***	-8.409**
UNM	-3.111*	-3.381**
GR	-5.288***	-9.064***
GE	-4.045***	-7.876***
GD	-3.937***	-6.911***
ITA	-4.369***	-7.938***
ITR	-4.476***	-7.855***

Note: *** significance at level 0.01, ** significance level at 0.05, and *significance level at 0.1.

Source: Authors' calculation

Based on the results from Table 3, we can conclude that the selected variables are stationary at a level of 0.01, except unemployment. After determining the stationary trend of explanatory variables, the next is correlation analysis to provide information about the relationship between tourism, macroeconomic and fiscal indicators.

Table 4. Correlation analysis

Variable	GDPpc	GDP	UNM	GR	GE	GD	ITA	ITR
GDPpc	1.00							
GDP	0.52***	1.00						
UNM	-0.31**	-0.02	1.00					
GR	0.34**	0.46	-0.63*	1.00				
GE	0.27**	0.62*	-0.16*	0.20	1.00			
GD	-0.15*	0.03*	0.13	-0.14	0.06	1.00		
ITA	0.21**	0.75**	-0.26**	0.13**	0.15**	0.08*	1.00	
ITR	0.44***	0.96***	-0.33**	0.53***	0.22**	0.11*	0.87***	1.00

Note: *** significance at level 0.01, ** significance level at 0.05, and *significance level at 0.1.

Source: Authors' calculation

The correlation analysis shows that tourism indicators are positively related to economic growth measured by GDPpc and GDP, as well as, fiscal sustainability measured by GR and GE. Conversely, the correlation matrix confirmed the negative relationship between ITA, ITR and UNM, as well as, ITA, ITR and GD for the observed period. The highest correlation is identified between ITA, ITR and GDP, while the lowest correlation is confirmed between ITA, ITR and GD. We can notice that relationship between tourism and macroeconomic indicators, as well as tourism and fiscal indicators, can be confirmed, whereas these results are logical and in line with theoretical and empirical assumptions.

Table 5. OLS models

Effects	Macroeconomic stability			Fiscal sustainability		
	GDPpc	GDP	UNM	GR	GE	GD
Tourism contribution						
ITA	1.27***	4.91***	-0.76**	2.09***	0.33**	-0.002*
ITR	5.44***	7.82***	-2.92**	8.26***	1.89**	-0.64*
R-squared	0.93	0.64	0.41	0.78	0.56	0.28
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
B-P test	0.232	0.731	0.816	0.404	0.638	0.210
Ramsey test	0.118	0.165	0.143	0.198	0.097	0.072

Note: *** significance at level 0.01, ** significance level at 0.05, and *significance level at 0.1.

Source: Authors' calculation

To get the specific impact of tourism indicators on macroeconomic stability and fiscal sustainability, two models measure their effects. The results show that ITA and ITR have a positive impact on economic growth measured by GDPpc and GDP, while on the other side, tourism indicators inversely affect the unemployment rate. Likewise, ITA and ITR positively affect government revenues and government expenditures, while these tourism indicators have an inverse impact on government debt.

The obtained empirical findings can be confirmed by regression diagnostics tests such as the Breusch-Pagan test and the Ramsey test. Namely, the results of these tests show that there is no problem with heteroscedasticity and misspecification.

Table 6. Different scenarios and estimating the effect on MS

Variables	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
GDPpc	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
Δ ITA	1.27	6.35	12.7
Δ ITR	5.44	27.2	54.4
GDP	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
Δ ITA	4.91	24.55	49.1
Δ ITR	7.82	39.1	78.2
UNM	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
Δ ITA	-0.76	-3.8	-7.6
Δ ITR	-2.92	-14.6	-29.2

Source: Authors' calculation

Looking at Scenario 1, an increase of ITA and ITR by 1% leads to growth of GDPpc for 1.27% and 4.91%, or 5.44% and 7.82%. Likewise, the greater level of ITA and ITR for 1% implies a lower unemployment rate of 0.76% and 2.92%. Based on Scenario 2, the growth of ITA by 5% enhances GDPpc and GDP by 6.35% and 24.55% and declines the unemployment rate by 3.8%. Furthermore, an increase of ITR by 5% leads to higher GDPpc and GDP for 27.2% and 39.1%, as well as a lower unemployment rate of 14.6%. Finally, Scenario 3 assumes the same direction of tourism indicators' effect on macroeconomic indicators in the condition of growth by 10%.

Table 7. Different scenarios and estimating the effect on FS

Variables	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
GR	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
Δ ITA	2.09	10.45	20.9
Δ ITR	8.26	41.3	82.6
GE	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
Δ ITA	0.33	1.65	3.33
Δ ITR	1.89	9.45	18.9
GD	**Scenario 1**	**Scenario 2**	**Scenario 3**
	↑ 1%	↑ 5%	↑ 10%
Δ ITA	-0.002	-0.01	-0.02
Δ ITR	-0.06	-0.3	-0.6

Source: Authors' calculation

When it comes to fiscal indicators, we can see that ITA and ITR positively affect government revenues and government expenditures, except for government debt where it was a negative impact. Namely, the growth of ITA and ITR for 1% raises shares of GR and GE for 2.09% and 033%, or 8.26% and 1.89% of the gross domestic product. Finally, a 1% increase in ITA and ITR enables lower government debt by 0.002% and 0.06% (Scenario 1). Based on Scenario 2, growth of ITA by 5% raises GR and GE by 10.45% and 1.65% and decreases government debt by 0.01%. Additionally, an increase of ITR by 5% leads to a greater share of GR and GE for 41.3% and 9.45% and 39.1%, as well as a lower government debt of 0.3%. Lastly, Scenario 3 reflects the positive effect of tourism indicators on fiscal indicators in conditions of 10% growth. It is necessary to point out that empirical findings from Table 6 and Table 7 must be carefully considered because the defined models did not include other economic and non-economic categories that may be important for the macroeconomic framework of our country.

Table 8. Causality analysis

Direction	Prob.	Causality
GDPpc → ITA	0.000	Bidirectional
ITA → GDPpc	0.002	
GDPpc → ITR	0.008	Bidirectional
ITR → GDPpc	0.013	
GDP → ITA	0.000	Bidirectional
ITA → GDP	0.000	
GDP → ITR	0.000	Bidirectional
ITR → GDP	0.000	
UNM → ITA	0.619	Unidirectional
ITA → UNM	0.000	
UNM → ITR	0.252	Unidirectional
ITR → UNM	0.000	
GR → ITA	0.727	Unidirectional
ITA → GR	0.000	
GR → ITR	0.462	Unidirectional
ITR → GR	0.000	
GE → ITA	0.204	Unidirectional
ITA → GE	0.000	
GE → ITR	0.234	Unidirectional
ITR → GE	0.000	
GD → ITA	0.771	Unidirectional
ITA → GD	0.000	
GD → ITR	0.474	Unidirectional
ITR → GD	0.000	

Source: Authors' calculation

Based on causality analysis, we can notice that bidirectional causality is identified between GDPpc and ITA, as well as GDPpc and ITR. Likewise, economic growth measured by GDP growth rate is also caused by ITA and ITR and vice versa. When it comes to other variables, the results confirmed unidirectional causality between tourism indicators ITA and ITR and macroeconomic variable UNM, as well as fiscal indicators GR, GE and GD. It is important to highlight that unidirectional causality is determined from tourism indicators to selected macroeconomic and fiscal indicators. It implies that changes in international tourism arrivals and international tourism receipts lead to changes in macroeconomic and fiscal indicators in the Republic of Serbia for the observed period.

After identifying and determining the interaction between tourism and the macroeconomic framework of the Republic of Serbia, there is an individual estimation of the COVID-19 pandemic effect on selected variables. Before measuring the effect of an actual crisis, there is a multivariate analysis of variance test to find out the potential difference between international tourism arrivals and international tourism receipts level.

Table 9. Test difference of tourism indicators level

Dummy – COVID-19	**W = Wilks' lambda**		**L = Lawley-Hotelling trace**		
	P = Pillai's trace		**R = Roy's largest root**		
Source	Statistic	F(df1)	F(df2)	F	Prob > F
W	0.454	2.0	16.0	9.64	0.001
P	0.546	2.0	16.0	9.64	0.001
L	1.21	2.0	16.0	9.64	0.001
R	1.21	2.0	16.0	9.64	0.001

Source: Authors' calculation

The results of MANOVA tests show that there are significant differences in international tourism arrivals and international tourism receipts level in terms of the COVID-19 pandemic. The values of the multivariate analysis of the variance test are less than 0.05 which confirms the presence of significant differences in the observed indicator of tourism contribution indicators.

Table 10. Estimating dummy variable COVID-19

Variable	Effect	Prob.
GDPpc	-1.67	0.000
GDP	-4.53	0.000
UNM	8.36	0.000
GR	-6.97	0.000
GE	7.04	0.011
GD	4.23	0.024
ITA	-42.22	0.000
ITR	-3.94	0.000

Source: Authors' calculation

Including dummy variables and estimating the individual effect on selected variables, we can see that COVID-19 had a significant impact on macroeconomic stability indicators, fiscal sustainability indicators and tourism contribution indicators. Empirical findings indicated a negative impact on gross domestic product per capita, gross domestic product rate, government revenues, government debt, international tourism arrivals and international tourism receipts.

Conversely, COVID-19 positively affected the unemployment rate and government expenditures for the observed 2020 year. These results are expected and logical with a theoretical basis in terms of crisis effect. Namely, crises declined economic growth and their effects are greater if states do not react to them. Economic fall implies a higher unemployment rate and governments try to adjust to crisis moments. Adjusting to a crisis period implies governments' ability to stimulate economic activity, i.e. spending more to fix the budget state, which causes a greater debt level. Specifically, this pandemic closed the country's borders and economies and the results were fewer international tourism arrivals. Accordingly, international tourism receipts decreased, where the lack of revenues is partially covered by domestic tourists.

5. CONCLUSION

Tourism can be a powerful tool for improving and enhancing the economic activity of any country. It especially applies to countries that have natural resources and favorable geographical positions and relief. Accordingly, these economies can use tourism capacities and raise the contribution of this industry to economic development. Bearing in mind the increasing role of tourism in the economic structure worldwide, the tourism industry in Serbia and economies in the region such as Hungary, Croatia, Slovenia and Romania manifest great interest in tourism development (Kalaš et al., 2019). The country's transition after the year 2000 and applied economic policy resulted in a strengthening of the service sectors such as trade, banking and tourism. Even if Serbia does not have mass tourism generators bearing in mind its landlocked position, tourism based on rivers, mountains, lakes and spa is on the constant rise for the last fifteen years (Popović et al., 2022). The forms of tourism which show the greatest potential are ecotourism, recreational, adrenaline, cultural, manifestation, nature, geo, ethical and community-based tourism. Their development will enhance economic indicators, which will manifest in a higher share of tourism in the gross domestic product (Milićević et al., 2021).

The chapter estimated the effect of tourism indicators on macroeconomic stability and fiscal sustainability in the Republic of Serbia for the period 2002 – 2020. The empirical findings confirmed that tourism indicators significantly improve selected macroeconomic and fiscal indicators. It implies that H_0 can be accepted. The results have shown that ITA and ITR positively affect the economic growth measured by GDPpc and GDP, which implies that H_1 can be accepted. Additionally, H_2 can be confirmed, because ITA and ITR have an inverse effect on the unemployment rate. When it comes to the effect on fiscal indicators, ITA and ITR have a positive impact on GR and GE, which implies that H_3 can be accepted. Bearing in mind that ITA and ITR negatively affect the GD, we can accept H_4 which includes the inverse effect. The results of the causality analysis highlight the bidirectional causality between ITA, ITR, GDPpc and GDP, as well as, the unidirectional causality between ITA, ITR and UNM. Similarly, unidirectional causality is confirmed between ITA, ITR GR, GE and GD, where the direction is identified from tourism indicators to fiscal indicators. Based on determined causality, we can accept hypotheses H_5 and H_6, which imply the presence of causality between tourism contribution, macroeconomic stability and fiscal sustainability. Considering the impact of COVID-19, the empirical findings of MANOVA tests show that there are significant differences in international tourism arrivals and international tourism receipts level in the Republic of Serbia for 2020.

These empirical results can be helpful to policymakers in the Republic of Serbia from the aspect of estimating the potential effect of tourism indicators on the macroeconomic framework of our country. The obtained findings highlight that international tourism categories are very important for economic growth, revenue collection, as well as, unemployment reduction. It denotes that policymakers should create an attractive tourism portfolio and stimulate domestic and foreign tourists to visit the Republic of Serbia, which leads to greater international tourism arrivals, as well as, international tourism receipts. This research expands the current theoretical background related to tourism's contribution to the economy and enables additional findings and opinions in the middle of creating tourism strategy and development in the context of macroeconomic ambiance.

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The Strategy for Improving the Quality and Sustainability of Tourism Organisations in the Republic of Serbia during the Global Crises

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Abstract: *The main goal of this research is to use the tools of strategic analysis to identify the factors from the macro environment that affect tourism and to propose a strategy for improving the quality of business and the sustainability of tourism organisations in the Republic of Serbia during the global crises. The research findings indicate that a strategy based on the implementation and application of international quality standards and orientation to domestic tourism products ensures the sustainability of tourism organisation. The significance of this manuscript is considered from the aspect of giving guidelines to the management of tourism organisations to improve the quality and sustainability of business in time of global crises.*

1. INTRODUCTION

Today, when the world is facing a global health and economic crisis, there is no doubt that tourism is one of the most affected economic sectors. The question of the sustainability of tourism companies is not only a problem of their owners or management but also state policy, considering that the contribution of tourism to the national economy is characterized by two indicators such as the share of tourism in GDP and the percentage of employment in this sector. Before the crises, from 2014-2018, the average annual growth of foreign exchange inflow from tourism in Serbia accounted for approximately 6.9% (UNWTO, 2020).

Nowadays, the business sector faces various risks, particularly in the tourism sector. The risks that come from the external environment are conditioned by many global crises that cause instability and lead to disruption of the organisation's business activities. Such a situation requires certain measures by the management of the tourism organisation. This implies modeling a strategy that will be adaptable to all changes coming from the external environment. A good strategy determines what types of risks are acceptable for the organisation as well as the measures to eliminate deficiencies and treat the risks. In this way, the organisation's management can harmonise its decisions with the guidelines for goal achievement.

Crisis management in tourism requires a strategic approach that includes proactive scanning and planning, implementing strategies when crises occur and evaluating their effectiveness. The duration of the crisis directs policymakers to adapt to the situation or minimize costs, assess possible responses from interested parties, and implement appropriate tourism policies (Kuščer et al., 2022).

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United Nations World Tourism Organisation (UNWTO) states that the tourism development master plan should recognise the actions/activities, roles and responsibilities of stakeholders, timelines, indicative budgets, monitoring guidelines and success criteria for ten aspects of tourism at the destination such as transport, accommodation, tourism activities, product development, tourism zoning, marketing and promotion, institutional framework, statistics and research, legislation and regulations, and standards for the quality of tourism services (Mašić et al., 2017).

Many studies are focused on analysing the impact of the macro environment and development strategy of the tourism destination (Ateljević, 2016; Bojović & Plavša, 2011; Mašić et al., 2017; Rezazadeh et al., 2017; Stefanović & Began, 2013) as well as different types of tourism (Nasution & Rahmawati, 2021; Perić et al., 2017; Ünüvar et al., 2017). However, there is a certain research gap in exploring the influence of macro-circulation on the development of tourism organisation's business strategy and sustainability during the crisis, especially in the Republic of Serbia. The research on the impact of the macro environment and modelling of the development strategy of tourism enterprises was carried out by authors from Ukraine, Fisun et al. (2022). Furthermore, Kuščer et al. (2022) proposed a crisis management model that includes actions for crisis management and building business resilience in the stages of response, recovery, and business restart of tourism organisations. The authors have indicated the importance of stimulus packages and interventions by the government.

Considering various socio-cultural, political, economic, and technological factors, the main goal of this research is to use the tools of strategic analysis to examine internal and external factors that affect the business of tourism organisations in the Republic of Serbia, as well as to propose a strategy for improving the quality and sustainability of tourism organisation during the global crises.

2. THEORETICAL BACKGROUND

In the scientific literature, many definitions refer to tourism organisation. According to Kaspar (1991), the tourism organisation is a special organisational structure that takes over the functions of coordination within the tourism of a place, at the local level. Inskeep (1991) points out the fact that tourism organisations include public and private organisations at the local, regional, national, and international levels. While UNWTO (1993) refers to tourism super-organisations that will organise existing tourism in terms of planning the strategy of tourism organisation (Magaš et al., 2018, pp. 70-71). According to O'Fallon (1994), the tourism product has composite nature and includes both material and immaterial aspects. The author differs three types of tourism products, such as the tourist experience, which includes everything that the tourist sees and experiences, the tourism destination as the second product, and the third product, which includes accommodation, attractions, accompanying tourism facilities, souvenirs, etc. (Berno & Bricker, 2001). The specificity of the tourism product requires that all participants in the provision of services undergo quality standardisation (Rajković & Arsovski, 2009). The sustainability of a tourism organisation is conditioned by competitiveness and continuity of business quality. It is of great importance for a company to maintain its market position despite changes in the external environment. Bearing in mind the instability and frequent changes, the management of organisation should use strategic planning as an instrument of strategic development. Strategic planning presents the first stage of strategic management that identifies the long-term organisational goals and the activities needed to achieve them. It provides an understanding of organisation's current position and forecasts its place in the future. Furthermore, it is oriented towards the growth and development of the company, achieving success and sustainability. The need for strategic planning arises from changes that come from both the external and internal environment and the organisation's need to respond to them. Changes in user requirements, employee structure, technology, competition, economic, social, political, and other changes require strategic planning of actions and activities.

Strategy formulation is an analytical part of the decision-making process to achieve the organisation's development goals (Mašić, 2010, p.185). To correctly formulate and implement the strategy, it is necessary to carry out strategic planning beforehand. Peter Drucker believes that strategic planning is analytical thinking and the preparation of resources for allocation. He indicated that strategic planning does not deal with future decisions, but with the future of current decisions (Milosavljević, 2012, p.23). The main goal of most strategies is to achieve a competitive advantage (Mašić et al., 2017). Creating a competitive advantage is possible with the values and resources that the organisation has in comparison with its competitors. One of the central parts of the strategy should be the attitude towards the risks arising both from the internal and external environment. A good strategy determines what types of risks are acceptable for the organisation and what are measures to eliminate deficiencies and risks (Janovac, 2014, p.66). The adaptation of tourism organisations to the external environment must be carried out within the strategy framework (Fisun et al., 2022). The tourism organisation establishes a quality assurance strategy aimed at meeting the requirements of users and interested parties. An understanding of their needs and requirements is an important aspect of formulating the organisation's strategy and setting organisational goals.

Many tools and techniques in management systems can serve to establish an adequate strategy. However, SWOT and PEST analysis were mostly applied. By using these tools, the organisation can effectively identify its strengths and weaknesses, opportunities, and threats of the external environment to provide a more effective evaluation of the development strategy (Wang et al., 2022) and improve the quality of business. The application of a strategic tool such as SWOT is important from the aspect of analysing internal and external factors for assessing the current level of competitiveness and choosing the optimal strategy. SWOT is a business acronym typically used to identify an organisation's strengths (S), weaknesses (W), opportunities (O), and threats (T) (Goonwalla & Neog, 2011). The SWOT method analyses the strengths and weaknesses of the organisation's operations, as well as the opportunities and threats from the external environment (Rezazadeh et al., 2017; Ward, 2005). Through the analysis of its strengths, the organisation's management should see the good sides of the business and continue the processes in that direction. Analysing the weaknesses of organisation's operations will help management to identify weak points, find the direction and focus efforts on the future. The opportunities are found outside the established business and provide possibilities to improve the business quality. Threats come from the external environment and can have a negative impact on business. Threat analysis allows the organisation to reduce losses. PEST is an acronym for four sources of change: political, economic, social, and technological. PEST analysis refers to the macro environment, which is extremely important when it comes to risks that are conditioned by external factors (Sammut-Bonnici & Galea, 2014; Ward, 2005). Political factors include consideration of the political and institutional system of the country, laws and political stability. Economic factors refer to the trend of economic development of the country, the stability of the national currency, interest rates, and foreign investments. Social or socio-cultural factors include demographic characteristics, social trends, customs, living standards of the population, etc. Technological factors refer to the state of technological development. According to many authors, PEST analysis is one of the most important tools for evaluating external influences and the most suitable for application in the overall business environment (Ho, 2014).

The significance of using the stated tools is that the development potential is analysed by providing a comprehensive insight into the macro environment. Likewise, by applying these tools, the organisation can respond to changes promptly and adapt its strategy. In addition to SWOT and PEST analysis, the Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix, as modern strategic tools, were also used in the research. By applying strategic tools, two research questions should be answered. The first question refers to the identification of key internal and external factors that can improve the quality of business. The second question is focused on the market orientation of the tourism organisation's business.

2.1. The Advantages of Applying International Quality Standards in the Business of Tourism Organisation

The business of tourism organisation takes place in conditions of strong competition, where two factors are defined as the most important for success: good organisational management and a high level of service quality (Rajković & Arsovski, 2009). The quality of services is determined based on the fulfillment of requirements and user satisfaction. The best way to constantly monitor quality is through continuous communication with users, and researching their needs, wishes and expectations. Asymmetric information, which underlines the difference between the quality perceived by the customer and the quality offered by the service provider, can negatively affect the value of the entire tourist experience even when the lack of satisfaction involves only one element of the offer (Asero & Patti, 2009).

As quality management has become important in the tourism sector, the application of standardised management systems has become increasingly common in this industry (Casadesus et al., 2010). International standards that can be applied in the business of tourism organisations are the following:

1. ISO 9001 – quality management system,
2. ISO 14001 – environmental protection management system,
3. ISO 27000 - information security management system,
4. ISO 31000 – risk management system,
5. ISO 13810 – management of tourism services.

International standards bring technological, economic, and social benefits. They help to align and harmonise the technical specifications of products and services, making the industry more efficient. By applying international standards, the tourism organisation can raise the level of business success and sustainability through (Raković, 2014, p.66): increasing profitability, return on investment, increasing competitiveness and income, rationalising business costs, optimising the use of available resources, retaining existing and attracting new users, better identification of business risks. To introduce a management system in the business of a tourism organisation, the commitment of management and all employees is necessary.

To operate more efficiently, the trend is to integrate management systems. The similarity in the structure of the mentioned management systems indicates that this integration can be performed based on identical and specific requirements that must be answered during the process management.

According to the literature review, different approaches to the integration of management systems can be found (Hatvany & Pucik, 1981; Holdsworth, 2003). The approach of mutual integration of different standardised management systems and their further integration into the organisation's strategy and practice should be based on the common TQM (Total Quality Management) concept of all observed management systems (MS). The authors' recommendation is to first certify the ISO 9001 standard, and then in the second or third cycle perform the certification and integration of management systems such as ISO 14001, ISO 27000, ISO 13810, and ISO 31000.

The International Standard ISO 9001 represents the basis for the integration of management systems and enables the tourism organisation to connect or integrate its management system with the requirements of others. The application of several management systems with common elements contributes to achieving greater effects than when they are applied separately. ISO 9001 contains requirements for implementing the quality management system. It is a unique model for managing organisations, regardless of their size or field of activity, so it can be implemented in the tourism sector as well. Within the quality management system (Raković, 2014, p. 426), what is particularly emphasised is the commitment of the management, focus on the user, design, development, service provision and user satisfaction.

The introduction of an integrated management system (IMS) represents a reduction in administration through the improvement of internal coordination, easier management in achieving goals, and the creation of a better organisational image.

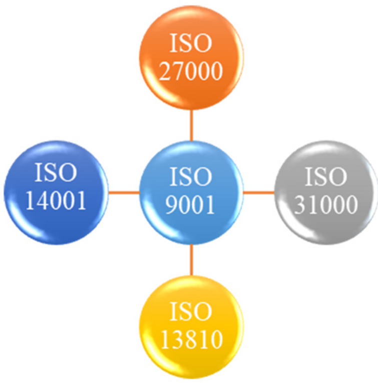

Figure 1. Integrated Management System in Tourism Organisation

Source: Authors' elaboration

3. RESEARCH METHODS

SWOT and PEST analysis are used to identify key internal and external factors that influence the strategy formulation process for improving the quality and sustainability of the business of tourist organisations in the Republic of Serbia. The internal factors defined by the SWOT analysis are applied for the development of the Internal Factor Evaluation (IFE) Matrix, while the external factors identified by the PEST analysis are applied for the development of the External Factor Evaluation (EFE) Matrix. Internal Factor Evaluation (IFE) Matrix is a strategy tool used to evaluate companies' internal environment and to reveal its strengths and weaknesses. External Factor Evaluation (EFE) Matrix is a strategy tool used to examine companies' external environment and to identify the available opportunities and threats.

Following David's (2011) model, the measurements of the variables were rated and ranked as follows (Ben-Abdallah et al., 2022):

- Coefficient weight is given to each factor to reflect its relative importance. The purpose is to assign the highest weight to the factor that has the greatest impact on the organisation, from a score of 0.0 (not important) to a value of 1.0 (very important). The sum of these coefficients should be equal to 1. The number indicates how important the factor is if a company wants to succeed in an industry.

- The rating is determined by taking into consideration the following:
- The ratings in the internal matrix refer to how strong or weak each factor is in organisation. For the IFE matrix: 1= major weakness; 2= minor weakness 3= minor strength; 4 = major strength.
- For EFE Matrix: the rating reflects the response of the company to the external factors, where 1= low response; 2=average response; 3= good response and 4= high response.
- Ratings, as well as weights, are assigned subjectively to each factor.
- The final value of each factor is obtained by multiplying the values of the weights and ratings.
- The total weighted score is obtained after the calculation of the total final score for each factor.

Strategic analysis is the basis for strategic planning. In this case, it should determine the possibilities for quality improvement as well as the orientation of the tourism organisation's business.

The methodology consists of two parts. The first part is the definition of strengths, weaknesses, opportunities, and threats of tourism organisation based on the theoretical background.

The second part of the methodology is the weighted score method that uses Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix. An EFE Matrix consists of a list of external factors to indicate and evaluate the relative importance of political, economic, socio-culture and technological factors in Serbia. The use of the EFE Matrix is a systematic method that will allow stakeholders and strategists to identify the available opportunities and avoid potential threats (Talib et al., 2014).

4. ANALYSIS OF RESULTS

To define a development strategy and improve the quality of business and the sustainability of tourism organisations in Serbia, it is necessary to analyse the trends in the tourism sector. The analysis should include the strengths and weaknesses of tourism organisations, business opportunities and threats, considering the political, economic, sociocultural, and technological factors.

Summarized data within SWOT and PEST are evaluated and presented in the form of an IFE and EFE matrix where key factors are analysed and evaluated. The most important internal factors (Strengths and Weaknesses) are analysed in the IFE matrix. According to David's (2011) the identified factors are assigned a weight that ranges from 0.0 (not important) to 1.0 (all-important) for each factor. The factors considered to have the greatest effect on organisational performance should be assigned the highest weights, regardless of whether a key factor is an internal strength or weakness. The sum of all weights must equal 1.0. Ratings from 1 to 4 indicate the following: a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). It should be noted that strengths must receive a 3 or 4 rating and weaknesses must receive a 1 or 2 rating. Ratings are thus company-based, whereas the weights in step 2 are industry-based. The weight of each factor is multiplied by its rating to obtain a weighted score, and then all weighted scores are added together to obtain the total score (David, 2011, p.122).

Table 1. The strengths and weaknesses of tourism organisations

Parameter estimation	Strengths	Weaknesses
Organisation	- Satisfactory level of knowledge and skills of employees - Cooperation among employees	- Weak motivation - Low level of interest in organisational development
Production	Satisfactory level of service quality	Short life cycle of a tourism product
Finance		- Low profitability - High level of costs - Costs of development and introduction of new technologies (software, applications, quality standards)
Innovations	Introduction of new tourism products Implementation of new applications and software in business Application of international quality standards	- A long period of return on new investments
Marketing	Using its brand Positive organisational image New approaches to marketing campaigns	- Insufficiently developed sales channels - High level of competition

Source: Adapted by Fisun et al., 2022

Table 2. The market opportunities and business threats of tourism organisations

Factors	Opportunities	Threats
Demand factors	- Increasing market capacity - Demand for domestic tourism products - Increase in tourist traffic	- Reduced demand
Competition factors	Eliminating trade barriers	The emergence of new competitors
Sales factors	- Creating a new network in the market	Decrease in sales
Economic factors	- Economic growth - Stability of the national currency - Increase in direct investments - Tourist vouchers - Program to encourage entrepreneurship and SMEs by government agencies	Economic recession Negative exchange rate changes GDP decline
Political factors	- Making positive changes in the legal regulations - "Open Balkan" initiative	- Health crisis - Kosovo crisis - The crisis caused by the Russian-Ukrainian war
Socio-cultural factors	- Urbanisation - Changing demands, needs and expectations of service users - Finding new user categories - Increasing the number of employees in tourism	- Population aging - Fall in living standards - Loss of a certain category of users - Changing requirements, needs and expectations of users
Technological factors	- Implementation of new applications and software in business - Application of international quality standards	- Increasing costs for information and communication technologies - Standardisation costs

Source: Authors' elaboration

Table 3. IFE matrix

Key Internal Factors	Weight	Rating	Weighted Score
Strengths			
Satisfactory level of service quality	0.1	4	0.4
Introduction of new tourism products	0.1	4	0.4
Implementation of new applications and software in business	0.01	3	0.03
Application of international quality standards	0.2	4	0.8
Positive organisational image	0.09	3	0.27
Weaknesses			
Short lifecycle of tourism product	0.13	1	0.13
The costs of development and introduction of new technologies (software, applications, quality standards)	0.2	2	0.4
Long period of return on new investments	0.08	2	0.16
Insufficiently developed sales channels	0.02	1	0.02
High level of competition	0.07	1	0.07
Total	1	-	2.68

Source: Authors' elaboration

According to findings presented in the IFE matrix, the most significant internal factor related to the Strengths category is the Application of International Quality Standards (0.8), while the factor that has the highest weighted score and belongs to the Weaknesses category refers to the Costs of development and introduction of new technologies (0.4).

When using the EFE matrix we identify the key external opportunities and threats that are affecting or might affect a company (Rezazadeh et al., 2017). Each factor is assigned a weight that ranges from 0.0 (not important) to 1.0 (very important). The sum of all weights assigned to the factors must equal 1.0. Opportunities often receive higher weights than threats, but threats can receive high weights if they are especially severe or threatening (David, 2011, p. 80). Major external opportunities and threats are listed, weighted, and rated to derive a total weighted score that is also based on a 1 to 4, where 4 = the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor (Capps & Glissmeyer, 2012). It is important to note that both threats and opportunities can receive a 1, 2, 3, or 4. The weight of each factor is multiplied by its rating, to obtain a weighted result, and then the weighted results are summed up to get the total weighted result (David, 2011, p. 80).

The ratings in the external matrix refer to how effectively the company's current strategy responds to opportunities and threats. In our study, the external factors that affect the business of tourism organisations have been observed.

According to the findings presented in the EXE matrix, the most significant external factor within the Opportunities category is the Application of International Quality Standards (1), while the biggest Threats refer to the Recession in the economy (0.8).

The total weighted score is simply the sum of all individual weighted scores. Values can range from the lowest score 1.0 to the highest score 4.0 in both matrices, with an average of 2.5. A value scoring below 2.5 shows a weak internal position, whereas a result above 2.5 represents a strong internal position (David, 2011). According to this matrix, calculating the total weighted score gives an average result of 2.68, which is evidence of a very good internal position. The total score of 3.27 is an average score for external evaluation. In external evaluation, a low total score indicates that companies' strategies are not well designed to meet the opportunities and defend against threats. This result can be caused by an increasingly certain recession in the economy and a decline in living standards.

Table 4. EFE matrix

Key External Factors	Weight	Rating	Weighted Score
Opportunities			
Entrepreneurship promotion program and SME	0.1	3	0.3
Application of international quality standards, new software, and business applications	0.25	4	1
Urbanisation	0.03	3	0.09
Initiative „Open Balkans"	0.07	3	0.21
Finding new categories of users	0.05	2	0.1
Threats			
Economic recession	0.2	4	0.8
Unstable political situation due to the crisis	0.1	3	0.3
Living standards declining	0.1	3	0.3
Increasing costs for information and communication technologies	0.07	2	0.14
Loss of a certain category of users	0.03	1	0.03
Total	1	-	3.27

Source: Authors' elaboration

5. DISCUSSION

According to the Annual Research World Travel Tourism Council, the contribution of the tourism sector to the GDP of the Republic of Serbia was 3.7% in 2020, and 3.6% in 2021 (World Travel Tourism Council, 2022). During the period before the pandemic from 2014 to 2018, the Republic of Serbia achieved an average annual growth rate of international arrivals of 14.2% (UNWTO, 2020). Such a high growth rate is a consequence of a low starting base, increased quality of the tourism offers, investment in tourism and traffic infrastructure, but also a more relaxed visa regime and procedures, growth in air traffic connectivity, and investment in tourism promotion.

Due to the crisis caused by Covid-19, the Government of the Republic of Serbia undertook certain economic measures (Ministry of Finance, 2022). The program of measures to support the economy of the Republic of Serbia is comprehensive and includes assistance to business entities in the private sector - fiscal benefits (postponement of the due date for tax payments and contributions to wages, the advance payment of taxes and contributions on income from self-employment, as well as advance payment of corporate income tax for the prescribed months with a subsequent postponement for the payment of deferred obligations starting in 2021) and direct benefits from the budget (payment of non-refundable funds to business entities in the private sector, which can be used exclusively for the payment of wages and salary benefits to employees), direct assistance to all adults citizens and favourable liquidity loans in the economy. The Government of the Republic of Serbia, in cooperation with the Development Fund, provided an additional program of support for entrepreneurship through development projects in 2022, which includes grants of RSD 350,000,000.00. Among other things, these funds are intended for purchasing software and computer equipment, as well as permanent working capital, which can make up a maximum of 10% of the total investment (Development Fund, 2022).

In the Republic of Serbia, there is a potential to generate high rates of growth in the number of international arrivals during the coming period, after the stabilisation since the pandemic, due to factors such as further development of the tourism offers, better transport connections (air and rail networks), continuous growth in demand, simplification of procedures, etc. Regarding other indicators as well, it can be concluded that the Republic of Serbia records positive developments in the tourism industry. According to the participation of the tourism sector in the GDP, the Republic of Serbia achieves continuous progress. The share of employees in the tourism sector concerning the total number of employees is growing somewhat slower than the competition. In addition, the Republic of Serbia records a continuous increase in the share of foreign exchange inflows from tourism in the total inflow from the export of goods and services, which is higher than the mentioned comparing countries. The share of foreign exchange inflow from the tourism sector in the total inflow from the export of goods and services at the global level is about 7% with a slight growth trend, for Europe, it is at the level of 6% with stagnation, and in the Republic of Serbia, it is 8% with continuous growth, as stated in the Strategic Marketing Plan of the Republic of Serbia until 2025.

According to the Strategic Marketing Plan until 2025, it is expected that the growth model for the period 2020–2025 will reach 14.84 million in 2025, with a projected average annual growth rate of 9.1% in foreign tourist arrivals. If the market structure changes in favour of foreign visitors, respecting the goal of increasing the share of overnight stays to 55% by 2025, it can be expected that foreign tourists will reach 8.1 million overnight stays and domestic tourists 6.6 million overnight stays by the 2025 year. Bearing in mind the stated assumptions, during the observed period of five years, the average annual growth rate of overnight stays of foreign tourists would be 13.5%, and 4.8% of domestic tourists. Therefore, the forecast indicates the development of domestic tourism in the coming period. As one of the incentives for the development of domestic tourism, the Government of the Republic of Serbia in 2022 distributed 200,000 vouchers for holidays in Serbia (Ministry of Trade, Tourism and Telecommunications, 2022a). By applying the mentioned growth models in the Republic of Serbia until 2025, it is possible to achieve the following: an increase in direct tourism income of 3.7 times, about 30,000 new employees directly in the tourism sector, about 157,000 new employees in tourism and related activities with a large number of new micro and small businesses companies in the field of tourism and catering and related activities and growth of the share of foreign exchange income in GDP by 2.7 times, i.e. growth of the share of estimated foreign exchange income from tourism in GDP to 12.5% (Ministry of Trade, Tourism and Telecommunications, 2022a).

One of the significant factors affecting tourism demand is the political situation both in the country and in the surrounding area. When looking at political factors, the situations affecting the region such as the crisis caused by Covid-19, the crisis caused by the Russian-Ukrainian war, the energy crisis, as well as the Kosovo crisis, create a sense of instability and bring a decrease in demand within the tourism sector. The Ministry of Trade, Tourism and Telecommunications, the Serbian Chamber of Commerce, local governments, tourist associations and organisations, professional tourism associations, as well as the private sector are trying to work in many directions, to mitigate the negative impact of these crises. Making positive changes in the legal regulations facilitates the work and employment of personnel. As part of the Open Balkans initiative, among other things, a Memorandum on cooperation in the field of tourism was signed between North Macedonia, the Republic of Serbia and Albania. The goal of this initiative is to increase the tourist traffic of the member countries, as well as to increase the GDP of the tourism sector. As part of the Open Balkans initiative, the first international wine fair "Open

Balkans Wine Vision" was held in Belgrade, where the region was jointly promoted as a unique destination recognizable, among other things, for its excellent wines and traditional gastronomy. The wine vision is part of a broader strategy of expanding stable relations between people in the Western Balkans, facilitating economic development, increasing the potential of tourism, as well as establishing a single market for tourism services (Ministry of Trade, Tourism and Telecommunications, 2022b).

Regarding the socio-cultural or social factors, The Republic of Serbia is a very important destination with its material and immaterial wealth of cultural heritage, its geographical position and climate. In addition, it has riches such as natural protected areas, cultural and historical monuments, and a rich gastronomic culture. The geographical position of Serbia, its historical and cultural ties with neighbouring countries and its openness to destinations, rich cultural and historical heritage are favourable for many alternative forms of tourism such as health and spa tourism, ecotourism, rural tourism, religious tourism, congress, gastronomic and wine tourism. The country's competitiveness is also increased by the fact that it provides opportunities for all types of income and that many experienced tourism organisations can improve the quality of their activities. Furthermore, urbanisation, in terms of providing the necessary infrastructure network, can contribute to the development of domestic tourism, which is an additional motive of the Government of the Republic of Serbia, i.e., the line ministry for investments in infrastructure.

Table 2 shows that the change in user requirements, needs and expectations can be both an opportunity and a threat at the same time. In other words, changing the established habits, that is, the demands and needs of users can be a chance for the success or failure of tourism organisations, depending on the observed circumstances. Finding new categories of users can be a chance for success, while the loss of a certain category of users can threaten the viability of the tourism organisation, as well as the aging of the population. Consequently, a quality strategy that is oriented toward users, their requirements, needs and expectations can respond to this change. By constant modernisation, acceptance and implementation of international quality standards, and business and management models, tourism will become a desirable sector for employment and career development.

According to the Strategic Marketing Plan of the Republic of Serbia by 2025, the establishment of destination management organisations (DMO) is foreseen to enable the optimisation of the tourism organisation process and the achievement of market-oriented management. The objectives of the DMO are not only the branding and promotion of the destination but also the management of tourism development in the destination. Unlike traditional tourism organisations, DMOs rely on the sustainable development of tourism and the creation of partnerships in the destination.

Technological factors significantly affect the work of tourism organisations. The work is unthinkable without modern information and communication technologies, various software, and applications. Likewise, the implementation of international quality standards improves the quality of business in terms of achieving the satisfaction of users and interested parties, fulfilling legal regulations, expansion to new markets and finding a new category of users, more successful identification of business risks, better organisational image, increase in profitability and competitiveness, increase in income, rationalisation of business costs, which ensures the sustainability of the tourism organization in a long period.

6. CONCLUSION

To define a quality improvement strategy, the SWOT and PEST analysis were used to identify the key internal and external factors for the sustainability of tourism organisations in the Republic of Serbia during the global crises. Research findings indicate that tourism organisations operating in the Republic of Serbia can increase the chance for business success and sustainability by applying international quality standards. In addition, by introducing new tourism products, the tourism organisation can acquire a new category of users. The introduction of positive changes in legal regulations, urbanisation, as well as the "Open Balkans" Initiative, allows an increase in tourist traffic, affecting the creation of new jobs in the tourism sector as well. Thanks to programs for encouraging entrepreneurship and SME development of the Government of the Republic of Serbia, tourism organisations can reduce business costs, especially those related to the introduction of new tourism products, the implementation of new applications and software in business, as well as the costs of standardisation, which contributes to improving the quality of business.

Identified threats that come from the external environment can carry a risk for the sustainability of business, and refer to economic recession, negative changes in the exchange rate, a decline in the standard of living, as well as political instability caused by crises. Likewise, the increase in costs for information and communication technologies, the appearance of new competitors, the loss of a certain category of users, and the aging of the population are also a threat.

Based on the diagnosis of trends in tourism, considering the environmental factors such as political, economic, social, and technological, as well as the research results, the authors of this work propose a strategy to improve the quality of the tourism organisation's business by implementing international quality standards. Bearing in mind that the economic parameters for the next period indicate the development of domestic tourism, the authors suggest an orientation towards domestic tourism, that is, towards domestic tourism products. The orientation to domestic tourism products carries less risk in the business of travel agencies. The strategy of improving the quality of business based on the implementation and application of international quality standards and orientation to domestic tourism products ensures the satisfaction of users and other interested parties, can respond to the challenges of the external environment, and ensure sustainability in a long period. Furthermore, the contribution of this paper is reflected in the proposal of a unique integrated management system that provides better efficiency of the tourism organisation's operations. In addition, the manuscript’s importance can be seen in giving guidelines to the management of tourism organisations to improve the quality and sustainability of the business. Future research will be focused on identifying tourism organisations that have implemented quality standards, as well as measuring the satisfaction of their internal and external service users.

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Performance and Recovery of Tourism Business Entities in Serbia

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Abstract: *The chapter aims to analyze the performance of the tourism sector in the Republic of Serbia before the pandemic, during the pandemic, as well as in the post-covid period. The contraction of tourism activity caused by the COVID-19 pandemic was absorbed by the economic measures of the Government of the Republic of Serbia, which created opportunities for the rapid recovery of this sector of the economy. The tourism sector, which faced major challenges in the previous period, was analyzed from both macro and micro aspects. Based on the analyzed theoretical background and research objective, the main hypothesis of the research was set, which is whether positive post-covid effects on the performance of business entities in tourism are expected, in the form of higher income realization, the same level of expenditure, with the same number of employees. Hypothesis testing was carried out using the cross-tabulation method, because each projection of income, expenditure and number of employees is shown according to the activity, size and legal form of business entities in tourism.*

1. INTRODUCTION

Today, tourism is undoubtedly one of the fastest-growing economic activities in the world. Under the influence of numerous factors such as strong economic growth, increase in personal income, investment in infrastructure, improvement of means of transport, the building of tourist capacities, greater flow of information, etc. tourism, as a global socio-economic phenomenon, has been recorded constant and stable growth in the last five decades. Tourism is one of the most dynamic economic sectors, which is constantly evolving and differentiating. People have more and more free time, they live at a higher level and they have a greater desire to get to know different forms of tourism and destinations. Demand for tourism is rising as the living standards of the population rise, the economy thrives, wages rise and technological development move forward. At the same time, narrower segments of tourism participants are emerging, which have different wishes and requirements and travel for specific purposes (Muhi & Vemić Đurković, 2020, p. 227). According to the data of the World Tourism Council and the World Tourism Organization (UNWTO 2022), more than 10% of the total global GDP and 7% of the total global exports are created through tourism. Despite the constant growth in the previous period, there were crises and setbacks in the development of tourism. In addition to natural, political and economic factors, the crisis in the development of tourism was also caused by the emergence of infectious diseases. Infectious diseases documented in the tourism literature include avian flu, swine flu (H1N1), severe acute respiratory syndrome (SARS), Lyme disease, and foot-and-mouth disease (Donohoe, et al., 2015; Lee & Chen, 2011; Lee, et al., 2012; Miller & Ritchie, 2003). The mentioned health crises did not have a global impact on people's health, they mostly affected certain countries and regions.

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At the end of December 2019, in the Chinese city of Wuhan, there is an outbreak of the coronavirus disease COVID-19. A new and ongoing infectious disease outbreak, COVID-19, was declared a pandemic by the World Health Organization on March 11, 2020 (WHO, 2020). As a result, many countries and regions have introduced travel restrictions, which are exerting a severe negative economic influence on the tourism sector worldwide (Yang et al., 2020). The outbreak of the pandemic, which is related to the worldwide spread of COVID-19 and its direct shock to the area of tourism has caused that in the present this industry is reaching a significant loss (Jánošová et al., 2022 p. 189).

After an unprecedented 73% drop in international tourism in 2020 due to the COVID-19 pandemic, demand for international travel remained very weak in the early months of 2021 (UNWTO, 2022). By suppressing the effects of the virus during 2021 and gradually easing the measures, tourism began to recover at a strong pace. According to the latest UNWTO World Tourism Barometer, international tourism saw a 182% year-on-year increase in January-March 2022, with destinations worldwide welcoming an estimated 117 million international arrivals compared to 41 million in Q1 2021. Of the extra 76 million international arrivals for the first three months, about 47 million were recorded in March, showing that the recovery is gathering pace (UNWTO, 2022).

Tourism in Serbia in the years before the pandemic recorded a significant boom, which was especially evident in 2019. In that year, a record number of tourist arrivals in Serbia of as much as 3.7 million was recorded, which is 84.4% more than in 2010 (Spalević & Ilić, 2022, p. 458). Then, for the first time, an almost equal number of arrivals of domestic and foreign tourists was recorded, with an increase in domestic tourist nights of 57.1% compared to 2010 and an incredible percentage increase in the number of foreign tourist nights of as much as 176.2% (Radivojević, 2020, p. 9). As well as worldwide, with the emergence of the COVID-19 virus in Serbia at the beginning of March 2020 and by introduction restrictive measures regarding the free entry of foreigners into the country and the movement of people, tourism in Serbia experienced a sharp decline. However, already during 2021, and especially in the first two quarters of 2022, there was a strong recovery of this economic branch. Looking at the graphic representation of the crisis caused by the pandemic takes on a classic V shape.

In this chapter, the authors analyze the impact of the pandemic on the performance of the tourism sector in the Republic of Serbia, as well as the recovery of this important sector of the economy. The analysis was performed both from the macroeconomic aspect and at the level of business performance of individual tourist entities.

2. LITERATURE REVIEW

Tourism is one of the most vulnerable economic branches in times of crisis and natural disasters. but also one of the economic branches of the global economy, known for its ability to overcome crises and downturns. There is no doubt that COVID-19 is one of the most influential events of the 21st century (Zenker & Kock, 2020 p. 81). The COVID-19 pandemic is complicated and combines public health, economic, and sociopolitical crises (Zhang et al., 2021, p. 14). Experiences and analyses of previous crises caused by infectious diseases cannot provide absolute guidelines because none of the previous crises had such a global impact.

Taking the SARS epidemic management as an example, Zhang (2004, p. 43) evaluated government responsibility in public crisis management and concluded that, whilst paying attention to economic development, governments should also focus on public safety and public health and strive to build a complete government crisis management system. Also, a group of authors (Ćulafić et al., 2021) considered the challenges that the health sector is facing during the COVID-19 crisis, and what are the incentives that lead to increased employee motivation. Three dimensions of state incentives (employment program, COVID-19 bonus, training opportunities) were analyzed and their influence on the health workers' motivation and the sustainability of the health system in the Republic of Serbia was examined. It was established that training opportunities as a dimension of the state incentives have a significant and greatest impact on the health motivation of workers and the sustainability of the health system.

Governments must plan discretionary policies to enhance social safety nets, allocate resources, promote communication between stakeholders, and provide financial assistance (Huang & Min, 2002; Ritchie & Jiang, 2019) all to support the recovery of the tourism industry. Governments, tourism enterprises, and tourists are the main stakeholders in tourism recovery after the pandemic (Ellis & Sheridan, 2014 p. 468). Therefore, it is necessary to analyze the dynamic evolution of the tourism industry from the perspective of stakeholders to solve the issues that stakeholders care about, which will contribute to promoting tourism recovery under the influence of the pandemic. A holistic approach is necessary because one of the basic tourism specificities is reflected in the multisectoral impact and the fact that tourism connects and extends through a large number of other branches (Beránek, 2013). In addition to the hotel and catering industry, traffic is a directly involved industry in tourism trends and is an activity that is of immeasurable importance for the development of tourism (Kisin, et al., 2022 p. 316).

Li et al. (2021) adopted the theory of planned behavior (TPB) to discuss the planned changes in travel behavior after the pandemic, and their results showed that the planned travel behavior changed significantly after the pandemic. Tourists planned to take a vacation for six months or more once the pandemic is under control, and the vacation time will also be shortened, so changes in demand cannot be ignored in tourism economic recovery (Yan et al., 2021). Certainly, tourism crisis events often bring about different degrees of economic and security losses because they directly impact tourists' travel decisions and can affect the development of tourism activities (Uğur & Akbıyık, 2020, p. 36). The changing patterns of tourism demand have shed light on domestic tourism and local markets as an immediate and suitable response to the crisis outbreak. It is considered that the "substitution effect" and shift to domestic tourism may to a certain extent mitigate the COVID-19 pandemics' harmful effects (Lazić & Bradić-Martinović, 2022 p. 53).

Economies worldwide have been negatively affected by the COVID-19 pandemic, and both the income levels in the source markets and the travel costs at the destination are being adjusted. Therefore, special price discounts on airline tickets, accommodations, and other tourism products might attract potential tourists and retain existing tourists (Zhang, et al., 2021, p. 12).

The negative effects on the tourism sector and its destinations are due not only to travel restrictions but also to potential tourists' reduced willingness to travel during epidemics or pandemics. Understandably, the danger of catching an infectious disease has become a major health concern, which influences tourists' willingness to travel. The mass media can play a vital role in promoting communication between a destination and potential tourists and in influencing public perceptions of tourist destinations (Eugenio-Martin et al., 2005, p. 32). In recent times, in addition to traditional media, social networks have also played an important role as a means of communication that helps tourists get important information about the destination, but also as a tool that influences their decision-making about choosing a destination.

3. THE PERFORMANCE OF THE TOURISM SECTOR IN SERBIA

The expansion of tourism in the Republic of Serbia has begun in 2015, primarily with incentive measures that led to an increase in the number of domestic tourists, but also to an increase in the interest of foreign tourists. Expressed in the number of overnight stays, tourist turnover exhibited a growing trend until 2019, when a record total of 10.1 million overnight stays was achieved. In 2020, due to the pandemic caused by the COVID-19 virus, there was a contraction in tourist activity and the number of overnight stays dropped to only 6.2 million. The drop in the number of overnight stays was particularly pronounced among foreign tourists who had only 1.3 million overnight stays, while domestic tourists had almost 5 million overnight stays, i.e. 79% of the total number of overnight stays. Serbia experienced a recovery in tourist demand in the first half of 2021 by 22.49% (y/y). Despite a much more liberal situation regarding the ongoing pandemic, the turnover structure still had not returned to 2019 when 40% of foreign guests generated overall demand. After falling to 20% in 2020, it rose to 25% in 2021. The average length of stay remained similar to 2020 (3.14 days) (Lazić & Bradić-Martinović, 2022, p. 67). During 2021 visible recovery has been recorded at 8.2 million overnight stays. Domestic tourists again achieved a dominant number of overnight stays of 5.8 million, which is an increase of 16%, while foreign tourists almost doubled the number of overnight stays (2.4 million) compared to 2020.

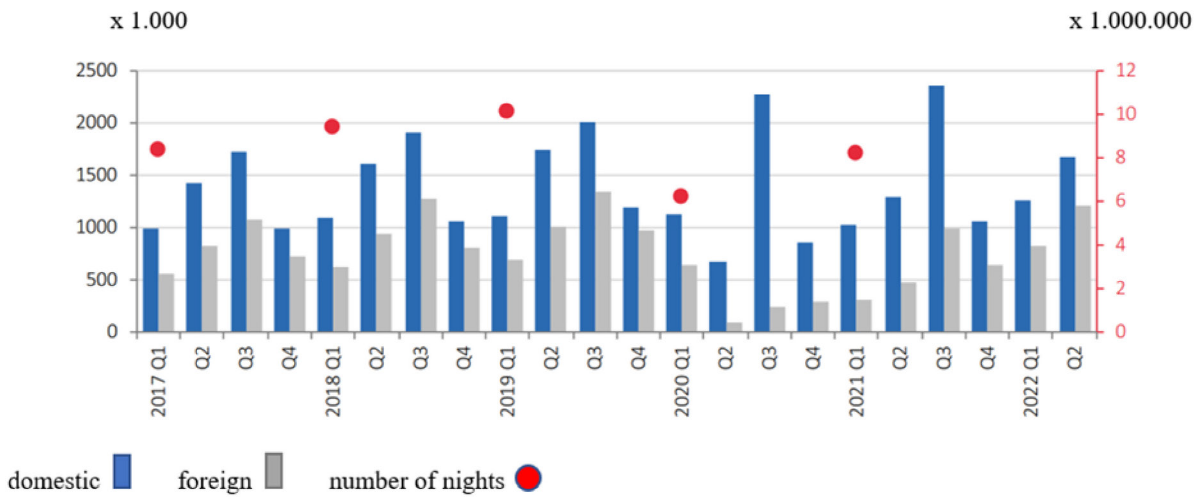

Figure 1. Overnight stays by tourists – domestic, foreign and total; quarterly and annual data
Source: Statistical Office of the Republic of Serbia, 2022, p. 61

The upward trend was maintained during the first half of 2022. Over this period, the number of overnight stays by foreign tourists increases significantly. In the second quarter alone, the number of recorded tourist overnight stays amounted to 2.9 million, which is 64.1% more than in the second quarter of 2021, and the number of domestic and foreign tourist overnight stays is increasingly balanced (domestic 58.2%, foreign 41.8% of the total number of overnight stays). To sum it up, Table 1 offers a comparative survey of tourist activity in Serbia through the pandemic given in indices.

When it comes to the rate of international tourist arrivals in the first six months of 2022, Serbia is among the 10 most successful countries worldwide, with only 8% of arrivals less than in the same period of 2019. Interestingly enough, the influx of foreign tourists and their intertemporal increase could be easily identified by comparison of the most popular tourist destinations in the country for the first six months of 2021 and 2022, respectively. In the first half of 2021 most frequently visited tourist destinations in Serbia were spas with 905,000 stays as well as mountain resorts with 899,000 stays (see Figure 2), traditionally frequented by domestic tourists (in 2021 91,6% and 89.2%, respectively) even outside COVID window. Conversely, over the first half of 2022, the most popular destinations were the Serbian capital Belgrade (1.3 million overnight stays) and other bigger cities (e.g. Novi Sad, Subotica, Nis), with the majority of tourists being non-residents (Belgrade 82% of foreigners, Novi Sad and Subotica circa 60%), as evident from the following figure.

Table 1. Tourist nights, indices (comparison with the same period of the previous year)

	2020				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	98,3	28,1	74,9	52,8	76,1	228,4	133,3	148,2	156,3	164,1
Domestic tourists	101,5	39,3	113,0	71,1	91,9	188,5	103,6	123,5	122,2	130,8
Foreign tourists	93,2	8,9	17,9	30,2	48,3	535,8	412,6	220,0	270,1	253,8

Source: Statistical Office of the Republic of Serbia, 2022, p. 61

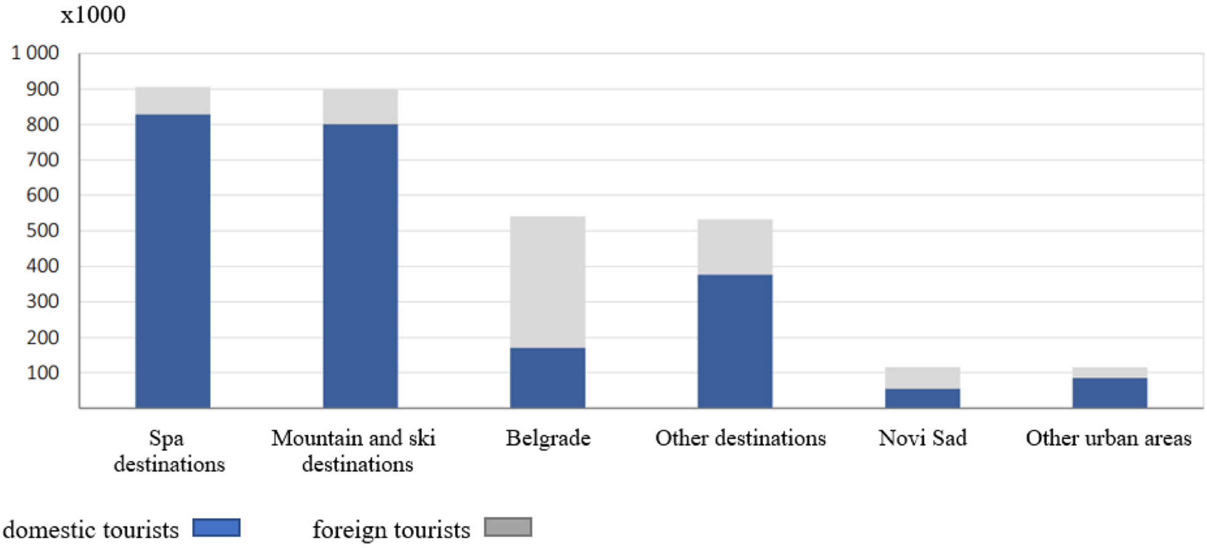

Figure 2. Overnight stays by tourists in selected tourist places in the period January-June 2021.
Source: Statistical Office of the Republic of Serbia, 2022, p. 62

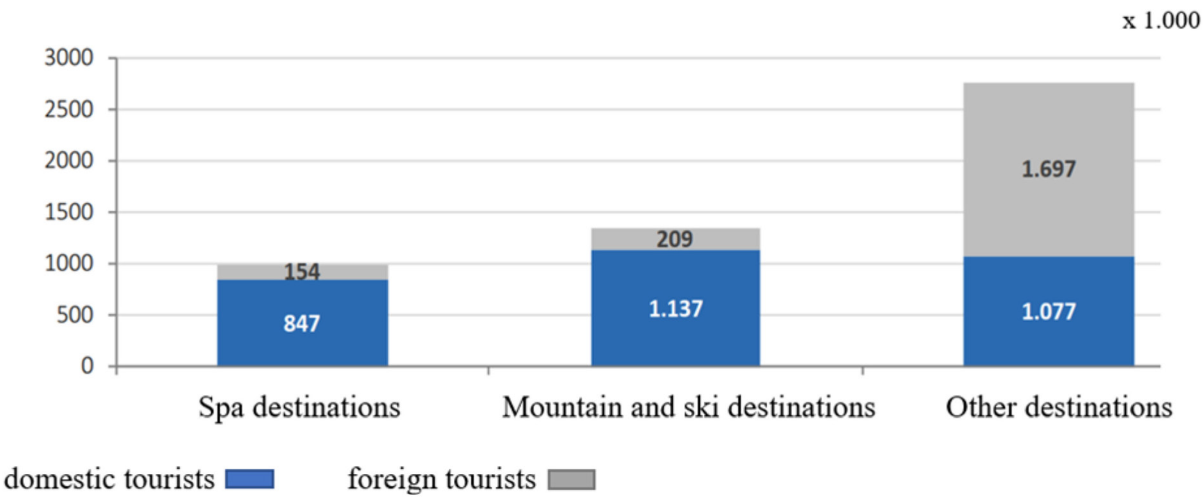

Figure 3. Overnight stays by tourists in selected tourist places in the period January-June 2022.
Source: Statistical Office of the Republic of Serbia, 2022, p. 62

Judging by the data, such a huge downturn, from a larger perspective, appears to be short-lived since the numbers available for 2021 and the first two quarters of 2022 indicate almost a V-shaped recovery for Serbia! For instance, the balance of payments cross-border tourism figures indicates that even contractionary 2020 was the first recent positive result from the Serbian perspective (in as much as Serbian residents reduced their trips abroad by more than foreigners stopped coming to the country at least in monetary terms), while the positive trend (with absolute numbers rebounding to roughly pre-pandemic level) continues in 2021 (NBS, 2022). Except for February 2022, a similar situation is recorded in the first half of the current year, namely revenues from foreign tourists spending in Serbia overshadow foreign exchange outflows due to domestic tourists travelling overseas (NBS, 2022a).

The rapid recovery of tourism in Serbia was certainly influenced by the economic measures of the Government of the Republic of Serbia to mitigate the consequences of Covid-19. The Government of Serbia decided to enable three packages of measures to support the economy in the fight against the crisis caused by the Covid-19 virus with a total value of 675.9 billion dinars. The first package of measures, as well as in most European countries, represented a combination of all three groups of measures: tax policy measures, direct payments and measures to maintain the liquidity of economic entities. This package of measures was of the highest value (608.3 billion dinars). The second package of measures was, again, a combination of measures, but this time two of them. It included tax policy measures and direct payments. This package of measures was significantly smaller than the first one (66 billion dinars). The third package of measures is a sectoral package, more precisely, it was aimed only at companies operating in the tourism industry, i.e. hotels and travel agencies. This package of measures is the smallest in size (1.6 billion dinars) (NALED, 2020).

The third package of measures formulated in the form of subsidies was intended for companies operating in the tourism industry. The package was formulated in the form of two public calls. The first public call envisages giving subsidies, i.e. non-refundable aid to privately owned hotels, in the amount of 350 euros per individual bed and 150 euros per accommodation unit (room). The hotel would lose its right to the subsidy in the event of a reduction in the number of employees by more than 10% in the period from August 15 to December 31, 2020 (Muhi et al., 2023, p. 41). The second public invitation was intended for travel agencies. To be entitled to the subsidy, travel agencies had to be registered in the appropriate register, have a tour operator's license, provide a travel guarantee, and not be in bankruptcy, reorganization, or liquidation proceedings.

4. METHODOLOGY

In the paper, the authors are going to analyze the post-covid effects on the performance of business entities in tourism in Serbia. Quantitative research was carried out using a survey technique on a convenient sample of 281 respondents. The sample includes respondents of different business activities, sizes and legal forms. Each questionnaire contained a cover letter explaining the objectives of the research and the identity of the researcher. Respondents were informed that the survey is anonymous, that the data are presented in aggregate, and that the results will be used exclusively for scientific research. The survey was conducted from May to July 2022. The questionnaire consisted of two parts: the first part related to socio-demographic characteristics (business activity, size, legal form, current state of the company), while the second part related to the situation before the crisis and projections of income, expenditure and the number of employees in 2022. The socio-demographic characteristics of the respondents included in the sample are shown in Table 2.

Table 2. Profile of survey respondents (n=281)

Variables		Frequency	Percent (%)
Business activity	Accommodation	52	18.5
	Preparing and serving food and drinks	110	39.1
	Travel agencies, tour operators, reservation services and related activities	119	42.3
Size of company	Micro	171	60.9
	Small	89	31.7
	Medium	13	4.6
	Large	8	2.8
Legal form	Business enterprises	204	72.6
	Entrepreneurs	77	27.4
Current state of the company	Very bad	13	4.6
	Bad	19	6.8
	Good	116	41.3
	Very good	121	43.1
	Excellent	12	4.3

Source: Authors' calculation

Based on the presented socio-demographic characteristics of the respondents, it is evident that the largest part of the sample (42.3%) consists of travel agencies, tour operators, reservation services and related activities, followed by the activity of preparing and serving food and drinks (39.1%), and accommodation (18.5%). According to size, the largest number of respondents are micro enterprises (60.9%), and the smallest number are large enterprises (2.8%). According to the legal form, commercial companies prevail (72.6%). The majority of respondents (43.1%) rated the state of their company as very good, 41.3% of respondents rated the condition of the company as good, 6.8% of respondents rated it as bad, 4.6% as very bad and 4.3% as excellent. In the second part of the questionnaire, respondents expressed their views on the state and projection of the level of income, expenditure and number of employees, as well as their view on the current state of the company in 2022, as the year of recovery from the crisis. When it comes to the projection, the respondents stated whether they expect the same, higher or lower level of income, expenditure and number of employees compared to 2019, as the year before the crisis.

Based on the analyzed theoretical background and the research goal, the main hypothesis (H_0) of the research is: *positive post-covid effects on the performance of business entities in tourism are expected, in the form of higher income realization, the same level of expenditure, and the same number of employees*. Hypothesis testing was performed using the cross-tabulation method, because each projection of income, expenditure, and the number of employees was presented according to business activity, size and legal form of business entities in tourism. Data processing was done in statistical software IBM SPSS version 21.

5. RESEARCH RESULTS AND DISCUSSION

The level of income in 2019 and the projection of income in 2022 are shown in Figure 4. The year 2019 is seen as the year before the onset of the crisis, while 2022 is seen as the year of recovery from the crisis. It can be seen that the share of companies that projected revenues from 8,500 to 40,000 euros in 2022 is 44.8% higher than in 2019. Also, the share of companies that projected revenues from 80,000 to 850,000 euros in 2022 is higher by 18.2%. However, the number of companies projecting from 40,000 to 80,000 euros was halved and the share of companies projecting income up to 8,500 euros decreased by 25.6%. When it comes to entrepreneurs, the situation before the crisis and after the crisis is quite uniform.

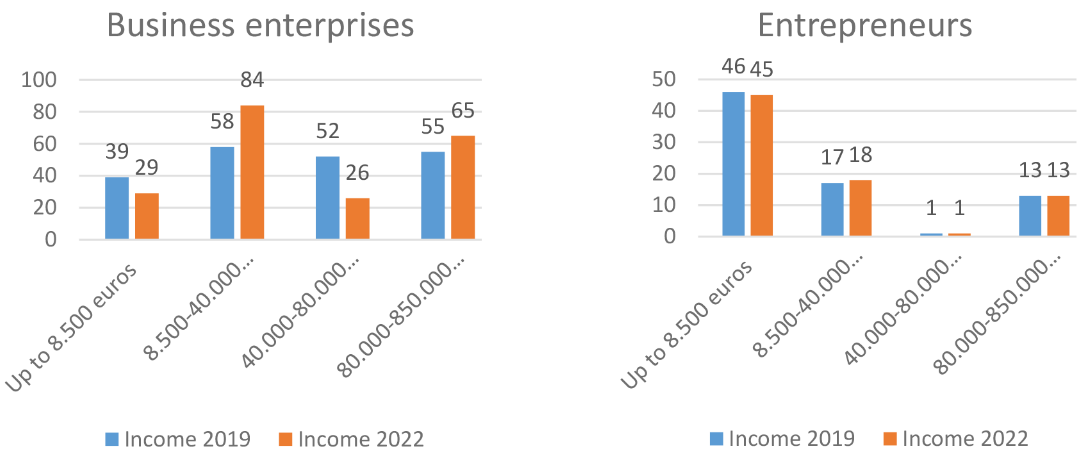

Figure 4. Level of income in 2019 and projection in 2022 according to legal form of the respondents

Source: Authors' calculation

Looking at the level of expenditure in 2019 and the projection of expenditure in 2022 (Figure 5), it can be seen that the share of companies projecting expenditure from 80,000 to 850,000 euros is 50% higher. The share of companies that project the level of expenditure up to 80,000 euros is certainly lower, compared to 2019. For entrepreneurs, the expenditure projection in 2022 is at the pre-crisis level.

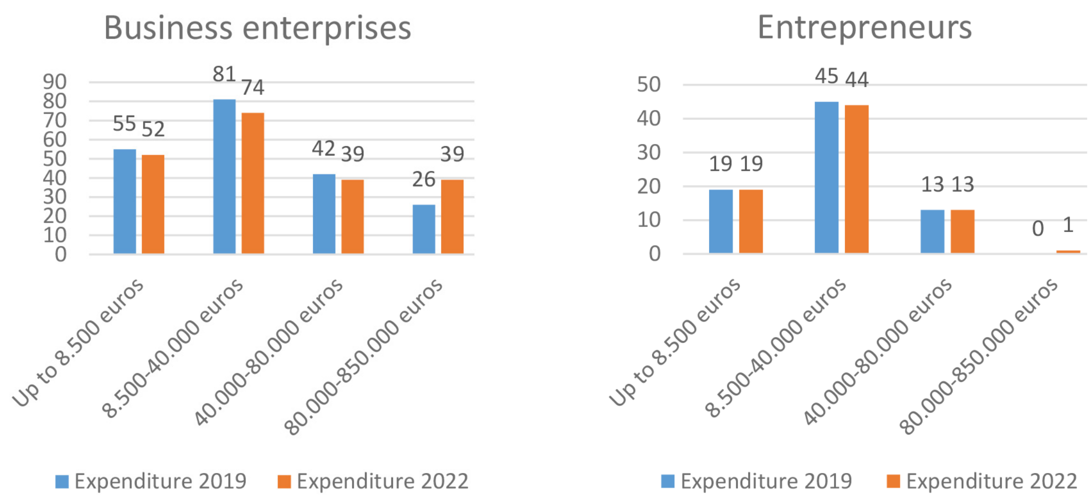

Figure 5. Level of expenditures in 2019 and projection in 2022 according to legal form of the respondents

Source: Authors' calculation

To obtain descriptive statistical indicators of the number of employees in 2019 and 2022, the minimum, maximum, mean value and standard deviation were used (table 3). Business entities in tourism employed between 1 and 152 workers in 2019, with the average number of employees being 10.96. In 2022, the number of employees ranges from 1 to 155, while the average number of employees is 10.70. The results indicate an unchanged number of employees, which can be considered positive because there were no significant layoffs.

Table 4 shows the projection of income in 2022 according to the respondent's business activity. Based on the cross-tabulation of two categorical variables, the sample structure consists of 84 respondents (29.9%) who expect the same level of income as in 2019, 148 respondents (52.7%) who expect a higher level of income and 49 respondents (17.4%) who expect a lower level of income than in 2019. The same level of income is expected by 39 respondents (46.4%) from the field of accommodation and 45 respondents (53.6%) from the field of travel agencies, tour operators, reservation services and related activities. A higher level of income is expected by 13 respondents (8.8%) from the field of accommodation, 97 respondents (65.5%) from the field of food and drinks preparation and serving, and 38 respondents (25.7%) from the field of travel agencies, tour operators, reservation services and accompanying activities. A lower level of income is expected by 13 respondents (26.5%) from the field of food and drink preparation and serving and 36 respondents (73.5%) from the field of travel agencies, tour operators, reservation services and related activities.

Table 3. Descriptive indicators of the number of employees in 2019 and 2022

	N	Minimum	Maximum	Mean	Std. Deviation
Number of employees 2019	281	1	152	10.96	18.033
Number of Employees 2022	281	1	155	10.70	17.675

Source: Authors' calculation

Table 4. Income projection in 2022 according to the respondent's business activity

		Business activity			Total
		Accommodation	Food and drinks	Travel agencies	
Same income as in 2019	Count	39	0	45	84
	% Frequency	46,4%	0,0%	53,6%	100,0%
	% Activity	75,0%	0,0%	37,8%	29,9%
Higher-income as in 2019	Count	13	97	38	148
	% Frequency	8,8%	65,5%	25,7%	100,0%
	% Activity	25,0%	88,2%	31,9%	52,7%
Lower-income as in 2019	Count	0	13	36	49
	% Frequency	0,0%	26,5%	73,5%	100,0%
	% Activity	0,0%	11,8%	30,3%	17,4%

Source: Authors' calculation

Table 5. Income projection in 2022 according to the respondent's size

		Size				Total
		Micro	Small	Medium	Large	
Same income as in 2019	Count	53	24	7	0	84
	% Frequency	63,1%	28,6%	8,3%	0,0%	100,0%
	% Size	31,0%	27,0%	53,8%	0,0%	29,9%
Higher-income as in 2019	Count	88	49	6	5	148
	% Frequency	59,5%	33,1%	4,1%	3,4%	100,0%
	% Size	51,5%	55,1%	46,2%	62,5%	52,7%
Lower-income as in 2019	Count	30	16	0	3	49
	% Frequency	61,2%	32,7%	0,0%	6,1%	100,0%
	% Size	17,5%	18,0%	0,0%	37,5%	17,4%

Source: Authors' calculation

Table 5 shows the projection of income in 2022 according to the size of the respondents. The same level of income is expected by 53 micro enterprises (63.1%), 24 small enterprises (28.6%) and 7 medium enterprises (8.3%). A higher level of income is expected by 88 micro enterprises (59.5%), 49 small enterprises (33.1%), 6 medium enterprises (4.1%) and 5 large enterprises (3.4%). Income stagnation expects 30 micro enterprises (61.2%), 16 small enterprises (32.7%) and 3 large enterprises (6.1%).

Table 6 shows the projection of income in 2022 according to the legal form of the respondents. The same level of income is expected by 68 companies (81.0%) and 16 entrepreneurs (19.0%). A higher level of income is expected by 117 companies (79.1%) and 31 entrepreneurs (20.9%). Income stagnation expects 19 companies (38.8%) and 30 entrepreneurs (61.2%).

Table 6. Income projection in 2022 according to the respondent's legal form

		Legal form		Total
		Business enterprises	Entrepreneurs	
Same income as in 2019	Count	68	16	84
	% Frequency	81,0%	19,0%	100,0%
	% Legal form	33,3%	20,8%	29,9%
Higher-income as in 2019	Count	117	31	148
	% Frequency	79,1%	20,9%	100,0%
	% Legal form	57,4%	40,3%	52,7%
Lower-income as in 2019	Count	19	30	49
	% Frequency	38,8%	61,2%	100,0%
	% Legal form	9,3%	39,0%	17,4%

Source: Authors' calculation

Table 7 shows the projection of expenditures in 2022 according to the respondent's business activity. Based on the cross-tabulation of two categorical variables, the sample structure consists of 174 respondents (61.9%) who expect the same level of expenditure as in 2019, 39 respondents (13.9%) who expect a lower level of expenditure and 68 respondents (24.2%) who expect a higher level of expenditure than in 2019. The same level of expenditure is expected by 26 respondents (14.9%) from the field of accommodation, 110 respondents (63.2%) from the field of food and drinks preparation and serving, and 38 respondents (21.8%) from the field of travel agencies, tour operators, reservation services and related activities. A lower level of expenditure is expected by 39 respondents from the field of travel agencies, tour operators, reservation services and related activities. A higher level of expenditure is expected by 26 respondents (38.2%) from the field of accommodation and 42 respondents (61.8%) from the field of travel agencies, tour operators, reservation services and related activities.

Table 7. Expenditure projection in 2022 according to the respondent's business activity

		Business activity			Total
		Accommodation	Food and drinks	Travel agencies	
Same expenditure as in 2019	Count	26	110	38	174
	% Frequency	14,9%	63,2%	21,8%	100,0%
	% Activity	50,0%	100,0%	31,9%	61,9%
Higher expenditure as in 2019	Count	26	0	42	68
	% Frequency	38,2%	0,0%	61,8%	100,0%
	% Activity	50,0%	0,0%	35,3%	24,2%
Lower expenditure as in 2019	Count	0	0	39	39
	% Frequency	0,0%	0,0%	100,0%	100,0%
	% Activity	0,0%	0,0%	32,8%	13,9%

Source: Authors' calculation

Table 8 shows the projection of expenditures in 2022 according to the size of the respondents. The same level of expenditure is expected by 95 micro enterprises (54.6%), 68 small enterprises (39.1%), 6 medium enterprises (3.4%) and 5 large enterprises (2.9%). A lower level of expenditure is expected by 36 micro enterprises (92.3%) and 3 large enterprises (7.7%). 40 micro enterprises (58.8%), 21 small enterprises (30.9%) and 7 medium-sized enterprises (10.3%) expect an increase in expenditures.

Table 8. Expenditure projection in 2022 according to the respondent's size

		Size				Total
		Micro	Small	Medium	Large	
Same expenditure as in 2019	Count	95	68	6	5	174
	% Frequency	54,6%	39,1%	3,4%	2,9%	100,0%
	% Size	55,6%	76,4%	46,2%	62,5%	61,9%
Higher expenditure as in 2019	Count	40	21	7	0	68
	% Frequency	58,8%	30,9%	10,3%	0,0%	100,0%
	% Size	23,4%	23,6%	53,8%	0,0%	24,2%
Lower expenditure as in 2019	Count	36	0	0	3	39
	% Frequency	92,3%	0,0%	0,0%	7,7%	100,0%
	% Size	21,1%	0,0%	0,0%	37,5%	13,9%

Source: Authors' calculation

Table 9 shows the projection of expenditures in 2022 according to the legal form of the respondents. The same level of expenditure is expected by 126 companies (72.4%) and 48 entrepreneurs (27.6%). A lower level of expenditure is expected by 26 companies (66.7%) and 13 entrepreneurs (33.3%). A higher level of expenditure is expected by 52 companies (76.5%) and 16 entrepreneurs (23.5%).

Table 9. Expenditure projection in 2022 according to the respondent's legal form

		Legal form		Total
		Business enterprises	Entrepreneurs	
Same expenditure as in 2019	Count	126	48	174
	% Frequency	72,4%	27,6%	100,0%
	% Legal form	61,8%	62,3%	61,9%
Higher expenditure as in 2019	Count	52	16	68
	% Frequency	76,5%	23,5%	100,0%
	% Legal form	25,5%	20,8%	24,2%
Lower expenditure as in 2019	Count	26	13	39
	% Frequency	66,7%	33,3%	100,0%
	% Legal form	12,7%	16,9%	13,9%

Source: Authors' calculation

Table 10 shows the projection of the number of employees in 2022 according to the respondent's business activity. Based on the cross-tabulation of two categorical variables, the sample structure consists of 130 respondents (46.3%) who expect the same number of employees as in 2019, 74 respondents (26.3%) who expect a higher number of employees and 77 respondents (27.4%) who expect a smaller number of employees than in 2019. The same number of employees is expected by 39 respondents (30.0%) from the field of accommodation, 58 respondents (44.6%) from the field of food and beverage preparation and serving, and 33 respondents (25.4%) from the field of travel agencies, tour operators, reservation services and related activities. A larger number of employees is expected by 13 respondents (17.6%) from the field of accommodation, 13 respondents (17.6%) from the field of food and beverage preparation and serving, and 48 respondents (64.9%) from the field of travel agencies, tour operators, reservation services and related activities. A lower number of employees is expected by 39 respondents (50.6%) from the field of food and beverage preparation and serving and 38 respondents (49.4%) from the field of travel agencies, tour operators, reservation services and related activities.

Table 11 shows the projection of the number of employees in 2022 according to the size of the respondents. The same number of employees is expected by 56 micro enterprises (43.1%), 59 small enterprises (45.4%), 13 medium enterprises (10.0%) and 2 large enterprises (1.5%). A larger number of employees is expected by 47 micro enterprises (63.5%), 24 small enterprises (32.4%) and 3 large enterprises (4.1%). Stagnation in the number of employees is expected by 68 micro enterprises (88.3%), 6 small enterprises (7.8%) and 3 large enterprises (3.9%).

Table 10. Projection of the number of employees in 2022 according to the respondent's business activity

		Business activity			Total
		Accommodation	Food and drinks	Travel agencies	
Same number of employees as in 2019	Count	39	58	33	130
	% Frequency	30,0%	44,6%	25,4%	100,0%
	% Activity	75,0%	52,7%	27,7%	46,3%
Higher number of employees as in 2019	Count	13	13	48	74
	% Frequency	17,6%	17,6%	64,9%	100,0%
	% Activity	25,0%	11,8%	40,3%	26,3%
Lower number of employees as in 2019	Count	0	39	38	77
	% Frequency	0,0%	50,6%	49,4%	100,0%
	% Activity	0,0%	35,5%	31,9%	27,4%

Source: Authors' calculation

Table 11. Projection of the number of employees in 2022 according to the respondent's size

		Size				Total
		Micro	Small	Medium	Large	
Same number of employees as in 2019	Count	56	59	13	2	130
	% Frequency	43,1%	45,4%	10,0%	1,5%	100,0%
	% Size	32,7%	66,3%	100,0%	25,0%	46,3%
Higher number of employees as in 2019	Count	47	24	0	3	74
	% Frequency	63,5%	32,4%	0,0%	4,1%	100,0%
	% Size	27,5%	27,0%	0,0%	37,5%	26,3%
Lower number of employees as in 2019	Count	68	6	0	3	77
	% Frequency	88,3%	7,8%	0,0%	3,9%	100,0%
	% Size	39,8%	6,7%	0,0%	37,5%	27,4%

Source: Authors' calculation

Table 12 shows the projection of the number of employees in 2022 according to the legal form of the respondents. The same number of employees is expected by 84 companies (64.6%) and 46 entrepreneurs (35.4%). A larger number of employees is expected by 72 companies (97.3%) and 2 entrepreneurs (2.7%). Stagnation in the number of employees is expected by 48 companies (62.3%) and 29 entrepreneurs (37.7%).

Table 12. Projection of the number of employees in 2022 according to the respondent's legal form

		Legal form		Total
		Business enterprises	Entrepreneurs	
Same number of employees as in 2019	Count	84	46	130
	% Frequency	64,6%	35,4%	100,0%
	% Legal form	41,2%	59,7%	46,3%
Higher number of employees as in 2019	Count	72	2	74
	% Frequency	97,3%	2,7%	100,0%
	% Legal form	35,3%	2,6%	26,3%
Lower number of employees as in 2019	Count	48	29	77
	% Frequency	62,3%	37,7%	100,0%
	% Legal form	23,5%	37,7%	27,4%

Source: Authors' calculation

Bearing in mind that the majority of business entities in tourism expect an increase in income, with the same level of expenditure and without a significant deviation in the number of workers compared to the year before the onset of the crisis, positive post-covid effects can be seen. Tourism, as an activity, is recovering and moving upward, as evidenced by the positive performance of business entities. This confirms the hypothesis that positive post-covid effects on the performance of business entities in tourism are expected.

6. CONCLUSION

Throughout history, tourism was constantly faced with crises that affected its development. However, no other crisis has had as great an impact on international tourism as the pandemic caused by the COVID-19 virus. We can freely say that modern times do not record any analogous situation. Tourist traffic indicators were unfavorable all over the world. The traffic connection between the emitting and receiving tourist regions decreased due to the establishment of epidemiological measures aimed at suppressing the rapid spread of the disease.

Worldwide, after several years of continuous growth, tourism activity in Serbia experienced a sudden contraction due to the outbreak of the pandemic. However, influenced by the economic measures of the Government of the Republic of Serbia to mitigate the consequences of Covid-19, on the offer side through three packages of measures to help business entities, as well on the demand side through the distribution of tourist vouchers for the subsidized use of accommodation services in touristic facilities on the territory of the Republic of Serbia, we amortized the negative impact caused by the pandemic. With somewhat milder epidemiological measures, tourism activity in Serbia during 2021 and in the first two quarters of 2022 showed a strong recovery, almost V-shaped.

The analysis of the underlying causes leads to the conclusion that state aid in crises is necessary to stop the shock that occurs in those situations. For some further research, the questions of concreteness of measures, timeliness of measures, generosity, inclusion, effectiveness of coordination and harmonization of interactions between all stakeholders in making such decisions remain open. In addition, the time of recovery after the crisis for tourism in Serbia has opened up some new opportunities and challenges related to quality management, primarily focused on the tourist destination, well-designed destination marketing, rebranding of certain destinations, monitoring the demands of specific market segments, creating attractive innovative products from the tourism sector, harmonization of interaction between numerous relevant subjects, maintenance of high-quality standards of provided services, digitization of services, etc.

The key research question in this chapter was formulated through the hypothesis: positive post-covid effects on the performance of business entities in tourism are expected, in the form of higher income realization, the same level of expenditure, and the same number of employees. The attitudes of respondents of different sizes, legal forms and business activities within tourism, on the state and projection of the level of income, expenditure and number of employees, as well as the view on the current state of the company in 2022, as the year of recovery from the crisis caused by the pandemic, were analyzed. The analysis of the obtained results led to the conclusion that the majority of business entities in tourism expect an increase in income, with the same level of expenditure and without significant deviation in the number of employees compared to the year before the outbreak of the crisis. The positive performance results of business entities correspond to the overall picture of the tourism sector in the Republic of Serbia, which indicates that tourism as an economic activity is recovering and moving on an upward trajectory.

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Factors Determining Holiday Intentions of Serbian Travelers during COVID-19

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Abstract: *This research aims to examine tourist behavior changes that occurred during the Covid-19 pandemic. We witnessed that there were more frequent negative decisions about tourist trips as well as changes in the desired tourism types and products due to pandemic effects. Some of the factors which may influence the decision-making process of tourists are the psychological impact of Covid-19, risk perception and finally the economic impact of Covid-19. Empirical research was conducted in the first quarter of 2022 on a sample of 188 residents of the Republic of Serbia using Smart-PLS software. Findings indicate that tourist Risk perception measured through Travel risk, Destination risk, and Hospitality risk have a positive statistically significant influence on tourist Holiday intention during a period of Covid-19 as making a negative decision about travel. Furthermore, the Psychological and Economic impact of Covid-19 did not have a statistically significant influence on tourist Holiday intention. We outline potential improvements for tourism management to face up to this situation like adding information on epidemic situations and prevention measures at the tourist destination to increase the knowledge of potential tourists and reduce risk perceptions.*

1. INTRODUCTION

The sudden global change caused by the Covid-19 pandemic has affected all business sectors, both on the supply side and on the demand side. However, tourism is one of the industries that is the most affected by Covid-19 with a decrease in tourist activities by about 80% (Luo & Lam, 2020). For this reason, it can be assumed that the negative effects will be felt in the long term on the one hand, while on the other hand, it can be expected that the recovery itself will be very long. Furthermore, some predictions point out that the recovery of the tourism industry would be quite difficult (Nepal, 2020).

Some of the negative effects of the Covid-19 pandemic on the tourism sector are a large deficit, a drop in liquidity and even bankruptcy of participants in the tourism industry and millions of job losses. Global economic recession will be the reflection of these negative effects (Özdemir & Yildiz, 2020). Due to social distancing and crowd prevention, tourism demand was reduced, which affected a lot of hotels and restaurants to be closed (Boto-García & Leoni, 2022). However, the forecast of the World travel and tourism council from the beginning of 2021 is that by

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the end of this year, more than 100 million jobs will return to the global Travel and Tourism sector (WTTC, 2021). Therefore, tourism organizations and other supply-side businesses that represent the world's largest employers (Chang et al., 2020) will have a big challenge in the coming years. The aforementioned requires an adequate strategic planning process together with the proposal of adequate action plans to ensure the recovery of the tourism sector.

One of the ways to formulate realistic strategic plans in the field of tourism is reflected in a detailed analysis of factors influencing the decision-making process of tourists in the conditions of the Covid-19 pandemic. Under the influence of the pandemic, there were more frequent negative decisions about tourist trips as well as changes in the desired tourism types and products. For example, there were more local and individual trips with less usage of shared services at the tourist destination and a greater need for health insurance (Sánchez-Pérez et al., 2021). Based on the aforementioned, whether a potential tourist will make a positive decision about traveling during the pandemic depends on many factors such as psychological determinants of the tourist himself, the level of perceived risks as well as the economic impact of the pandemic on the financial capabilities of tourists.

This study aims to explain the psychological and economic effects of the pandemic as well as the impact of travel, destination, and hospitality risk perceptions on the holiday intentions of Serbian tourists during the pandemic period.

This study tries to find answers to the following research questions:

- How did Covid-19 affect tourist psychology perceptions such as fear and anxiety?
- Did Covid-19 affect tourists economically?
- How does the tourist perception of risk from the point of view of travel, tourist destination, and hospitality change in pandemic conditions?
- Will the resulting changes in terms of psychological, economic impact, and perceived risk affect negative travel intentions?

The analysis of the mentioned variables was carried out on a sample of 188 residents on the territory of the Republic of Serbia, using SPSS and SMART PLS software.

The need for the analysis of the mentioned topic on the sample of tourists from Serbia stems from the fact that our country is not a member of the EU and free travel within the European continent was not possible for a certain period or was burdened with rigorous procedures. Given this situation in the tourism sector, the recommendation of the government and epidemiological experts for tourists from Serbia was to decide on traveling within national borders. On the other hand, although our country as a tourist destination did not set strict restrictions when entering the country, at the same time it had a bad image in the media due to the large number of infected people and was often placed on the "red" list. For this very reason, a tourist risk perception was formed which has affected potential tourists to change, delay or cancel their traveling plans (Özdemir & Yildiz, 2020, p. 1101; Perić et al., 2021, p. 14).

The results of the mentioned study will offer recommendations to tourism organizations on how to perform a strategic planning process which will affect a better strategy formulation from the perspective of more transparent communication and response to sudden situations, focusing on health risks. Also, the impact of the pandemic on consumer habits will certainly be long-term or even permanent, so it is expected that the behavior of tourists cannot return to the old ways.

2. HOLIDAY INTENTIONS OF TOURISTS DURING THE PANDEMIC OF COVID-19

As tourism is a mass and social phenomenon, every individual needs tourist activities, which are no longer considered a luxury, but a necessity that affects the growth of the quality of life. Modern tourists choose to travel because they are eager for new experiences and pleasure (Lakićević et al., 2021). However, this statement suffers certain changes under the influence of the pandemic because then the trip does not lead to the impression of leisure, positive feelings, and stress reduction. Therefore, it is of great importance to investigate the tourist holiday intention during the pandemic. Tourist holiday intention can be defined as the tourist's desire or intention to travel (Luo & Lam, 2020). Many studies have confirmed that tourist intentions decreased during the pandemic (Akmese & Ilgaz, 2021; Kourgiantakis et al., 2021; Štefko et al., 2022) and led to negative decisions about conducting tourist trips.

A survey conducted in Spain on 1,000 respondents led to the result that the tourist holiday intention during the pandemic depended on the type of tourism, so the biggest negative impact of the Covid-19 pandemic was on deciding to go to the urban parts of tourist destinations as well as the coastal ones, while the least negative impact isolated on nature tourism (Sánchez-Pérez et al., 2021, p. 925), rural, mountain and business tourism. The aforementioned confirms that tourist holiday intention is changing in the way that they do not choose tourist destinations that are characterized by open spaces and less mass tourism. Furthermore, the tourist holiday intentions also depended on the geographical distance of the tourist destination from the place of residence, so those within the national borders were preferred.

Therefore, as part of this empirical research, the holiday intentions of the residents of the Republic of Serbia to visit tourist destinations within the national borders or those that are the most famous within the current tourist offer, as well as those that are geographically closest, were analyzed. Residents were surveyed to obtain an average opinion on the safety of visiting nearby tourist destinations during the pandemic within the national borders of the Republic of Serbia, Montenegro, Bosnia and Herzegovina and Greece. If we look at the safety and visiting tourist destinations on the territory of the Republic of Serbia, the majority of respondents, 44.6%, believe that the Republic of Serbia is completely or partially safe, 27.2% were neutral, while the remaining 28.2% believed that it was not safe to travel destination during Covid-19. If we look at their attitude and going on a trip to Montenegro, 39.04% consider it a safe destination, 29.4% consider it unsafe, while the rest of the respondents expressed a neutral attitude. From the point of view of visiting destinations in Bosnia and Herzegovina, 37.67% consider it a safe destination, 30.14% consider it an unsafe destination and the rest were neutral on this issue. 38.3% of respondents consider Greece a safe destination during Covid-19, and 27.39% unsafe. The obtained results confirm that the majority of respondents consider tourist destinations in their own country to be the safest during the pandemic.

In addition to reaching these results, it is necessary to investigate whether the majority of potentially active tourists will return to their usual tourist intentions that were before the start of the Covid-19 pandemic. According to research conducted by the author Yuni (2020) on a sample of 300 respondents, it was determined that 35.7% of respondents will go on vacation immediately after the pandemic, with the largest number of such potential tourists aged 26 to 45. The rest of the respondents expressed the opinion that they will wait until making a positive decision about the trip.

3. TOURIST PERCEPTION OF FEAR AND ANXIETY DURING COVID-19

The authors Luo and Lam (2020) point out that there are no so many studies that include the psychological effects of the pandemic on tourists, which makes this topic extremely important for future research since a certain number of people face the problem of Coronophobia as the fear of contracting the Coronavirus (Asmundson & Taylor, 2020). Developing Coronophobia in potential tourists can have long-term effects on their behavior even after the pandemic is officially over. There is a certain danger that among such a group of potential tourists, the desire for tourist trips will not return to the level that was present before the Covid-19 pandemic, which makes the recovery of the tourism sector difficult. Although the situation with the Covid-19 pandemic in 2022 is significantly more favorable, the psychological impact on tourists may remain for a longer period and deepen their timidity of resuming frequent tourist trips without risk.

It is important to investigate the psychological determinants and make the final decision about the trip. Some of the psychological determinants are fear and anxiety, as a mental state of tension, frustration, stress, fear for one's future (Banerjee, 2020; Hullett & Witte, 2001), panic and doubt. In earlier research conducted in Australia before the outbreak of the Covid-19 pandemic, authors Reisinger and Mavondo (2005) indicated that travel anxiety and the perceived level of safety during travel are determinants of tourist behavior, among other things. If we look at the recent pandemic situation, the fear of potential tourists during Covid-19 has influenced them not to visit attractive tourist destinations that are crowded, then those tourist destinations in which a large number of people infected with Covid-19 have been recorded, as well as tourist destinations that are less known to them, and are far from the place of permanent residence. The anxiety of potential tourists during Covid-19 affects the pursuit of social distancing and higher hygiene standards (Buckley & Westaway, 2020) to reduce the probability of getting sick. Therefore, the mentioned psychological determinants and mental states of potential tourists can influence the avoidance of those tourist trips that can cause illness from the Covid-19 virus. This statement was proven by a sample of 311 respondents in the territory of Italy who pointed out that the limiting factors of travel during the Covid-19 pandemic are anxiety and fear as well as lack of safety (Zambianchi, 2020). Every tourist, when deciding on a tourist trip, tends to have positive feelings and emotions about a tourist destination, which is undermined if there is a fear of safety at that tourist destination and a fear of future infection at the destination. This statement is confirmed by research conducted in India on a sample of 1.050 respondents, indicating that positive emotions positively influence the desire to travel during the Covid-19 pandemic, while negative emotions negatively influence tourist holiday intentions (Das & Tiwari, 2021).

Based on the above, it can be concluded that the emergence of the pandemic has led to mental health disorders such as fear, anxiety, depression, and negative emotions. Although it can be assumed that potential tourists who encounter one of these mental disorders may have a reduced desire to carry out tourist trips. On the other hand, we should not forget that tourism itself aims to ensure the well-being of tourists while increasing satisfaction and reducing stress, which can be of great importance for recovery from mental disorders (Buckley & Westaway, 2020). Therefore, there is no clear evidence of whether the psychological impact of the Covid-19 pandemic reduces tourist holiday intentions or has no effect on them. Authors Luo and Lam (2020) in their empirical research on a sample of 303 Hong Kong residents did not find a statistically significant direct relationship between fear and tourist holiday intentions during Covid-19, while anxiety had a moderating effect between risk perception and tourist holiday intentions. Also, the authors Angguni and Lenggogeni (2021) who conducted empirical research on the territory of Indonesia concluded that anxiety is a mediator of the relationship between perceived risk and tourist holiday intentions. Furthermore, Wachyuni and Kusumaningrum (2020) assessed in their research whether these psychological determinants will affect tourist holiday intentions after the end of the pandemic and obtained the result that for the majority of respondents, anxiety, fear and panic will have no significance for tourist intentions after the end of the pandemic. Based on the authors' knowledge so far, only one study conducted during the period of the Covid-19 pandemic led to the opposite results, namely that anxiety negatively affects the tourist holiday intentions of solo female tourists (Karagöz et al., 2021). Based on the previous results and theoretical insights, the first hypothesis is proposed as:

> **Hypothesis One**: There is no statistically significant positive influence of psychological impact of Covid-19, such as fear and anxiety, on the negative tourist holiday intentions in the Republic of Serbia during the period of the Covid-19 pandemic.

4. TOURIST RISK PERCEPTION DURING COVID-19

The perception of risk itself is an individual characteristic formed by the individual based on the negative consequences that he predicted, estimated, or observed, which largely depends on the personal character as well as the individual's previous experience. It should be taken into account that perceived risk depends on the perception of tourists and their psychological character, so it can manifest differently among tourists (Isaac, 2020). Also, risk perception in tourism depends on two variables like tourist characteristics and the type of perceived risks (Reisinger & Mavondo, 2006). If we look at the perception of risk for the implementation of tourist trips during the pandemic, the following determinants should be taken into account: Authors Lepp and Gibson (2003) believe that the perception of the risk of disease is not equal concerning gender, because women have a stronger perception of this type of risk, and therefore it can be assumed that their intention to carry out tourist trips during the pandemic will be absent. Furthermore, if we look at the age structure, it is assumed that older citizens, who will be negatively affected by the pandemic, have a greater risk perception of illness during travel. Also, the health condition of potential tourists should be taken into account, not just the age structure and, based on that, their risk perception. Authors Putra et al., (2021) empirically proved that potential tourists who have a history of comorbidity have a higher perceived risk of illness during the pandemic period.

Tourists' perception of risk during a pandemic plays a critical role when making a tourist travel decision (Asmundson & Taylor, 2020). Health risks that may occur during travel and stay at a destination shape the tourist risk perception, which may result in an impact on behavior (Jonas et al., 2010). Previous research has shown that the psychological profile of a potential tourist in terms of sensitivity and acceptance of novelty does not affect his perception of risk, while previous knowledge about the tourist destination affects the perception of tourist risk (Xu et al., 2021). The destination risk perception stems from uncertainty about the state of that destination from the point of view of security, which was especially pronounced during the Covid-19 pandemic (Aebli et al., 2022). Thus, empirical results show that the Covid-19 pandemic negatively affects the health risk, mental well-being, and perceived uncertainty of the potential tourist (Chua et al., 2021). Based on this, it is evident that the more information about the negative consequences of the Covid-19 virus, the greater the perception of risk for conducting a tourist trip. The authors Joo et al. (2021) surveyed 634 respondents from the territory of South Korea and concluded that perceived risk was negatively related to emotional solidarity and support for tourism. On the other hand, if the tourist destination has the risk of a low-risk destination during the pandemic, it will have a direct impact on making a positive decision when choosing that tourist destination (Duong et al., 2022). Therefore, when making a final judgment about the perceived risk, potential tourists tend to collect as much information as possible about the desired tourist destination to be able to assess the risk as realistically as possible. If we consider the entire period since the beginning of the Covid-19 pandemic, it can be concluded that the risk perception of tourists was higher at the beginning when they had little information about the virus, while it decreased as the pandemic entered the final phase. The author's Zhu and Deng (2020) also expressed this view, who point out that tourists' risk perception is higher if the crisis is new or unknown.

Also, many authors have analyzed the relationship between tourists' behavior and their risk perception when they focused on previous pandemics. Author Kozak et al. (2007) analyzed the impact of the SARS pandemic on tourists who traveled to Hong Kong and came to the conclusion that there is a high probability of change in travel plans due to destination risk. Then, the authors Rittichainuwat and Chakraborty (2009) also analyzed the impact of the SARS pandemic on tourists' risk perception and determined that it depends on the knowledge of the tourist destination, i.e. whether tourists have traveled to that tourist destination before or not. The more familiar the tourist destination is, the lower the perception of destination risk is expected. This statement can also be applied to tourists in the age of the Covid-19 pandemic who traveled more to destinations that are more familiar and closer to them. Such results were also reached by the authors Sánchez-Pérez et al. (2021) in their research on the territory of Spain, where 70% of respondents expressed the desire to travel within the country, 29% that they will travel as before and only 1% will go on trips outside the borders of their country (p. 925). Also, the authors Zhu and Deng (2020) investigated the impact of risk perception on tourists' intentions towards rural tourism during the period of the Covid-19 pandemic on a sample of 412 respondents in China and came to empirical results that there is statistically significant impact between the mentioned research variables. Some other interesting results are that affective risk perception has a negative impact on tourist intentions while there is a positive relationship between cognitive risk perception and tourist intention in a sample of 877 respondents from South Korea (Bae & Chang, 2021). Furthermore, the authors Aebli et al. (2022) investigated the relationship between risk perception and travel decision-making during the Covid-19 pandemic on a sample of 2,180 respondents in the US territory, confirming the negative impact of perceived risk and positive travel decisions trip. If we also look at the area of the Republic of Serbia, an empirical study was conducted on a sample of Serbian tourist of 348 respondents and it was observed that their risk perception, which includes health, psychological, financial, and destination risk, has a negative impact on tourists' intentions to travel (Perić et al., 2021).

Risk perception has been investigated since the 80s in the field of tourism and has been formed as a research construct with several different dimensions. Therefore, this variable is a multidimensional category (Zhu & Deng, 2020). Within this research, the risk perception of the tourist himself was analyzed through travel risk, destination risk, and hospitality risk. The travel risk during a pandemic is greatly influenced by the movement of the pandemic itself and proposed measures such as closing border crossings, lockdowns, the need for social distancing, Covid passes, etc. The destination risk largely depends on the available information about the health situation at the chosen tourist destination in terms of the number of deaths and recovered patients from the Covid-19 virus on the one hand, while on the other hand, it depends on the health measures prescribed at that tourist destination. For example, it has been empirically proven that potential tourists who have no previous travel experience to that destination look at the quality of the healthcare system and the degree of trust in it, which positively affects their decision to visit that destination even during the period of the Covid-19 pandemic (Rasoolimanesh et al., 2021). Also, there are residents who, under the influence of the Covid-19 pandemic, became anxious (Hosseini et al., 2020) in the presence of tourists, which leads to damage to the brand of that tourist destination from a hospitality view. The risk of hospitality during the pandemic period depends on the attitude of residents towards tourists and mass tourist trips to their territory, which can endanger their health. All these previously mentioned factors influence the perception of tourists about the risk of carrying out a trip during the pandemic period. Within this research, different types of risk perception in the field of tourism and the intention of tourists not to travel during the Covid-19 pandemic were compared. Based on the previous text, the second hypothesis is:

> **Hypothesis Two**: There is a statistically significant positive influence of a higher perceived travel, destination and hospitality risk on the negative tourist holiday intentions in the Republic of Serbia during the period of the Covid-19 pandemic.

The assumed hypothesis highlights the positive influence between the perceived risk during the period of the Covid-19 pandemic and the intention of tourists not to travel during the pandemic. Researching this hypothesis is worth considering because perceived risks can modify consumer decision-making (Lerner & Keltner, 2001).

5. ECONOMIC IMPACT OF COVID-19 ON TOURISTS

The appearance of the Covid-19 pandemic has led to economic impacts by slowing down the economy itself, which lead to an increase in debt, unemployment, and the inability of the tourism sector to maintain other local activities while reducing its % participation in the GDP. All these developments lead to the fact that the economic sector is more sensitive and will enter recession faster under the influence of this pandemic (Roy, 2020), which can greatly slow down the recovery of tourism and other related activities. However, despite this, it is interesting that tourism revenues in the first 5 months of 2022 increased by 34.7% compared to the same period of the previous year (Duong et al., 2022). In addition to macroeconomic impacts, it is necessary to analyze those impacts on the individual, that is, the potential tourist. Analyzing the economic impact of the pandemic on tourist intentions is an area that has been investigated before (Bae & Chang, 2021). The biggest economic impacts during this pandemic that have deterred potential tourists from traveling are a drop in wages, uncertainty in the workplace, and a higher number of layoffs, which has led to a negative desire to set aside certain funds for travel. Ozili (2021) believes that tourists will face a reduction or even no income after the end of the pandemic. On the other hand, there are potential tourists whose incomes will remain partly the same, but the closing of the borders of certain tourist destinations, and the closing of important tourist attractions made it impossible for those who wanted to go on a trip to realize the same. Moya Calderón et al. (2022) concluded that in a sample of 1,078 surveyed potential tourists from Costa Rica who believe that their income will not change under the influence of the Covid-19 pandemic as well as those who so far have not felt variations in their income will have a greater intention to travel to domestic tourist destinations in a shorter period. If there are significant changes in the earnings and income of potential tourists, there is an assumption that the demand for various trips will also decrease. In addition to the indications of a reduction in consumption, it is also evident that the very structure of tourists' consumption and their behavior has changed radically during Covid-19 (Kantar, 2020), such as higher allocations for health insurance, procurement of hygiene items, etc. In order to overcome the negative scenario of this consumer change, some of the measures that are proposed are monetary promotion in tourism, which means a reduction of service prices, holiday packages, free tickets, etc. (Duong et al., 2022). These measures would stimulate greater and continuous demand for travel, which would accelerate the recovery of the entire tourism sector. Also, it is suggested that these measures should be implemented due to the emerging financial crisis. However, it cannot be said that reducing the price of tourist products and tourist services is the most effective measure because there are no empirical confirmations that this will affect the intentions of tourists. Previous research on this topic indicates that lower-income tourists are willing to pay even higher prices for unique travel packages (Duong et al., 2022). For this reason, as part of this research, the economic impact of the Covid-19 pandemic was analyzed, which implies fluctuations in the income of tourists, job insecurity, and based on this, a change in consumer behavior and tourist holiday intentions. Based on that, the following research hypothesis was proposed:

> **Hypothesis Three**: There is a statistically significant relationship between the negative economic impact of COVID-19 on the "Holiday intentions" in the Republic of Serbia during the pandemic.

6. MATERIALS AND METHOD

The research was conducted in the territory of the Republic of Serbia in the first quarter of 2022 via an electronic survey, Google Forms, that was distributed to 300 e-mail addresses of residents who have been residing in the territory of the Republic of Serbia for at least 3 years. A total of 210 respondents completed the survey, indicating a response rate of 70%. After a subsequent check of the correctness of the completed questionnaires, it was observed that 188 questionnaires are valid for further research. Out of a total of 188 respondents, 63.3% have between 18-35 years, 27.13% have between 36-50 years, and 9.57% have more than 50 years.

The filled questionnaire by the respondents was taken from the author Pappas (2021) and consisted of questions that described four research variables, namely the psychological impact of Covid-19, the "Risk perception" under the influence of Covid-19, the economic impact of Covid-19, and the "Holiday intentions" from the point of view of giving up travel during the Covid-19 pandemic. Independent research variables such as the psychological impact of Covid-19 were analyzed through 5 questions, risk perception was analyzed with three aspects of travel risk perception with 5 questions, tourist destination risk with 5 questions and hospitality risk with 6 questions, and finally the economic impact of Covid -19 pandemic with 5 questions. The dependent research variable tourist holiday intention, in a manner not to travel during the pandemic, was measured by 5 questions. In addition to the mentioned questions, the questionnaire also analyzed the readiness of respondents as potential tourists to visit tourist destinations in Serbia, Croatia, Bosnia and Herzegovina, Montenegro, and Greece during the Covid-19 pandemic. A Likert scale from 1 to 5 (1 = completely disagree, 5 = completely agree) was used to answer all the questions.

Table 1. Review of usage issues for sample collection and analysis

Indicators	Questions	Research variable – construct
PCI1 **PCI2** **PCI3** **PCI4** **PCI5**	• COVID-19 has impacted my everyday life. • COVID-19 has changed my hygiene standards. • COVID-19 has made me fearful. • COVID-19 has increased my anxiety level. • COVID-19 has made me reconsider my way of life.	• COVID-19 Psychological Impact
TR1 **TR2** **TR3** **TR4** **TR5** **DR1** **DR2** **DR3** **DR4** **DR5** **HR1** **HR2** **HR3** **HR4** **HR5** **HR6**	• I am afraid to travel due to COVID-19. • I believe that mass transport is not safe due to COVID-19. • I am reluctant to travel by air due to COVID-19. • I am reluctant to travel by boat due to COVID-19. • I am reluctant to travel by land-based means of mass transport (i.e. train; bus) due to COVID-19. • Considering COVID-19, I believe that Greece is a safe destination. • Considering COVID-19, I believe that going for a holiday somewhere in Greece is safer than traveling abroad. • COVID-19 will markedly affect my destination selection for holidays during 2022. • COVID-19 will markedly affect my destination selection for holidays in future years. • COVID-19 will negatively affect the quality of destination products and services. • I would be reluctant to sit and eat in a restaurant due to COVID-19 • I would be reluctant to sit in a cafe/bar due to COVID-19. • Due to COVID-19, during my holidays I would prefer to prepare food (meals; drinks, etc.) • I would be afraid to stay in accommodation I paid for due to COVID-19. • Due to COVID-19, during my holidays I would prefer to stay in a house that I own. • Due to COVID-19, during my holidays I would prefer to stay in a house that my friends/relatives own.	• Risk Perception TR – Travel risk DR – Destination risk HR – Hospitality risk
EI1 **EI2** **EI3** **EI4** **EI5**	• COVID-19 has changed my consumption patterns. • COVID-19 has increased my job vulnerability. • COVID-19 has substantially affected my income. • COVID-19 will substantially affect my income during 2022. • COVID-19 will substantially affect my income in the future.	• COVID-19 Economic Impact
HI1 **HI2** **HI3** **HI4** **HI5**	• COVID-19 will affect my decision whether to go on holiday in 2022. • COVID-19 will affect my decision whether to go on holiday in future years. • Due to COVID-19 I would prefer to go for holidays somewhere in Serbia rather than abroad. • COVID-19 has had a greater impact on my holiday intention than the recession. • I intend not to go on holiday during 2022.	• Holiday Intention during pandemic

Source: Pappas, 2021.

As part of the empirical part of the research, a PLS-SEM analysis was conducted, i.e. a partial least squares analysis for the modeling of latent variables. An analysis of the measurement model and the structural model was conducted from the point of view of the influence of independent variables on the „Holiday intention" of tourists during the Covid-19 pandemic in the Republic of Serbia, using the Smart PLS software. Therefore, the use of the mentioned software is based on principal component analyses, which evaluate the latent variable based on the correlation of exogenous and endogenous latent variables. The answer to the question is obtained: are the questions in the survey well formulated and do they measure the desired variable, construct? Furthermore, it's based on regression path analyses, a path method that, through regression analysis, maximizes the R-squared value of the endogenous latent variables in the external model with the latent variable of the internal model, and the answer to the question is obtained: is there an influence between the variables, and is it statistically significant? Through this analysis, we aim to determine the influence of the psychological impact of Covid-19, the risk perception, and the economic impact of the Covid-19 pandemic on the „Holiday intention" of tourists during the Covid-19 pandemic, which is shown in the following conceptual model.

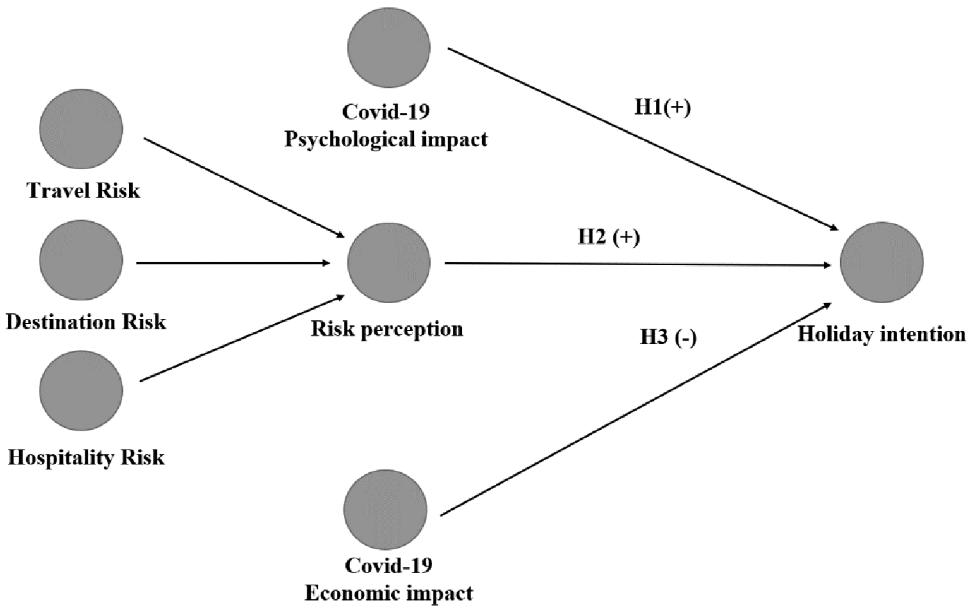

Figure 1. Conceptual model of research

Source: The authors' research

7. RESULTS AND DISCUSSION

Using the Smart PLS software, the first step was to analyze the validity of the measurement model, through indicator loadings, internal consistency reliability, convergent validity, and discriminant validity (Hair et al., 2012). Research variables such as „Covid -19 Psychological impact", „Covid-19 Economic impact", and the „Holiday intention" of tourists during the Covid-19 pandemic are reflective, where the aim is to maximize the overlap of the indicators that measure each research variable and to make the correlation between them as high as possible. The research variable of „Risk perception" under the influence of Covid-19 is a formative construct formed by „Travel risk", „Destination risk", and „Hospitality risk", within which no overlap of indicators is expected.

Individual reliability indicator was analyzed by indicator loadings, which should be greater than or equal to 0.70 (Hair et al., 2013). Indicators or questions whose loading values were below the prescribed value were thrown out. With reflective variables, dropping one indicator may not matter much, but it should be taken into account that within one research variable, we must not have less than two indicators. Therefore, in the further analysis, the following indicators were removed: within the research variable, i.e. the construct of the „Covid-19 Psychological impact", questions PCI1 and PCI2, within the construct of perception of the „Destination risk", questions

DR1, DR2, and DR3, within the construct of the perception of the „Hospitality risk“, questions HR1, HR2, HR6 under the construct „Covid-19 Economic impact“ question EI2, and within the construct of „Holiday intention“ during the pandemic questions HI3, HI4 and HI5.

After that, the analysis of reflective variables was carried out using internal consistency reliability and convergent validity. Within that, the value of composite reliability (CR), rhoA and average variance extracted (AVE) were calculated, where CR should be higher or equal to 0.70 and AVE higher than or equal to 0.50 (Hair et al., 2012, 2013). The analysis of multicollinearity was carried out by analyzing the VIF, which should not be greater than 3.3. However, the author Wong (2013) points out that the VIF values can be accepted if they are close to the value of 5, which is the case in our results for three indicators such as TR4, EI3, and EI4. The following table shows the results of the conducted analyses.

Table 2. Reliability Validation of the Reflective First-Order Constructs

Indicators	Loadings	CR	rho_A	AVE	VIF
PCI3	0.835	0.883	0.814	0.715	1.638
PCI4	0.835				1.821
PCI5	0.867				1.746
TR1	0.821	0.920	0.893	0.698	2.421
TR2	0.799				2.093
TR3	0.867				3.116
TR4	0.876				3.328
TR5	0.810				2.140
DR4	0.925	0.818	0.724	0.696	1.211
DR5	0.731				1.211
HR3	0.861	0.904	0.841	0.758	2.206
HR4	0.881				2.292
HR5	0.870				2.325
EI1	0.805	0.879	0.929	0.646	1.256
EI3	0.749				3.467
EI4	0.832				4.852
EI5	0.827				2.371
HI1	0.939	0.934	0.860	0.877	2.311
HI2	0.934				2.311

Source: The authors' calculation

In order to analyze the formative construct, "Risk perception", the value of the outer weight, standard deviation, t-statistics, and p-value were analyzed. After that, a multicollinearity analysis was performed by calculating the Variance inflation factor (VIF).

Table 3. Analysis of the formative construct of the external model
(Outer weights, standard deviation, t-statistics, and p-values)

	Outer weights	standard deviation	t-statistics	*p*-values
Travel Risk → Risk perception	0.583	0.016	36.965	**0.000**
Destination Risk → Risk perception	0.167	0.016	10.310	**0.000**
Hospitality Risk→ Risk perception	0.384	0.016	24.684	**0.000**

Source: The authors' calculation

Based on the results from the previous table, we can conclude that the formative construct is relevant because all path coefficients are positive and significant. Also, the VIF value was analyzed, which for all three formative constructs is less than 3.3 (TR=2.546, DR=1.278, HR=2.449).

To analyze discriminant validity, we performed the cross-loading indicator, Fornell–Larcker criterion, and heterotrait–monotrait correlation ratios (HTMT).

Table 4. Analysis of discriminant validity (Cross-loadings)

	COVID-19 Psychological Impact	Travel Risk	Destination Risk	Hospitality Risk	COVID-19 Economic Impact	Holiday Intention
PCI3	**0,835**	0,583	0,296	0,486	0,306	0,331
PCI4	**0,835**	0,383	0,270	0,295	0,378	0,279
PCI5	**0,867**	0,403	0,283	0,375	0,465	0,367
TR1	0,521	**0,821**	0,405	0,658	0,260	0,544
TR2	0,412	**0,799**	0,354	0,578	0,149	0,420
TR3	0,416	**0,867**	0,396	0,664	0,234	0,422
TR4	0,419	**0,876**	0,406	0,673	0,203	0,509
TR5	0,496	**0,810**	0,330	0,617	0,287	0,447
DR4	0,287	0,457	**0,925**	0,467	0,274	0,621
DR5	0,286	0,265	**0,731**	0,161	0,210	0,281
HR3	0,428	0,639	0,366	**0,861**	0,195	0,565
HR4	0,413	0,664	0,377	**0,881**	0,212	0,580
HR5	0,363	0,695	0,347	**0,870**	0,231	0,547
EI1	0,486	0,373	0,318	0,311	**0,805**	0,240
EI3	0,216	0,040	0,099	0,097	**0,749**	0,075
EI4	0,293	0,104	0,208	0,116	**0,832**	0,112
EI5	0,317	0,152	0,203	0,130	**0,827**	0,158
HI1	0,393	0,541	0,507	0,629	0,217	**0,939**
HI2	0,335	0,510	0,587	0,583	0,181	**0,934**

Source: The authors' calculation

Table 4 shows the analysis of Cross-loadings, which implies that the indicator loading for a constructive structure should be greater than other construction. If this condition is met, which is within the scope of our research, we can say that the measurement model has a corresponding discriminant validity (Chin, 1998).

Table 5. Analysis of discriminant validity (Fornell-Larcker criterion)

	COVID-19 Psychological Impact	Travel Risk	Destination Risk	Hospitality Risk	COVID-19 Economic Impact	Holiday Intention
COVID-19 Psychological Impact	**0.846**					
Travel Risk	0.541	**0.835**				
Destination Risk	0.335	0.454	**0.834**			
Hospitality Risk	0.460	0.765	0.417	**0.871**		
COVID-19 Economic Impact	0.456	0.271	0.244	0.244	**0.804**	
Holiday Intention	0.389	0.562	0.583	0.648	0.213	**0.936**

Source: The authors' calculation

According to the Fornell-Larcker criterion, the root of the AVE latent variable must have a higher value than all correlations with other latent variables (Fornell & Larcker, 1981). Table 5 shows that the diagonal AVE values of all the values shown below indicate that discriminant validity is met.

Table 6. Analysis of discriminant validity (HTMT)

	COVID-19 Psychological Impact	Travel Risk	Destination Risk	Hospitality Risk	COVID-19 Economic Impact	Holiday Intention
COVID-19 Psychological Impact						
Travel Risk	0.639					
Destination Risk	0.496	0.592				
Hospitality Risk	0.555	0.883	0.530			
COVID-19 Economic Impact	0.481	0.238	0.346	0.236		
Holiday Intention	0.463	0.641	0.754	0.762	0.209	

Source: The authors' calculation

Based on the results shown in Table 6, we conclude that the discriminant validity through the HTMT analysis is satisfied because the values are below 0.9, which indicates that the components are sufficiently different from each other and explain different phenomena (Strugar Jelača et al., 2022).

In the next step, we analyzed the validity of the structural model through bootstrapping to investigate the proposed influence. In this way, we analyzed the relationship between the constructs „Covid-19 Psychological impact", „Risk perception", „Covid-19 Economic impact" on the one hand, and „Holiday intention" during the Covid-19 pandemic on the other. The following table shows the coefficients that indicate the influence between the independent and dependent research variables. The R^2 value for „Holiday intention" is 0.447 which indicates that independent variables such as „Covid-19 Psychological impact", „Risk perception" (Travel risk, Destination risk, and Hospitality risk), and „Covid-19 Economic impact" explain 44.7% of the variance in „Holiday intention" in the selected sample.

Table 7. Results of the bootstrapping analysis

	Original Sample	Sample Mean	standard deviation	t-statistics	*p*-values
COVID-19 Psychological Impact → Holiday intention	0.026	0.019	0.076	0.344	0.731
Risk Perception → Holiday intention	0.660	0.664	0.057	11.532	0.000
COVID-19 Economic Impact → Holiday intention	0.002	0.013	0.059	0.041	0.967

Source: The authors' calculation

Table 8. Confirmation of the proposed hypothesis

Hypothesis	Results
H_1: There is no statistically significant positive influence of "***Covid-19 Psychological impact***" on the "***Holiday intentions***" in the Republic of Serbia during the period of the Covid-19 pandemic.	H1 accepted
H_2: There is a statistically significant positive influence of a higher "***Risk perception***" on the "***Holiday intentions***" in the Republic of Serbia during the period of the Covid-19 pandemic.	H2 accepted
H_3: There is a statistically significant relationship between the negative ***economic impact of COVID-19*** on the "***Holiday intentions***" in the Republic of Serbia during the pandemic.	H3 rejected

Source: The authors' calculation

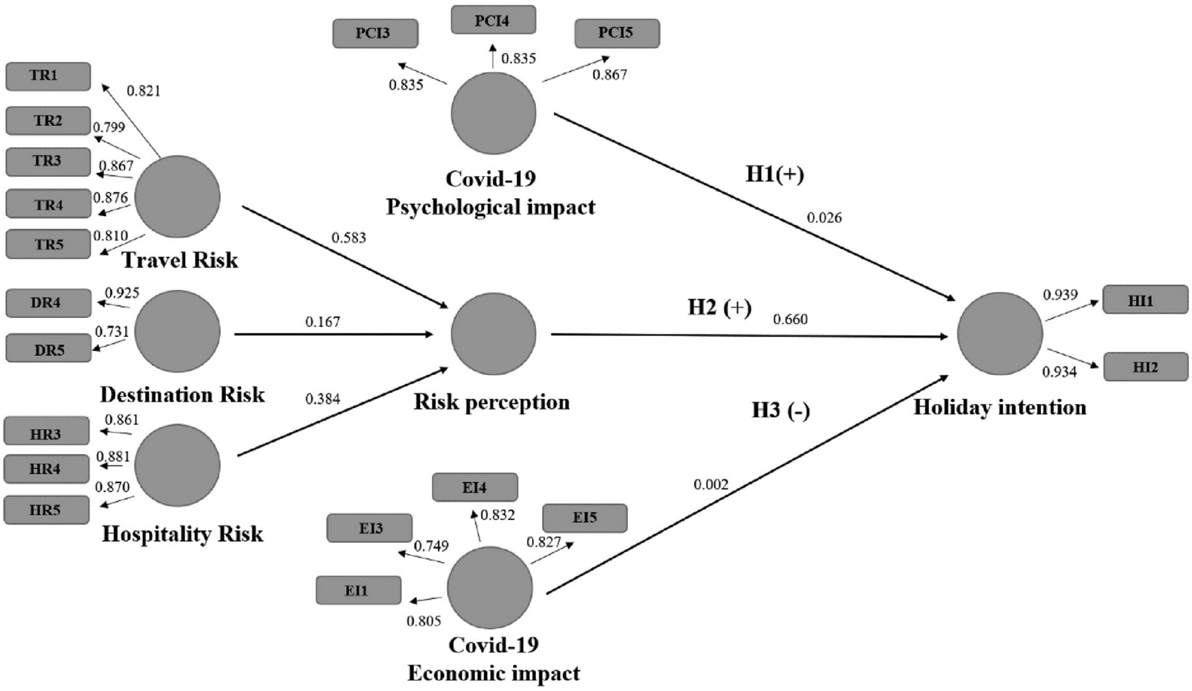

Figure 2. Results of bootstrapping analysis

Source: The authors' calculation

8. CONCLUSION

This study offers several theoretical and managerial implications. Initiatives within destination management should be oriented towards maximizing the perception of safety to reduce perceived risk and make a positive travel decision with greater probability. The results of this research indicated that there are positive statistically significant relations between Risk Perception and Holiday intention during the Covid-19 pandemic. This means that H2 was confirmed. The same results were reached by Zhu and Deng (2020) in the research conducted in China, then by Bae and Chang (2021) during research in South Korea, as well as by the authors Aebli et al. (2022) researching this topic in the territory of the USA. In addition, it should be noted that H3 was not confirmed because no statistically significant relationship was found, while H1 was confirmed since the relationship does not exist between Covid-19 psychological impact and tourist holiday intentions. Tourism managers can add information on epidemic situations and prevention measures at the tourist destination to increase the knowledge of potential tourists and reduce the risks perceptions. Also, participants on the supply side should direct their business behavior and promotional activities in that direction. Namely, special emphasis should be placed on the aforementioned by hotels and carriers so that the process of using the service by tourists is characterized as health-safe. They should carry out additional activities that will prove to potential tourists that the health risk during the use of their services is minimal and that they properly manage and control it. These measures will minimize the travel risk category. Given that tourists are sensitive to travel risks and destination and hospitality risks, tourist organizations at tourist destinations should provide transparent information about the current health situation on the one hand, while on the other hand, they should carry out additional activities and devise procedures in order to present the tourist destination as health-safe. Finally, the perception of hospitality risk should be taken into account, which can be minimized if residents are fully informed about the flow of tourists to tourist attractions, safety procedures in their place of residence, as well as the development of awareness about the minimal impact of optimal tourist movements on the health safety of residents.

A potential limitation of the paper lies in the small sample, consisting of only 188 travelers. Future research should include more respondents. On the other hand, spatial coverage can be another limitation, as the focus was on residents of a country that is not in the EU. Given that there are cultural differences between Western and Eastern countries, even on the European continent itself, it is necessary to geographically expand the sample of respondents in some subsequent iterations of the research. Authors Luo and Lam (2020) believe that residents of Western countries are more cautious when making travel decisions during the pandemic. Furthermore, in order to determine the constancy of the obtained results and how long the received attitude of the respondents will last, it is necessary to conduct the same survey again on the same sample in the first quarter of 2023 in order to determine possible differences. This is a significant proposal for further research because it would answer whether the influence of perceived risk on holiday intentions decreased as the pandemic subsided and entered the final phase and in the post-covid recovery phase.

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Digital Channels of Communication in the Promotion Function of a Tourist Destination – Tripadvisor Campaign Example of the Federation of Bosnia and Herzegovina

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Abstract: *Interactions and networking of social media in the tourism sector have experienced a very large expansion. This is certainly supported by the fact that the vast majority of today's tourists, through social networks - digital channels, search for, obtain and analyze information based on which they make decisions about choosing a destination, but also share and exchange information about their impressions and experiences with others in already visited destinations. These were the main motives of the key actors in the Federation of Bosnia and Herzegovina who, at the instigation of the USAID Tourism Bosnia and Herzegovina Project, embarked on the first comprehensive digital campaign on social networks, the campaign of their chosen tourist destinations, in order to finally get out of the media "darkness", given that Bosnia and Herzegovina tourist destinations were not visible at all and were not adequately represented on the world tourist map. The campaign was realized on the world's largest tourist platform TripAdvisor. Before the start of the campaign, the main objectives were set, the duration of the campaign was determined, the target markets were identified and the content was prepared in the form of attractive images, videos and promotional articles in four languages.*

1. INTRODUCTION

The world as we know it today is extremely dynamic, and changes are very frequent and significant. Technological progress and processes of globalization, among other things, provided the basis for the smooth development of new and different communication platforms.

The success of designing and positioning a tourist destination is a challenge that stands in the way of anyone who deals, first and foremost, with destination marketing. An adequate answer to this challenge can be found, among other things, in the proper management of the process, the focus of which will be the tourist. The correct connection of this process with digital platforms of social media represents the continuous work of defining the vision and mission and setting goals in order to properly shape the strategy of promotion or destination marketing.

However, in crises, such as the COVID-19 pandemic, hardly any of the stakeholders of the tourism sector at the global level had an adequate response. What could have been done was to try to take actions as soon as possible that would result in the recovery of the tourism industry.

Aware of the power of Internet marketing, digital communication channels of social media, the key actors of the tourism industry of the Federation of Bosnia and Herzegovina decided to launch a promotional campaign on TripAdvisor.

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The facts that Bosnia and Herzegovina, when it comes to the tourism industry, has not done similar promotional activities until now, and that in Bosnia and Herzegovina, there is almost no scientific approach or study of modern methods of image and brand creation based on strategic processes of integrated marketing communication for promotion and even branding tourist destinations, were an additional motive for launching this campaign.

On the other hand, looking at the global tourism industry, the demand for tourism products before the COVID-19 pandemic was continuously increasing. However, the competition between tourist destinations on the national and regional levels was "getting tougher" every day.

Integrated marketing communication in all its forms implies a continuous process of communication between the destination and the emitting tourist market. The goal is to stimulate tourists in the direction of taking action - choosing a certain tourist destination as their destination in the first place through advertising. Furthermore, the goal is to create or modify the image of tourist destinations. Image in this context plays the role of a distinguishing feature of a substitute destination.

Marketing efforts in creating or modifying the image of a tourist destination are not only the result of the actions of those who promote partial products of a certain number of different manufacturers. On the contrary, they are the result of the actions of certain tourist institutions that are in charge of the promotion of a particular destination. There is no doubt that there is a permanent connection between the form of integrated marketing communication with attention, interest, creation of a favorable environment, and encouragement to purchase as the basic functions of the marketing communication process. Observing them as a whole, all forms of integrated marketing communication have a common goal - creating a positive opinion, preferences and purchasing a product or service, but also a direct influence in the destination branding process.

Therefore, this campaign under the slogan "Bosnia and Herzegovina the most exciting destination in the world" on TripAdvisor was primarily aimed at the recovery of the Federation of Bosnia and Herzegovina tourist market after COVID-19, but also an attempt to create a new image of Bosnia and Herzegovina, as well as the beginning of the process of branding its tourist destinations.

This paper will briefly present this campaign and its results, and point out the importance of digital communication channels in the tourism industry, especially when it comes to promotional activities aimed at increasing market coverage, increasing income and influencing the positive image and branding process of destinations.

2. OVERVIEW OF THEORETICAL AND RESEARCH KNOWLEDGE ABOUT ADVERTISING AND DIGITAL CHANNELS - SOCIAL MEDIA

2.1. Advertising

What is common to almost all definitions, i.e. the basic characteristics that determine advertising in more detail are: advertising is a paid form of marketing communication, impersonal presentation is present, it is a presentation of ideas, products and services and the sender of the message is known. Advertising is truly a dominant form of marketing communication, and at the same time, the largest part of the marketing budget is allocated to it. With it, consumers are informed about services or products, companies, tourist destinations, etc. At the same time, advertising tries to initiate changes in consumer behavior, tries to convince them that it is necessary to take action (purchase) and, finally, tries to remind them of the product/service in terms of both its existence and the basic characteristics of the product/service itself, all to encourage repeat purchases. Advertising goals must be clearly defined and set before certain marketer activities in the communication-advertising process, in order to achieve the most efficient results. A good basis for setting advertising goals was defined for the first time in 1961 in a model called DAGMAR (Tihi et al., 2006). *DAGMAR* is an acronym for "*Defining Advertising Goals for Measured Advertising Results*". This model suggests that good advertising goals should be: specific and measurable, determined by the target market, the time specified, aimed at building a brand and set to indicate the degree of change in demand.

Stimulating primary or selective demand, advertising products or institutions, and creating direct (actions) or indirect effects (preferences, opinions, attitudes) are the goals of advertising stated by almost all authors.

When it comes to the classification of goals, for this work, we will single out the part of Kotler's classification that refers to the category *to inform*. These goals, among others, according to Kotler (2001), are aimed at informing the market about a new product/service, advertising the function of the product/service, describing available services, correcting wrong impressions, reducing customer fears, and building an image.

Advertising goals can also be understood as different psychological reactions that marketers try to achieve in a desired period in different ways.

Stimulating attention - individuals are exposed to a large number of advertisements every day, which affects their ability and desire to respond equally to all. Therefore, one of the first goals of advertising is to stimulate or attract attention.

Impact on perception - perception is the process of receiving, processing and storing stimulants that build an image or impression about a product or service (Kesić, 2003). Depending on a series of formed psychological variables, beliefs, attitudes, values, personal characteristics, etc., the process of acceptance and processing of marketing communication stimulants depends. Once marketers discover ways of the perception process of individuals that affects the creation of an image about a service or a tourist destination, they move to the stage of creating ads following these findings. The fact is that many tourist services are not bought for their useful properties, but for their psychological meaning for tourists. Many tourists associate the use of certain services with the opinion they have about themselves, and by using certain services they nurture their image.

Impact on retention is based on a learning process, which results from the fact that ad repetition is a key role in a successful advertising campaign. Therefore, it is necessary to establish the number of repetitions with which it wants to achieve retention of the advertised content at the desired level and the breaking point where the repetition begins to have a negative effect on the retention of the advertised content. It is difficult to determine these two levels because retention depends on many factors such as type of service, the content of the message, choice of media, strength of motive, and even the tourists themselves.

Creating a positive attitude precedes the final goal of advertising (purchase), and as such represents an important goal of the advertiser, because an attitude once created is difficult to change. Attitude represents permanent systems of positive or negative evaluation, feelings and tendencies to take action for or against, in relation to different objects and situations (Krech et al., 1962). Advertising can occasionally influence a change in attitude, strengthen an existing attitude in a positive or negative direction, and form a new attitude, which is characteristic of the introduction of new services to the market.

Influence on shopping represents the action phase. The ultimate goal of advertising is for the client to buy a service, and based on usage and expectations, to achieve a certain level of satisfaction that will influence the creation of an attitude, and complete rejection or acceptance of the advertised service.

Research shows that creative advertising messages can often be more important than the amount of money spent. Therefore, advertising is successful if its message attracts attention and is sent. To achieve this, the messages must be well planned, they must be more creative, imaginative, fun, innovative and ultimately more useful for tourists. The effect of the message itself depends on what is said and how it is said, and each message can be conveyed in one of the following styles: clip from life, lifestyle, imagination, atmosphere or picture, musical, symbol of personality, technical expertise, scientific evidence, witness testimony (Kotler et al., 2010).

One of the phases of advertising management is the choice of media, which, in turn, consists of several steps: decisions on influence, reach, frequency and continuity, selection within the main types of media, selection of specific media carriers and decision on the selection of dates. Reach or coverage refers to the number of different people or households that are exposed to advertising during a certain period (e.g. a month). Frequency refers to how many times a person or household is exposed to a message in a specific media in a certain period. Continuity represents the period in which the propaganda message is broadcast.

When planning the media, the reach, frequency and influence of the main types of media must be known (Bevanda, 2013). The task of the media planner is to select the best specific media carriers within general media types. If advertising is planned in magazines, for example, the media planner must study how many copies the magazine is published in, what are the costs of ads of different sizes, make a choice of colors and places where the ad will appear, and finally how often the ad will appear. Planners must decide which transmitters have the greatest range, frequency and impact for the money invested. For this purpose, they develop sophisticated efficiency measurements, and use them in mathematical models, all to reach the best media mix.

The process of managing advertising ends with the phase of measuring campaign effectiveness. Measuring the effectiveness of an advertising campaign is most often carried out using various testing methods. The communication and sales effects of advertising can also be measured. However, most often attempts are made to measure communication effects, i.e. the impact of an advertising campaign on familiarity, knowledge of products or services, preference, etc. Advertising can be tested in any of its stages, from the initial concept to the fully completed ad, and before or after the broadcast of the message through the media.

As a rule, the sales effects of advertising are more difficult to measure than the communication effects. There are two basic ways of measuring the sales effects of advertising: comparative (comparing past sales with past advertising costs) and experimental. Advertising certainly attracts a lot of public attention because of its undeniable power to influence public opinion or, for that matter, lifestyle.

2.2. Digital Channels – Social Media

Digital channels (media) of communication are essentially only those media that transmit messages via a digital signal. There is almost no space, business, scientific, cultural, sports or any other, in which digital channels cannot be applied, and their significance and potential are truly enormous.

Considering the pronounced competitiveness among tourist destinations, digital communication channels are becoming more and more popular, more acceptable and more often used in tourism as well. The reason for this is their increasingly important role in planning the marketing activities of tourist destinations, considering that they offer their users the opportunity to, for example, find inspiration and advice in just a few clicks, and thus visualize the destination and find all the necessary information for the trip (Anđelić & Grmuša, 2017).

Web 2.0 appeared in 2004 as the first concept of interactive two-way communication. The concept of Web 2.0 is defined as "a set of economic, social and technological trends that together form the basis of the new generation of the Internet, a much more mature, distinctive medium characterized by user participation, openness and connectivity through the network" (Musser & O'Reilly 2006, according to Barišić, 2017). Its appearance "marked the transition from static to user websites, that is, to websites that can be edited by end users" (Lukačić, 2008). The concept of Web 2.0 was created in such a way that it allows users to create their content and have the possibility of feedback. One of the biggest advantages of this concept is "the merging of desktop applications and traditional web pages, which enables users to interact, personalize pages, collaborate and exchange information" (Lukačić, 2008).

It can be said that social networks are as old as human communities. However, studying their development helps in understanding how and how fast the world around us is changing. (Dhingra & Mudgal, 2019).

Before the occurrence of social media, there were only those media that today are called traditional media. Certainly, there are many definitions of social media, but what they all have in common is that they represent a combination of technology and social interaction to create value together (Vulić, 2011). Social media are media of social interaction, which imply the use of digital (often also mobile) technologies and Internet applications to exchange or create information. They are also a form of mass media and are used for interactive, informative, educational and promotional purposes. The development of social media has created many new possibilities on a global level, of which two-way communications and the use of generated content stand out. Social media can be classified into several groups.

Social networks are used as the main platforms for social networking, suitable for mutual user interactions, among which Facebook, LinkedIn and Twitter stand out. Media sharing networks allow users to share photos and videos and broadcast live videos - Instagram, YouTube and TikTok. Users use discussion forums, including Reddit, Quora, and Digg, to share, discuss, and find opinions. Pinterest and FlipBoard are examples of networks for sharing multimedia content, tagging and saving it. There are also publishing and blogging networks that allow users to discover, publish and comment on content online, including WordPress, Tumblr and Medium. Also popular are customer review networks that help users find, view, and share information/reviews about products and services, restaurants, and travel destinations, including Yelp, Zomato, and TripAdvisor. There are three basic reasons why social media should be used in tourism, targeting, measurability and accessibility, and low prices (Stojković, 2013).

Targeting provides opportunities to reach your target audience more easily, and promotion is done according to market segmentation. Regardless, of whether the target audience is a retiree, family, student, single, or couple, everyone can be on social networks. Based on measurability and statistics, it is possible to review the results of the activities, which are completely free. It is also possible to use paid promotion, which is certainly much more favorable than other forms of promotion.

The tourism industry is one of the largest industries in the world that uses social media in the branding process. Social media enable easier and simpler access to the target audience and are recognized as one of the key tools in tourism marketing.

Advertising is one of the ways to present a finished tourist destination among the target audience, which as a controlled method of placing information in the media is paid for by an identified customer and is "the most convincing selling message addressed to real potential buyers of products or services at the lowest possible price" (Tomić, 2016).

To strengthen the destination brand and stimulate sales, tourism organizations use different advertising channels. However, advertising on platforms like TripAdvisor can very quickly encourage the booking of accommodation, transportation, hotels or the entire trip. It is usually aimed at the exact target audience and is displayed at the moment when the audience searches for the offer. In addition, it is possible to track the number of clicks and views of ads, as well as the number of reservations. The advantages of this type of advertising are a clear target audience, the right time and, of course, the right place.

Research conducted by Crowel et al. (2014) and Miguéns et al. (2008), but also Google Travel Study (2014) showed that social media are important in tourists' decision-making and that they have an influence on their decisions and on choosing a tourist destination.

In the process of choosing a tourist destination, six stages are recognized - *recognition of the need, search for information, evaluation of alternatives, purchase, stay in the destination and return of tourists from the destination*, and during the entire process tourists use social media (Barišić, 2017).

The realization of a need is identified when a potential tourist has a still unsatisfied need triggered by internal (discomfort, fatigue, striving for new experiences and events) and external stimulants (social media) (Barišić, 2017). In this context, Jim Lecinski from Google introduces the term Zero Moment of Truth (ZMOT) which identifies the moment in which a person becomes aware of a certain product/service or destination through social media, and this has an impact on his attitude and is often perceived as an inspiration for further the search for new information about the product/service (Barišić, 2017).

The next stage of the process of choosing a tourist destination is the search for information. People, on social media, can find numerous tools for searching for information, and they can use different social media as sources of information. However, the problem of the credibility of information and sources arises here, and this creates the need to use other sources of information, but also to analyze the information according to one's own experience.

The next stage is the evaluation of alternatives. This is the phase where the available alternatives are compared, after collecting all the necessary information, to make a decision. Recommendations and reviews that can be found on platforms such as Booking.com, TripAdvisor, Airbnb, etc. have a very significant influence here. On these platforms, they value destinations and attractions and activities in the destination, but also prices, locations, cleanliness, staff, Wi-Fi, etc. Furthermore, in the purchase phase, a person makes a purchase decision. The decision depends on the motives of the trip, reviews and recommendations from the previous phase also have a significant impact.

In the phase of staying in the destination, social media have multiple roles. During the stay in the destination, tourist information is searched, communication takes place with family and friends, and travel experiences are shared.

Finally, in the last phase of returning from the destination, people returning from the trip share their knowledge, experiences, emotions and others on social media through photos, videos and textual content.

Another study conducted by Cox et al. (2009) and Ayeh et al. (2012) (according to Nemec Rudež & Vodeb, 2015) divide the decision-making process into three phases: before, during and after the trip. Gretzel et al. (2007) (according to Nemec Rudež & Vodeb, 2015) found that TripAdvisor users (from the USA) mainly use social media at the beginning of the travel process to get ideas and then narrow down the choice of destination. Their use of social media is the least during travel. Also, Cox et al. (2009) (according to Nemec Rudež & Vodeb, 2015) in their research proved in the example of Australia that social media are mostly used before traveling.

On the other hand, Fotis et al. (2012) (according to Nemec Rudež & Vodeb, 2015) investigated the use of social media during the travel process among residents of 12 former republics of the Soviet Union and found that they use it mainly after the trip. The authors believe that the differences in results between their research and that of Cox et al. (2012) are "more obvious when comparing distant national cultures" (according to Nemec Rudež & Vodeb, 2015).

TripAdvisor certainly bears the epithet of the world's largest platform when it comes to travel. According to TripAdvisor research from 2020, they provide an easier and better trip for 460 million tourists every month. TripAdvisor is a platform with more than 830 million reviews about almost 8.6 million accommodation units, restaurants, and airlines and cruises. On a monthly level, the number of their users rises to an average of 460 million users.

The basis of TripAdvisor is user-generated content that aims to provide users with feedback about hotels, restaurants and tourist attractions. In this way, in a short time, it has turned into a user-generated social media platform. A mobile application was also created to make it easier to search for destinations, given that their research showed that 42% of tourists use mobile phones to plan or book a trip. Likewise, ratings, reviews and recommendations can be very significant performance indicators. User-generated content is one of the main tools used to evaluate tourist services. Its key advantage is direct contact between the organization and the user, where all reviews can be monitored and answered on time. TripAdvisor is certainly the largest tourist digital platform in the world, but also one of the leaders in encouraging the tourism industry to create better and higher-quality tourist services.

Research conducted in 2008 (Miguéns et al., 2008) showed that user-generated content makes TripAdvisor the most successful tourism social media site. Published reviews that are not paid for and have no propaganda purpose, are real experiences of other tourists, which is why they are important for all those planning a trip (Stojković, 2013). On TripAdvisor, you can find not only positive experiences but also negative ones, such as unkindness of staff, poor quality of food and drinks, bad Wi-Fi, poor cleanliness, etc. "Every hotel, hostel, apartment, house, restaurant, club, or store that is on TripAdvisor is aware of their existence in the viral world and is doing their best to meet all the expectations of their guests who would leave the best possible review about them, bearing in mind that these same reviews will be read by a large number of potential guests.

TripAdvisor launched the Traveler Network in 2007, which enables "users to add acquaintances to their travel maps by connecting to previously existing sources (e.g. e-mail addresses, other blogs, etc.) (Miguéns et al., 2008). However, the main difference between TripAdvisor and other social media such as Facebook and LinkedIn is that users come to it to share travel experiences, not to socialize with others (Miguéns et al., 2008). Its biggest advantage is that service providers are in direct contact with users, which makes it easier for them to follow every review, whether positive or negative and react to it in time (Stojković, 2013).

In this regard, loss of credibility is the greatest danger considering that users create content, which is why editors are additionally employed to review content and examine user claims (Stojković, 2013). Regardless of the possibility of fake reviews, research has shown that 87% of tourists use TripAdvisor and similar platforms before making a travel decision and 95% of them are influenced by published reviews (Stojković, 2013). TripAdvisor goes beyond the traditional channels of information about the destination and presents new challenges and dilemmas to marketers of tourist destinations (Munar et al., 2013). He introduced numerous novelties to the tourist market, due to which his commercial value was recognized (Munar, 2011). As many as 83% of tourists believe that reviews from it are confidential, which gives them confidence when making travel-related decisions. "It has a strong impact on every step of the booking process. Everything starts with inspiration and continues through planning, booking and various stages after the trip" (Gašparac, 2016). It represents a kind of database of different opinions and experiences of tourists from almost all world destinations, which users rely on when choosing a tourist destination. This is exactly why tourist destinations around the world have recognized their importance and the benefits they get from TripAdvisor.

Users on social networks can influence image creation and destination selection by expressing their own opinion about a specific product, service and tourist destination (Markić et al., 2018). The Internet and social networks have become word of mouth, and social media posts, regardless of whether they are positive or negative, influence the creation of an image of a certain destination (Markić et al., 2018). Tourist destinations should be present on the Internet if they want to be desirable to tourists. Namely, successful communication on social media is one of the most important business tools of any tourist destination that contributes to achieving better business results (Đurić, 2018), and in addition to service users, they also influence the creation of the destination's image (Markić et al., 2018). "The image of a tourist destination is a set of all the impressions and perceptions that an individual creates about a certain destination, and building the image of a tourist destination is not possible without a tourist brand that gives additional value to every product and service" (Markić et al., 2018). When building the image of a tourist brand, the specific properties that the brand has on consumer behavior can be used, namely: cognitive, which includes a set of beliefs and attitudes that an individual has towards a certain tourist destination based on certain facts; effective, which relate to feelings and motives related to a certain tourist destination, and conative (attempted), that is, "a component of the action that arises after the evaluation and assessment of the tourist destination, in which the first two components are used" (Markić et al., 2018). During the complex and long-term process of building a tourist brand, it is necessary to determine the values that can most attract the attention of tourists, such as the name of the destination, natural and cultural resources, indigenous products, indigenous gastronomy, etc. (Markić et al., 2018). Given the numerous advantages, social media is the most important communication tool used to build the image of tourist destinations. Everyone involved in tourism improves their business in this way because many tourists make decisions about choosing a tourist destination based on social media

3. TRIPADVISOR CAMPAIGN EXAMPLE OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

3.1. Summary of Campaign Performance

The results of the first and largest international promotional campaign on TripAdvisor, which aimed to improve and increase the attractiveness of Bosnia and Herzegovina on the international market, focusing on key and priority source markets, are indeed higher than expected.

The campaign successfully achieved the set goals, while at the same time surpassing Trip Advisor's benchmarks for similar campaigns, which is proof of the enormous tourism potential of the country.

Launched on January 21, 2022, and completed on April 15, 2022, the campaign aimed to raise awareness of Bosnia and Herzegovina as an attractive, appealing and diverse year-round destination for which 15 million impressions were expected. To achieve this, the innovative campaign used different tactics combined with attractive and engaging visual content that showcases some of what the country has to offer, prioritizing destinations within the FBIH. The sponsored campaign operated in the areas of 5 key markets, i.e. countries; Austria, Germany, Turkey, Serbia and Croatia and was aimed at travelers interested in cultural heritage, outdoor and adventure travel.

The campaign managed to achieve impressive results, and the key results of the campaign are:

- 16 million impressions, which exceeds the set goal of 15 million impressions, exceeding the goal of 1 million impressions shows great interest in the displayed BH content;
- 25,000 clicks on ad content, showing great attention to destinations;
- A click-through rate (CTR) of 0.18%, which exceeded TripAdvisor's global CTR average of 0.15% was achieved by carefully crafting promotional videos and the right messages that were appealing to visitors;
- 43% video completion rate, a 200% higher video completion rate compared to TripAdvisor's global average of 20% achieved by creatively developing experiential promotional videos showcasing different travel offers;
- An engagement rate of 9.54% which exceeded TripAdvisor's global engagement rate of 1.5%, showing that users had a fantastic interaction with the said content;
- 99 seconds dwell time, 300% more dwell time than TripAdvisor's global benchmark of 30 seconds, which also shows that users had a fantastic interaction with the said content.

There is a huge increase in interest in Bosnia and Herzegovina tourist destinations among users who were exposed to the campaign. Exposed users consumed significantly more content than unexposed users. In particular, there is a great increase in interest in tourist destinations in Bosnia and Herzegovina. The campaign attracted a lot of attention for Bosnia and Herzegovina as a whole.

3.2. Promotional Campaign Strategy

The campaign promoted the destinations and attractions of Bosnia and Herzegovina through its regions aimed at the TripAdvisor audience in numerous practical and inspiring ways to more easily reach the set goals.

The target markets were the markets of Austria, Germany, Turkey, Serbia and Croatia. The target audience was the audience interested in outdoor tourism, adventure travel and gastronomy.

The formats and placements on TripAdvisor were High Impacts research videos of selected destinations. Other social media such as Facebook and Instagram were also used.

Destination stations (a section of a website accessed by clicking on a hyperlink on another website, usually the home page of a website) featured 15 points of interest where a branded journey and live examples were used, all in three languages.

Platform performance:
- Facebook: 1.27 million impressions, 18% post-engagement, 0.36% CTR, video completion rate 46.46% and
- Instagram: 2.4 million impressions, 18.75% post-engagement, 0.12% CTR, video completion rate 43.05%.

The following two tables will show part of the results of the campaign that relate to individual reactions of the target audience from Austria, Germany and Turkey.

Table 1. Data on the reactions of the target audience of Austria, Germany and Turkey to given performances

	Reach	Impressions	Post reactions	Posting comment	Post shares
Austria	840,948	1,078,243	824	35	71
Germany	1,196,061	1,327,758	902	35	47
Turkey	1,179,836	1,278,590	474	4	32
In total	3,216,845	3,684,591	2,200	74	150

Source: Authors, as reported by TripAdvisor

Table 2. Data on the reactions of the target audience of Austria, Germany and Turkey to given performances

	Post engagement	Post engagement rate	Clicks	CTR	Video views	Video completion rate
Austria	178,918	16.59%	2,898	0.27%	985,198	47.47%
Germany	275,549	20.75%	2,759	0.21%	1,224,369	45.90%
Turkey	228,269	17.85%	1,788	0.14%	1,056,227	39.14%
In total	682,736	18.53%	7,445	0.20%	3,265,794	44.17%

Source: Authors, as reported by TripAdvisor

In Table 1 data on the reactions of the target audience of Austria, Germany and Turkey to the performances are given: retrieval, impressions, reactions to the post, publication of comments and sharing of posts are given. In Table 2 data on the reactions of the target audience of Austria, Germany and Turkey to the performance: post engagement, post engagement rate, clicks, CTR, video view and video completion rate are provided.

CPM stands for the abbreviation "cost per mille", that is, it implies a form of payment where the calculation unit is 1,000 banner impressions. So, when someone tells you that CPM = €100, it means that you pay €100 for 1,000 banner impressions, or €0.10 for 1 banner impression. CPM marketing is the most popular form of advertising in the entire region. It is most often used in branding and awareness campaigns. The first impression of the banner is the first step that will present the product to the user (if it is display advertising) and if that banner/product is interesting, it will produce a click that will allow the potential client to get to know the product even better. In the end, this may result in the purchase of the advertised product. CPM advertising is extremely effective in the case of branding campaigns. Branding campaigns are short-term campaigns (15-45 days). Such a campaign will enable a large immediate reach or coverage of users. It is recommended that CPM campaigns are purchased through specialized networks or marketing agencies specialized in digital advertising. The following table will provide some details about the CPM of this campaign.

Table 3 provides an overview of sizes by types of banners, boosts, research videos and horizons that were placed on the TripAdvisor platform by impressions, clicks and CTR percentage.

Table 3. Sizes

	Impressions	Clicks	CTR
300x250	3,185,469	1,853	0.06%
300x600	179,603	199	0.11%
320x50	4,137,958	5,122	0.12%
728x90	987,260	370	0.04%
Boost	1,516,026	1,265	0.08%
Research video	7,391,707	13,639	0.18%
Horizon	981,221	993	0.10%
Grand Total	18,379,244	23,441	0.13%

Source: Authors, as reported by TripAdvisor

Table 4. IPS occurrences per server

	Sum of Ad server impressions	Sum of Ad server clicks	CTR
Germany	8,966,753	13,136	0.15%
Turkey	5,392,255	6,431	0.12%
Austria	2,535,323	2,774	0.11%
Serbia	743,410	535	0.07%
Croatia	741,503	565	0.08%

Source: Authors, as reported by TripAdvisor

In Table 4 IPS - impressions per server, is given an overview of the total number of ad server impressions, the number of ad server clicks, and the CTR in percentages by targeted markets such as Germany, Turkey, Austria, Serbia and Croatia.

Table 5. Themes

	Impressions	Clicks	CTR
Set 1	5,913,823	7,672	0.13%
Set 2	4,990,557	5,106	0.10%
Set 3	7,474,864	10,663	0.14%
Total	18,379,244	23,441	0.13%

Source: Authors, as reported by TripAdvisor

In Table 5 of the topic, an overview of impressions, clicks and CTR in percentages by topic on the three sets is given.

The Bosnia and Herzegovina destination page on TripAdvisor has featured content that is inspiring, informative and easy to consume. This unique destination included:

- Inspirational photography of the destination;
- Community-generated content;
- Selected branded guides that encourage destination thinking;
- Personalized points of interest recommendations.

A fantastic engagement rate of 9.54% and a great dwell time of 99s compares to 25-30s on TripAdvisor's benchmark.

Bosnia & Herzegovina Branded Guides is built as the ultimate travel planning tool that helps and inspires travelers to plan their perfect trip. Travel guides are a great platform to encourage exploration and bring to life the country's magnificent experiences. Outdoor attractions, off-the-beaten-track attractions and all the amazing places to visit in 5 key regions are highlighted - including the safety messages that are still so important to our community.

Table 6. Branded trips

Travel search title	Uniques	Pageviews	Average dwell time (s)	Engagement rate
Bosna Hersek'te mutlaka görülmesi gereken yerler	3,151.00	3,582.00	64.71	1.07%
Bosnia and Herzegovina's must sees	920.00	1,140.00	68.09	4.77%
Top-Attraktionen in Bosnien und Herzegowina	10,181.00	11,287.00	77.77	0.85%
In total	14,252.00	16,009.00	73.91	1.15%

Source: Authors, as reported by TripAdvisor

Table 6 Branded trips, shows the number of users, page views, average dwell time and engagement rate by name or branded trip.

The summary can be seen in Table 7 which shows campaign impact results and Media Effectiveness Index (MEI).

Table 7. Campaign Impact and Media Effectiveness Index (MEI)

Metric	Unexposed	Exposed	Growth
Page Views	2.7	4.9	81%
Clicks per user	2.8	5.1	82%
POI views	1.7	3.5	105%
Accommodation views	7.4	10.2	38%
Attraction views	5.9	10.8	83%
Restaurant views	1.5	3.5	133%

Source: Authors, as reported by TripAdvisor

A huge increase in engagement behavior was observed among users who were exposed to the campaign.

Exposed users consume significantly more content than unexposed users. In general, the campaign stimulated a lot of attention towards Bosnia and Herzegovina.

Below is a brief overview of some statistical data for the tourist market of Bosnia and Herzegovina. All data are official data of the Agency for Statistics of Bosnia and Herzegovina.

Table 8. Number of overnight stays and arrivals in the period January - August 2021

Issue market	Arrivals	Nights
Austria	10.142	21,584
Croatia	29,173	68,199
Germany	15,384	38,978
Serbia	60,452	131,789
Turkey	10,759	23.164
In total	125,910	283,714

Source: Authors, according to the Agency for Statistics of Bosnia and Herzegovina

Table 8 presents the number of overnight stays and arrivals in Bosnia and Herzegovina in the period January - August 2021 from the five broadcast markets where the TripAdvisor campaign was made.

Table 9. Number of overnight stays and arrivals in the period January - August 2022

Issue market	Arrivals	Nights
Austria	20,257	41,470
Croatia	79,987	177,787
Germany	32,761	72,963
Serbia	95,900	205.507
Turkey	38,825	63.194
In total	267,730	560,921

Source: Authors, according to the Agency for Statistics of Bosnia and Herzegovina

Table 9 presents the number of overnight stays and arrivals in Bosnia and Herzegovina in the period January - August 2022 from the five broadcast markets where the TripAdvisor campaign was made.

From the above data, it should be noted that for the same period of 2021/2022, the number of arrivals in Bosnia and Herzegovina from the five targeted broadcast markets where the TripAdvisor campaign was conducted increased by 112.64%, the number of overnight stays by 97.71%.

4. CONCLUSION

Adequately connecting the processes related to destination marketing, creating an image and creating a destination brand with digital social media platforms is a continuous task of defining the vision and mission and setting goals to be able to properly form strategies that will be the most effective tool for achieving the set goals.

Fully aware of the power of Internet marketing, digital communication channels of social media, the key actors of the tourism industry of the Federation of Bosnia and Herzegovina are launching a promotional campaign on TripAdvisor. Taking into account the facts that Bosnia and Herzegovina, in terms of the tourism sector, has not done similar promotional activities until now and that the demand for tourism products before the COVID-19 pandemic was continuously increasing, and the COVID pandemic practically brought the tourism sector to its knees, there was no doubt whether this campaign should be launched in general.

By launching this campaign on TripAdvisor, the key actors in the Federation of Bosnia and Herzegovina were undoubtedly aware that there is a permanent connection between the form of integrated marketing communication with attention, interest, creating a favorable environment, and encouraging shopping as the basic functions of the marketing communication process.

Therefore, together with the USAID tourism team and experts from TripAdvisor, a specific promotional performance strategy was created. In this way, they observed this performance as a whole, which, in addition to the post-pandemic recovery, also had a common goal - creating a positive opinion, preferences and buying a product or service, but also a direct influence in the process of branding Bosnia and Herzegovina as a tourist destination.

The results of the first and largest international promotional campaign on TripAdvisor, which aimed to improve and increase the attractiveness of Bosnia and Herzegovina on the international market, focusing on key and priority source markets, are indeed higher than expected. The campaign successfully achieved the set goals, while at the same time surpassing TripAdvisor's benchmarks for similar campaigns, which is proof of the enormous tourism potential of the country. The sponsored campaign operated in the areas of 5 key markets, i.e. countries; Austria, Germany, Turkey, Serbia and Croatia and was aimed at travelers interested in cultural heritage, outdoor and adventure travel. The campaign managed to achieve impressive results, which are primarily reflected in the huge increase in interest in Bosnia and Herzegovina tourist destinations among the users who were exposed to the campaign. Exposed users consumed significantly more content than unexposed users. In particular, there is a great increase in interest in tourist destinations in Bosnia and Herzegovina. The campaign stimulated a lot of attention towards Bosnia and Herzegovina as a whole.

Taking into account the tourism statistics in Bosnia and Herzegovina, which we have presented in part in this paper, it can be concluded that the promotional campaign on the TripAdvisor digital platform was a "complete hit", exceeding all the set goals and generating very good financial results both for the real tourism sector and for the government sector, that is, budgets in Bosnia and Herzegovina.

Certainly, social media have become one of the most important sources of information in recent years. Today, social media is not only used to share personal experiences, photo experiences, videos, opinions, and reviews but also to get a huge amount of information about tourist destinations that can be visited. Social media acts as a communication tool that users rely on when making decisions before, during and after the trip. These are, however, arguments that undoubtedly indicate that social media is becoming a very powerful tool and that its influence on the tourism industry will continue to grow.

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The Impact of Cultural Events on the City Image and Development: Residents' Perspective

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Abstract: *Cultural festivals and major cultural events have various effects on the overall city development. This especially comes to the light in case of the cities caring the title of European Capital of culture. Nowadays, there are plenty of studies on cultural events, with the majority of them focusing on cultural tourists' perceptions and perspectives. The local community, as a very important key actor, however, is very often neglected in the studies. In light of the fact that Novi Sad (Serbia) is caring the title of European Capital of Culture in 2022, this paper focuses on the local community and its perception of the impact of the cultural events on all aspects of the city's development, including city image. Data were collected before the title year (in 2020 and 2021) via a survey filled by 239 residents of Novi Sad. The results indicate that residents consider cultural events the most beneficial in terms of improving city image, creating opportunities for international publicity, providing entertainment and learning opportunities for the local community, as well as contributing to a better understanding of different cultures and generating tourism income. On the other hand, negative effects are related to the increase in service prices, the total price of living and the increase in alcohol and drug consumption. Differences in sociodemographic characteristics are analyzed and discussed in the paper.*

1. INTRODUCTION

The growth of event tourism is a result of the growth of tourism. Given the more seasoned and demanding tourists of today, the tourist market's dynamic growth results in the tourist offer and demand impacting and modifying one another. Today, tourism destinations can increase their competitiveness by advertising their appeal, events, entertainment offerings, and festival planning. In addition to extending the travel season and preserving the tourist destination's appeal, the events seek to revitalize the local cultural landscape. Events are important for cities and entire regions in the current economic environment. The development of cultural tourism within the local community is thought to be greatly influenced by the considerable contribution that cultural events and festivals are thought to make to both cultural and economic development. To draw attendees and promote culture in the host cities, festival organizers use historical and cultural themes. Festivals are a key kind of human activity that greatly enhance the social and cultural lives of their host communities (Blešić et al., 2014a, 2014b; Pivac et al., 2019; Raj & Vignali, 2010; Richards & Londoño, 2022; Šagovnović et al., 2022).

Festivals and events are particularly helpful transformational tools because they are adaptable and can be created to satisfy both local and global demands. Cultural events have been used consciously

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by destinations to promote cultural tourism for decades, and they have developed into an important instrument in tourist management, particularly for promoting tourism during the off-season.

Cultural tourists are an especially crucial target demographic for festivals and events as they surely spend a lot and makeup roughly 40% of all international travelers (Hadžić et al., 2018; Richards & King, 2022). Numerous destinations have realized the value of events in delivering a variety of advantages to a location. The execution of an event involves knowledge, expertise, and organizational abilities in order to enhance the destination's reputation.

According to Richards (2013), the key role that events play in modern society is reflected in their ability to attract the attention of consumers. They play an equally significant role in enabling individuals to meet the need for physical co-presence. Contrary to what might be expected, it has been noticed that modern consumers, who spend a large part of their lives on virtual networks, have an intense need for physical presence among other people (co-presence). This is exactly what events can provide, becoming extremely important spaces for socialization in a modern, networked society. That is why they have the potential to connect the cultural economy of cities with the growing needs of participants in creative tourism.

Modern society has an abundance of cultural events: holidays, festivals, creative meetings, etc. The role of events in the life of every city is constantly growing. Due to the multiplier impact, cultural events are one of the most important and interesting phenomena of the cultural space. Cultural events are important for the following reasons:

- As a means of drawing attention to the city (region),
- To unite different actors in the cultural space,
- As an incentive for partnership and cooperation,
- As a catalyst for the development of professional communication,
- As a means of attracting media attention in the field of culture,
- As a place for testing new types of art.

Event tourism in Serbia occupies an important place and was highlighted in the Strategy for the Development of Tourism in Serbia from 2016 to 2025 as an important segment of the development of tourism in Serbia, but also as a comparative advantage of domestic tourism. According to unofficial data, more than 2,000 events are held annually in Serbia (Turistički svet, 2016). Cultural events that are dedicated to nurturing traditional values, folk customs, folklore and old crafts attract the greatest attention of domestic and foreign tourists. Most events take place during the summer. The most famous and most visited events in Serbia are the Trumpeter Festival in Guča, "Exit", "Bir Fest" and others.

The importance of cultural events can be demonstrated through the evolution of the European Capital of Culture project, which is sponsored by the European Union. The project has developed over the years and was initially presented as an "extended summer festival", while today the activities take place throughout the year, as well as in years to precede.

The action aims to stimulate local cultural production with the help of cultural activities, revitalize the whole city, initiate the improvement of the city's image, establish links between various regional structures, and significantly improve the overall economy. The European Capital of Culture project has given a strong influence on cultural tourism in Europe and produced an extraordinary and long-term effect (Hadžić et al., 2018; Šagovnović et al., 2022).

Novi Sad was chosen as the European Capital of Culture for the year 2021 in 2016. However, due to the COVID-19 pandemic, the title year was postponed to 2022. Novi Sad is one of the first cities outside of the European Union to be proclaimed the European Capital of Culture. It is known as the "Serbian Athens" due to its rich cultural heritage.

Today, Novi Sad, the capital of the autonomous province of Vojvodina, is home to over 360.000 people of various ethnic backgrounds. Because of the city's diversity (cultural, ethnic, religious, etc.), tolerance and an open mind to new ideas have been its defining characteristics. This study focuses on the local community and its perception of the impact of the cultural events on all elements of the city's growth, including city image, because Novi Sad (Serbia) is holding the title of European Capital of Culture in 2022.

2. LITERATURE REVIEW

Spectacular events have always taken place in cities. Every city has cultural components that contribute to its allure, including its architecture, art, monuments, and residents' rich cultural background (Pivac et al., 2016).

Events can give the growth of knowledge cities a significant boost as a key policy instrument. Events and festivals have been regarded as one of the most effective catalysts for increasing tourism as well as one of the adventures and experiences that develop tourism the fastest (Getz, 2008; Oklobdžija, 2015; Pivac et al., 2019). Events have the potential to increase a variety of potentials in the growth of knowledge cities from a variety of viewpoints in addition to directly influencing physical investment, such as infrastructure (Yi & Zhai, 2022).

Destinations are therefore heavily utilizing events as a strategy for improving their reputation, spurring municipal development, and luring investors and tourists. Events are a key driver of tourism, contributing to the growth of a destination and the marketing objectives of the majority of locations and are structured for market positioning, brand improvement, and region image establishment (Kuci, 2021). These occasions give the local population a chance to introduce guests to their culture and local progress. Additionally, they help the neighborhood in creating its own character (Blešić et al., 2014a; Liang et al., 2008). The activities not only draw people to the location, but they may also help a destination project a great image, improve the visitor experience, and lengthen visitors' stays (Baum & Hagen, 1999).

The event industry's festival sector is expanding, according to Van Niekerk (2016) and Yeoman et al. (2004), and as a result, it is having a positive or negative impact on nearby towns (socio-cultural; physical and environmental; political; tourism and economic impacts). The study of how to make festivals and events sustainable has improved considerably. The primary subjects include research on how festivals and events affect destinations and host communities' sustainability, how to plan sustainable festivals and events, and how festival and event organizers' strategic goals are connected to sustainability outcomes (Laing, 2018). Even while it was first believed that the benefits of tourism from the events would be clear (Gursoy & Kendall, 2006), newer research suggests that event results are only maximized if the techniques are used. Festivals draw attendees and tourists while erasing a negative reputation. The festivals have the benefit of enhancing the city's reputation, as was the case for Germany following World War II with the Olympic Games in Munich in 1972 and for Japan following World War II with the organization of the Olympic Games in Tokyo in 1964 (Selkani, 2019).

The ability of events to foster a sense of community by bringing people together to participate in a variety of activities is one of their main contributions; however, despite residents being one of the most significant stakeholder groups, no research has looked into the effects of festivals on resident quality of life (Séraphin et al., 2018; Van Niekerk, 2016).

As cultural events become a significant component of the urban economy and cultural consumption can dominate both the perception of locations and urban life in general, cultural events have become essential to processes of urban development and rejuvenation. Cultural events have evolved as a way to enhance the perception of cities, liven up city streets, and restore inhabitants' pride in their hometowns (Richards & Palmer, 2010). Taking care of the city's reputation is one of the most crucial challenges in today's world. Since it is one of their primary responsibilities, the local government has come to understand that the more money invested in the growth and enhancement of the city's reputation, the more prosperous and alluring the city will become. The importance of the city's image is huge in the sense that it creates a mental image of it, that becomes a key factor in future success or failure in the fields of commerce, social activities, and tourism (Ashworth & Voogd, 1990; Selkani, 2019).

Festivals are regarded as key components since they significantly enhance the city's reputation as the event's organizer in a short amount of time. Festivals are meant to stem a region's deterioration by improving its image and making it more appealing to visitors and locals alike. Over the past 20 years, they have been recognized as a successful tool for urban strategy (Getz & Page, 2016; Quinn, 2005).

The public is divided into young people, adults, men, and women, as well as by nationality, age, and religion, at cultural events. In other words, culture has evolved into a tool that assists cities or regions in developing a brand that may draw tourists and cultural travelers (Anholt, 2008; Hudson & Brent, 2009). Making connections between the governmental sector, the business sector, and non-profit organizations is how territorial marketing for cultural events is carried out. Culture is a combination of distinctive, spiritual, and material traits, etc. that characterize a place or a group of people, but culture is still not fully acknowledged by political and economic players as a true element for progress. In addition to the arts, the latter also covers lifestyles, customs, and religious beliefs. In this approach, culture is highly important.

There are two ways that locals can gain culture from tourism. First, tourism exposes the host to many cultures, which may have positive effects like fostering tolerance and understanding. Second, sharing one's culture with others helps people understand what it means to be a part of a community, which boosts identity, pride, cohesion, and support. Cultural interchange, local tradition revival, enhanced quality of life, and a better perception of the community are all benefits of tourism. Tourism has been shown to enhance the feeling of place and the quality of life of the locals via careful planning and administration (Besculides et al., 2002).

Residents can participate, exchange experiences, and engage with other cultures without having to travel in the context of festivals and events. To promote urban growth, it has been proposed that festivals and events should be tailored to the interests of locals (Fytopoulou et al., 2021). There is a wealth of literature on the various types of events and how locals and tourists see them. Accordingly, Viskadouraki (2016) investigated the impact of a calendar of cultural activities known as "Heraklion-Summer" that has been held annually in the Cretan municipality of Heraklion since 1980. Visitors who attended the event gave the artistic and aesthetic worth of the activities positive reviews, however, it was discovered that the locals were worried about the cleanliness of the facilities and the safety of the parking places. Another instance is the Polish town of Gnieokowo, where local companies expressed support for cultural events when they were linked to financial gains (Sroda-Murawska & Bieganska, 2015). The residents of Matera (ECoC 2019) believe that the event improved the identity and cultural heritage of the city and that the quality of life was enriched. In Wrocław (ECoC 2016) residents felt that they had benefited from increased tourist consumption through improvements in the quality of life (Van der Steen & Richards, 2021).

The destination picture is a dynamic system of objectives, feelings, thoughts, and images that point people in a particular direction (Költringer & Dickinger, 2015). A person's ideas, influences, and thoughts about a place form their mental picture of that location. Similar to how knowledge, emotions, and overall perception of a certain place are defined in people's minds, the image of the destination does the same (Gomez & Molina, 2012). This phrase is challenging to describe since it lacks a well-defined mental image. Mental situations that lead to verbal or nonverbal public explanations are known as mental imagery. It is important to remember that some mental representations are shared among communities and are collective. The visitor's internal perception of the location's reality is known as the destination image. A person's or group's perception of a destination is included in a mental picture.

Many travelers take into account a destination's mental image while making their decision. Positioning, creating, and controlling an appealing perception or picture of the destination is one of the process's key elements (Shirkhodai et al., 2015). A person's views, ideas, and opinions about a place are referred to as their image of the place. On the other hand, the study model takes into account some of the most significant characteristics of marketing, such as its emotional and cognitive dimensions (Qu et al., 2011).

In order to foster a sense of pride and belonging among the local and European communities as a whole, the ECC connects people, cultures, and cities. The creation of a project like the ECC, which aspires to bring people and cultures closer to one another, is an endeavor deserving of praise and admiration. ECC offers an intriguing approach to addressing various problems relating to the organization, marketing, growth, and fusion of culture and tourism. The potential to establish oneself as a cultural tourist destination by enhancing their visibility in Europe and securing access to funding that might otherwise be out of their grasp is perfect for small and medium-sized cities, in particular (Deffner & Labrianidis, 2005; Derrett, 2005; Papanikolaou, 2012).

3. METHODOLOGY

3.1. Location of the Study Area

A poll was conducted in Novi Sad, the capital of the Autonomous Province of Vojvodina and the second-largest city in Serbia. As a liberal, international, multi-religious, and multicultural community, Novi Sad made its application for the title of European Capital of Culture. The intention was to illustrate the experiences of the 21 ethnic communities that coexist here in harmony in this way (Novi Sad, 2022a). The urban center of Novi Sad is bordered by 15 outlying communities, each home to 400,000 people. Numerous initiatives center on using art and culture to unite people from various national communities and elevate their status. Promoting the city's diversity, multicultural harmony, and culture as a means of resolving social conflicts are the objectives in this area.

Novi Sad won the most prestigious title in the sphere of culture in the European Union in 2016, the title of European Capital of Culture in 2022, with the slogan "For New Bridges" (Novi Sad, 2022b).

3.2. Instrument

The data were collected by questionnaire. The questionnaire consisted of two main parts. The first part included the sociodemographic characteristics of respondents (gender, age, education, employment status, and monthly income). The second part included respondents' attitudes (48 items) toward the effect of cultural events on the local community and city development. This part included questions referring to the effect on the economic developments of the city, including the city image and tourism developments, but also sociocultural effects on the local community. The answers were measured on a 5-point Likert scale (1-I totally disagree; 5-I totally agree). The scales used in the papers were: Yolal et al. (2016), the scale for measuring the impact of events on residents' well-being, and the scale by Lill (2015) measuring the impacts of events on the local community.

3.3. Data Collection

The data were collected from March to May 2020 and 2021. The surveys were distributed both in a form of an online questionnaire and a standard paper-and-pen survey. The target subjects were the residents of Novi Sad. The respondents were informed about the general purpose of the study, and that their participation is voluntary and anonymous. Sampling was convenient, with the application of the snowball sampling method. The online questionnaire was distributed through individual emails, mailing lists, and social media platforms. A total of 239 residents accepted the invitation to answer the questionnaire.

3.4. Data Analysis

Data were analyzed in SPSS (Statistical Package for Social Sciences) version 23. The analysis that was applied were independent sample t-test, ANOVA test, and descriptive statistics.

3.5. Participants

Participants of the study were citizens of the city of Novi Sad (Serbia), with an age ranging from 18 to 72. The total number of respondents was 239. The women are more dominant in the sample (69.5%). Most of the respondents are employed (53.6%), with most of them having finished secondary (36.8%) and higher school (28.5%). Detailed sociodemographic characteristics of respondents are presented in Table 1.

4. RESULTS

4.1. Descriptive Statistics

Descriptive statistics is presented in Table 2. The standard deviation ranges from 0.6867 (Cultural events improve the image of the city) to 1.2837 (Cultural events can create a negative impact on traditional family values). Respondents believe that cultural events can influence the improvement of the city's image, that residents who participate in events can learn new things, that cultural events can have a positive impact on the development of tourism in the communities that organize them, that they provide entertainment for the whole family, that they provide a better understanding of other cultures. On the other hand, respondents believe that cultural events increase the prices of products and services, the cost of living for the local population, and increase traffic congestion.

Table 1. Sociodemographic characteristics of respondents (N=239)

Gender: Male 30.5% Female 69.5%	**Monthly income:** up to 300 € 17.6% 301-500 € 26.4% 501-700 € 14.6% 701-1000 € 6.7% 1001-2000 € 3.1% without income 31%
Average age: 31.192, Std**.** 10.63 **Age range:** 18-72	**Employment status:** Pupil 1.7% Student 33.1% Employed 53.6% Retired 10% Unemployed 1.7%
Education: Elementary school 0.4% Secondary school 36.8% Higher school 28.5% Bachelor 10.5% Master 22.5% PhD 1.3%	

Source: Own research

Table 2. Descriptive statistics

ITEMS		Mean	Std. Deviation
I 1:	Cultural events improve the image of the city	4.655	.6867
I 2:	My community gains a positive reputation thanks to cultural events.	4.252	.9697
I 3:	Cultural events are a form of celebrating the local community.	4.139	.9600
I 4:	Cultural events leave a lasting positive impact on my community.	4.272	.9105
I 5:	Cultural events help me see that my community is unique and special.	4.113	.9999
I 6:	Cultural events increase the sense of community well-being.	4.289	.8866
I 7:	Cultural events help to improve the quality of life of the local community.	4.285	.9090
I 8:	The community benefits from cultural events.	4.298	.8711
I 9:	Events allow the exchange of ideas among social groups.	4.314	.8684
I 10:	Locals who participate in the events have the opportunity to learn new things.	4.460	.7615
I 11:	Cultural events are a source of new ideas.	4.369	.8014
I 12:	Vandalism in my community increases during cultural events.	2.452	1.2656
I 13:	Traffic congestion increases during cultural events.	3.640	1.1284
I 14:	Noise levels increased to an unacceptable point during the event.	2.619	1.2474
I 15:	Cultural events make it possible to have a rich experience.	4.100	.9384
I 16:	Cultural events and/or festivals have a positive effect on strengthening the relationship between tourists and the local population	4.272	.8680
I 17:	Cultural events and/or festivals provide an opportunity to escape from everyday life	4.100	1.0075
I 18:	Cultural events and/or festivals provide an opportunity to have fun with family and/or friends	4.529	.7213
I 19:	Cultural events and/or festivals disrupt the routine of the local population	2.515	1.2796
I 20:	Visitors to cultural events and/or festivals disturb the privacy of residents	2.322	1.2095
I 21:	Cultural events and/or festivals increase the standard of living of the local population	3.728	1.0949
I 22:	Cultural events can have a positive impact on the development of tourism in the communities that organize them.	4.623	.7104

I 23: Cultural events contribute to the creation of opportunities for international publicity.	4.544	.7197
I 24: Holding a cultural event can provide the host country with a chance to strengthen its economic position, but also risks the necessary high costs of implementation.	4.201	.8608
I 25: Cultural events can enable the improvement of infrastructure and superstructure.	4.138	.8463
I 26: Cultural events expand opportunities for international and interregional economic cooperation.	4.272	.8182
I 27: Cultural events have a positive impact on the preservation of cultural heritage.	4.414	.8351
I 28: Cultural events can serve as a catalyser for drawing attention to the natural environment and thus help preserve elements of the physical landscape and local heritage that would otherwise be ignored.	4.201	.9401
I 29: Cultural events can improve the quality of transport infrastructure.	3.941	.9983
I 30: Cultural events can improve cultural opportunities for the local population and influence the strengthening of local and regional traditions.	4.356	.8116
I 31: Cultural events can lead to a better understanding of other cultures.	4.552	.7074
I 32: Cultural events increase the number of social problems such as traffic congestion, pressure on law enforcement and increased crime.	3.151	1.2645
I 33: Cultural events can create a negative impact on traditional family values.	2.347	1.2837
I 34: Cultural events can lead to the commercialization of culture.	3.318	1.1665
I 35: Cultural events can cause conflicts between host communities and visitors due to different living standards, economic well-being and lack of purchasing power.	2.715	1.2138
I 36: Cultural events can cause price inflation and an increase in local taxes for the construction of facilities needed to host events, which burdens the local population financially.	2.908	1.2332
I 37: Cultural events and/or festivals contribute to the improvement of services in the city (restaurants, shops, hotels...)	4.180	.9377
I 38: Cultural events and/or festivals contribute to improving the quality of cultural facilities	4.172	.8981
I 39: Cultural events and/or festivals increase alcohol and drug consumption	3.331	1.1791
I 40: Cultural events and/or festivals affect the length of stay of tourists	4.335	.7918
I 41: Cultural events and/or festivals influence the increase in tourist spending	4.460	.7597
I 42: Cultural events and/or festivals create new jobs	3.967	1.0995
I 43: Cultural events and/or festivals can help develop new business opportunities	4.172	.9744
I 44: Cultural events and/or festivals generate more profits for local businesses	4.230	.9036
I 45: Cultural events and/or festivals that are presented in the media, promote and raise the awareness of the local population about the destination	4.172	.9166
I 46: Cultural events and/or festivals influence the increase in prices of products and services in the local community	3.707	1.0562
I 47: Cultural events and/or festivals increase the overall cost of living in the city	3.234	1.1897
I 48: Cultural events and/or festivals influence the increase in the price of rent in the city and its surroundings	3.586	1.1339

Source: Own research

4.2. T-test – gender

An independent sample t-test has been performed in order to check if there is a gender difference in perception of cultural events' impact on different aspects of the city. The test shows that female respondents more than males consider that I1, I2, I4, I5, I7, I10, I11, I15, I16, I17, I22, and I24. On the other hand, males more than females consider I12, I15, I18, and I27 (Table 3).

A Pearson correlation test has been done to see how age correlates with the perception of the impact of cultural events on the city. Only one significant correlation has been found (r=-186), indicating that the older the respondents are, the less they think that cultural events and/or festivals influence the increase in prices of products and services in the local community. For other items, there was no statistically significant relationship.

Table 3. T-test

ITEMS		t-test for Equality of Means			Gender
		t	Sig. (2-tailed)	Mean Difference	
I 1	Cultural events improve the image of the city	-2.321	.021	-.2229	female
I 2	My community gains a positive reputation thanks to cultural events.	-2.981	.003	-.4013	female
I 4	Cultural events leave a lasting positive impact on my community.	-3.282	.001	-.4113	female
I 5	Cultural events help me see that my community is unique and special.	-2.887	.004	-.3993	female
I 7	Cultural events help to improve the quality of life of the local community.	-2.784	.006	-.3505	female
I 10	Locals who participate in the events have the opportunity to learn new things.	-2.573	.011	-.2746	female
I 11	Cultural events are a source for new ideas.	-3.531	.000	-.3906	female
I 15	Cultural events make it possible to have a rich experience.	-2.008	.046	-.2629	female
I 16	Cultural events and/or festivals have a positive effect on strengthening the relationship between tourists and the local population	-1.929	.055	-.2338	female
I 17	Cultural events and/or festivals provide an opportunity to escape from everyday life	-2.153	.032	-.3024	female
I 12	Cultural events can create a negative impact on traditional family values.	2.619	.009	.4664	male
I 15	Cultural events can cause price inflation and an increase in local taxes for the construction of facilities needed to host events, which burdens the local population financially	2.031	.043	.3495	male
I 18	Cultural events and/or festivals increase alcohol and drug consumption	2.513	.013	.4116	male
I 22	Cultural events and/or festivals can help develop new business opportunities	-2.555	.011	-.3456	female
I 24	Cultural events and/or festivals that are presented in the media, promote and raise the awareness of the local population about the destination	-2.402	.017	-.3062	female
I 27	Cultural events and/or festivals influence the increase in the price of rent in the city and its surroundings	2.024	.044	.3203	male

Source: Own research

4.3. The Results of the ANOVA Test

ANOVA test has been performed in order to test differences between respondents of different education, monthly income, and employment status.

While there is a statistically significant difference between respondents of different education and employment status, no significant relationship has been found between respondents of different monthly incomes.

The results of the ANOVA test between education groups are shown in Table 4. Post hoc LSD test has shown that respondents who have finished Bachelor studies more than all other education groups consider that *Vandalism in the community increases during cultural events* and that *Cultural events and/or festivals provide an opportunity to escape from everyday life.* Further one, those who have finished a bachelor's degree, more than those with secondary school and higher school consider that *Cultural events and/or festivals disrupt the routine of the local* *population*. Those with bachelor's degrees, however, less than other educational groups, consider that *Cultural events can serve as a catalyzer for drawing attention to the natural environment and thus help preserve elements of the physical landscape and local heritage that would otherwise be ignored.* Similarly, respondents who have finished a Master's degree, less than those who have finished secondary school and higher school consider that *Cultural events can serve as a catalyzer for drawing attention to the natural environment and thus help preserve elements of the physical landscape and local heritage that would otherwise be ignored.* Finally, those with a bachelor's degree less than those with secondary and higher school consider *Cultural events and/or festivals can help develop new business opportunities.*

Table 4. The results of the ANOVA test – Education*

	F	Sig.
Vandalism in my community increases during cultural events	2.588	.027
Cultural events and/or festivals provide an opportunity to escape from everyday life	3.198	.008
Cultural events and/or festivals disrupt the routine of the local population	2.289	.047
Cultural events can serve as catalysts for drawing attention to the natural environment and thus help preserve elements of the physical landscape and local heritage that would otherwise be ignored.	3.012	.012
Cultural events and/or festivals can help develop new business opportunities	2.540	.029

Note: *Only significant relationships have been shown

Source: Own research

Furthermore, the ANOVA test was applied to check if there are significant differences between respondents of different employment statuses. The results are shown in Table 5.

Table 5. The results of the ANOVA test – Employment status*

	F	Sig.
Cultural events improve the image of the city	3.773	.005
Traffic congestion increases during cultural events.	3.602	.007
Noise levels increased to an unacceptable point during the event.	2.787	.027
Cultural events and/or festivals increase the standard of living of the local population	2.762	.028
Cultural events can have a positive impact on the development of tourism in the communities that organize them.	4.495	.002
Cultural events contribute to the creation of opportunities for international publicity.	3.533	.008
Cultural events expand opportunities for international and interregional economic cooperation	3.018	.019
Cultural events increase the number of social problems such as traffic congestion, pressure on law enforcement and increased crime.	3.591	.007
Cultural events can create a negative impact on traditional family values.	2.773	.028
Cultural events can lead to the commercialization of culture.	3.441	.009
Cultural events can cause conflicts between host communities and visitors due to different living standards, economic well-being and lack of purchasing power.	2.474	.045
Cultural events and/or festivals increase the overall cost of living in the city	3.077	.017
Cultural events and/or festivals influence the increase in the price of rent in the city and its surroundings	2.419	.049

Note: *Only significant relationships have been shown

Source: Own research

The results show that Unemployed people, less than all other categories, consider that *Cultural events improve the image of the city*, that *Cultural events can have a positive impact on the development of tourism in the communities that organize them, that Cultural events contribute to the creation of opportunities for international publicity and that Cultural events expand opportunities for international and interregional economic cooperation.*

Students, more than employed and unemployed people consider *Traffic congestion increases during cultural events.* Pupils more than other categories think that *Noise levels increased to an unacceptable point during the event,* while employed people less than students consider that *Cultural events and/or festivals increase the standard of living of the local population.* Finally, people who are retired less than employed people and students consider that Cultural events increase the number of social problems such as traffic congestion, pressure on law enforcement, and increased crime, that *Cultural events can create a negative impact on traditional family values, that Cultural events can lead to the commercialization of culture, that Cultural events can cause conflicts between host communities and visitors due to different living standards, economic well-being and lack of purchasing power, that Cultural events and/or festivals increase the overall cost of living in the city and Cultural events and/or festivals influence the increase in the price of rent in the city and its surroundings.*

5. CONCLUSION

Cities all around the world are rapidly creating and utilizing cultural events to accomplish a variety of goals, including economic, social, political, and cultural ones. Cities have long been shaped by cultural events, and over the years, there have been substantial changes in the interaction between the city and its event program. The modern city is likely to have a robust and varied event calendar that includes both municipal-run events and those organized by a wide range of other parties. The organization of events and its integration with civic aims have gotten closer as events have become more ingrained in city life (Richards & Palmer, 2010).

Cultural events give a place life and improve its visitor appeal. Festivals and other cultural events can come to symbolize a place and its inhabitants. When there is strong concord between the attendees, the event organizers, the tangible products, and the local community (people) who profit from the socio-cultural benefits, cultural events can be appealing to tourism resources.

This research showed that residents believe that cultural events can improve the image of the city, that residents who participate in events can learn new things, that cultural events can have a positive impact on the development of tourism in the areas that organize them, that they provide entertainment for the whole family and also provide a better understanding of other cultures.

Previous research (Kuci, 2021; Lill, 2015; Yolal et al., 2016) has shown that a positive image encourages residents to participate as brand ambassadors and has emphasized the significance of their involvement in place marketing. This concept is particularly effective for places with limited financial means for tourism marketing and promotion, such as Novi Sad and other European destinations, in times of economic slump and budget cuts. Promoters of a place may use strategies like a social media campaign (on Facebook or YouTube) that asks locals to share photos, videos, and comments, to show how unique and interesting cultural events are in their community. This can help get locals involved in a development project and directly support tourism development.

Novi Sad, the second-largest city in Serbia is the holder of the prestigious title European City of Culture in 2022. This is the reason for numerous surveys of both tourists and residents about the impact of this title on the city's tourism, but also on their satisfaction and understanding of the importance and impact of this event.

This paper was focused on researching the local population in the years before Novi Sad became the European capital of culture. It would be interesting to conduct a survey a year after winning the title and see how the local population thinks then.

The results of our study would be strengthened by a larger and more inclusive sample frame, especially when compared to the population structure of the city, even though our sample size was sufficient for statistical analysis.

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Development of the Tourist Market of Pčinja District – Strategic Approach

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Abstract: *In the paper, the authors deal with the issue of tourism development in the Pčinja district. The Pčinja district is located in the southeastern part of Serbia. Tourism came into the sphere of interest of the holder of the macroeconomic authority of this district as an alternative to industrial development. Namely, until ten years ago, the economic development of this district was based on industry, which was significantly devastated during the transition period. Since the industrial policy did not produce significant results, the need for alternative strategies for the growth and development of the Pčinja district was imposed. Using the SWOT method as an element of the situational analysis, the authors define the potential that the Pčinja district has in the tourism context. The authors complete the conceptualization of the tourist potential of the Pčinja district with a PEST analysis, as a type of external analysis, which sets strategic directions for the development and market research of this district in the tourist context.*

1. INTRODUCTION

Observing tourism as a part of the overall economic activity, it increasingly comes to the epicenter of the bearer of macroeconomic power. The rapid development of the service sector and related activities, during the transition from the 20th to the 21st century, caused the need for the development of tourism. In the past, tourism in the Pčinja district was not given much attention. In the period of the second half of the 20th century, industrialization had primary importance in the economic activity of the state. Only with social and economic changes, under the influence of various factors, tourism is recognized as a potential factor in the development of economic activity.

When it comes to the Pčinja district, the development of the tourism sector can be based on both natural and anthropogenic factors. The devastation of the economy imposed the need for a new concept of development (Marjanović, 2015) in which tourism activity is recognized as a potential development component.

SWOT and PEST analysis are used as more suitable tools for assessing the economic environment (Stošić et al., 2012). In this context, the methods of situational and strategic analysis will provide an insight into the real economic situation of the Pčinja district and reveal new development opportunities for one of the poorest districts in Serbia.

2. SWOT ANALYSIS OF PČINJA DISTRICT

The economic environment of the Pčinja district is burdened by historical events from the last decade of the 20th century. The time of the economic and social crisis, then the general recovery,

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then again the crisis and destructive events and the gradual transition to the market economy left a significant impact on the economy of the entire country.

The 21st century is a time of rapid changes and innovations (Mašić & Dželetović, 2022). Economic activity must be based on the needs of consumers and therefore it is necessary to adapt to market requirements because this is the only way that leads to prosperity. The analysis of internal and external factors - SWOT analysis - is the most suitable for assessing the socio-economic potential of the Pčinja district, as well as its limitations (Chroneos-Krasavac et al., 2018). Due to its general acceptance and adaptability at all levels (personal, organizational and national) „SWOT analysis represents the most respectable and widely represented tool in the process of strategic planning“ (Helms & Nixon, 2010, p. 233). In the theoretical and practical sense, SWOT analysis is most often presented in the form of a matrix, i.e. a grid of at most 2 x 2 rows and columns (Proctor, 1992).

In the context of the above, the following table presents an overview of the strengths, weaknesses, opportunities and threats for the analysis of the overall market of the wheat district. This will also be important for planning the development of tourism in this area.

Table 1. SWOT matrix of the Pčinja district for the year 2022

S – *Strengths*	**W – *Weaknesses***
• Human resources • Good geographical location • Investment locations *(greenfield* and *brownfield*) • Investment stimulus • Natural resources • Examples of successful investments • Strategic development commitment • Tourist potentials (anthropogenic and natural resources)	• Mismatch of educated profiles with market needs • Incomplete privatization • Low IT education • Migration of young people • Distance from the centers of national power • Low standard of living • Absence of gas capacities • Social problems as a result of the transition • Insufficient accommodation facilities and underdeveloped tourist infrastructure • Inappropriate economic structure (flexible economic systems) • Insufficient development of the consulting market
O – *Opportunities*	**T – *Threats***
• Financial support from the republic level • Decentralization • Connecting regions and European integration • Better utilization of natural resources and renewable energy sources • Industrial zone of national importance • Vranje as a university center • Cross-border cooperation • EU pre-accession programs	• Unfavorable demographic changes • Slow change in the economic structure • Instability on the global economic level • Global market turbulence • Danger of transfer of dirty technologies • Absence of a strategy for using natural resources in a sustainable manner

Source: authors

When it comes to the strengths, that is, the advantages that the Pčinja district has, human resources, that is, the able-bodied population with rich work experience and work habits, are in the first place. There are more and more people from this category who have higher education, which is a prerequisite for achieving development in modern circumstances. It should be noted that within the Pčinja district, there were companies from various industries, from the food processing industry to the leather and footwear industry, the metal processing industry, then the textile and wood, chemical industry, energy and mining, construction and graphic and tobacco industries.

A favorable geographical position is of crucial importance for a certain business, and therefore for the district as a whole, in times of rapid transportation and transport. The route of the highway that used to be Corridor 10 of the European Union passes through the Pčinja district. It connects northern and central Europe with the extreme south, with Greece, i.e. very important ports on the Aegean (Thessaloniki and Athens) and further to the Mediterranean. This direction is very important because all road (road and rail) routes coincide, as well as air traffic, which is of great importance for modern business. Since the 19th century, there has been a plan to connect Serbia with Thessaloniki by waterway through a system of regulated waterways, i.e. a navigable canal, which is, more or less, an overambitious project. The highway Belgrade - Skopje - Athens passes through Vladičin Han, Vranje, Bujanovac and Preševo and represents a very important factor in economic development. Trgovište, Bosilegrad and Surdulica are connected to this highway by regional road systems. Among experts in the field of logistics, there is an established opinion that the development of a place is unthinkable without easy and fast access to the highway (Vasin, 2012). After the collapse of large business systems in the territory of the Pčinja district, the built business infrastructure remained, which in the current conditions can very easily be put into the function of creating new value. That this is true is also shown by the fact that within Yumco (Cotton Combine Vranje) today there are headquarters of several business entities. Similarly, the capacities of other large business systems can be reused. In addition to these, certain locations that have a greenfield character are important brownfields. It is mainly about large areas in public ownership, around which local self-government units only have expenses, and are not in the function of making a profit. Here we are talking about plots of land that once belonged to the army and the police, but which are no longer in operation. Natural resources represent one of the significant advantages compared to some other districts and regions, both nationally and internationally. The most important natural resources are the spas in Bujanovac and Vranje, Vlasina and the lake on Vlasina, Besna Kobila mountain, which preserved nature throughout the district. It should be mentioned here that sources of drinking and thermal water are unregulated and are irreversibly released into nature. Accumulations of healing mud of Bujanovac spa are not fully protected from negative influence, both human and natural. In addition to water, forests and soil are of great importance, because they ensure the development of economic activities. As the Pčinja district is characterized as one of the most underdeveloped districts in Serbia, the Government of Serbia provided certain subsidies for the initiation of each production process and the employment of more than 15 people. The special advantage of the Pčinja district is reflected in the natural and anthropogenic potentials that can be used to create a modern and competitive tourist offer. Certain historical, religious and cultural objects can trigger the development of tourism through specific tourist products such as city tours or entertainment zones.

One of the biggest paradoxes in the analysis of internal and external factors is the fact that human resources can be both a strength and a weakness. Human resources can also be characterized as a weakness because there is a certain (high) percentage of unemployed, middle to old age. The population of this category is inflexible towards innovations and it is difficult to adapt to modern achievements. Namely, these are people who have extensive business experience, but with outdated technical and technological processes. The development of information and communication technologies, machine technology and all others has led to the automation of production processes in all industries. All this requires a highly qualified and educated workforce. Profiles in educational institutions changed very slowly, so a situation was created in which the educational system, which does not adapt quickly enough to changes in society, produces „outdated experts". Only in the second decade of the 21st century did systemic changes begin to take place on this front. Privatization, although the process has been formally completed, remains a current topic in the economic circles of the Pčinja district. Large business systems, although formally privatized in the first decade of the 21st century, were brought back under the auspices of the state. Simpo, Yumco, the tobacco industry in Bujanovac and numerous other organizations were first privatized and then returned under the auspices of the public authorities by certain republican acts. Only in 2015 did the formal education system in the territory of the Pčinja district receive a program for the education of experts in the field of high and information technologies. Newly established faculties with already existing ones in the field of pedagogical sciences are trying to change the situation regarding the low IT knowledge of young people in the territory of the district. When it comes to the category of young people, they leave their birthplaces in search of a better perspective for many reasons. Migrations, temporary and permanent, have led to the fact that the local economy is not the focus of young people, and because of this, young people go to bigger cities or abroad. Low living standards are directly correlated with the migration of young people. Inadequate, hasty and inexpertly implemented privatization (Nikolić, 2012), caused numerous other social problems, which are not only a feature of Pčinja, but also of many other areas in Serbia. The insufficient development of the consulting and management services market can be cited as a special weakness of the district. The absence of private economic organizations in this sphere reduces, even eliminates, the possibility of placing free, liquid money in profitable projects.

When it comes to opportunities that can be realized based on a favorable external environment, the first place is the institutional and financial assistance of the republic's authorities - regarding the opening of new companies and new employment. Holders of political and economic power must also look for a chance at the national level in the process of decentralization. The process of European integration provides great opportunities in terms of using pre-accession funds and attracting investments. European Union funds offer different aid packages for different activities, economic and non-economic. This is of particular importance for tourism because, through the use of these funds, tourism products are also promoted. In modern circumstances, education is an essential factor in the development of a certain territorial-political organization. In this context, the holders of political power recognized education and the municipality of Surdulica was the first to provide technical conditions for academic teaching in the field of environmental protection. The following example of Surdulica and Vranje, within its capacities, provided academic teaching, in addition to the already existing pedagogical area, from the sphere of organizational management and technical-technological education. The very status of a university center is an ambitious plan, but on the other hand, creating conditions for attracting new educational institutions of higher education is also a realistic reach.

External risks and threats are very difficult to control. They very often cause serious problems, both in the functioning of organizations and in the work of public services. Unfavorable demographic changes are characteristic of a large number of municipalities in Serbia (Republički zavod za statistiku, 2019). Pčinja district did not miss that either. What's more, migrants from the war-torn areas of the Middle East and North Africa are accommodated within the available and unused capacities. The instability of the financial market, which has its roots in the crisis of 2007-2009, caused the general instability of the global market. The economic crisis also had political consequences that are felt today. A special risk is brought by foreign investors who, guided by interest, strive to install „dirty technology“ that is obsolete, prohibited and restricted for use in the rest of the developed world. Natural resources must be used sustainably. In the current conditions, when natural resources are running out in some countries, it is unacceptable that the water from the spring in Vranjska banja remains unused or that the surfaces of the natural and healing mud from the Bujanovac spa are neglected and left to the influence of negative forces from nature and people.

3. PEST ANALYSIS OF THE TOURIST MARKET OF THE PČINJA DISTRICT

PEST analysis is a generally accepted method of analyzing the market environment. It very often serves as the basis for strategic planning in the organization. In contrast to the SWOT analysis, the PEST method provides a broader overview of the market circumstances within which the organization exists. It is very often used in the evaluation of the market situation and the decision on the internationalization of business. Similar to SWOT analysis, PEST analysis is accepted and used in a strategic context in all economic organizations, regardless of activity, as well as in the analysis of the international environment. PEST analysis is used by both profit and non-profit organizations, as well as territorial-political units in the process of making decisions about the development of the city, district, region, province, and even national decisions.

PEST is an acronym for political, economic, social and technological environment. This means that the total political, economic, social and technological environment that can have a positive and/or negative impact on a certain organization or social structure is analyzed.

Political factors are of essential importance bearing in mind the fact that Serbia is still a country in transition. Political decisions made at the level of municipalities and cities are of vital importance for the organization and functioning of the district itself. In the context of political factors, we should emphasize the fact that the City of Vranje is recognized as the carrier of the development of the tourism sector, as well as the fact that tourism is an area of interest in cross-border cooperation with bordering countries (Grad Vranje, 2020). This is a very important fact for the tourism industry, because in this way Vranje, as well as the associated municipalities of the district, are more easily positioned on the tourist map of the region in an international context. The holders of political power at the district level do not have enough credibility with the republican authorities, so certain policies are accepted centrally. In addition to this, in 2011, the inhabitants of Preševo refused to be registered and in that way threatened the functioning of the municipality itself and thus burdened Vranje with additional administrative tasks. During the preparation of the 2022 census, firm assurances were received that the population of Preševo and Bujanovac will fully respond to the call for the census and reject the position of non-enumeration.

In the economic sense, the Pčinja district has big problems. Bosilegrad, Trgovište and Preševo are among the most underdeveloped municipalities in Serbia (Republički zavod za statistiku, 2022c). The level of foreign investments is at unsatisfactory level, although the district has a very good geographical and traffic position. Economic development policies were not created on a realistic basis, so the result was absent. The district ranks at the very bottom in terms of earnings compared to the national average (Republički zavod za statistiku, 2022a). Unemployment, as an economic-political category, also does not work in favor of the Pčinja district. The unemployment rate of the Pčinja district is the highest in all of Serbia (Republički zavod za statistiku, 2021a).

Social factors include the socio-cultural environment. The most pronounced trend in the social context is migration. Migration to bigger cities and abroad. Due to the quality of life, young people more often decide to study outside the municipalities and are directed toward Niš and Belgrade, while the unemployed very often emigrate to the developed countries of the European Union. In this context, unemployment appears as a multidisciplinary problem, because it can be brought into a political, economic and social aspect. As one of the important elements of the socio-cultural environment - education is gaining more and more relevance. Namely, within the Pčinja district there are several vocational schools and four higher education institutions (faculties) of different orientations. Local social policies are formulated based on national strategies, legal acts and local social programs.

Regarding the technological environment, the Pčinja district can be characterized as a developing environment. On the one hand, several large business systems in Vranje and Surdulica are at the level of developed systems. The capital of these organizations is mostly private. On the other hand, local self-government units on the territory of the entire district have a minimal influence on the change in the technological environment. There are no effective local strategies based on which local authorities will encourage the development of this environment. The companies that the macroeconomic government of the state brought back under the auspices of the public sector are technically and technologically backward.

4. CONCEPTUALIZING THE TOURIST OFFER OF THE PČINJA DISTRICT ACCORDING TO THE FORMS OF TOURISM

The field of tourism requires constant innovation due to increasingly demanding consumers. Serbia does not have many tourist destinations that have conditions for mass tourism. The situation is the same in the Pčinja district. However, in the transition from the 20th to the 21st century, thematic tourism is gaining more and more importance on a global level. This opens up new opportunities for the development of tourism in Serbia.

When it comes to the Pčinja district, due to the general social situation, tourism is in the second plan by holders of economic power. This is supported by the tourist data for 2021. Namely, during the mentioned year, 21,806 tourists visited the Pčinja district. Of this number, more than a quarter, 26.3% to be exact, were foreign tourists. The average number of overnight stays on foreign tours is 2.6. When it comes to domestic tourists, the Pčinja district records 3.1 overnight stays per tourist (Republički zavod za statistiku, 2022b). The development of thematic tourism requires significant infrastructure investments that cannot be provided by the public sector. On the other hand, the private sector is insufficiently interested in investing in tourism, because the return on funds is significantly longer than in other activities. However, despite numerous obstacles, with careful and adequate macro planning, this activity can have a bright perspective. Innovations in the completely outdated way of running the tourism sector are the key to its recovery and the rise of economic activity in the district. In this context, in the further part of the work, the authors present the forms of tourism that can improve the offer of this sector and influence the increase in the economic activity of the entire Pčinja district. Analyzing the available natural and social factors, it can be concluded that certain thematic forms of tourism can have a good basis for development. These are the following forms of thematic tourism: spa; lake tourism; camping; mountain (ski) tourism; wellness and spa tourism; city tourism; educational and scientific; rural and excursion tourism.

4.1. The Perspective of Spa Tourism

Spa tourism in the Pčinja district is based on two well-known spas. It is about the Vranjska and Bujanovac spas. These spas have a long history of water and land use. Natural features and resources offer great opportunities for the development of spa tourism and related tourism products.

In the case of Vranjska Banja, one can notice the biggest problem of the process of transition and privatization. A spa that has natural conditions for several activities, and works with one-tenth of the possible capacities, exclusively in the field of spa treatment. In order to improve the tourist offer, it is necessary to put natural resources in a profitable and interesting context. For that, first of all, it is necessary to build a hotel facility, which should have a larger capacity than the capacity of the rehabilitation hospital. The accompanying contents must be modified and create conditions for the application of innovative ideas for the spa.

The devastation of the spa capacity reduced the importance of this type of tourism in the Pčinja district. During 2020 and 2021, due to restricted movement due to the Covid-19 pandemic, domestic tourism recorded record numbers (Republički zavod za statistiku, 2022b). In the same period, attendance at the Vranjska and Bujanovac spas was negligible. Namely, the Republic Institute of Statistics does not classify Bujanovačka Banja as a tourist destination. When it comes to Vranjska Banja in 2020, the total number of tourists who visited the place was 1,536, while 15,011 overnight stays were achieved (Republički zavod za statistiku, 2021b). The average number of overnight stays by foreign tourists was 3.3, while the total number of foreign tourists was 100 (Republički zavod za statistiku, 2021b). Even in the following year, 2021, the situation has not changed (Republički zavod za statistiku, 2022b). The only indicator that achieved an increase in the number of overnight stays by foreign tourists. Foreign tourists spent 1,411 nights in Vranjska Banja, which is 14.5 nights per tourist, of which there were 97. (Republički zavod za statistiku, 2022b). The total number of tourists who visited the Vranjska Banja in 2021 was 1,573, who spent 14,771 nights, which represents 9.4 nights per visitor (Republički zavod za statistiku, 2022b).

Observing the data presented, it can be concluded that spa tourism in the Pčinja district is a negligible category. For spas to gain importance, they must enrich their offer with additional content and expand the concept of health (medical) tourism. By accompanying, we mean the content of an entertaining and recreational character. An increase in the tourist offer outside of health tourism can only be achieved after the completion of the investment project on the revitalization of the Vranjska Banja, which was started in 2020.

4.2. City Tourism

The concept of urban tourism gained importance in the 80s of the last century. This form of tourism can only be developed in those environments that are rich in cultural and historical values. Urban tourism means staying in big cities that have different characteristics from those places where tourists (travelers) come from (Mojić, 2016). It is about architecture, social environment, manifestations of different characters, and cultural and historical monuments (Jovanović, 2015).

In the Pčinja district, only the City of Vranje has real opportunities for the development of urban tourism. The place itself has some very high-quality and valuable objects of anthropogenic nature.

City tourism circular tours can significantly improve the tourist offer of the City of Vranje. Namely, the tour, which will include viewing several very important buildings, could consist of getting to know the cultural and historical heritage that is preserved within the National Museum of Vranje (the former Pasha's residence) and the street and House of Bora Stanković. It would further include a visit to the Hammam, a Turkish bath that was built at the end of the 17th century. A visit to the White Bridge would add special importance to the circular city tour. The bridge was built in 1844 as the last wish of Selim Bey's daughter, Aisha, who was killed by her father because of her love for a young man of Serbian origin. This is a story of tragic love, similar to that of Verona. The tour would later include a visit to the medieval fortress of Markovo

Kale, which is believed to have been built during the 12th century. The historical assumption is that it is about establishing the historical personality of Marko Kraljević. On the way back from the fortress, a visit to Pržar, the hill below which only Vranje lies, is an unmissable moment. At the same time, Pržar is a viewpoint and a place for rest and recreation. The end of the tour can be rounded off by visiting the memorial house of the famous poet from Vranje, then the merchant Dobrivoje Pribojčić, which is the headquarters of the Literary Community of Bora Stanković, and the house of the Vlajinac family. The house of the Vlajinac family is known for being the first two-story house in the territory of Vranje, and it was built in 1848.

As a special advantage of the Vranje area and its connection with city tours, there is also a zone of fun and entertainment as a special type of tourist, city product. The city center is full of modern and traditional restaurants. This further opens up the possibility of developing weekend tourism in the territory of Vranje.

The main disadvantage of Vranje in the context of city tourism is reflected in the reduced offer of accommodation facilities. This situation was relatively resolved with the opening of a hotel with 5 Michelin stars. However, this did not fully answer the demand. The holders of economic and political power found a solution to this situation in the privatization of the former Hotel Vranje. The increase in accommodation capacity on this basis will greatly contribute to the improvement of the overall tourist offer.

Urban tourism in the area of Vranje is particularly evident when one takes into account the fact of connection with the population of North Macedonia. North Macedonians are known as big fans of Vranje and southern melos, so during the weekend a large number of North Macedonians come to Vranje for fun and leisure.

4.3. Camping as a Form of Tourism

It used to be the rule for campers that they were eccentric. Today, camping is a lifestyle. Being a camper means being independent, environmentally responsible, staying in nature, socializing with people, being mobile and active, and continuously exploring and discovering new places and landscapes with one very important moment, which is not renouncing the habits that are the product of a modern highly developed social community (Čorak & Mikačić, 2006).

Camping can also be defined as an outdoor activity that includes spending the night outside the place of residence in a shelter that can be a tent or recreational vehicle. For a certain activity to be considered camping, it is necessary to spend at least one night outdoors (Oxford Dictionary, 2013).

Camping is not given attention in the domicile literature. It is similar to the real tourist offer and practice. The Camping Association of Serbia has undertaken the responsibility of developing camping as a special tourist product. This organization has been working on the promotion of this type of tourism for the past 10 years. Normative regulations (Ministarstvo ekonomije i regionalnog razvoja Republike Srbije, 2016) define categories related to this type of tourism. In this context, the concept of camp, campsite, and camping rest area is different.

Due to the well-preserved environment, Serbia has the conditions for the development of camping tourism. Within the Pčinja district, there is only one camp, more precisely a camping rest area. They are located 2 kilometers from Vranje.

Bearing in mind the broad categorization of camps (Bonifačić Cvelić, 2011), it can be concluded that the Pčinja district has real and very good opportunities for the development of this type of tourism. This is about the locations around the Vlasina Lake, then the Besna kobila mountain and the parts around the Pčinja river.

When it comes to Lake Vlasina, this locality and the parts around it provide the opportunity for the development of several forms of tourism. On the regional road to Bulgaria, there is already an arranged place that can be used in the context of camping. The recategorization of the former military barracks into some type of camping area provides a good basis for the development of this type and other related accompanying types of tourism.

Another, potentially good location for camping development is Besna Kobila. The mountain has already been put into the function of tourism and enrichment of the tourist offer. Winter tourism is especially important because the mountain is under snow for at least 5 months. Camping can be developed on the mountain itself, but at the same time, it must be planned very carefully so as not to damage the ecosystem. In this regard, the locations around the existing mountain lodge provide a good basis for conceiving this type of tourism.

When it comes to Pčinja, camping can be organized near the urban part of Trgovište. The Pčinja river itself flows through Trgovište, which would mean a lot to this region, considering that this is the most underdeveloped part of Serbia. Vražji kamen is an area of beautiful and untouched nature. It is completed by the Church of the Holy Mother of God, which dates back to the 14th century. There are various legends about this location, which gives the campsite a special appeal. Camping as a form of tourism can, in this case, be combined with hiking. As campers are known for their love of nature, this location can be of great importance.

4.4. Mountain (Ski) Tourism

Besna Komila, as a natural asset of great importance, can enable the development of traditional winter tourism in addition to camping. Mountain tourism has an element of mass (Stanić-Jovanović, 2015), however, due to insufficient infrastructural development and inadequate promotion, one of the most interesting mountains in the south of Serbia has no tourist offer.

There is a good basis, in terms of the strategic plan for the development of the mountain (Ministarstvo ekonomije i regionalnog razvoja Republike Srbije, 2009), but not an offer based on mountain and ski tourism. The ski offer implies the infrastructural construction of tracks and accompanying facilities, which in the current circumstances has no real basis. Designing a ski trail and building the accompanying infrastructure is an ambitious goal that opens the door wide to ski tourism.

Having this in mind, the offer of mountain tourism should be based on specific tourist products. The revival of Besna Kobila in the tourist context would create conditions for the development of other types of tourism. It is about mountaineering, adventure tourism, rural tourism and the previously mentioned camping.

Mountain weekend tourism is a product on which the tourist offer should be based. There are real natural conditions for that, and it does not require large infrastructure investments.

4.5. Wellness and Spa Tourism

Thematic forms of tourism very often overlap and have a common market. Such is the situation with wellness and spa tourism. This form of tourist product can be seen together with spa tourism, i.e. city tourism. The greatest similarities are with spa or health tourism, although it should be noted that there are differences. Namely, health tourism is aimed at clients with various health problems who come (travel) to certain places to improve their health. On the other hand, wellness and spa tourism is aimed at tourists in good health, who are looking for treatments that will allow them to maintain their health status for a longer period.

The Pčinja district has great potential for the development of wellness and spa tourism. The natural resources available within the Vranje and Bujanovac spas are of great importance for people's health, but at the same time, they can be used for alternative purposes. Optional use of natural spa resources (water and mud) increases the importance of preserving personal health, and physical and mental condition. However, both spas are focused exclusively on health tourism. Accompanying tourist products are not present and therefore this type of tourism is underdeveloped within these spas.

In 2020, a very ambitious plan to develop Vranje Spa as a tourist destination was launched. The domestic investor committed to modernizing the Special Hospital for Rehabilitation with the construction of a hotel block that will not be connected to this institution. The planned hotel facility will have all the elements of modern spa accommodation and accompanying facilities. Wellness and spa services are also included. These services will be provided separately from the services of the Special Hospital as a treatment center.

A necessary condition for the development of wellness and spa tourism outside spa centers is the existence of hotels and other accommodation facilities in urban areas. Only the City of Vranje and Surdulica have built infrastructure suitable for the development of this type of tourism. For wellness and spa tourism to come to life in the area of Bujanovac, new investments outside of health tourism and innovations that will attract, first of all, a local and narrow regional perspective are necessary.

4.6. Other Thematic Types of Tourism

Alternative ways to round off the tourist offer of the Pčinja district are educational and ecological tourism. Eco-tourism implies responsible travel and visiting preserved areas to enjoy nature while improving it and minimizing the harmful impact of tourists on nature (Brankov, 2010). Educational tourism can be defined as a visit to a certain place or area to acquire new knowledge through designed programs (Pešikan & Antić, 2012).

Several localities in the Pčinja district are protected by legal acts from the influence of people. Kukavica and Jarešnik have the status of nature reserves, the black pine tree in Petkovska Mahala on the territory of the municipality of Bosilegrad is a natural monument, Vlasina has the status of a landscape of exceptional qualities, and in the same way, the Valley of the Pčinja River is protected from destructive human activities. With this in mind, it can be said that there is a realistic and very good basis for designing a tourist-educational offer. In this way, student tourism can gain relevance and mass. However, educational tourism is not only focused on students but also on researchers and scientific workers from various scientific disciplines (geography, geology, mining, biology, chemistry, etc.). It is intertwined with ecological tourism in the sense that tourists seek to improve a certain locality.

The concept of „school in nature” is very suitable for the promotion of natural and social values. Faculties of science and mathematics, i.e. their geography departments, are the most active in using this tourist product. The promotion of "schools in nature" has multiple social significance, from raising awareness of the values of the local environment, through the practical display of theoretical knowledge to the social one, which is reflected, among other things, in massifying the tourist offer.

Educational tourism in the territory of the Pčinja district can also have an international character. The already mentioned Markovo Kale above Vranje, then buildings such as the House of the Vlajinac family, the Hammam in Vranje and others are of importance for the domestic as well as Turkish architecture. To this should be added the Prohor Pčinjski monastery. The building from the Nemanjić era is increasingly the place of serious scientific discussions on the subject of history, philosophy, education and theology.

Kale Krševica can give special importance to educational tourism in the Pčinja district. It is an archaeological site of great importance for Serbia and the Balkans in general. The locality of Kale is located in the South Morava Valley in the village of Krševica near Bujanovac. Significant remains of an urban settlement from the 4th and first decades of the 3rd century BC were discovered at this place. The locality of Kale Krševica has great social and scientific importance. In addition to the archaeological and historical, it is also important for the political aspect of the functioning of society. The locality also has a construction aspect, because the method of making such a large object and target will be established, and it also has a general social aspect. From an economic perspective, this locality is significant, because money was found, which indicates political and economic power and behavior and trade relations.

5. CONCLUSION

Based on everything presented in the paper, a logical conclusion is imposed that the tourist offer of the Pčinja district should be built on natural factors. Anthropogenic elements complement the concept of thematic tourism in this market.

The good geographical position of the Pčinja district offers numerous opportunities. In the tourism context, this is very important because connectivity is crucial for tourists (consumers).

Tourism in Serbia is increasingly becoming the epicenter of interest of the economic and political authorities. The concept of economic development increasingly includes tourism in economic (local) development strategies. Due to its natural and geographical characteristics, the Pčinja district, like most of the total tourist market of Serbia, is focused on thematic tourism. Traditional, mass tourism has no development perspective in this market.

The Pčinja district is rich in natural resources that can be put to the function of tourism in a very simple way. The area that would require more significant investments is the spa, i.e. health and ski tourism. The presence of a source of healing water and the existence of two spa centers in the mountains are in connection with the development of tourism. However, as spa tourism has long been more than just a health characteristic, there is a need to invest in existing systems and expand modest capacities. There is a need to connect spas and other compatible types of tourism, such as wellness and spa and eco-tourism. Natural resources protected by the format „areas of exceptional characteristics" have the conditions for the development of specific types of tourism. Besna Kobila, Pčinja River Valley, Vlasina Lake, and black pine forests on the territory of Bosilegrad are just some of the natural factors that can contribute to the development of tourism.

Anthropogenic factors have created conditions for the development of mass tourism in the world. The practice of major tourist destinations should be adapted to local conditions. In this context, cultural and historical objects are of great importance. On their basis, urban and related educational tourism must be formulated. The development of city tourism is in direct correlation with the available accommodation capacities. In the case of Vranje, the situation has improved significantly since 2020, when the town received 5-star Michelin accommodation. The conditions for receiving a larger number of tourists will be achieved by finalizing the capital investment of the former hotel space.

Increasingly demanding consumers impose the need to combine different types of thematic tourism. In this context, the tourist offer of the Pčinja district can be created in several directions. First of all, mountain, adventure, rural tourism and camping can be linked. The second direction of connecting thematic forms of tourism should be built on the intertwining of spa and beauty tourism and wellness and spa tourism. The third way is connecting city tourism and alternative forms of thematic tourism such as educational and eco-tourism. The last, as the most aggressive way of conceptualizing the tourist offer, would include city, adventure and wellness and spa tourism. This is the only way to valorize the values (natural and anthropogenic) that the Pčinja district possesses.

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The Impact of COVID-19 on Croatian Tourism: A Prisma-Compliant Systematic Literature Review

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Abstract: *COVID-19 has drastically altered the world in 2020 and influenced all aspects of people's lives and the ways businesses operate. The tourism sector was one of the economic sectors that were hit hardest by the global pandemic. Considering that the tourism sector in Croatia is one of the key economic sectors that contribute highly to the GDP, this paper provides a systematic literature review of studies investigating the impact of COVID-19 on tourism in the case of Croatia. Therefore, the goal was to survey and give a summary of the relevant papers published regarding the impact of COVID-19 on Croatian tourism as well as to investigate the current state of the art in this specific field, highlighting the findings regarding the COVID-19's impact on Croatian tourism. The PRISMA guidelines have been applied by using the keywords: „tourism", „COVID-19" and „Croatia" to the Scopus scientific database from its inception to 07 October 2022, and a manual abstract and full-text screening and review of the references of relevant studies was conducted thereafter. This resulted in 18 relevant published papers in peer-indexed journals in the Scopus database. The findings could be of great practical contribution to the government, policymakers and local tourist authorities and communities.*

1. INTRODUCTION

Tourism and hospitality are considered to be the most advanced economic sector globally, and "in 2019 tourism accounted for 7% of the global trade, and is overall the third-largest export sector of the world economy" (Alkier et al., 2021). Furthermore, tourism has been regarded as one of the "main economic drivers worldwide" in the past few decades (Čorak et al., 2020) and as "one of the leading economic sectors in exports and employment" (Gricar et al., 2021).

The significant role of tourism in small and open economies has been widely researched and its importance "in national economies, employment, gross domestic product (GDP), small and medium enterprises, different organisations, institutions and stakeholders" has been recognised by many scholars (Gricar et al., 2021). Moreover, its impact on overall economic development, its contribution to GDP and the creation of new jobs have resulted in tourism being seen as "one of the most contributing economic sectors globally" (Fotova Čiković et al., 2022). It is widely accepted that tourism represents an "important economic, social and cultural factor in modern societies that successfully fosters the economy" (Mataković, 2021). Tourism is also one of the key economic sectors in Croatia, due to the well-known Adriatic coast. Namely, according to data from the World Travel and Tourism Council in 2019, travel and tourism had a share of 25% of the GDP in Croatia and a quarter of the total national employment (WTTC, 2020). Due to the consideration that tourism in Croatia represents "a competitive advantage for the Croatian economy and also a sector that promotes other economic activities and sectors" (Šulc & Fuerst-Bjeliš, 2021), the impact of COVID-19 on tourism is vital to research and analyse by both scholars and tourism practitioners.

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The main aim of this systematic literature review is to identify and present a summary of the results regarding the impact of COVID-19 on Croatian tourism. This systematic literature review is compliant with the PRISMA (preferred reporting items for systematic reviews and meta-analyses) guidelines and surveys the Scopus scientific database with the keywords “TOURISM”, “COVID-19” and “CROATIA” from its inception to 07 October 2022. The selection process included abstract and full-text screening to reveal the relevant and eligible published papers in this research area. This resulted in 18 relevant papers that are qualitatively analysed and presented.

The summary of the findings and the future guidelines are invaluable for researchers, the government and policymakers, as well as local tourist communities.

This chapter is structured as follows. In the next section, a theoretical background of Croatian tourism and the impact of COVID-19 on tourism has been laid out. Section 3 reveals the research methodology. In Section 4, the research results have been presented, i.e. the 18 relevant surveyed papers have been analysed and their findings have been revealed. In the last, fifth section, a discussion has been opened and concluding remarks are given, together with the future guidelines and limitations of this work.

2. THEORETICAL BACKGROUND

2.1. Croatian Tourism

Tourism is one of the most influential economic sectors in Croatia, since “tourism revenues account for one-fifth of the GDP”, so any reduction in tourism revenues significantly impacts the economy (Roška, 2021). As Telbisz et al. (2022) state, tourism plays a “particularly important role” in Croatia.

The main characteristics of Croatian tourism are that it is “highly seasonal and the peak season is in the 3rd quarter” (Stambuj, 2021), “followed by a low share of hotel accommodation in the overall result” (Bašić & Škorić, 2020). Croatian tourism’s seasonality „is caused both by supply and demand sides and is concentrated in the summer season” (Šulc & Fuerst-Bjeliš, 2021). Moreover, it is commonly stated that Croatia is “an extremely tourism-dependent country and many accompanying economic sectors, production and service activities, labour market trends, the construction sector, as well as real estate trade depend on it” (Mikac & Kravaršćan, 2021). Moreover, many jobs in Croatia “depend on tourism development” (Čorak et al., 2020).

Therefore, the COVID-19 outbreak had an enormous impact on Croatian tourism, since tourism is the backbone of Croatia’s economy. The main motivation behind this work is to summarize the findings regarding the impact of COVID-19 on Croatian tourism, which is given in Sections 4 and 5.

2.2. COVID-19: Basic Information and Its Impact on Tourism

The outbreak of the COVID-19 virus began as an epidemic on 17 November 2019 in Wuhan City, Hubei Province, Central China (Łapko et al., 2021) and its official declaration as a pandemic on March 11, 2020, by the World Health Organization and at that time, its actual outreach and dimensions were unpredictable and unimaginable (Šulc & Fuerst-Bjeliš, 2021). Shortly after its declaration, the COVID-19 pandemic left unprecedented consequences mirrored in the „disruptive changes in the human environment (the industrial sector, social life, education system, etc.)“ (Alkier et al., 2021). Moreover, the COVID-19 pandemic exercised the power „to paralyze the societies and their economies on a global level“ (Stojanovska-Stefanova & Magdinceva-Sopova, 2021). However, the immense impact of the COVID-19 pandemic on the global travel and tourism industry „was significantly underestimated” (Škare et al., 2021). Namely, tourism once considered one of the largest and fastest-growing economic sectors in the world, handed over its power to the pandemic in the second quarter of 2020 (Łapko et al., 2021). This was mainly because “over 90% of the world population live in countries with some level of international travel restrictions and many of them also have some degree of restrictions on internal movement (inter- or intra-regional)” (Šulc & Fuerst-Bjeliš, 2021).

Tourism was one of the economic sectors that were hit hardest by the global COVID-19 pandemic, thus making it „even more important for tourist destinations to focus on their brand equity from the perspective of their customers—visitors“ (Cervova & Vavrova, 2021). Even though tourism faced tremendous turbulence and crises, the most recent and most serious one is the pandemic caused by the COVID-19 virus (Alkier et al., 2021).

The sharp decline of international tourists all over the globe has resulted in „deterioration of consumption and induced the collapse of domestic consumption“, which ultimately „affected the travel trade balance and caused the decline of the economy“ (Ružić & Popek Biškupec, 2021).

Taking into consideration the major contribution of tourism to Croatian GDP, the COVID-19 crisis “imposed a threat not only to companies in tourism but also to the Croatian economy as a whole” (Braje et al., 2022). As a result, the pandemic-related travel restrictions “affected hotels to face the most serious decline year-on-year”. The overnight stays in 2020 in Croatia “achieved 50 per cent of the result in 2019” (Roška, 2021). However, despite the significant drop in tourist visits in 2020, “Croatia managed to salvage 50% of tourism revenues compared to the previous year, which was an overachievement compared to initial expectations (set at around 30%)” (Bašić & Škorić, 2020). In this context, it should be taken into consideration that Croatia “was among the first EU member states to fully reopen during the 2020 summer tourist season, primarily due to the importance of tourism in the Croatian economy” (Braje et al., 2022).

Certainly, the "impact of COVID-19 on the travel and tourism industry will be incomparable to the consequence of the previous pandemic episodes" (Škare et al., 2021).

3. RESEARCH METHODOLOGY

The research process consisted of four steps. Initially, the determination of the relevant keywords for this research has been initiated. Therefore, in order to identify all the relevant published papers in this research, three keywords have been selected as follows: “TOURISM”, “COVID-19” and “CROATIA”. Moreover, in the first step, the relevant scientific database has been determined, i.e. the Scopus database. The total number of papers in the Scopus database was 37. These papers were analysed following preferred reporting items for systematic reviews and meta-analyses (PRISMA) guidelines.

In the second step, the abstract screening of the 31 published papers occurred. In this step, the title and abstract of each study were checked to identify and select the studies which met both the inclusion and exclusion criteria, and this resulted in the elimination of nine papers irrelevant to the chosen subject. There were 22 papers left in the third step of the research process (i.e. the eligibility phase), where the author conducted a secondary screening of the full text and manually selected those papers that are relevant to this research field and eligible for this study. After this step, a total of 18 papers were left for further quantitative and qualitative analysis.

The PRISMA guidelines have been published in 2009, and were "designed to help systematic reviewers transparently report why the review was done, what the authors did, and what they found". They were recently updated by the PRISMA 2020 27-item checklist (Page et al., 2021).

The reason for conducting a systematic literature review is threefold. First, systematic reviews "can provide syntheses of the state of knowledge in a field, from which future research priorities can be identified"; second, they "address questions that otherwise could not be answered by individual studies"; and third, they "identify problems in primary research that should be rectified in future studies" (Page et al., 2021).

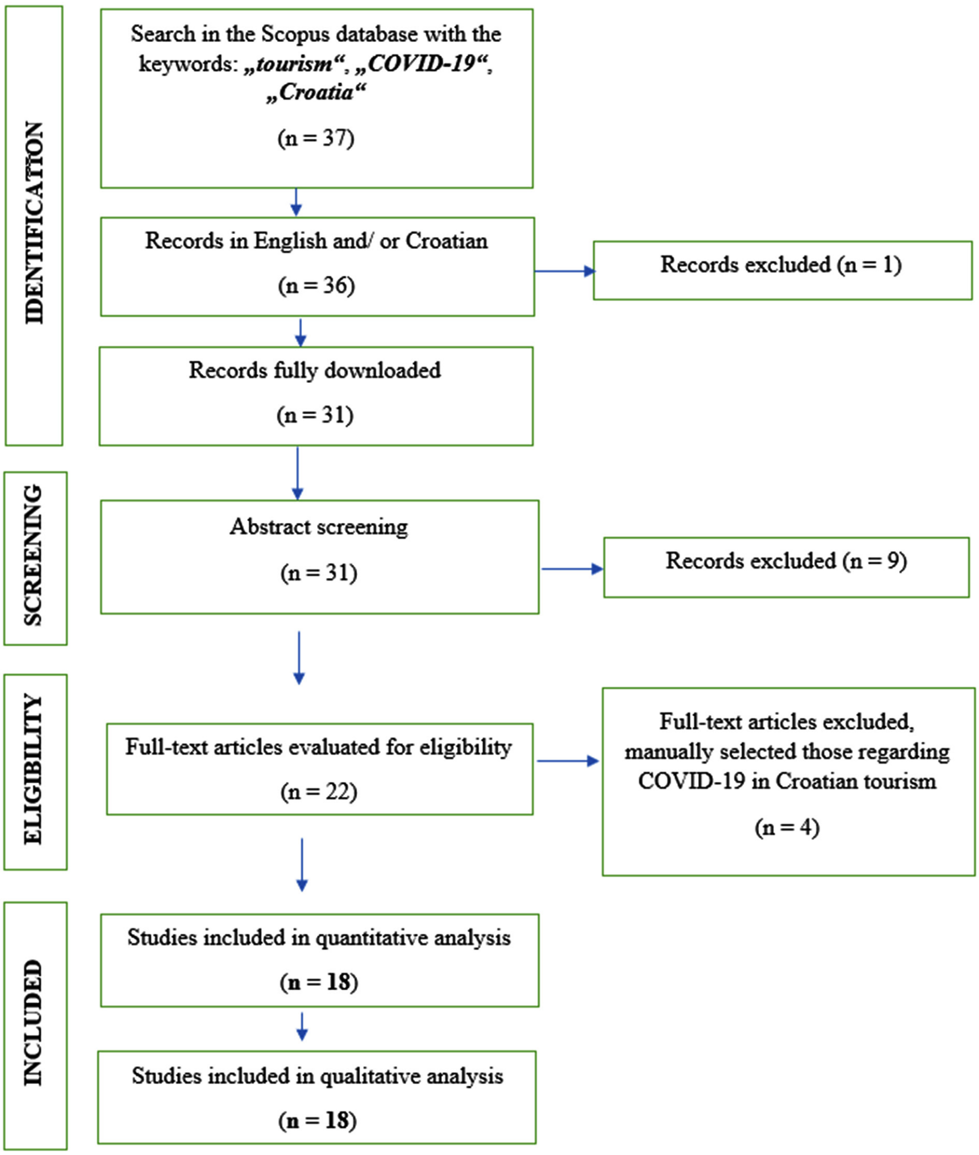

Figure 1. Preferred reporting items for systematic reviews and meta-analyses (PRISMA) flow chart of the search process

Source: Author's work, based on Moher et al., 2009

4. RESULTS

The administered systematic literature review has surveyed the Scopus scientific database using the keywords “TOURISM”, “COVID-19” and “CROATIA”, looking for relevant studies that tackle the impact of COVID-19 on Croatian tourism. As presented in the previous section, the starting point included 37 papers, a number that decreased to a total of 18 papers after applying all the inclusion and exclusion criteria.

A tabular presentation of the relevant papers has been laid out in Table 1 and a more detailed qualitative presentation of the relevant papers and more importantly, their findings are presented thereafter.

Table 1. Papers investigating the impact of COVID-19 on Croatian tourism

Authors	*Title of the paper*
Domazet et al. (2022)	Perception of Dental Medicine Students on Dental Tourism
Telbisz et al. (2022)	Attitudes and preferences of visitors of Krka National Park, Croatia
Payne, Gil-Alana et al. (2022)	Persistence in Croatian tourism: The impact of COVID-19
Gričar et al. (2022)	Some considerations about tourist arrivals and the COVID-19 pandemic–evidence from Slovenia and Croatia
Payne, Nazlioglu et al. (2022)	Economic Policy Uncertainty and International Tourist Arrivals: A Disaggregated Analysis of the Croatian Adriatic Coast
Braje et al. (2022)	Building resilience in times of global crisis: the tourism sector in Croatia
Dadić et al. (2022)	Online Reservations and Hotel Distribution Channels in European Tourism: A Case of Croatia
Łapko et al. (2021)	Eco-friendly tourism decision-making during COVID-19—sailing tourism example
Cervova and Vavrova (2021)	Customer-based brand equity for a tourism destination: The case of Croatia
Šulc and Fuerst-Bjeliš (2021)	Changes of tourism trajectories in (post)covidian world: Croatian perspectives
Gricar et al. (2021)	Sustainable determinants that affect tourist arrival forecasting
Mučalo and Šulentić (2021)	Radio in the Promotion of Croatian Tourism: The Age of COVID-19 and Afterwards
Gluvačević and Grgas (2021)	The impact Assessment of the COVID-19 Pandemic on the Communication of Events in Croatian Tourism
Roška (2021)	COVID-19 tourist seasons and business activities of listed hotel companies in Croatia
Mikac and Kravaršćan (2021)	Croatian tourism sector and crisis management - A case study related to the COVID-19 pandemic
Lovrinčević et al. (2021)	Croatian economic exit strategy during COVID-19 pandemic and importance of regional economic structure
Čorak et al. (2020)	Opportunities for tourism recovery and development during and after COVID-19: Views of tourism scholars versus tourism practitioners
Grofelnik (2020)	Assessment of acceptable tourism beach carrying capacity in both normal and COVID-19 pandemic conditions – Case study of the town of Mali Lošinj

Source: Author’s work

Domazet et al. (2022) have explored the perceptions of dental medicine students on dental tourism in three analysed countries (Croatia, Bosnia and Herzegovina, and Serbia). Their sample consisted of 326 students and they filled in an anonymous online 20-question survey questionnaire. Their findings reveal the positive perception dental medical students hold of dental tourism. Moreover, they perceived it as "a positive phenomenon" and "a desirable career choice". The emergence and the prospects of the COVID-19 pandemic did not affect the perception and the plan to engage in dental tourism in the future.

Telbisz et al. (2022) focused on national parks and analysed the attitudes and preferences of visitors of Krka National Park in Croatia. Moreover, they included the COVID-19 pandemic and researched the questions of whether COVID-19 represented an incentive to visitors to visit natural areas (like the Krka NP) and whether it "influenced the choice of Croatia as a destination for foreign visitors". Their primary results reveal that "both the distribution of visitors and the distribution of accommodation are highly unequal" in the Krka NP. The results regarding the impact of COVID-19 reveal that there were much fewer retirees and tourist buses as a result of the pandemic. Also, around 30% of the foreign tourists visiting NP Krka chose Croatia due to COVID-19, and around 65% of domestic tourists "chose to find a destination in Croatia because of COVID-19". Their study contributes a great deal since it addresses the importance of the opinions of the visitors in the development of the strategy in national parks.

Payne, Gil-Alana et al. (2022) investigate the "change in the degree of persistence in the Croatian tourism indicators, foreign arrivals, and overnight stays", as a result of the COVID-19 pandemic with the application of recursive estimation of a fractional integration model. To assess the change in the degree of persistence, they used monthly data in the period 1998 to 2020. The findings from their study reveal that the COVID-19 negative shock on tourism can be considered „permanent in nature“ and „may have established a new trend though at a much lower level“. They also tackle the difference between the traditional tourism growth model and the sustainable tourism model.

Gričar et al. (2022) applied vector autoregressive (V.A.R.) models and panel econometrics "to analyse and model the impact of the COVID-19 pandemics on tourist arrivals in Slovenia and Croatia" in 2020. The obtained results from the models (O.L.S., V.A.R. and Panel) did not show a direct impact of COVID-19 on tourist arrivals. However, "the government and policymakers influence the impact on tourist arrivals". This study is novel since it enriches the empirical studies on the determinants of tourism demand and it represents a stepping stone for future econometric empirical studies of "sudden shocks affecting tourism demand and government decisions affecting tourism supply".

Payne, Nazlioglu et al. (2022) investigated the impact economic policy uncertainty has on international tourist arrivals in Croatia. They have examined "the differential impact of Croatian and European economic policy uncertainty indices while controlling for the real effective exchange rate and industrial production on international tourist arrivals for the seven coastal counties of Croatia and the country as a whole". They applied the Toda-Yamamoto long-run causality modelling approach in a combination with a Fourier approximation to evaluate structural shifts in "examining the causal dynamics between economic policy uncertainty indices and tourism flows". The findings reveal "unidirectional causality from the respective economic policy uncertainty measures to international tourist arrivals irrespective of the coastal counties, and for the country as a whole". Thus, an increase in the Croatian or European economic policy uncertainty index has an unfavourable effect on international tourist arrivals relative to Croatian economic policy uncertainty. Moreover, "the European economic policy uncertainty index yielding the greatest impact".

Braje et al. (2022) examined “the interplay of public and private institutions whose aim was to support resilience in tourism and prevent negative spillovers to other sectors”. In their study, they evaluate the institutional resilience of Croatia’s sector of tourism during the COVID-19 pandemic based on three criteria: preparedness, agility and robustness. Their results show that both public and private institutions have shown “a high level of agility and resilience in their crisis management”, however, the authors highlight the “deep societal interdependence between the public and private sector in times of global crisis”. The COVID-19-specific impact on Croatian tourism is mirrored in two elements as follows: the stabilization of the situation and the communication of how the crisis unfolds to the public.

Dadić et al. (2022) explore the distribution channels in the hospitality industry and their main objective was „to identify the most successful elements of online distribution to realize future excellence in post-COVID-19 tourism”. Moreover, they illustrate the hotel accommodation booking trends in the period before COVID-19 in Croatia. For this purpose, they have conducted a survey and their findings reveal that online travel agents (OTA), tour operators, social networks and conferences (MICE segment) are the most important distribution channels, together with the global distribution system (GDS). Even though this research has several limitations as mentioned by the authors themselves, it represents a solid ground and a basis for future work and investigation on post-COVID-19 tourism.

Łapko et al. (2021) investigate and present a nautical (sailing) tourism example in a very interesting cross-country study involving 580 sailors from Poland, Germany, Croatia, Italy, France, and Turkey in early 2021. Moreover, sailing tourism is regarded as an example of eco-friendly tourism. The main research question was to what extent has the pandemic influenced European sailors’ decisions. The survey was conducted with the help of a computer-assisted web interview (CAWI) survey. The obtained results from the research reveal that “country-specific travel restrictions impact sailing tourism and cruise decisions”. Additionally, they found that COVID-19 had both negative and positive effects on sailing tourism in the six analysed European countries. This study is invaluable since it is among very few scientific research that revolves around nautical tourism.

Cervova and Vavrova (2021) set an objective to verify and develop “a model of customer-based brand equity for a tourism destination (CBBETD) and its attributes for the destination of Croatia from the perspective of Czech tourists, among whom primary research was conducted using the CAWI method”. Their sample consisted of 451 participants and the developed model “was extracted using factor analysis and a model with four dimensions (awareness, image, quality and loyalty)”. The proposed model is very applicable and beneficial since it gives Croatia guidelines and “strategic options to improve its position in the eyes of current and potential tourists”. Namely, their findings showed that tourists have expected higher degree of cleanliness and quality of infrastructure (quality subdimension); the results regarding the factor of ambience (“modern wellness resorts, good shopping facilities, exciting atmosphere, good nightlife and entertainment”) scored worse than other variables and lastly, the levels of loyalty are not satisfactory, considering that “there was a lower willingness to visit Croatia if costs were to increase”. Their findings provide large practical contributions due to their applicability in the field of destination management and are suggested to be used by the Croatian National Tourist Board.

Šulc and Fuerst-Bjeliš (2021*)* have tackled the changes in tourism trajectories post-COVID-19 and addressed the impact of the COVID-19 pandemic on Croatian tourism. Namely, they have analysed data based on variables such as tourism arrivals, overnight stays and tourist beds in the period January – September in 2019 and 2020. Their findings reveal two groups of factors that impact "the processes, trends and perhaps future trajectories of tourism in a pandemic" as follows: global mobility and travel bans and restrictions and personal responses, which include "changes in motivations and behaviour, enhanced by the necessity and need to keep distance to prevent spreading (and catching) the disease". Moreover, this study showed changes that happened due to the COVID-19 pandemic in terms of "seasonality, the spatial distribution of tourism, average stay, organization of arrival, age, origin and type of accommodation used".

Gričar et al. (2021) investigate the "diversification effects and significant influences on tourist arrivals as a vital export direction" for Croatia and Slovenia. They have applied a cointegrated-autoregressive model, panels, sentiment and sensitivity analysis to examine the tourist arrivals, precipitations, sunny days, earthquakes, microbes and CO2 emissions, which are variables in this study. The findings show that "there is a severe negative effect on tourist arrivals defined by viruses" and that the weather conditions have a significant decisive effect on tourist arrivals (especially in Croatia). In addition, the panel regression revealed that both Croatia and Slovenia enjoy spatial benefits, i.e. greater demand. The COVID-19 pandemic impacted the results and the number of tourist arrivals in the short term, which was generally not normally distributed because of it. Their work is original, since, it is the first study in the tourism literature that brings together and presents essential variables. They furthermore highlight the need to work towards sustainable tourism and sustainability.

Mučalo and Šulentić (2021) have investigated the role of radio in the promotion of Croatian tourism during the COVID-19 pandemic and afterward. They claim that radio could bring large benefits to the promotion of Croatian tourism because almost 50% of the EU's population visits Croatia by car and still have the habit of listening to local radio while driving. In their study, they conducted a qualitative survey in the period January to February 2021 on a sample of 49 radio stations in the Adriatic counties of Croatia, and they received a 56% response to the survey. The findings of this study suggest that radio as a medium represents a very good medium for tourism promotion and tourism-related content. Moreover, they suggest implementing digital broadcasting (DAB+ technology) for tourism purposes.

Gluvačević and Grgas (2021) have examined how tourist events in Croatia communicate with potential visitors in the context of the COVID-19 crisis. For this study, they conducted an online survey through a questionnaire consisting of 15 questions and 6 sub-questions in the period of February – March 2021. Their sample consists of 17 well-known manifestations and tourist festivals throughout Croatia. The results of the research show that there was a change in communication to a certain extent, but not so significantly that it could be established that the pandemic had a significant impact on the communication activities of event organizers. Online communication tools had been present even before the pandemic, so their increased use and application could be regarded as a change in the preference for communication tools. The biggest change is reflected in the emphasis on the safety of visitors when organizing events, i.e. public health requirements for adapting to epidemiological measures when necessary.

Roška (2021) investigates how the COVID-19 pandemic impacted the business operations of hotel companies listed on the Zagreb Stock Exchange based in 2020. Moreover, the study analysed the overall impact of COVID-19 on the tourism sector during the pandemic period. The study employs a multiple regression analysis and a model of the common indicator is based on the ROE indicator, the ratio of business revenue and total assets and financial strength. The findings reveal that the pandemic strongly and negatively affected tourism in 2020. Moreover, the study shows that the structure of Croatian tourism has changed, "with a significant increase in the concentration of the emitting markets for which Croatia is predominantly a road destination, while a further decrease in the share of tourists from countries from which they mainly arrive by plane". Finally, the author claims „the hotel industry in Croatia cannot survive the COVID-19 crisis without government support measures".

Mikac and Kravaršćan (2021) analysed the impact of COVID-19 on the tourism sector and they evaluated the coping strategies and crisis management in the tourism sector when faced with a global pandemic. In addition, they addressed the security challenges in tourism and the characteristics of Croatian tourism. The findings are threefold: first, the crisis management system in the Croatian tourism sector is fragmented; second, there was a miscoordination in communication between decision-makers and leaders in the tourism sector, and third, the response to the crisis was "reactive". They claim that the Croatian tourism sector "has been relatively successful in preparing (for) and responding to the crisis, although it has not developed effective plans, procedures, and crisis management teams". Their study is essential since it analyses in detail each phase of the crisis management as well as it provides "considering observations of the tourism sector's response to the coronavirus crisis to identify lessons learned and make recommendations for dealing with future crises".

Lovrinčević et al. (2021) have analysed the multiplicative effects and intensity of regional connections and identified sectors with the greatest potential for mitigating the negative economic consequences of the spread of the COVID-19 virus in Croatia. They applied input-output tables and the cross-industry location quotient (CILQ) to two regions of Croatia (i.e. Continental and Adriatic Croatia). RIO (regional input-output) tables reveal that the largest multiplier effects were obtained for sectors that produce physical products such as agriculture, processing industry and construction, while indirect effects were mirrored in the service sector, especially tourism, due to the weak connection between the two analysed regions. Regarding the COVID-19 impact, the results show that "the COVID-19 pandemic will have a greater impact on public finances and the budget than on the decline of the economy as a whole".

Čorak et al. (2020) have tackled the opportunities for tourism recovery and development during and after COVID-19, conducting a qualitative research design on a sample of both tourism scholars and tourism practitioners through a semi-structured interview. In addition, they have gathered and analysed the views of tourism scholars versus tourism practitioners regarding the recovery phase and possible changes to tourism in Croatia. Their findings reveal „more similarities regarding the attitudes on the recovery during the short-term period, as opposed to more dissimilarity on the long-term future of tourism in Croatia". Moreover, they claim that the future of Croatian tourism would "benefit from the experience and knowledge of both groups combined – practitioners and scholars".

Grofelnik (2020) has assessed the "acceptable tourism beach carrying capacity" in both normal and COVID-19 pandemic conditions with a special focus on the Town of Mali Lošinj. In his paper, a presentation and analysis of the beach capacity in the real conditions of the 2018 tourist season and three hypothetical scenarios are provided, "two of which involve the application of recommendations for COVID-19 epidemiological measures". The main objective of this study is to provide "measurable bases for sustainable physical plans and development policies in tourism". This work included direct fieldwork and cabinet mapping in the town of Mali Lošinj. The findings reveal that "the real and effective carrying capacity of beaches is not temporally or spatially homogeneous", i.e. the bathing season in Mali Lošinj lasts from June to September, with beaches being congested in July and August. Furthermore, the COVID-19 scenarios show that "anti-epidemic measures confirmed the tertiary hypothesis and indicated that the carrying capacity of beaches would be reduced so much that significant changes in tourism in the study area are necessary to offer an acceptable public health standard".

5. DISCUSSION AND CONCLUSION

Tourism is one of the most important economic sectors globally, especially in Croatia, where "it generated around 25% of GDP and 24% of total employment" in 2017 (Škrinjarić, 2018). Therefore, it should come as no surprise that the COVID-19 pandemic in 2020 enormously affected Croatian tourism and the overall economy.

The main motivation and objective of this study are to survey, summarize and present the relevant papers published regarding the impact of COVID-19 on Croatian tourism as well as to investigate the current state of the art in this specific field, highlighting the findings regarding the COVID-19's impact on Croatian tourism. For this reason, the SLR (systematic literature review) methodology with the application of the PRISMA guidelines has been adopted with the keywords: „tourism", „COVID-19" and „Croatia" to the Scopus scientific database from its inception to 07 October 2022. A manual abstract and full-text screening and review of the references of relevant studies were conducted thereafter. This resulted in 18 relevant published papers in peer-indexed journals in the Scopus database.

The findings of the systematic literature review show that all the published papers were published in the period 2020 to 2022, i.e. 1 paper was published in 2020, 9 papers in 2021 and 8 papers in 2022. All of these 18 qualitatively analysed papers revolve around different aspects of COVID-19's impact on Croatian tourism. A summary of their main concepts and findings are given in Table 2.

This chapter and work have two key limitations. The first one is due to the fact it only tackles the impact of COVID-19 on Croatia and it does not revolve around other EU or neighbouring countries. Secondly, the study applies the PRISMA guidelines in a systematic literature review, instead of conducting empirical research that could measure the impact of COVID-19 on overall Croatian tourism (or any aspect of the tourism sector). However, these limitations could serve as a proposal and an incentive for further future work in this direction. The findings could serve and give new insights to the government, policymakers and local tourist authorities and communities.

Table 2. Surveyed papers regarding the impact of COVID-19 on Croatian tourism: Authors, titles and main concepts and findings

Authors and paper titles	*Main concepts and findings*
Domazet et al. (2022): Perception of Dental Medicine Students on Dental Tourism	• Dental tourism in Croatia • the focus is on the perceptions of dental medicine students of dental tourism in three analysed countries (Croatia, Serbia and Bosnia and Herzegovina) • dental tourism is mostly perceived as "a positive phenomenon" and "a desirable career choice".
Telbisz et al. (2022): Attitudes and preferences of visitors of Krka National Park, Croatia	• National parks (i.e. Krka National Park in Croatia) • much fewer retirees and tourist buses as a result of the pandemic • around 65% of domestic tourists "chose to find a destination in Croatia because of COVID-19"

Authors and paper titles	*Main concepts and findings*
Payne, Gil-Alana et al. (2022): Persistence in Croatian tourism: The impact of COVID-19	• exploration of the change in the degree of persistence in the Croatian tourism indicators, foreign arrivals, and overnight stays • 1998 – 2020 • the COVID-19 negative shock on tourism can be considered „permanent in nature“ and „may have established a new trend though at a much lower level“
Gričar et al. (2022): Some considerations about tourist arrivals and the COVID-19 pandemic–evidence from Slovenia and Croatia	• Vector autoregressive (V.A.R.) models and panel econometrics “to analyse and model the impact of the COVID-19 pandemics on tourist arrivals in Slovenia and Croatia” in 2020 • the government and policymakers largely influence the impact of tourist arrivals
Payne, Nazlioglu et al. (2022): Economic Policy Uncertainty and International Tourist Arrivals: A Disaggregated Analysis of the Croatian Adriatic Coast	• Exploration of the impact economic policy uncertainty has on international tourist arrivals in Croatia • an increase in the Croatian or European economic policy uncertainty index has an unfavourable effect on international tourist arrivals relative to Croatian economic policy uncertainty
Braje et al. (2022): Building resilience in times of global crisis: the tourism sector in Croatia	• Evaluation of the institutional resilience of Croatia’s sector of tourism during the COVID-19 pandemic based on three criteria: preparedness, agility and robustness. • “deep societal interdependence between the public and private sector in times of global crisis”
Dadić et al. (2022): Online Reservations and Hotel Distribution Channels in European Tourism: A Case of Croatia	• Identification of the most successful elements of online distribution to realise future excellence in post-COVID-19 tourism • Illustration of the hotel accommodation booking trends in the period before COVID-19 in Croatia
Łapko et al. (2021): Eco-friendly tourism decision making during COVID-19—sailing tourism example	• Nautical (sailing) tourism • a cross-country study involving 580 sailors from Poland, Germany, Croatia, Italy, France, and Turkey in early 2021 • COVID-19 had both negative and positive effects on sailing tourism in the six analysed European countries
Cervova and Vavrova (2021): Customer-based brand equity for a tourism destination: The case of Croatia	• Development of “a model of customer-based brand equity for a tourism destination (CBBETD) and its attributes for the destination of Croatia from the perspective of Czech tourists, among whom primary research was conducted using the CAWI method” • “there was a lower willingness to visit Croatia if costs were to increase”
Šulc and Fuerst-Bjeliš (2021): Changes of tourism trajectories in (post)covidian world: Croatian perspectives	• Changes in tourism trajectories post-COVID-19 and addressed the impact of the COVID-19 pandemic on Croatian tourism • included variables: tourism arrivals, overnight stays and tourist beds in the period January – September in 2019 and 2020 • global mobility and travel bans and restrictions and personal responses as two groups of factors that impact the processes, trends and perhaps future trajectories of tourism in a pandemic
Gricar et al. (2021): Sustainable determinants that affect tourist arrival forecasting	• Diversification effects and significant influences on tourist arrivals as a vital export direction” for Croatia and Slovenia • there is a severe negative effect on tourist arrivals defined by viruses” and that the weather conditions have a significant decisive effect on tourist arrivals (especially in Croatia).
Mučalo and Šulentić (2021): Radio in the Promotion of Croatian Tourism: The Age of COVID-19 and Afterwards	• The role of radio in the promotion of Croatian tourism during the COVID-19 pandemic and afterward • radio as a media represents a very good medium for tourism promotion and tourism-related content • they suggest implementing digital broadcasting (DAB+ technology) for tourism purposes

Authors and paper titles	*Main concepts and findings*
Gluvačević and Grgas (2021): The impact Assessment of the COVID-19 Pandemic on the Communication of Events in Croatian Tourism	• Exploration of how tourist events in Croatia communicate with potential visitors in the context of the COVID-19 crisis • increased use and application of online communication tools
Roška (2021): COVID-19 tourist seasons and business activities of listed hotel companies in Croatia	• The impact of the COVID-19 pandemic on the business operations of hotel companies listed on the Zagreb Stock Exchange based in 2020 • the hotel industry in Croatia cannot survive the COVID-19 crisis without government support measures”
Mikac and Kravaršćan (2021): Croatian tourism sector and crisis management - A case study related to the COVID-19 Pandemic	• the impact of COVID-19 on the tourism sector and they evaluated the coping strategies and crisis management in the tourism sector when faced with a global pandemic • security challenges in tourism • the Croatian tourism sector “has been relatively successful in preparing (for) and responding to the crisis, although it has not developed effective plans, procedures, and crisis management teams”
Lovrinčević et al. (2021): Croatian economic exit strategy during the COVID-19 pandemic and the importance of regional economic structure	• Multiplicative effects and intensity of regional connections, and identification of sectors with the greatest potential for mitigating the negative economic consequences of the spread of the COVID-19 virus in Croatia • the largest multiplier effects were obtained for sectors that produce physical products such as agriculture, the processing industry and construction, while indirect effects were mirrored in the service sector, especially tourism • “The COVID-19 pandemic will have a greater impact on public finances and the budget than on the decline of the economy as a whole”
Čorak et al. (2020): Opportunities for tourism recovery and development during and after COVID-19: Views of tourism scholars versus tourism practitioners	• qualitative research design on a sample of both tourism scholars and tourism practitioners through a semi-structured interview • there is a larger dissimilarity in the long-term future of tourism in Croatia between the two groups • recommendation to use the benefits from the experience and knowledge of both tourism practitioners and scholars
Grofelnik (2020): Assessment of acceptable tourism beach carrying capacity in both normal and COVID-19 pandemic conditions – Case study of the town of Mali Lošinj	• tourism beach carrying capacity • focus on the town of Mali Lošinj • three hypothetical scenarios (two of them include the COVID-19 epidemiological measures) • the anti-epidemic measures confirmed the tertiary hypothesis and indicated that the carrying capacity of beaches would be reduced so much that significant changes in tourism in the study area are needed

Source: Author’s work

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Impact of the COVID-19 Pandemic on Transition in Tourism in the Example of Kotor

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Abstract: *In early 2020, the world faced a global crisis caused by COVID-19 (Coronavirus Disease 2019). Both as an economic activity and observed through the correlation of relationships and phenomena that arise when foreigners are travelling and staying at a place, tourism felt the most consequences of the pandemic. The crisis also affected Montenegro, where tourism is a strategic economic sector. To analyse the consequences of the crisis, this paper reviews the example of Kotor, a site included in the UNESCO World Cultural Heritage List, together with the Bay of Kotor and the Bay of Risan. The authors aim to determine the changes in the volume and structure of tourists before and after the pandemic, as well as the gravity areas and countries of origin. In addition, this paper will present the results of the survey "Study of Kotor's Identity in Crisis" carried out in cooperation with the Tourist Organization of Kotor in 2021 and 2022.*

1. INTRODUCTION

The impact of COVID-19 (hereinafter referred to as the crisis) on tourist flows has affected many countries. The tourism-oriented countries were affected more than the industrial ones. The tourism crisis has also affected Montenegro.

After a successful tourist season in Montenegro in 2019, a drop in tourist traffic was recorded in 2020. According to the data of the Statistical Office of Montenegro (MONSTAT), 89.6% fewer tourist arrivals were recorded compared to the same period in 2019, and the number of overnight stays dropped by 91.4%. The share of overnight stays by domestic and foreign tourists in the total number of overnight stays in collective accommodation amounted to 64.2% and 35.8%, respectively.

In 2021, the tourism industry in Montenegro was recovering. The largest number of overnight stays was recorded in the coastal region. In 2021, there were 2,587,255 tourist arrivals and 9,872,573 overnight stays. In 2021, there was a growth of 276.27% compared to 2020, and a growth of 63.23% compared to 2019.

In 2020, tourism in Kotor stagnated considerably in all sectors of tourism. Compared to 2020 and 2019, overnight stays in 2021 recorded an increase of 281.58% and 68.33%, respectively.

The results of the analysis of tourist traffic trends in Kotor for the period of 2019-2022, based on official statistical data of the Statistical Office of Montenegro (MONSTAT, 2019, 2020) for the years in question, are as follows:

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1. Before the crisis, there were 170,852 tourist arrivals with 680,640 overnight stays in 2019, which was a record year. In 2020, there were 26,862 tourist arrivals and 120,647 overnight stays, amounting to a share of 6.1% at the national level.
2. The arrivals recorded in 2021 amounted to 77.9% of those recorded in 2019, while the number of overnight stays remained at the level of 2019. Expressed in numbers, there were 133,042 tourist arrivals and 680,724 overnight stays.
3. There was an increase in the average number of overnight stays from 4.0 in 2020 to 5.1 in 2021.

In small countries, such as Montenegro, changes in tourism trends, whether positive or negative, may occur relatively quickly.

A deeper impact on tourism may reflect on the resulting geopolitical and geo-economic interrelationships (Kim et al., 2020). Given these changes, they may "distract" us from other issues that affect the stability of the development of tourism in Kotor. In parallel with that, geopolitical boundaries in tourism emerge (Cros, 2002). Kotor had the worst tourist season in its history (Duplančić, 2020). Post-crisis, policymakers should initiate aggressive recovery marketing strategies to re-establish the image of safety and attractiveness required to reassure potential tourists of the safety of the destination, thereby ensuring the return to competitiveness and economic recovery (Chien-Chiang et al., 2021).

At the beginning of the 2022 tourist season, it was believed that the season would be successful. In 2022, Montenegrin tourism recorded a recovery. Compared to the previous year 2021, for the first six months of the year, an increase of almost 120% in the number of visitors was recorded in June, and there was an increase of 16.6% compared to the record year 2019. Despite the belief at the beginning of the 2022 tourist season that the season would be successful, this did not happen, because all statistical and other official data confirmed that the season failed again. There were also differences in interpreting the statistical data. Thus, for example, the number of travellers who crossed the state border was taken as a reference, without taking into account the tourists transiting to other countries, where Montenegro was a country of transit for many tourists who entered its territory.

2. TOURIST TRAFFIC DEVELOPMENTS DURING THE CRISIS

2.1. The Gravitating Regions of Kotor Tourism

It is important to determine the gravitating regions from which tourists come. As known, arrivals depend on several factors. The regions or areas from which tourists come are subject to various factors that are to the advantage of tourists, such as modified travel costs, climate, historical values, etc. Negative factors, mostly socio-political and linguistic ones, are not to the advantage of tourists. Most of these factors are to the advantage of tourism development in Kotor.

The formation of tourist flows is a specific process. The actual distance of the destination is not always a criterion for deciding to travel to a certain destination. In parallel, cognitive distances are used. Thus, the perception of attraction forces does not always depend on the actual distance. Thus, the criteria "break down" the distance barrier. Thus, tourists have an expanded perception of the tourist destination, including motivation.

Tourist attraction in terms of gravitating areas often depends on subjective opinion. There is no longer any limitation to travelling to a tourist destination due to its isolation. In addition, the development of transport networks, that is road, rail and air transport, contributes to the expansion of the gravitating area from which tourists come. In addition to those mentioned above, political and linguistic criteria are important in the development of tourist flows (Farsari et al., 2011). According to the 2019 Cruise Critic Report (2019), Kotor is ranked high on the list of Top-Rated Eastern Mediterranean Destinations for Cruisers. In their comments, the visitors to Kotor commended the values of the historic core and the quality of port services, and some of them said that the visit to Kotor was the best family trip of their lives (Marić, 2015).

The results presented below were obtained from the surveys designed by the authors and conducted by the Tourist Organization of Kotor from 2021 to 2022. A specification of tourists systematized by the place of origin and share in arrivals are given in Table 1 below.

Table 1. Origin of tourists who visited Kotor in 2020 and 2021

Characteristics	**Share (%)**
Share of domestic tourists	1.0
Share of foreign tourists	0.0
Countries of the region	31.1
Eastern European countries	29.1
Western European countries	20.4
Other countries	18.4
Total	**100**
Number of days of stay of tourists in Kotor	3.8
Number of days of stay in European cities	2.3
Visited Kotor for the first time	51.4
Average age of tourists	37.6
Suitable for permanent living	9.9

Source: Own research

Four areas are evident: the share of European countries amounts to 80.6%, including the countries of the region with the largest share (31.1%), followed by Eastern European countries (29.1%) and Western European countries (20.4%). The share of other non-European countries is 18.4%. The crisis also resulted in the fact that the share of domestic tourists was only 1.0%.

The average number of overnight stays of tourists in Kotor is 3.8, which is lower than the average in Montenegro and higher than the European average. The demographic indicator indicates the average age of tourists. The survey showed that the tourists dominantly belonged to the "mature age" category (37.6 years old on average). More than half of the tourists, 51.4% of them, stayed in Kotor for the first time.

2.2. Countries of Origin of Tourists

The countries of origin of tourists, or the countries from which tourists come, constitute a significant aspect of the analysis of tourist traffic. From 2020 through 2021, considering the problems caused by the crisis, other processes started as well, such as the geo-economic one.

This was reflected in the structure and hierarchy of the countries of origin. According to the countries of origin and overnight stays, the structure of tourists is presented on the following two levels:

1. Share of individual countries;
2. Average number of overnight stays by country of origin of tourists.

Table 2. Structure of tourists in Kotor according to the country of origin

No.	Country	Share of each country (%)		Overnight stays
		Total	Cumulative	
1	Albania	13.3	13.3	3.0
2	France	12.2	25.5	2.9
3	UK	11.1	36.6	3.8
4	Serbia	6.4	46.1	4.0
5	Poland	7.8	53.9	3.0
6	Ukraine	7.2	61.1	5.0
7	Russia	3.9	65.0	5.6
8	USA	3.9	68.9	3.3
9	Bosnia and Herzegovina	3.3	72.2	4.8
10	Turkey	3.3	75.5	7.3
11	Germany	2.8	78.3	2.0
12	Montenegro	2.8	81.1	2.3
13	Spain	2.2	83.3	3.0
14	Hungary	2.2	85.5	4.3
15	Croatia	1.7	87.2	2.6
16	Belarus	1.7	88.9	5.7
17	Denmark	1.7	90.5	2.5
18	Ireland	1.7	92.2	7.0
19	Finland	1.7	93.9	3.0
20	Romania	1.1	95.0	4.0
21	Macedonia	1.1	96.1	2.0
22	Netherlands	1.1	91.2	4.0
23	Portugal	0.6	97.7	2.0
24	Switzerland	0.6	98.3	4.0
25	Italy	0.6	98.9	4.0
26	South Africa	0.6	99.4	2.0
27	Australia	0.6	**100.0**	5.0
		100.0		

Source: Own research

This atypical set of countries from which tourists came to stay in Kotor between 2020 and 2021 was test-confirmed. The correlation analysis shows the coefficients between each pair of the mentioned variables, along with the significance levels and the number of analysed cases. The results of the Pearson correlation coefficient between each pair of the mentioned variables indicate an established relationship between the country of origin and the number of overnight stays. Thus, the level of significance is shown in Table 3. In this case, there is no connection between a particular country and the number of overnight stays. It remains an open question whether the issue is the unrecognizability of marketing activities by potential tourists.

The strength of the correlation between the country of origin from which the tourists arrived and the number of overnight stays is insignificant, equalling r=0.003; conditionally speaking, the common variance is 3%. Accepting the assumption that the number of arrivals of tourists who visited Kotor is very different, it can be assumed that marketing activities had no significant effect on individual countries. Therefore, the connection between the countries from which tourists come and their stay in Kotor is not recognizable. For this reason, it can be assumed that the tourists stayed in Kotor as a result of self-initiative at the time, because had the marketing activities been recognizable, it would have had a different reflection on those movements.

Table 3. Parametric testing of countries and number of overnight stays

		Country	Number of overnight stays
Test by country	**Pearson Correlation**	1	,172*
	Sig. (2-tailed)		,025
	N	180	170
Number of overnight stays	**Pearson Correlation**	,172*	1
	Sig. (2-tailed)	,025	
	N	170	170

* Correlation is significant at the level of 0.05 (2-tailed).

Source: Own research

The results of both types of correlation, parametric and non-parametric, are interpreted equally. The level of statistical significance does not show either the strength of the relationship between two variables or the value ro, but with how much confidence the obtained results are to be observed. From small samples m e.g. 30, moderate correlations can be calculated. In our case, a sample of 200 survey questionnaires fully meets statistical significance.

2.3. Changes in the Number of Tourist Arrivals in Crisis

In 2019, before the crisis, Kotor was visited by tourists from 50 countries classified as individual countries and regional groups (Europe; countries of the region; other European countries; other non-European countries; and South African countries). The Statistical Office of Montenegro (MONSTAT) presented the share of individual countries (and regions) as shown in Table 1. From 2019 to 2020, the drop in tourist traffic was sudden and with many surprises.

Compared to 2019, the share of tourist arrivals in 2020 is shown in Table 4, column 5, where indicators of change (index change) are shown individually for each country. The basic characteristics of these movements are as follows:

1. Out of a total of 50 countries whose tourists visited Kotor again in 2019, five countries recorded higher traffic in 2020 than in the previous year: Belarus, Bosnia and Herzegovina, Kosovo, Ukraine and Poland.
2. The largest share of those represented in 2019 who visited Kotor in 2020 came from Ukraine, and the share of tourists from Finland was the smallest.
3. The number of tourists classified into the categories of *Other European Countries*, *Non-European Countries* and *South Africa* dropped. Expressed as the growth index of 2020-2019, the following values are sequentially observed: 46.8, 42.7 and 2.8.

Compared to 2019, the dynamics of the return of tourists continued in 2021 with even greater intensity - multiple dynamics of the return of tourists (MONSTAT, 2021a). Thus, compared to 2019, this figure amounted to 12% in 2020 and increased to 64% in 2021.

Although, after 2019, the trends in 2021 were positive regardless of the crisis, tourists who visited Kotor for the first time, or 55.5% of them, prevailed.

The survey included the "return" structure of tourists in two years, 2020 and 2021. This resulted in a synthesis of the return flows of tourists in Kotor. Regardless of the basic "return" characteristics, the initiation of renewed flows of tourists in Kotor is successful. The structure of returning tourists is shown in Table 5.

Table 4. Changes in tourist traffic in Kotor during the crisis

No.	Country	2019	2020	Changes
1.	Albania	308	**139**	45.1
2.	Austria	892	**53**	5.9
3.	Belgium	1753	**39**	2.2
4.	Belarus	61	**123**	201.6
5.	Bosnia and Herzegovina	336	**812**	241.7
6.	Bulgaria	124	**26**	21.0
7.	Czech Republic	120	**33**	27.5
8.	Denmark	539	**27**	5.0
9.	Estonia	67	**12**	17.9
10.	Finland	1348	**28**	2.1
11.	France	4822	**808**	16.8
12.	Greece	250	**30**	12.0
13.	Netherlands	970	**50**	5.2
14.	Croatia	738	**247**	33.5
15.	Ireland	888	**58**	6.5
16.	Island	82	**6**	7.3
17.	Italy	1592	**110**	6.9
18.	Cyprus	39	**5**	12.8
19.	Kosovo	141	**161**	114.2
20.	Latvia	58	**9**	15.5
21.	Lithuania	86	**9**	10.5
22.	Luxembourg	49	**6**	12.2
23.	Hungary	426	**54**	12.7
24.	Malta	29	**2**	6.9
25.	North Macedonia	187	**55**	29.4
26.	Norway	593	**24**	4.0
27.	Germany	4199	**431**	10.3
28.	Poland	285	**376**	131.9
29.	Portugal	315	**30**	9.5
30.	Romania	377	**25**	6.6
31.	Russian Federation	3907	**674**	17.3
32.	Slovakia	71	**16**	22.5
33.	Slovenia	392	**32**	8.2
34.	Serbia	2369	**1584**	66.9
35.	Spain	1209	**138**	11,4
36.	Switzerland	1181	**58**	4,9
37.	Sweden	1155	**36**	3,1
38.	Turkey	1448	**198**	13,7
39.	Ukraine	340	**1158**	340,6
40.	UK	7825	**420**	5,4

Source: Own research

Table 5. Overview of the structure of returning tourist visits to Kotor after the crisis

Number of visits	Year of visit		Total visits (% in 2020 and 2021)
	2020	2021	
First time	53.9	54.6	55.5
Two times	13.7	13.9	17.5
Three times and more	32.4	31.5	27.0
Total	100.0	100.0	100.0

Source: Own research

Given that the survey was conducted for two consecutive years, it made it possible to observe return flows for two years in a row.

3. EVALUATION OF TOURIST SATISFACTION

3.1. Significance of Individual Characteristics of Kotor

Significant characteristics of Kotor were analysed through destination recognition and quality testing. Thus, the following was determined:
1. Rank according to the selection of specificity of the destination;
2. T-test of the given eleven social categories: evaluation according to the specificity of the set, testing of the set concerning the mean values and other factors (Table 6).

The survey included thirteen questions that allowed tourists to choose only one answer category. This indicates the structure of visitors who seek particular characteristics of Kotor as a tourist destination. The basic characteristics of this set are as follows:
1. Slightly more than one-third is dominated by tourists who characterize Kotor as a city of architecture and art;
2. Not a small number, every fifth tourist, sees Kotor as a destination for entertainment, that is as a destination full of life, nightlife, and a variety of events;
3. Every eleventh tourist sees Kotor as a destination for knowledge, i.e. education;
4. Every eleventh tourist recognizes Kotor as a residential destination;
5. Below 5% or every twentieth tourists rated Kotor as a shopping destination, a business city, a city important for transport connectivity, and a city suitable for conferences.

3.2. Testing the Social Environment Quality

Testing eleven categories of social environment indicates, conditionally speaking, the quality of the destination and its recognition. In these and similar research, statistical testing is usually performed. The application of most statistical tests implies that certain assumptions are met. Checking the fulfilment of assumptions is important. To a large extent, the test results are used to determine whether the assumptions are met.

Table 6. The Structure of Tourist Priority Categories in Kotor - One-Simple Test

Category	Mean	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
						Lower	Upper
Down to earth	2.62	-7.541	117	.000	-.981	-1.24	-.72
Real	4.04	5.933	158	.000	.444	.30	.59
Adaptable	4.18	8.870	188	.000	.580	.45	.71
Bold	3.81	2.436	144	.016	.207	.04	.37
Unique	4.17	8.456	189	.000	.574	.44	.71
Safe	4.24	8.854	189	.000	.642	.50	.79
Sentimental	4.10	6.746	172	.000	.504	.36	.65
Original	4.12	7.646	186	.000	.518	.38	.65
Reliable	3.97	4.594	153	.000	.368	.21	.53
Unsophisticated	2.66	-8.875	154	.000	-.942	-1.15	-.73
Dangerous	1.67	22.319	179	.000	-1.839	-2.00	-1.68

Source: Own research

T-test is a method used to conclude from statistics, the purpose of which is to determine whether there is any significant difference between how the considered groups may be related to each other. The T-test takes into account the T-statistic, the values of the T-distribution, and the degrees of freedom used to determine the probability of a difference between a set of data. Based on equalized formulas, values are extracted and compared to standard values, which further leads to acceptance or rejection of the baseline hypothesis indicating that the data set is fairly accurate and not random.

After the mean value of the set, which is 3.6, was determined, the whole set was tested concerning the obtained mean value (Structure of Tourist Priority Categories in Kotor (One-Simple Test - Table 6). Based on the value of that statistic, the number of degrees of freedom-df and two-tailed significance of the test, it is possible to conclude whether there is a significant difference between the sample mean and the hypothesized value. If the significance level of the test (the p-value obtained for two-tailed significance is less than 0.05 ($p<0.05$), it can be concluded that the difference between the mean values is statistically satisfactory with a slight deviation.

4. IMPACT OF THE COVID-19 PANDEMIC ON CULTURAL TOURISM

Cultural tourism means the movement of people caused by cultural attractions outside their usual place of residence, to gather new information and experiences to satisfy their cultural needs (Greg, 1999). Cultural tourism is a genre of tourism of specific interest based on the search for participation in new and significant cultural experiences, whether aesthetic, intellectual, emotional or psychological (WHO, 2023). Cultural tourism is a form of tourism whose purpose, among other things, is the discovery of monuments and localities. Because of this, it has positive effects on them insofar as it contributes to their maintenance and preservation. This form of tourism justifies the efforts that the aforementioned maintenance and preservation require from the human community due to the socio-cultural and economic benefits they bring to the population (ICOMOS, 1976).

Cultural tourism is based on a mosaic of localities, traditions, art forms, celebrations and experiences that portray a nation and its people, reflecting the diversity and their character. One has to think about cultural tourism because there is no other type of tourism (Cros, 2002).

Even at the time of ancient Rome, people visited places where there were remains of older cultures and civilizations. It is known that in the past the largest number of tourists were pilgrims. The origin of the word tourism is still connected with the term "Grand Tour", which means a trip to certain places and cities (mostly in Western Europe, yet not exclusively) for the sake of education and pleasure. The need for such trips arose in the 17th century in Great Britain among the aristocracy, for whom a trip to continental Europe was part of their education, and later spread among the middle class. As the volume of such travel increased, its educational significance decreased. Then the first museums that glorified artistic and industrial achievements appeared, and over time they become the embodiment of the bourgeois idea of the universality of culture. Museums soon became the centre of interest for travellers, i.e. tourists (Radović & Konjević, 2019).

The natural and cultural-historical area of Kotor was inscribed on the UNESCO World Cultural Heritage List at the World Heritage Committee meeting in Cairo and Luxor in 1979. The exceptional universal value of this cultural and historical area is contained in the quality of its architecture, the successfully achieved unity of nature and the construction of centuries-old cities and settlements, in the unique testimony of the role that the area played in the spread of Mediterranean culture to the Balkans, and the importance and quality of art and crafts, the entire geo-cultural zone, created by the unification of eastern and western culture (Arhitektonski fakultet Univerziteta Crne Gore, 2017).

The exceptional universal value of the protected area of Kotor is the quality of the architecture of historical towns and settlements, palaces and monastery complexes and their harmonious integration with the natural and cultural landscape.

The cultural heritage of Kotor, Perast and Risan, as well as the smaller settlements of Dobrota, Ljuta, Orahovac, Strpa, Morinj, Stoliv, Prcanj and Muo, represented by historical urban units, archaeological sites, complexes of historical buildings and individual buildings-palaces, is the most significant potential of cultural heritage, its specificities and differences, starting from the archaeological sites of prehistoric sites from the Late Stone Age and the Late Bronze Age to the late Baroque.

Richness, originality, high artistic, cultural and scientific value, and historical duration are the basic characteristics of the intangible cultural heritage of the Kotor area, which are particularly recognizable in traditional ceremonies and events, but also in new contemporary programs: traditional ceremonies related to the celebration of Saint Tryphon; the traditional festival Bokelian Night; Kotor carnivals; the traditional event Fashinada held on July 22 every year where the people of Perast town rebuild the island of Our Lady of the Rocks by bring rocks from the coast in their boats and dipping them into the sea; Camellia Days; Kotor Art Festival; Don Branko's days of music; Kotor Art Theatre and Philosophers' Square; Folk entertainment with characteristics of traditional folklore customs and gastronomy (Raikov, 2020).

The Port of Kotor is the only port in Montenegro that specialized in handling cruise ships and tourists. It is one of the ports in the Mediterranean, with the Adriatic as its significant segment. Actually, like any other port located in the Mediterranean, Kotor has many advantages compared to other cruising destinations, including the possibility for ships to be anchored near the city centre, which is most obviously manifested in Kotor and has to be highlighted. This allows travellers to visit many cultural monuments and religious buildings in a short period or enjoy various specific excursions that are organized in attractive nearby places (Investigating the Identity of Kotor in Crisis, 2021-2022).

Like in other selective forms of tourism, the global COVID-19 pandemic affected the stagnation of cultural tourism in Kotor and its area. Having in mind the importance and attractiveness of this destination recognized for its cultural facilities of UNESCO value, the recovery process is expected to be faster in the return of tourists both in private and cruising tourist arrangements.

Sustainable use of cultural heritage implies its protection and use. The use of cultural heritage can bring income, part of which is reinvested in its protection. This contributes to ensuring the sustainability of cultural heritage and at the same time enables additional financing from other sources, not relying only on the budget. In addition, the economic use of cultural heritage affects the raising of awareness and contributes to the understanding of the general public about its importance for building identity, community and social cohesion. The study on sustainable tourism, based on natural and cultural heritage, published by the European Union, recognizes three pillars (Radović & Konjević, 2019):

1) Economic pillar – it includes the definition of the sustainability of tourism and entrepreneurship, as well as their mutual influence, availability of labour force, natural resources, economic cohesion, well-being, and financial profit.
2) Social pillar - the possibility of employment, high-quality tourism, contribution to the development of humanity, social justice, ethical behaviour, respect for the local population and cohesion, mentioned both in the social and economic pillars.

3) Environmental pillar - sustainability in the environmental domain is manifested in environmentally friendly production and consumption in the entire chain of tourism, and sustainable management, protection and conservation of natural resources.

5. PERSPECTIVES AND OPPORTUNITIES FOR CULTURAL TOURISM DEVELOPMENT IN THE AREA OF KOTOR

Although promotional activities in tourist destinations with pronounced cultural tourism can be used to attract tourists, the risk of transmission of the COVID-19 virus resulted in the absence of people from participating in tourist activities due to the fear of infection and, as a consequence, a decrease in income from tourism.

Despite the growing body of research on this topic, two main research gaps emerge. The first research gap is related to certain inconsistencies regarding the factors that influence the population's support for tourism development. While most studies are based in developed countries, various authors have published calls for papers in different tourist destinations to examine the influencing factors on residents' perceptions and attitudes due to contradictory results in published studies. The other research gap relates to the examination of residents' support for sustainable tourism under the threat of a pandemic. Since the COVID-19 pandemic still exists in some tourist areas, empirical research focused on its impact on tourism is still being developed. Thus, there is a limited number of studies dealing with the perception of the host population concerning tourism activities, during or after the pandemic (Konjević, 2021).

The COVID-19 pandemic resulted in the closure of countries and thus the movement of tourists, until the end of the pandemic and a return to normality. Mobility restrictions (travel ban, COVID-19 measures) adopted by Montenegro significantly reduced the demand for tourist destinations by international tourists, which certainly affected the Kotor area and its cultural tourism. Despite numerous problems, the COVID-19 pandemic has created an opportunity to focus mainly on domestic tourists with the possibility of later expansion to international ones. However, during the COVID-19 pandemic, such a drop in visits in the cultural tourism of the Kotor Region was not compensated by domestic tourists in most cases.

6. IMPACT OF THE PANDEMIC ON CRUISE TOURISM

The cruise tourism industry of which it is an integral part has successfully overcome many challenges encountered during its development: the Spanish, Asian and Hong Kong flu in the 20th century; the terrorist attack on 11 September 2001 caused the loss of almost 3,000 people, the hijacked planes destroyed the twin towers in New York and hit the Pentagon building; let us mention the SARS epidemics in 2002 and the global financial crisis in 2008; a global pandemic of the A(H1N1) virus, better known as swine flu, was declared in 2009 and lasted for more than a year.

The COVID-19 pandemic represents the biggest crisis ever faced by the cruise industry, both in terms of the consequences caused, as well as in terms of their intensity and duration. It started in December 2019 in the city of Wuhan, China. The pandemic disease caused by the coronavirus was named COVID-19 in January 2020. Since then, the coronavirus has been present and multiplied in the reported 220 countries, covering all continents. By 22 December 2020, 57,882,183 cases were confirmed worldwide, of which 1,337,395 were fatal (WHO, 2023). Globalization and international travel habits have been identified as the main cause of the rapid spread of COVID-19. In 2020, on cruise ships, Coronavirus affected 3,908 people (passengers plus crew, only officially confirmed cases) of whom 111 passengers died (Blaskey et al., 2020).

In this scenario, the cruise industry has played a dangerous role due to the huge number of ships and passengers, as well as different destinations, visited all over the world. In the newly created circumstances, the state authorities of Montenegro reacted by passing the Decision on the ban on the entry of ships into the port of Kotor, which entered into force on 15 March 2020. By order of the Ministry of Health (No: 8-501/20-129/2497 dated 10 April 2021, free traffic was enabled for all vessel categories valid before the ban. This act terminated the ban on engaging in the basic activity of the company, which was founded by the local government back in 1988 to manage and exploit the marine resources in the Kotor Municipality area. In the newly created circumstances, on 12 May 2021 the concessionaire of the port of Kotor, the Port of Kotor JSC, published the "Application of measures and guidelines for the operation of the Port of Kotor JSC under the conditions of the COVID-19 Pandemic, Lkp.30" (Port of Kotor JSC, 2021).

The goal was to prescribe the procedures to be applied during the provision of port services and the stay of all persons in the port area, to protect public health in the current circumstances. The measures and guidelines were agreed upon with the line Ministries of the Government of Montenegro and aligned with the recommendations of the World Health Organization. The following main procedures used to be applied by ship owners and the port at that time:

- The captain of the ship gives a statement with the names and surnames of passengers and crew members, and their passport numbers, confirming that they have been tested and that the test results are negative;
- Passengers can leave the ship only for organized group excursions and the passenger are not allowed to leave the group.
- A passenger who leaves the group will not be able to return to the ship.

Accordingly, those restrictive measures applied to the passengers boarding the ships, in addition to the controlled group movements through the city, significantly minimized the travel experience. An overview of arrivals for cruise ships and passengers in the port of Kotor for the period 2018-2022 is shown in the table below, which demonstrates the negative effects caused by the crisis.

Table 7. Number of arrivals of cruise ships and passengers in the port of Kotor in the period of 2018-2022

Year	Number of Ships	Index	Number of Passengers	Index
2018	411	-	492,475	-
2019	464	112	613,747	125
2020	9	1.9	3,009	0,5
2021	64	711	9,139	304
2022	434	678	418.174	4576

Source: Record of the arrival of ships and passengers, Port of Kotor JSC

It is noted that the positive growth trend recorded in 2019, when a total of 464 cruise ships with 613,747 tourists visited the port of Kotor, was interrupted and drastically changed the following year, in 2020. During that crisis year, there were 9 cruise trips by foreign ships, which is identical to the number of trips in Montenegro. (Published by the Statistical Office of Montenegro (Port of Kotor, 2021). Ships arrived in the port only in the first quarter of the year (4, 3 and 2 ships in January, February and March, respectively). There were 3,007 passengers on board. Compared to 2019, the number of trips decreased by 98.2%, and the number of passengers by 99.5%. In terms of the flag under which they sailed, the structure of ships that sailed into the territorial sea of Montenegro in 2020 was as follows: Malta (88.9%), and Italy (11.1%) (Port of Kotor, 2021). The following year, in 2021, MV *La Belle de l'Adriatique* was the first ship that entered the port after its closure to traffic. In addition, in June, Kotor was visited by three other ships with a total of 487 tourists on board. At the end of the year, there was a total of 64 cruise ships with 9,139 passengers. The ships dominantly sailed under the flag of Malta (27.0%), and then Belgium (20.6%), Croatia (20.6%), Norway (17.5%), Bahamas (6.3%), Netherlands (3.2%), France (3.2%) and Great Britain (1.6%) (MONSTAT, 2021b).

The records of the arrival of ships and passengers in the port of Kotor for the year 2022 show that the consequences caused by the pandemic disease are in the process of being overcome. There was traffic recorded in all months, except for January. The intensive season lasted from June to October, with an average of 64 ships per month at the berths and anchorages of the port. Cumulatively, there were 434 ship arrivals with 418,174 passengers or 85% of the actual traffic in 2019.

7. CONCLUSION

Research of the Covid-19 pandemic impact on tourism using the example of Kotor indicates that the crisis has had an impact on tourist flows. Although in the first year of the crisis, in 2020, there was a significant drop in the number of tourist arrivals by approximately 92%, in the following year 2021, the drop was significantly reduced to around 65%. Next year, in 2022, the number of arrivals almost equalled the one before the onset of the crisis.

In the case of small countries, such as Montenegro, changes in touristic trends, whether positive or negative, may change relatively quickly. Tourists come to Kotor from almost all over the world. Thus, in 2019, the visitors came from 50 countries. Dominant tourists belong to the "mature age" category (37.6 years old on average), while 51.4% of them visited the city for the first time. The results of tourists' opinions, expressed through their attitudes and evaluations, show that they perceive Kotor as a city of ancient architecture and art, which proves that they recognize its values. Regardless of the negativity caused by the crisis, it can be concluded that Kotor as a tourist destination has confirmed its value on the tourist market.

For the development of cultural tourism in the protected area of Kotor, included on UNESCO's list of world cultural heritage, it is necessary to have a Strategic Development Plan both at the local and national levels. In this way, the touristic image of cities and smaller settlements in the protected area would be planned and comprehensively designed.

Kotor, as a recognized destination for cruising tourists, shares the fate of destinations on the Adriatic and the Mediterranean, and the COVID-19 pandemic have shown the sensitivity of this type of tourism, but also its vitality and ability to adapt in crises.

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Is Moldovan Tourism Well-Equipped to Overcome the Pandemic? The Key Role of Emerging Technologies

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Abstract: *Abstract: This chapter examines the impact of the coronavirus pandemic on the tourism sector in the Republic of Moldova, a poorly researched, yet promising, post-soviet country sandwiched between Romania and Ukraine. A SWOT analysis is presented in the first part, suggesting promising strategic orientations for the sector. Secondly, we assess the impact of the pandemic both in the short and medium run. Drawing on emerging technologies, such as blockchain, virtual reality, and artificial intelligence, some innovative digital solutions are sketched out, in order to enhance tourism attractiveness in a post-COVID-19 world.*

1. INTRODUCTION

The Republic of Moldova (hereafter Moldova) spans over a small surface (33,843 sq. km) with a rich history. Moldavan landscapes resemble those of the French region of Burgundy, although the underlying rocks (Cenozoic) are geologically younger (Wikimonde, 2020). The origin of the name "*Moldova*" is both mysterious and fascinating. Moldovan chroniclers *Dimitrie Cantemir and Grigore Ureche used to narrate the following story, which is not historically evidenced. Moldova was named* after the Moldova River, a Slavic term derived from Slavic mold-, "*spruce, fir*". Prince Dragoș would have named the river after a strenuous hunt following which he found his beloved hound drowned in the river (King, 2000, p.13). The dog's name was hence given to the river, extended to the region of Moldavia in the Middle Ages, which became in 1359 an independent principality, yet under the broader rule of Romanian prince Bogdan (Worden, 2014).

A different etymology is proposed by A.I. Sobolevsky (1856-1929), a Russian scholar who extensively researched Romanian language and culture studies in Russia. The name "*mold*" would be derived from *moldu*, meaning "tender, soft, young" (Nandris, 1968, p. 121) whereas the ending *-ov(a)/-av(a)* is a common Slavic suffix used in appellatives and proper names in the Russian language (e.g. Medvedev, Gorbachev, Nefedova). Worden (2014) argues that regardless of the true origin of the name "Moldova", contemporary Moldovan History scholars tend to regard 1359 as the year of birth of their nation.

The Republic of Moldova, called Bessarabia by Romanians or Romanophiles, was annexed by USSR after the 1939 Molotov-Ribbentrop Pact. Formally a Soviet socialist republic after 1945, it acquired its independence for the first time in the modern era on 27 August 1991. Geographically, Moldova is located in Eastern Europe (the distance between Paris and the capital Chisinau

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is approximately 2500 km); it is sandwiched between Ukraine and Romania, without any access to the sea. The country is hilly, without any mountains (the nearest are located in Bucovina in Romania and Ukraine). Moldova spans over 150 km between the North and the South and 150 km between the West and the East.

The Pridnestrovian Moldavian Republic (or PMR which stands for *Приднестровская Молдавская Республика* in Russian), has been a breakaway state (since a civil war that afflicted Moldova in 1991 following the dislocation of the Soviet Empire). This small piece of land sandwiched between the Dniester River and the Easter Ukrainian border is presently unrecognized by the international community with the exception of three other unrecognized States (Abkhazia, Artsakh, and South Ossetia). The Federation of Russia has opened a consulate in the capital Tiraspol and provides sizable quantities of gas and electricity at no cost to the country. Transnistria is designated by the Republic of Moldova (with which it has an unofficial border and a number of checkpoints) as the Transnistria autonomous territorial unit with special legal status or Stînga Nistrului ("Left Bank of the Dniester" in Romanian).

Formally a parliamentary republic functioning under the rule of Law, Moldova has been subject to opaque oligarchic forces from the onset of the twenty-first century. The most emblematic example is Vladimir Plahotniuc, a politician and business tycoon who was considered the most powerful individual in the country between 2012-13 and June 2019 (Pilkington, 2019). Nine parliamentary elections have taken place since 1991. The latest was held in February 2019 and resulted in a hung parliament, leading to a dramatic constitutional crisis and the departure of the reigning oligarch who fled into exile (Pilkington, 2019).

Moldova is divided into 37 first-tier units, including 32 districts, three municipalities (Chişinău, Bălţi, Bender), one autonomous territorial unit (Gagauzia), and one separatist territorial unit (Transnistria). The capital and largest city is Chisinau. Moldova has 66 towns (five with municipality status), and 917 communes. 699 villages are too small to have separate administrations and are administratively part of either cities (40) or communes (659), amounting to a total of 1,681 localities (PricewaterhouseCoopers, 2014, p.7).

Along with recent political instability, Moldova has often been a victim of negative publicity in the international media, with commentators stressing the country's reliance on Russian imports. The fact the Moldovan economy has traditionally been heavily dependent on the export of wine to Russia has also allowed Moscow to apply economic pressure by occasionally banning the import of Moldovan wine. In 2013-14, wine was among a broad range of Moldovan agricultural exports banned by Russia before and after the country's signing of an EU association agreement, along with Ukraine and Georgia (BBC, 2015).

Another damaging narrative pertains to a major banking scandal that occurred in 2014, the so-called theft of the century, when almost one billion dollars (or the equivalent in domestic currency) disappeared from the coffers of three state-controlled banks (Pilkington, 2015).

In spite of the recurrent turmoil, Moldova is a country with extraordinary potential especially regarding incoming tourism. Tourists living in big Western or Asian urban areas are invited to venture onto "*small roads winding through the vineyards, sunflower fields and verdant pastures, bucolic and romantic waterfalls, beautiful monasteries carved into the limestone cliffs, not to forget the festive spirit that reigns in Chisinau, the capital*" (Pilkington, 2016a, p. 501).

Part of Great Romania between 1918 and 1940, Moldova was at different times under the yoke of Romania, the Ottoman and Russian empires, which accounts for its ethnic diversity and complexity (NATO Strategic Communications Centre of Excellence, 2017, p. 23; Central Intelligence Agency, 2017). Proponents of unification with Romania emphasize the Romanian history of the country and its original name, Bessarabia, the region bounded by two rivers, the Dniester on the east, and the Prut on the west (that roughly corresponds to today's Moldova).

A noteworthy feature of Moldova is that it was home to the most ancient human settlements in Europe, the so-called Cucuteni-Tripolye (Stanislav & Vornicu-Terna, 2020; Stanislav et al., 2020), a Neolithic–Eneolithic archaeological culture (c. 5500 to 2750 BCE) that populated areas spanning over today's Transylvania in Romania, Bucovina in Romania and Ukraine and North-West Moldova, more particularly the Edineț district (Figure 1).

Figure 1. Aerial view above three cross-sections of the Cucuteni archeological site

Source: Archeologic research in the Republic of Moldova, 2019 Campaign, National reporting session, April 18, 2020

Globalization trends comingle with an unfinished modernization agenda, along the sinuous path toward a functional democracy. Moldova searches for its own coherent geopolitical framework that would help her acquire stability in our fast-changing world, having in mind long-term national interests.

The COVID-19 pandemic is likely to reshape the forces currently at play as shown by the recent controversial Russian allocation of a 200-million-euro line of credit to Moldova (Cenusa, 2020), which was outlawed by the constitutional court (Radio Free Europe/Radio Liberty, 2020).

Out of the 3.5 million population of Moldova, nearly one million people live abroad (Gherasimov, 2020) and form the Moldovan diaspora. Personal remittances accounted for a sixth of the country's GDP in 2018 (International Monetary Fund, 2020). Among the diaspora, approximately 300,000 to 350,000 are seasonal workers with short-term contracts (International Monetary Fund, 2020). Seventy thousand of them are in the precarious situation of being laid off immediately (Gherasimov, 2020). Should half of these seasonal workers decide to return home, we would witness a 10% increase in the working-age population that will shape post-COVID-19 labor market evolutions.

The majority, however, have decided to set new roots in their country of adoption. They have emigrated with their family, and their traditions, taking with them the cultural heritage. They incarnate Moldova all around the world in times of (tormented) globalization. Thanks to them, other nations are exposed to the Moldovan culture and vice versa in a constant multidimensional process of social, economic, and cultural interaction. Moldova's culture offers plenty of tourism activities to the interested visitor: literature, theater, music, plastic arts, architecture, radio and television broadcasting, library archives, design, book publishing, scientific research, cultural tourism, etc.

2. THE HOSPITALITY AND TOURISM SECTOR IN MOLDOVA

Moldova was featured on the hotlist of the best destinations in Europe by the acclaimed travel guide Lonely Planet (2017) inviting tourists to discover "*Europe's final frontier: little visited, lost in time and always surprising*". It also warns "experienced travelers to Europe", who are likely to be "amazed and disoriented by Moldova" (Lonely Planet, 2017).

A landscape of low, rolling hills and secretive cave monasteries are just a few of the gems you'll discover here. Moldova's capital city, Chişinău, is wonderfully slow, but the countryside is where you'll feel most at peace. Take a trip to Orhei, an hour's drive north of Chişinău, for a hike through fields and forests and a glimpse at the sacred Orheiul Vechi. Vino lovers rejoice: wine is one of Moldova's primary exports, so there's no surprise that the country hosted the 2017's Black Sea Wines and Spirits Competition, plus its annual ExpoVin (Bishop, 2017).

Table 1 shows SWOT analysis of the tourism sector in Moldova.

Table 1. SWOT analysis of the tourism sector in Moldova

Strengths • Wine tourism is the key driver of foreign leisure visitors to the country: Cricova and Milesti Mici are the two longest wine cellars in the world. • The most valued experience is "local hospitality" (71%). • Synergistic development of wine tourism, gastronomy, rural and "soft adventure".	**Weaknesses** • Lacks of European-quality accommodation, activities, and other tourism products with the potential to attract high-spending tourists for long periods of time.
Opportunities • Prototype rural and wine tourism products, fostering quality growth, innovation, diversification, and expansion of services, including bed & breakfasts, craft centers, wineries, and festivals. • Untapped potential for rural tourism. • Soft adventure activities, such as biking and hiking tours, sporting events, and interactive experiences are being developed around the main wine hubs, enriching Moldova's tourism offer. • Orheiul Vechi has the potential to become a UNESCO World Heritage Site. • Preservation and management of Orheiul Vechi, initiatives to attract thousands of local and international visitors to the site, including a three-day opera festival, DescOpera every June.	**Threats** • Political instability. • Frozen conflict with Transnistria. • COVID-19 pandemic.

Source: Based on USAID (2018)

Incoming tourism in Moldova represents 1% of the GDP (against 10% for the European Union) and is generated by less than 4% of all travel agencies in the country (ANTRIM, 2020).

Moldova's cultural and natural heritage appeals to the visitor through the expansion of nature-based activities such as cycling routes (Figure 2) following the example of Romania and other countries in Central and Eastern Europe (OECD, 2018, p.44; EuroVelo, 2017).

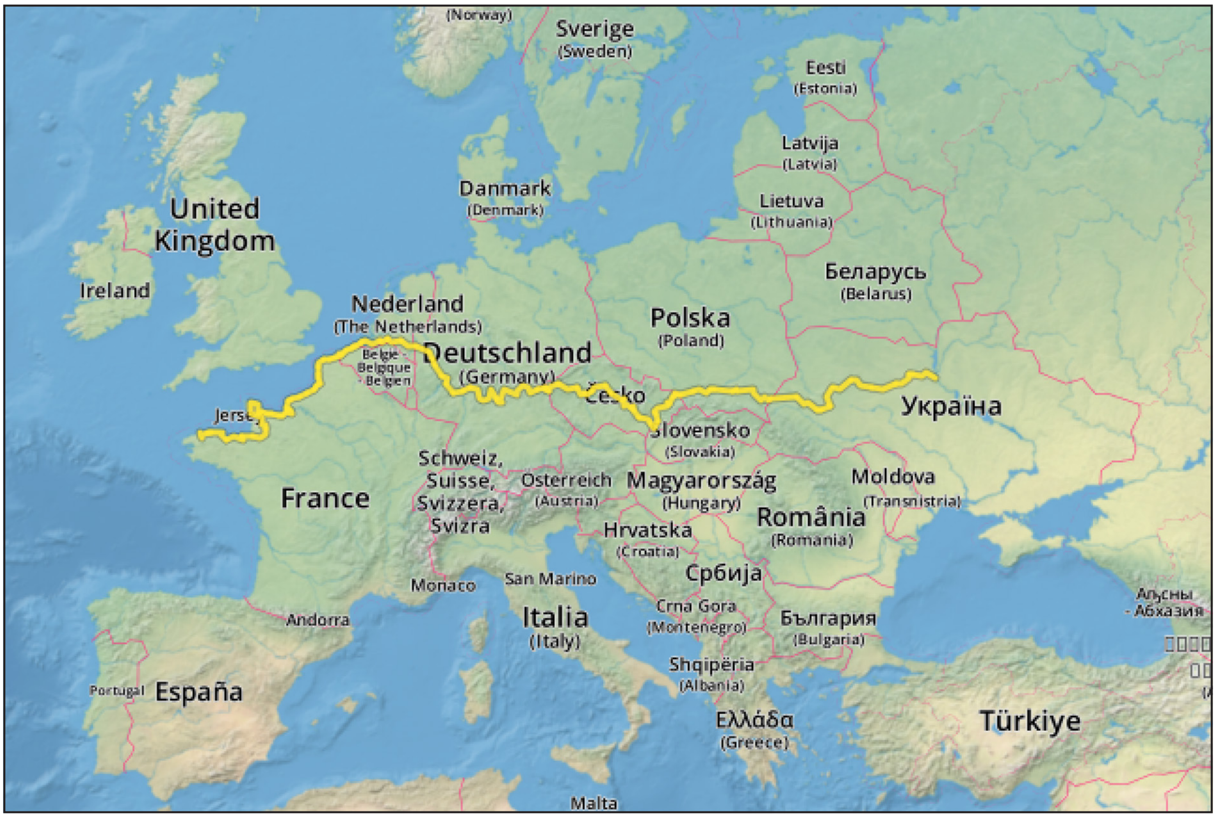


Figure 2. EuroVelo 4 - Central Europe Route (5.100 km)

Source: https://fr.eurovelo.com/ev4

Rueda-Esteban (2019) explains that the promotion of cultural and natural heritage sites can be enhanced by technology. A country might be promoted with the help of cycling itineraries. In this respect, let us mention the initiative by EuroVelo (2017) and the European cycle route network known as EuroVelo (OECD, 2018, p.44).

The Moldovan Cycling Federation (http://www.moldcyclism.md/) could turn into an advocacy group, and partner with ANTRIM (National Association for Inbound Tourism in Moldova, https://antrim.md/) so as to become an active member of the European cycle route network also known as EuroVelo, in order to enhance the tourism attractiveness of Moldova.

A substantial source of international aid for tourism is the USAID (2018) Moldova Competitiveness Project, supported by the Embassy of Sweden. It aims at fostering tourism infrastructure and promotional initiatives and facilitating a business-friendly environment in order to spur growth. The aim is largely to get rid of the (now undeserved) qualifier of Europe's least visited country (Pettersen, 2013). USAID (2018) foresees a potential for a tenfold expansion of tourism in the next ten years contributing up to 3% of domestic GDP (against 1% today). Of course, the recent COVID-19 pandemic has put a halt to this ambition.

2.1. Stakeholders in the Tourism Industry

For the UNWTO Think Thank (2002), a local tourism destination is a physical space in which a visitor spends at least one overnight. It includes tourism products such as support services and attractions, and tourism resources within one day´s return travel time. It has physical and administrative boundaries defining its management, images, and perceptions defining its market competitiveness. Local tourism destinations incorporate various stakeholders often including a host community and can nest a network to form larger destinations.

The local tourism destination is UNWTO Think Thank (2002):

- The fundamental unit, on which all the many complex dimensions of tourism are based,
- The focal point in the development and delivery of tourism products and implementation of tourism policy,
- The basic unit of analysis in tourism,
- Offers a broad range of products, experiences, and services under the destination brand,
- Cluster: co-location of activities (products and services) that are linked horizontally, vertically, or diagonally along the value chain and served by the public and private sectors,
- Physical, but also intangible (image, identity, personality),

The main stakeholders of the tourism industry are graphically represented in Figure 3.

Figure 3. Stakeholders in the tourism industry
Source: Terzić et al., 2014

2.2. Tourism Activities Offered by Tourism Agencies and Tour Operators in 2019

The National Bureau of Statistics informs that in 2019, travel agencies and tour operators provided tourism services to 376.600 tourists and hikers, a 16.4% increase from 2018. The increase was contingent on the increase in the number of outbound tourists (+ 17.6%), domestic tourism (+ 14.9%), as well as incoming tourism (+ 3.0%). The highest share in the total number of foreign tourists and hikers arriving in Moldova in terms of countries represented are Romania (17.4%), Austria (13.2%), Germany (8.0%), the Federation of Russia (7, 0%), Ukraine (6.6%), Poland (5.0%) United Kingdom (4.8%), China (4.2%), Italy (2.9%), United States (2.5%), Netherlands (2.3%), Japan (2.2%), Turkey (1.8%), Sweden (1.5%), Finland (1.4%), Israel and France (1.2% each), Switzerland and the Czech Republic (1.1% each), Lithuania (1.0%).

The number of tourists and hikers participating in domestic tourism in 2019 was 46.100, a 14.9% increase from 2018. The movement of residents in Moldova, for tourism purposes, was organized by travel agencies and tour operators in Chisinau (54.3%), the Center (23.7%), and the South (21.8%). Moldova is a member of the World Tourism Organization, the UN agency responsible for the promotion of responsible, sustainable, and universally accessible tourism.

The Moldovan Government, tour operators, and other value chain players are stakeholders that aim to enhance Moldova's image as a tourism destination, and foster demand in the international marketplace. The MCP (Moldova Competitiveness Project) regularly organizes targeted marketing campaigns in regional and European source markets, familiarization trips to receive positive foreign media coverage, and participation in international trade fairs to strengthen business ties between Moldovan tour operators and their international counterparts (USAID, 2018).

Moldova's tourism legal framework requires profound restructuring to align with international best practices, engage public-private partnership models, and reduce barriers to entry for businesses such as rural guest houses. To ensure the sustainability of the industry itself, MCP (USAID, 2018) strengthens the capacity of inbound tourism business associations such as ANTRIM, and facilitates transparent dialog with the Government, allowing private sector associations to respond to changes in legislation affecting the industry.

Moldova was ranked among Europe's 'top-10 must-visit destinations' by Lonely Planet four years after being voted Europe's 'least visited' country in 2013. The 'Tree of Life' (Moldova.travel, 2020) was proposed as the national tourism brand. Afterward, Moldova began to see increased flows of foreign visitors and tourists, up to 3.76 million visitors and 121,000 tourists in 2019. Innovative social media campaigns such as #BeOurGuest were launched, receiving a record 2 million hits in target markets in just one week, driving 25,000 unique visitors to the national tourism portal. The number of rural guest houses and wineries offering tourism services has doubled, following upgrades to meet international accommodation standards and improve visitor experiences. Tourists in B&Bs have tripled, and wineries have experienced a 50 percent increase in visitors. Flagship festivals and cultural events, such as 'National Wine Day' and 'DescOpera' attract over 150,000 international and local visitors each year (USAID, 2018).

3. THE IMPACT OF THE COVID-19 PANDEMIC

The impact of the pandemic on tourism and hospitality has been severe. How it all began (Lonely Planet, 2020): *now is not the right time to travel to and from many places. All travelers should follow government advice and as a further measure consider if their journey is responsible and essential in the current context*. Figure 4 shows the progression of the epidemic in Moldova (March-August 2020).

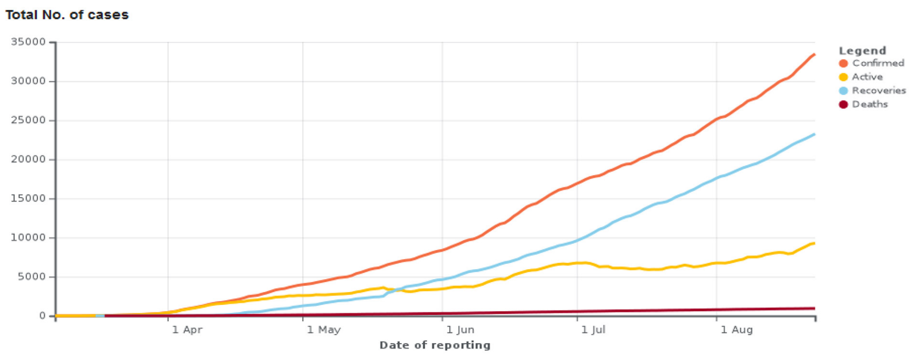


Figure 4. COVID-19 cases in Moldova
Source: Wikipedia

Moldovan GDP was expected with foresight to decrease by 6% in 2020, possibly more according to Octavian Calmic, former Deputy Prime Minister, Minister of Economy of the Republic of Moldova (cited in BusinessClass, 2020). The final World Bank figures posted a 7.4% negative GDP growth rate for 2020.[2]

A report commissioned by United Nations Moldova highlights the vulnerability of the economy to social distancing and other protective measures against the COVID-19 pandemic in the light of its reliance on consumption (retail trade, restaurants, and recreation) and personal remittances (Figure 5), with around a quarter of all households who receive remittances from family members abroad, accounting half of the disposable income of households in the country.

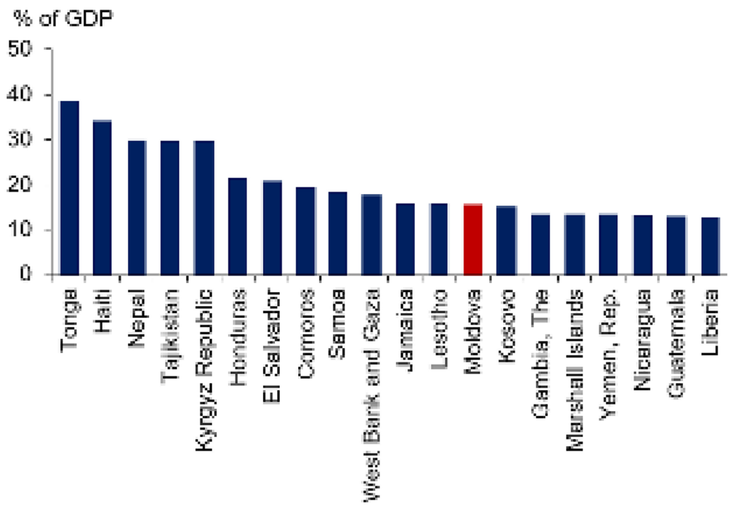


Figure 5. Remittances in 2019: Selected countries
Source: Oxford Economics/Knomad

Its Oxford Economics sovereign risk indicator (Figure 6) makes it one of the most vulnerable countries in the CIS / CEE region. The most pessimistic scenario forecasts a 20% fallout of GDP in Q2 2020 in line with developed nations, and 6.6% in 2020 while personal remittances are expected to plunge by around 24-27% similar to 2009. For Vicol and Mogîldea (2020) a massive EU recession will reduce exports and remittances while the national currency (Leu) will come under pressure.

Figure 6. Sovereign Risk: Selected European countries
Source: Oxford Economics

2 The World Bank statistics on GDP growth for the Republic of Moldova are available here https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MD

The 'SMEs Digitalisation Program' was launched by the Organisation for SMEs Development (ODIMM), in order to support domestic producers in the digitization of their business processes and help them distribute their products or services on online platforms. For example, the GoOnline platform aims at connecting digital service providers with SMEs requesting support to transfer their businesses online and generate sales. The administrators of the platform claim that the project has already helped digitize 61 small Moldovan businesses, having benefited from visual identity, integrated online payment and delivery solutions, etc. (Ministry of the Economy and Infrastructures of the Republic of Moldova, 2020). A study titled 'How COVID-19 pandemic affected the work of Moldovan companies' by AmCham Moldova (2020) with the support of PwC Moldova, states that Moldovan companies in all sectors wish to reposition themselves on the online market. This trend had been foreseen by Pilkington (2016a) and his intuitions on tourism 2.0 in the Republic of Moldova.

As to guaranteeing loans, the Government came up with a New Guarantee Product – a financial product launched by ODIMM in partnership with Moldovan commercial banks, for issuing preferential loans to SMEs affected by the pandemic crisis. Thus, companies that recorded a decrease in sales revenue by 30% between March and June 2020 compared to a similar period of the previous year were able to apply for working capital loans state-guaranteed to an extent of up to 80%, with a zero guarantee fee until December 31, 2021. Also, companies applying for investment loans were able to benefit from guarantees that covered up to 80% of the loan with a maximum value of MDL 5 million.

UNWTO (2020) acknowledges that: "*the tourism sector, like no other economic activity with social impact, is based on interaction amongst people*". Taking into account the minimum commission applied by travel agencies and tour operators, averaging 7%, the losses for six months, recorded by travel agencies, were expected to be around 77 million LEI. This figure does not pertain to hospitality whose evolution is more difficult to forecast. The first months of the 2020 tourism season in Moldova offered promises (Moldova.travel, 2020):

- The Milestii Mici Run on 9 February: unique race through Mileștii Mici wine cellars.
- The Martisor international cultural festival (March 1-10): the celebration of the arrival of spring and the name of a red and white tassel pin worn on the chest.
- Wine Vernissage (30 April): wine tasting and mundane gala for wine amateurs.
- May Day (1 May), Asconi Winery, Ialoveni, Puhoi village: first picnic of spring.
- Mountain bike marathon in Ohreiul Vechi (2 May).
- Hederlez (6 May), horse racing and popular games in Ceadir-Lunga, Gagauzia.

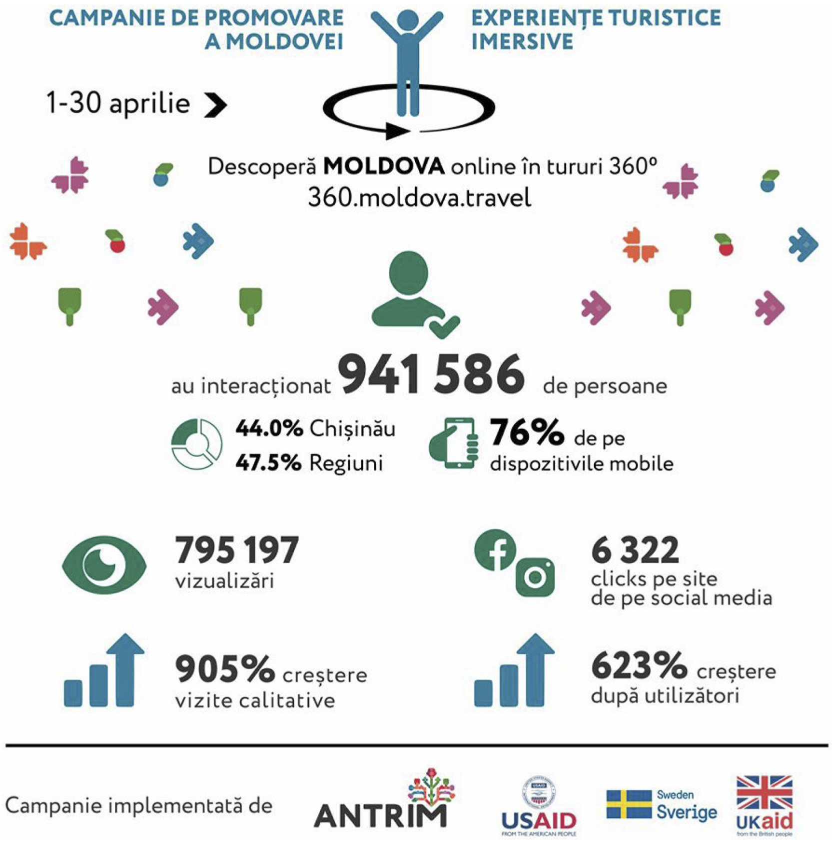
Prior bookings, up 10-15% from the previous year, reflected this trend. In 2019, the turnover registered by tourism agencies amounted to 2.17 billion LEI. The estimated losses for 2020, compared to 2019, were at least 151.9 million LEI (DIEZ, 2020).

4. TOURISM IN A POST-COVID-19 WORLD

4.1. Short-Term Measures

4.1.1. Promotion of Moldova during the Travel Bans

In April 2020, with the support of MCP, a promotional online campaign entitled "Discover MOLDOVA online in 360° tours " (http://360.moldova.travel/ and Figure 7), by living the authentic travel experience, through 360° virtual tours of the main tourist spots in Moldova.



Legend: Campaign of promotion of Moldova / Immersion tourism experience / 1-30 April / Discover Moldova online in 360° tours 360 Moldova.travel / 941.586 people have interacted / 44.0% from Chisinau, 47.5% other regions, 76% on mobile devices / 795.197 views / 905% growth in qualitative visits / 6322 clicks on social media websites /623% growth in terms of users

Figure 7. Results of the campaign Discover MOLDOVA online in 360° tours
Source: ANTRIM

The launch of the “Discover MOLDOVA online in 360° tours” campaign spurred a 623% increase in user traffic, a 905% increase in individual user-initiated sessions, and a total audience of 941,586 people who interacted with the website, 44 percent of which were users in Chisinau, and 76% were connected to mobile devices.

Furthermore, #NeamPornit (that translates into “we have started” in Romanian) is a national campaign and a hashtag on social media (https://www.facebook.com/neampornit/) for the promotion of incoming tourism.

4.1.2. Measures for the Healthcare and Medical Tourism Sector

Medpark undertook the concerns of all parents (especially mothers) regarding the epidemiological situation. All medical services at Medpark Maternity were reorganized so to isolate pregnant women from all other groups of patients and assign a medical team and assistants working only with this group of patients.

The "Healing Solutions Tourism Challenge" campaign launched by World Tourism Organization (WTO) was a global call to propose solutions for a rapid recovery of the tourism and hospitality sector. Rodica Verbeniuc, General Manager, of Moldovan Investment Agency the contact point for Moldova advocated the adoption of a platform-based and digital approach involving the associative environment; new incentives such as entry into the UNWTO Innovation Network (UNWTO Innovation Network) listing 5,000 tourism startups, 930 corporations, 300 public institutions, 50 educational institutions, 30 incubators and 200 investors.

Moldova was at the center of four innovations (Monitorul fiscal Fisc.md, 2020).

- Anton Perkin, founder of Visit.md: 360° virtual videos of Moldova.
- Stas Balaur, founder of Teleportravel: collective sharing of tourist experiences and thematic classification of tourist itineraries.
- Alex Gutsaga, founder of "Hai la tara": pottery activities with children.
- Sergiu Nagailic, founder of Medical Tourism Review (Figure 8): medical tourism platform featuring an appointment setting system, live chat, and a telemedicine solution. The start-up could act as a catalyst for medical tourism in Moldova (Pilkington, 2021).

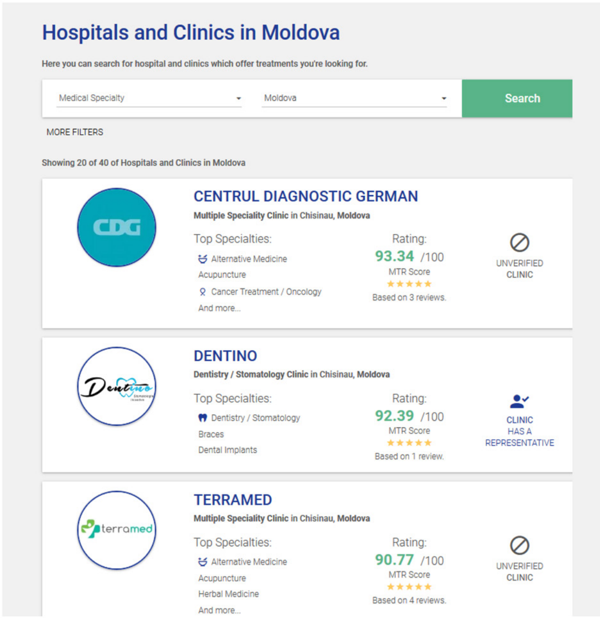


Figure 8. Medicaltourism.review, a startup founded by two Moldovans
Source: https://medicaltourism.review/providers/medical/in/moldova/all

4.1.3. Financial Relief Measures to Support Travel Agencies

A pressing concern for the Moldovan tourism industry was the reimbursement of advances (required by law) for all travel contracts signed until March 17, 2020, the beginning of the State of emergency. Yet, these advances ahead of the summer season have been frozen in the accounts of third-service providers, as the pandemic exploded, and were unlikely to flow back swiftly to tour agencies. The latter entities, therefore, formulated a request to the Government on 12 May 2020 for a moratorium granting them a one-year delay in refunding their customers (Unimedia, 2020). This topic was discussed on the eve of an online meeting in April between the Minister of Economy and Infrastructure, Sergiu Railean, representatives of the National Association of Travel Agents of Moldova, the Investment Agency, the Ministry of Justice, and the Agency for Consumer Protection.

"*The pandemic crisis has hit hard not only travel agencies in our country but also the entire industry worldwide. We analyzed the proposals from the travel agencies, the measures adopted by other countries in a similar situation, and also the interests of tourists to recover their money* *or to reschedule their vacations. In this situation, it was important to help the tourism business to survive but also to ensure that our citizens are protected*" (Sergiu Railean, Minister of Economy and Infrastructure of Moldova, cited in infotag.md, 2020, own translation).

On May 22, 2020, the Parliament approved a bill providing an extension of 14 to 540 days of the deadline for refunding payments for tourist packages for contracts signed between October 2019 and March 17, 2020, in case of termination before the start of the trip (Unimedia, 2020). Between October 2019 and March 2020, local tourism companies cashed in advances for tourist packages paid in part or in full for about 25 thousand customers, worth almost 5 million Euros. The external transfers made by these companies in the same period for these tourist packages exceeded 6 million Euros (Unimedia, 2020).

4.2. Medium to Long-Term Measures

4.2.1. Corporate Tourism

Pilkington (2016a, p. 524) encourages corporate tourism growth "*with the help of a database of current and potential tourism sector investment opportunities in Moldova indicating their level of investment readiness*". Travel agencies ought to work in partnership with the business community stakeholders, engage in up-to-date market intelligence, and design performance data sets. An annual tourism investment monitor should be compiled and published every year on the model of what is already available in international chambers of commerce. Tourism agencies willing to get involved in corporate tourism need to "*assemble an accessible PR and communications plan aimed at the international investment community*" (Pilkington, 2016a). Finally, they should stand ready to provide facilitation services including an introduction to local partners (B2B), tourism research, and market analysis. From a macroeconomic standpoint, corporate tourism should become pivotal to the inward Foreign Direct Investment (FDI) policies Pilkington (2016a, p. 521).

Corporate tourism differs from tourism for leisure and recreational purposes in the sense that the distinction between incoming and outbound tourism is blurred. Potential clients, before signing any travel contract, may attend relevant investment conferences in key FDI source countries and might express interest in hosting tourism investment opportunities conferences and seminars in these potential source markets (Pilkington, 2016a).

Corporate tours should preferably focus on the free economic zones offering tax and customs benefits, aiming at fostering development by attracting domestic and FDI, promoting exports, and creating employment (World Bank Group, 2016). In Moldova, seven free economic zones and zones with a similar status have been set up to date (Welcome.md, 2020):

- Expo-Business Chisinau (situated in the capital of Chisinau);
- Ungheni-Business (situated 107 km to the north-west of the capital);
- Tvardita (situated 115 km to the south of the capital);
- Otaci-Business (situated 220 km to the north of the capital);
- Valkanes (situated 200 km to the south-west of the capital);
- Taraclia (situated 153 km to the south of the capital);
- International Free Port of Giurgiulesti (situated 210 km to the south of the capital);
- Free International Airport of Marculesti (situated 126 km to the north of the capital).

Notwithstanding the undeniable need for enhanced investment attractiveness, policymakers should avoid going too far in proselytizing on the merits of corporate tourism by turning a blind eye to due diligence. An example of needed caution is the aborted Moldova Citizenship-by-Investment (MCBI) program, developed in partnership with Henley & Partners. The investment scheme was suspended in 2019 due to "questions about the companies that are involved in this program" after some investment-related wrongdoings in Dubai were unmasked" (Gonçalves, 2019).

The outbreak of the pandemic was not incompatible with the setting of long-term goals for tourism. International organizations have stressed the need to mitigate the socio-economic consequences in terms of trust, jobs, and security, to improve competitiveness and sustainability, enhance digitalization, green initiatives, and sustainable development, and achieve Sustainable Development Goals (United Nations, 2020).

5. THE ROLE OF EMERGING TECHNOLOGIES FOR TOURISM ATTRACTIVENESS IN A POST-PANDEMIC WORLD

In this final part, we examine the role of three disruptive technologies that have the potential to revolutionize the tourism industry and enhance the tourism attractiveness of the Republic of Moldova in a post-pandemic world. We will successively tackle blockchain technology, virtual reality, and artificial intelligence.

5.1. Blockchain for Tourism Growth in Moldova

As explained by Pilkington (2016b, p. 228), blockchain technology is no longer circumscribed to cryptocurrencies: “*Bitcoin is one blockchain-based platform amongst others, although it still is the most famous worldwide*”. Rather, it has arguably grown into a disruptive technology which wide-ranging effects on our lives, often compared to the revolution(s) triggered by Web 1.0 and Web 2.0. There now exists an emerging symbiotic relationship between blockchain and Web 3.0 (Pilkington, 2017). Moreover, the nature of the disruption under scrutiny is simultaneously social, economic, technological, and legal.

Valeri (2020, p.33) points out that a few airlines such as Singapore Airlines, Air France or KLM have experimented with DLT for tracking the status and location of passenger bags or spare parts of the aircraft, digital identity (crews and passengers) and supply chain management. Pilkington (2020, pp.1-2) provides a list of DLT use cases in the tourism sector with varying degrees of success. Further, Pilkington and Crudu (2017) examine the potential of blockchain technology for poverty alleviation in the Republic of Moldova, but also tourism growth. Combining these two perspectives, we believe that the fight against corruption is beneficial to tourism development, especially in transition economies such as Moldova.

One of the biggest enemies of the investment climate of any country is the prevalence of government corruption. Corruption is generally defined as the abuse of public power for private gain (Rodriguez et al., 2005), and takes the form of bribery, embezzlement, cronyism, and electoral fraud (Aggarwal & Floridi, 2018, p. 1); additionally, it might include illicit gifts, favors, nepotism, and informal promises (OECD, 2003a, 2003b; Lennerfors, 2009; Brown and Cloke, 2011; Breit, 2011). The complex relationship potentially marred with corruption between electors and elected representatives is emblematic of the principal-agent problem in economics (Aggarwal & Floridi, 2018, p.1). For Davis et al. (2022, p. 541), corruption should not only be regarded as a state but also as a process. The latter is conducive to the emergence of a shadow economy, and increases transaction costs; it undermines competitiveness, discourages FDI and innovation, hampers economic efficiency, and makes the country more vulnerable to economic crises (Carasciuc, 2001, p. 9). In developing countries where corruption is prevalent, an oft-documented issue that lends itself to a very interesting blockchain-based use case is a land registry (Kshetri & Voas, 2018; Pilkington, 2016b, p. 234) with experiments underway in Brazil, Honduras, Ukraine and Georgia (Aggarwal & Floridi, 2018, p.2).

The links between corruption and poverty in Moldova were evidenced by Pilkington and Crudu (2017) who provide an interesting review of literature combining World Bank methodology (support to sustainable growth, poverty reduction, and effective use of development assistance) as well as insights into the recent history of Moldova. They emphasize the quality of the institutional framework, transparency and accountability of public sector officials, and the traceability of public funds. Pilkington (2016a) gives support to the idea that digitization can enhance tourism attractiveness in the Republic of Moldova.

Blockchain technology is a new instrument that can serve both the fight against corruption by addressing the abovementioned issues and help promote tourism through digital tokens, smart contracts, loyalty, and rewards programmes (Pilkington, 2021; Pilkington & Crudu, 2017). Let us also mention a questionnaire survey in the Spanish hospitality sector. Forty-nine responses from managers in the Spanish hotel industry, assessing the perceived relevance of blockchain technology, were received and processed by Flecha-Barrio et al. (2020). They identified significant limitations, such as security failures (64.7%), and security gaps in cryptocurrencies (52.9%). Technological incompatibilities, protocol vulnerabilities, complexity, traffic level, and the link with cryptocurrencies were also mentioned (47.1%) by the respondents.

Before the implementation of any use case of blockchain technology (Pilkington, 2016b), which could possibly take time before marketable solutions become available on the IT market, we advise potential investors in Moldova to consult the webpage of the Public Procurement Agency of the Republic of Moldova (2020) for information on public procurement regulations, awarded contracts, tender notices and a list of companies guilty of major violations. It is also recommended to use a public procurement due diligence tool (GAN, 2020) to mitigate corruption risks related to public procurement.

5.2. Virtual Reality

The Eurovelo initiative described in the first part could be extended to the virtual reality (VR) area, defined by Guttentag (2020) as the use of a computer-generated environment that one can navigate and possibly interact with resulting in real-time simulation of one or more of the user's five senses. Hence the Republic of Moldova and her gorgeous landscapes would benefit from the introduction of VR in tourism service offers by providing a "try before buy" experience (Tussyadiah et al., 2018) through the enhancement of marketing, sustainable development, and preservation, accessibility, education, and entertainment.

5.3. Artificial Intelligence

Artificial intelligence encompasses a set of technologies that can imitate human intelligence in the process of problem-solving (Lai & Hung, 2018). By drawing on big data and sophisticated algorithms, Artificial intelligence (AI) has experienced tremendous and dramatic improvements over the last few years by giving rise to and contributing to the Fourth Industrial Revolution (Li et al., 2018). Tourism in the Republic of Moldova can benefit from these developments through the introduction of recommender systems (e.g: personalized travel itineraries), robots in the hospitality industry, prediction and forecasting systems, language translation (with the integration of cultural norms including tips on handshakes, eye contact, personal space, etc.), voice recognition, and natural language processing systems.

AI is now being transcended by a novel concept known as superintelligence, a type of superior intelligence that surpasses any known human capacity (Bostrom, 2016). Other variants include strong AI systems that have intelligence in more than one area, with consciousness and the capacity to think (Russell & Norvig, 2016) and hybrid AI (Wirth, 2018), halfway between the strong form and existing so-called weak task-specific and area-specific AI solutions, such as spam filtering or moderating robots on forums. Bulchand-Gidumal (2022, p. 1946) argues that tourism can greatly benefit from both strong and hybrid AI, due to the vast array of user experiences enhanced by emerging technologies.

6. CONCLUSION

Located in a presently tormented part of the world, the post-soviet space, the Republic of Moldova nevertheless has a lot to offer to the tourism sector. Tourism forecasts made between 2019 and 2021 have arguably lost their relevance with the raging 2022 Ukraine war due to the strong Russian presence in the separatist de facto and unrecognized country called Transnitria within the internationally recognized boundaries of the Republic of Moldova. The length of the inland border between Ukraine and Moldova is 1,222 kilometers (759 mi), of which 267 kilometers (166 mi), is fluvial and 955 kilometers (593 mi), is the land border. About 454 kilometers (282 mi), of it constitutes the de facto border between Ukraine and Transnistria (Ministry of Foreign Affairs of the Republic of Moldova, 2009).

The long-term consequences of this conflict on the tourism attractiveness (UNWTO, 2022) of the region are still widely unknown and lie beyond the scope of this article. The invasion of Crimea in 2014 had already destabilized the region and spurred fear regarding Moldova (Dempsey, 2014; Kennedy, 2016, p. 513). The full-fledged invasion of the country launched on 24 February 2022 has reignited those fears, especially with renewed tension originating from the separatist republic of Transnistria (Necsutu, 2022). Embarked on a promising path before the pandemic, the tourism industry currently finds itself at a crossroads and needs to reinvent itself.

In this article, we have put forward several concrete proposals that could help the country overcome the immense challenge and setback posed by the pandemic. Furthermore, we have shown that blockchain technology could prove pivotal, and have a proactive effect on tourism recovery and enhanced attractiveness thanks to the relevant blockchain use cases in the industry including the fight against corruption in developing countries.

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Valorisation of Jerma Special Nature Reserve for the Purpose of Achieving Sustainable Spatial Development and Ecotourism

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Abstract: *In this chapter, the value of the Jerma Special Nature Reserve in the Republic of Serbia, a natural asset of national and international importance, was valorised using multi-criteria decision-making. This research was conducted to determine the most favourable strategy for the sustainable spatial development of Jerma Special Nature Reserve, with a special focus on possibilities for developing ecotourism, a type of tourism that is particularly suitable for development in protected areas of nature. Using multi-criteria decision-making, i.e. a combination of SWOT analysis and an Analytic Hierarchy Process (AHP), a SWOT analysis was performed in the first step during which weight coefficients of individual elements within the SWOT group were determined, after which the same was applied to group weights. Subsequently, strategies for the development of the Jerma Special Nature Reserve area were formulated and designated with an efficiency coefficient and ranking. This chapter aims to contribute to the better understanding and promotion of applying multi-criteria decision-making when determining the most favourable strategy for the spatial development of a protected natural asset and developing ecotourism within its territory.*

1. INTRODUCTION

Ecotourism is a form of sustainable tourism, as opposed to mass tourism, for which a clean and healthy environment is an essential premise for successful development. The value of natural and cultural assets is considered a resource for the development of ecotourism (Kiper, 2013). There are several definitions of ecotourism and one of them is the following: "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education" (TIES, 2015). In addition to the above, the formulation of development and ecotourism development strategies in protected natural areas contribute to the achievement of the UN's Global Sustainable Development Goals (SDGs) for the period until 2030, namely of 8, 12 and 14 (Spenceley & Rylance, 2021; United Nations, 2015). The preparation of ecotourism development strategies and a protected natural assets management plan, in parallel with the organization of more diverse programmes for visitors, contributes to local economic development and the well-being of the local population (Dobričić & Sekulić, 2020; Panić & Orlović-Lovren, 2014).

A special aspect of ecotourism development is planning the territory within which ecotourism shall be developed, given the fact that space is a limited resource that requires careful planning, arrangement and use. In this connection, an important fact is that protected natural assets are 'fixed', i.e. they are tied to a certain area and cannot be dislocated, for example, from infrastructure or other types of surface use, which must be taken into account during strategic spatial planning. In this sense, it is crucial to adopt a Spatial Plan for a Special Purpose Area for

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a protected natural asset, based on which the organization, use, arrangement of space and construction of facilities within the given protected area shall be performed (Dobričić & Josimović, 2018; Skupština Republike Srbije, 2009).

This chapter contains a formulation of strategies for the development of ecotourism within Jerma Special Nature Reserve and a designation of their positions using the SWOT-AHP method. Jerma Special Nature Reserve is a protected natural asset of the first category of international, national, i.e. exceptional importance, located in the southeastern part of Serbia. It has been placed under protection due to its preserved nature and uniqueness of geomorphological forms and biodiversity, exceptional landscape diversity and beauty, as well as significant hydrographic phenomena and processes. It covers the massifs of the Greben and Vlaška mountains, with the highest peak Panica (1443 m), as well as the largest part of the Jerma river basin. Jerma is an international river within a basin extending into two countries, Serbia and Bulgaria. Due to its exceptional importance, the Government of the Republic of Serbia adopted the first Spatial Plan for a Special Purpose Area for the Jerma Special Nature Reserve area (Vlada Republike Srbije, 2019), therefore regulating its protection, use and management, as well as the development of ecotourism. The remainder of the chapter provides a brief overview of previous research related to the application of multi-criteria decision-making, i.e. the SWOT-AHP method. The third section of the chapter presents a case study, namely, the basic elements of Jerma SNR's protection and planning-related activities, as well as an explanation of the method applied and the data used in the fourth section. The fifth section contains research results and at the end of the chapter a conclusion.

2. OVERVIEW OF CONDUCTED RESEARCH

In the past period, there have been several examples of multi-criteria decision-making applications. For example, for the evaluation of protected areas, Deng et al. (2002) propose the application of AHP, by assigning priority to different elements of the structure. Lakićević (2013) applies AHP and participatory decision-making in the management of the Fruška Gora National Park in a manner in which experts assessed the AHP hierarchy while public representatives evaluated management plans using the cumulative voting method. To determine the multi-criteria optimal solution for improving the water regime of Stari Begej in Carska Bara Special Nature Reserve, Galamboš et al. (2015) identify strengths, weaknesses, opportunities, threats and their sub-factors according to the multi-criteria decision-making hierarchy. Golijanin (2015) integrates a geographic information system (GIS) and AHP to establish that the natural potentials of Ravna Mountain and the Pale Valley have a predominant importance on the development of certain economic branches.

Ilić (2016) combines a geographic information system (GIS) and analytical hierarchical process (AHP) to solve the problem of sustainable management over elements of geodiversity within the territory of the City of Belgrade, by choosing localities that have a high percentage of specificity as protected areas in Belgrade. He emphasises, in particular, the importance of clear objectives, the participation of stakeholders at different levels and the identification of priorities concerning decision-making. Cvetković and Šljivović (2021) formulate and rank ecotourism development strategies on the example of the Kopaonik National Park using the SWOT-AHP method and results obtained by surveying experts from several relevant institutions. Zorlu and Yılmaz (2020) determine ecotourism strategies in the Aksaray-Ihlara Special Environmental Protection Zone protected area using the SWOT-AHP method. Kaymaz et al. (2022) applied the SWOT-AHP method to assess the goals of sustainable development of Erzurum province. Šljivović (2017) applies a combined SWOT-AHP method in planning tourism development strategies upon the example of the Timok region. Dobričić et al. (2023) formulate and rank ecotourism development strategies on the example of the Uvac Special Nature Reserve using the SWOT-AHP method. Margles et al. (2010) consider the use of the SWOT-AHP methodology to identify the needs and perceptions of stakeholders in the buffer zone of Nyungwe National Park, Rwanda. In their work, they recommend this technique not only as a method for quantifying certain opinions but also as a promising approach to engage individuals in a transparent planning process. In addition to the above, it should be noted that according to Xu et al. (2022), the number of studies and published works related to ecotourism is growing year by year, from different aspects of research and the application of different methods, both in developed and in developing countries.

3. MATERIALS AND METHODS

3.1. Case Study

Jerma Special Nature Reserve was declared a natural asset of exceptional importance in the first category of protection (Vlada Republike Srbije, 2014), while according to the classification of the International Union for Conservation of Nature (IUCN), it is classified in category IV, i.e. habitat/species management area in nature. It is located in the southeastern part of Serbia (Figure 1) and includes parts of three municipalities - Dimitrovgrad, Babušnica and Pirot.

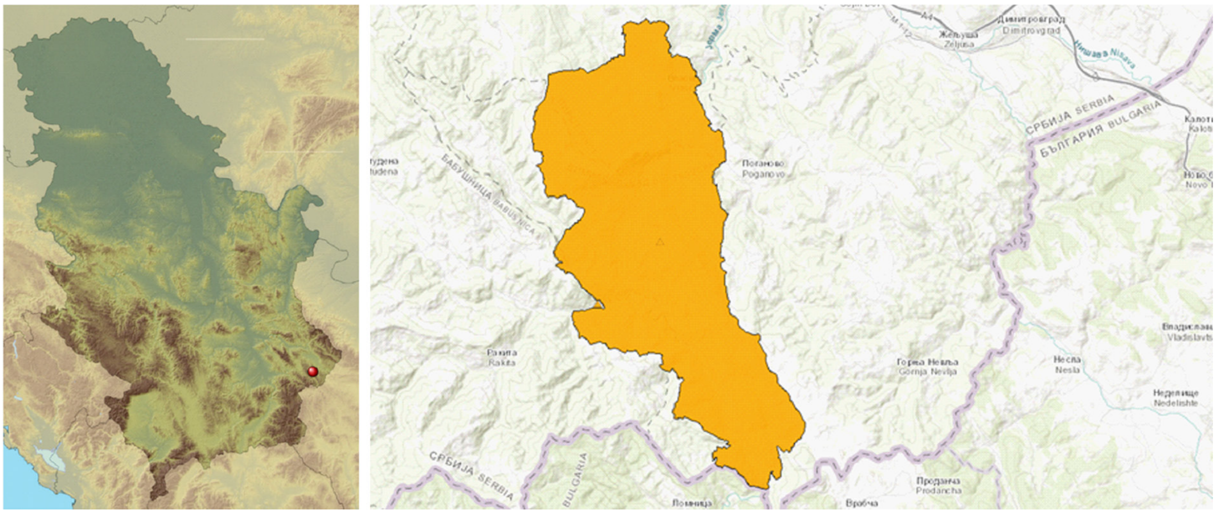

Figure 1. Location map of Jerma Special Nature Reserve

Sources: Institute for Nature Conservation of Serbia, 2023; Wikipedia, 2022

Jerma Special Nature Reserve has unusual geological, geomorphological, biological and historical values. Numerous endemic, endemo-relict, rare and endangered plant and animal species of national and international importance inhabit it. With their authenticity and specific characteristics, the Greben and Vlaška mountains, with steep slopes, the Jerma Gorge, with its impressive cliffs, the Vetrena dupka cave, with a channel length of 4000 m, and the Pešterica pit, with a depth of 160 m, stand out as speleological objects. Excessive felling and exploitation of forest vegetation have led to pronounced erosion and a tendency for landslides in certain locations. Certain morphological changes in this area occurred during the cutting of the forest and construction of the road and railway through the Jerma Gorge and the Zvonačka River to a considerable extent (Figure 2). However, the basic orographic characteristics of this area have not been significantly changed and have largely been preserved (Began, 2019).

Figure 2. Road Through the Jerma River Canyon
Source: Wikipedia, 2022

The settlements in this area are exclusively rural, while the main economic activities are traditional agriculture and forestry. A large number of abandoned households, a constant outflow of the population to cities and a constant decrease in the number of inhabitants were recorded in almost all rural settlements (Taškov, 2013). This region also represents a unique cultural, ethnological and historical heritage site (Vlada Republike Srbije, 2014). A cultural monument of great importance, the Orthodox Monastery of St. John the Theologian (Poganovo) from the 14th century, stands out as significant. The Monastery Church of St. John the Baptist was built in imitation of the Moravian group, but slightly modified and simpler.

The Jerma River flows 72 km, with a strong and deafening roar. Through Serbia and Bulgaria, it makes its way between large boulders and cliffs. The border crossing at the natural borders of the mentioned two countries crosses four times. Over the past 20 years, the Jerma River Gorges (Poganovo Gorge in Serbia and Trnsko Ždrelo Canyon in Bulgaria) have become an important part of strategic priorities when it comes to local politics and revitalization of economically underdeveloped border areas in Western Bulgaria and Eastern Serbia. Today, local efforts are united through various cross-border cooperation programmes in the sphere of nature conservation and ecotourism development (Markov, 2015).

3.2. Protection and Planning of Jerma Special Nature Reserve

The adoption of the first Spatial Plan a Special Purpose Area for Jerma Special Nature Reserve (Vlada Republike Srbije, 2019) determined the planning basis for its protection, arrangement and sustainable use. An expert team worked on its preparation, searching for possibilities of sustainable spatial development in this area from several various aspects. The results of expert analyses were utilized in this research. According to the Spatial Plan a Special Purpose Area and following the Regulation on the declaration of Jerma Special Nature Reserve, protection regimes have been defined and presented graphically, namely level I (9.43 km^2), II (3.92 km^2) and III protection regimes (56.09 km^2). The total Jerma Special Nature Reserve is 69.44 km^2.

In an area that falls under I level of protection, the use of natural resources, the construction of buildings and the performance of any works are prohibited. In the area of Jerma Special Nature Reserve, where a II level protection regime has been established, management interventions may be performed to restore, revitalise and generally improve the protected area, without consequences for the primary value of its natural habitats, populations, ecosystems, features of landscape and geoheritage objects, whereby traditional activities may also be carried out, as well as limited use of natural resources in a sustainable and strictly controlled manner. In a level III protection regime, the following may be conducted: management interventions to restore, revitalise and generally improve a protected area, development of villages and improvement of rural households, arrangement of objects of cultural and historical heritage and traditional construction, preservation of the local populace's traditional activities, as well as selective and limited use of natural resources and space with necessary infrastructural and other construction.

The Spatial Plan a Special Purpose Area has determined the manner of Jerma SNR's sustainable spatial development, as well as how tourism is to be developed, namely, in terms of the organization and arrangement of tourist and recreational areas. More specifically, several forms of tourism have been envisaged (sports, recreational, excursion, geo, rural, transit, spa, and cultural), among which is ecotourism. Due to the low negative impact on the environment and the large positive socio-economic effects on the local population, the plan is to affirm ecotourism in the long term considering tourism development in this area. In this regard, the reconstruction and construction of eco-lodge-type facilities have been envisaged within the building areas of the settlements that are within the territory of Jerma Special Nature Reserve. Eco-lodge is a type of tourist accommodation that: protects the natural and cultural components of its environment; creates minimal impact on the environment during construction; fits into the specific context of the environment; uses sustainable means of water consumption and renewable energy sources; ensures careful treatment of waste and waste-water; contributes to the sustainable development of the local community. The development of ecotourism in Jerma Special Nature Reserve according to this Spatial Plan a Special Purpose Area implies the following activities: special interest tourism (bird watching, photo-safari, speleology, research tours, and so-forth); professional and scientific familiarization and study of natural values (schools in nature, ecological camps, excursions, professional and study stays); etc. The Spatial Plan of a Special Purpose Area contains rules for the arrangement, construction and use of areas according to the established protection regime and a detailed elaboration for areas with tourism potential.

3.3. Data Source

This research included a review of existing literature, planning documents, relevant strategies and a selection of external and internal factors for this area. In addition to the above, a survey was conducted for this study. Participants in the survey were informed about the purpose of the research, the possibility of their voluntary participation, the anonymity of the research and that the obtained data would be exclusively used for the needs of this study. The respondents were experts, namely representatives of competent institutions and academic experts (employees in ministries responsible for tourism, agriculture, forestry and water management and the environment, the Institute for Nature Conservation of Serbia, the Public Enterprise Srbijašume, the Faculty of Geography of the University of Belgrade and the Faculty of Sciences of the University of Novi Sad). 25 experts/participants in the survey evaluated Jerma Special Nature Reserve using the AHP methodology, by comparing pairs of criteria, where the question was raised as to which is more significant or which has a greater effect to determine the level of their relative importance.

3.4. SWOT-AHP Method

The integrated SWOT-AHP method combines an analytical hierarchy process and SWOT analysis. It is a method suitable for the needs of strategic planning, where it is necessary to evaluate SWOT factors and determine their intensity. SWOT analysis is a practical methodology used to analyse strengths, weaknesses, opportunities and threats, among others, for decision-making (Abdel-Basset et al., 2018). It is based on two main categories: analysis of internal (strengths and weaknesses) and external factors (opportunities and threats) (Sasana et al., 2019). The application of SWOT analysis is mandatory in the process of preparing spatial plans of special purpose areas for protected natural resources in Serbia in line with Article 22 of the Law on Planning and Construction (Skupština Republike Srbije, 2009a) during an evaluation of an existing situation, which was also the case with planning activities for Jerma Special Nature Reserve. On the other hand, the AHP method is one of the most important in multi-criteria decision-making in terms of scientific analysis of formulating final decisions based on the evaluation of every hierarchy.

The segments of the hierarchy are represented by objectives, factors, sub-factors and strategies (Srđević & Jandrić, 2000). An analytical hierarchy process represents a decision-making model, which helps us in making decisions, i.e. adopting the best possible decisions transparently in every aspect. It is a three-part process, which involves identifying and organising objectives, criteria, constraints and alternatives into a hierarchy (Saaty, 1988).

After a hierarchical structure is established, numerical values are assigned based on Saaty's scale (Saaty, 1977) to determine the relative importance of factors and sub-factors in a SWOT group; the aforementioned values are further used for ranking, i.e. prioritizing alternative strategies for the development of ecotourism in a researched area. An integrated SWOT-AHP method (Kişi, 2019) is applied through the following several steps:

1. conducting a SWOT analysis (definition of strengths, weaknesses, opportunities and threats);
2. comparison among SWOT factors performed within each SWOT group using the AHP methodology;
3. determining the relative importance of SWOT groups among themselves, namely, by comparing four SWOT groups using the AHP methodology;
   4. using the results to define strategies and the evaluation process. The best-ranked elements from each SWOT group are compared with each other using the AHP method, providing for the entire group's weighting factors (S, W, O and T). The resulting weight can be defined by the following formulas:

$$W_{psi} = S \times \mathrm{W_{si}} \quad (1)$$

$$W_{pwi} = W \times \mathrm{W_{w}} \quad (2)$$

$$W_{poi} = O \times \mathrm{W_{o}} \quad (3)$$

$$W_{pti} = T \times \mathrm{W_{t}} \quad (4)$$

The main goal of strategy formulation is to change the current state or return from a poor state to an expected state (Sudiono et al., 2019).

When formulating the strategy, one must take into account the goals that should be set so that they are: realistic, organised hierarchically and preferably expressed quantitatively. In that case, the TOWS (Threats, Opportunities, Weaknesses, Strengths) matrix (Wickramasinghe & Takano, 2010) is used. The TOWS matrix essentially represents a changed order in terms of SWOT analysis, namely, the starting points are defined elements of a SWOT analysis, and then, based on them, strategies are formulated according to internal factors and their response to external factors. TOWS matrix formulates four different strategies: maxi-maxi SO; mini-maxi WO; maxi-mini ST; and mini-mini WT (Table 1).

Table 1. TOWS matrix

	Opportunities (O_1, O_2, O_3…)	Threats (T_1, T_2, T_3…)
Strengths (S_1, S_2, S_3…)	Maxi-maxi strategy SO Use internal strengths to use external opportunities	Maxi-mini strategy ST Rely on internal strengths in order to minimize dangers
Weaknesses (W_1, W_2, W_3…)	Mini-maxi strategy WO Strategies which minimize weaknesses to use the opportunities	Mini-mini strategy WT Strategies which minimize weaknesses to decease dangers

Source: Wickramasinghe & Takano, 2010

After setting the strategies up, it is once more necessary to observe the factors in the SWOT analysis (Šljivović, 2017) and calculate their effectiveness for a certain element. Through expert analysis, the effectiveness of the strategies is determined according to the elements from SWOT groups. This is how efficiency coefficients are obtained. GV_r can be defined by the following formula:

$$GV_r = \sum_{i=1}^{K} ES_{ij}S_{ri} + \sum_{i=1}^{L} EW_{ij}W_{\mathrm{pri}} + \sum_{i=1}^{M} EO_{ij}E_{ri} + \sum_{i=1}^{N} ET_{ij}T_{ri} \tag{5}$$

4. RESULTS AND DISCUSSIONS

SWOT analysis is the starting point for defining and applying SWOT-AHP methods. Therefore, in Table 2, the strengths, weaknesses and threats of Jerma Special Nature Reserve are presented, as a starting point in the valorisation of its potential.

After identifying SWOT factors and sub-factors, the mutual influence of SWOT factors within each SWOT group was determined using AHP methodology. In the end, the best-ranked elements within each SWOT group were compared to each other. Comparison values, along with calculated group weights, are: S_4-S_4 (1), S_4-W_1 (5), S_4-O_1 (3), S_4-T_2 (3) and weight of the group (0.519); W_1-S_4 (0.2), W_1-W_1 (1), W_1-O_1 (0.333), W_1-T_2 (1) and weight of the group (0.102); O_1-S_4 (0.333), O_1-W_1 (3), O_1-O_1 (1), O_1-T_2 (3) and weight of the group (0.264); T_2-S_4 (0.333), T_2-W_1 (1), T_2-O_1 (0.333), T_2-T_2 (1) and weight of the group (0.116).

The degree of consistency of this matrix is CR=0.042475. The above is acceptable and there is no need to carry out a new evaluation of weight criteria. The best-ranked elements from each SWOT group are S_4, W_1, O_1 and T_2. The obtained weight coefficients (by analysing all individual items, and based on the synergy of all respondents' answers) presenting the most important to the least significant factors used to valorise the potential of Jerma Special Nature Reserve in the function of ecotourism development are shown in Table 3.

Table 2. SWOT analysis of the Jerma Special Nature Reserve

Strengths (S)	Weaknesses (W)	Opportunities (O)	Threats (T)
S_1 – plant species from the endemic and sub-endemic group	W_1 – poor traffic infrastructure	O_1 – cooperation with Bulgaria using EU investment funds for tourism	T_1 – insufficient engagement and investment in tourism development
S_2 – relict and endangered animal species	W_2 – underutilization of tourist resources	O_2 – improvement of the state of infrastructure	T_2 – lack of financial resources for the development and promotion of the tourist offer
S_3 – diversity of anthropogenic tourism resources	W_3 – personnel capacities of SNR managers	O_3 – setting up a system of walking routes and cycling paths	T_3 – road and rail traffic carries the risk of environmental pollution
S_4 – underground and surface waters, karst springs and thermo-mineral waters	W_4 – lack of local guide service and information points	O_4 – restoration of existing tourist routes, designation of camping areas	T_4 – insufficient ecological awareness among tourists concerning environmental protection
S_5 – numerous speleological objects	W_5 – youth migration	O_5 – improvement of programmes for the detection of special values within the area	T_5 – deepening of the economic crisis
S_6 – The Monastery of St. John the Baptist from the 14th century	W_6 – poor condition of tourist facilities	O_6 – vicinity to Stara Planina (Old Mountain)	

Source: Authors

Table 3. Global weights of criteria of SWOT analysis

S, W, O and T (groups)	Weight (group)	Factors (SWOT)	Weight (elements of the group)	Weights (resulting)
Strengths	0.519	S_4 – underground and surface waters, karst springs and thermo-mineral waters	0.134	0.06955
		S_5 – numerous speleological objects	0.133	0.06903
		S_1 – plant species from the endemic and sub-endemic group	0.073	0.03788
		S_6 – The Monastery of St. John the Baptist from the 14th century	0.071	0.03685
		S_2 – relict and endangered animal species	0.059	0.03062
		S_3 – diversity of anthropogenic tourism resources	0.049	0.02543
Weaknesses	0.102	W_1 – poor traffic infrastructure	0.029	0.00296
		W_2 – underutilization of tourist resources	0.023	0.00235
		W_6 – poor condition of tourist facilities	0.018	0.00184
		W_3 – personnel capacities of SNR managers	0.011	0.00112
		W_4 – lack of local guide service and information points	0.010	0.00102
		W_5 – youth migration	0.009	0.00092
Opportunities	0.264	O_1 – cooperation with Bulgaria using EU investment funds for tourism	0.064	0.01690
		O_6 – vicinity to Stara Planina (Old Mountain)	0.049	0.01294
		O_3 – setting up a system of walking routes and cycling paths	0.042	0.01108
		O_5 – improvement of programmes for the detection of special values within the area	0.041	0.01082
		O_4 – restoration of existing tourist routes, designation of camping areas	0.039	0.01029
		O_2 – improvement of the state of infrastructure	0.029	0.00766

Threats	0.116	T_2 – lack of financial resources for the development and promotion of the tourist offer	0.032	0.00371
		T_1 – insufficient engagement and investment in tourism development	0.027	0.00313
		T_3 – road and rail traffic carries the risk of environmental pollution	0.026	0.00301
		T_4 – insufficient ecological awareness among tourists concerning environmental protection	0.018	0.00208
		T_5 – deepening of the economic crisis	0.012	0.00139

Source: Authors

Based on the best-ranked sub-factors within each SWOT group (Strengths, Weaknesses, Opportunities, Threats), strategies based on the TOWS matrix were formulated, namely:

– SO – draft a strategy that would use the diverse offer, the complementarity of natural and anthropogenic tourist motives and compete in projects, in order to ensure the use of donor funds from the EU's IPA funds for tourism;
– ST – draft a strategy that would promote and popularize the wealth and diversity of natural tourist resources (diversity of underground and surface waters, karst springs and thermo-mineral waters of a specific composition) in order to provide funds for the development of a diverse tourist offer;
– WO – draft a strategy that would use the possibility of establishing cooperation with Bulgaria through IPA funds to reconstruct the road network;
– WT – draft a strategy that would attract domestic and foreign investors, namely, provide financial resources for the development and promotion of the tourist offer to strengthen the road network.

Before ranking the strategies, the coefficients of individual strategies (Esij, Ewij, Eoij and Etij) were determined using the AHP methodology and the results are presented in Table 4. Table 4 shows the values of the strategies' efficiency coefficients (SO, ST, WO and WT). The strategies are compared concerning the designated strengths, weaknesses, opportunities and threats involved with Jerma Special Nature Reserve. How they are compared is characteristic of AHP analysis (Saaty, 2008). Comparisons of the aforementioned strategies were made concerning all the strengths, weaknesses, opportunities and threats for Jerma Special Nature Reserve and the results are shown in Table 4.

Table 4. Coefficients of efficiency of certain strategies

	SO	**ST**	**WO**	**WT**
Es_1	0.401	0.331	0.064	0.204
Es_2	0.401	0.331	0.064	0.204
Es_3	0.409	0.143	0.089	0.360
Es_4	0.401	0.331	0.064	0.204
Es_5	0.401	0.331	0.064	0.204
Es_6	0.409	0.143	0.089	0.360
Ew_1	0.099	0.091	0.473	0.337
Ew_2	0.375	0.408	0.052	0.165
Ew_3	0.238	0.283	0.142	0.337
Ew_4	0.238	0.283	0.142	0.337
Ew_5	0.238	0.283	0.142	0.337
Ew_6	0.238	0.283	0.142	0.337
Eo_1	0.352	0.095	0.435	0.117
Eo_2	0.099	0.091	0.435	0.337
Eo_3	0.243	0.172	0.243	0.343

Eo_4	0.243	0.172	0.243	0.343
Eo_5	0.380	0.413	0.060	0.147
Eo_6	0.380	0.413	0.060	0.147
Et1	0.139	0.432	0.079	0.350
Et_2	0.285	0.353	0.077	0.285
Et_3	0.291	0.291	0.173	0.245
Et_4	0.291	0.291	0.173	0.245
Et_5	0.291	0.291	0.173	0.245

Source: Authors

After determining the above coefficients, the positioning of the strategies follows.

The obtained results, using the AHP and SWOT methodology for prioritizing strategies for the sustainable development of ecotourism in Jerma Special Nature Reserve, indicate the following order of strategies:
- SO (value 0.333),
- ST (value 0.275),
- WT (value 0.256),
- WO (value 0.136).

SO Strategy: draft a strategy that would use the diverse offer, the complementarity of natural and anthropogenic tourist motives and compete in projects, to ensure the use of donor funds from the EU's IPA funds for tourism. The proposed strategy should utilize existing high-value natural and anthropogenic resources (specific location of valleys and limestone gorges; a variety of underground and surface waters, karst springs and thermo-mineral waters of specific composition; floristic wealth - 901 plant species, of which 77 belong to endemic and sub-endemic types; Poganovo Monastery), compete in projects and thus ensure the use of donor funds from the EU's IPA funds for tourism. Another convenience in this field is the possibility of cross-border cooperation (Cvetković, 2022).

ST Strategy: draft a strategy that would promote and popularize the wealth and diversity of natural tourist resources (diversity of underground and surface waters, karst springs and thermo-mineral waters of a specific composition) to provide funds for the development of a diverse tourist offer. Through the promotion and popularization of natural resources (listed in the SO Strategy), this strategy should provide funds for the sustainable development of Jerma SNR's comprehensive tourist offer.

WT Strategy: draft a strategy that would attract domestic and foreign investors, namely, provide financial resources for the development and promotion of the tourist offer to strengthen the road network. Based on already defined natural and anthropogenic potentials, it is necessary to conceive a unique tourist offer. The task of the WT Strategy is to attract domestic and foreign investors, namely, to provide certain funds for the promotion of the tourist offer with the ultimate goal of strengthening the road network and achieving better accessibility to Jerma Special Nature Reserve.

WO Strategy: draft a strategy that would use the possibility of establishing cooperation with Bulgaria through IPA funds to reconstruct the road network. The use of EU IPA funds can provide assets that in this case shall be used for the reconstruction of the road network. After the analysis of obtained results, it is obvious that the experts were objective and consistent in their assessment, which indicates the correctness of the applied methodology.

5. FUTURE RESEARCH DIRECTIONS

The following research can be guided by the application of the proposed method to overcome numerous problems when it comes to the management of protected natural assets and environmental protection. In this study, which is based on one of the methods of multi-criteria decision-making (SWOT-AHP), due to the large number of factors and sub-factors, it is possible to analyse each aspect separately in subsequent research, i.e. strengths, weaknesses, opportunities and threats. The results of the research may be useful to stakeholders in terms of studying the valorisation of ecotourism development potential in various areas and concerning other protected natural assets.

6. CONCLUSION

In this chapter, multi-criteria decision-making, i.e. an integrated SWOT-AHP method, was applied for prioritising sustainable spatial development and ecotourism development strategies relating to Jerma Special Nature Reserve. The results of the evaluation showed that the Maxi-Maxi SO Strategy (value 0.333), which would utilize the diverse offer, i.e. the complementarity of natural and anthropogenic tourism motives, and compete in projects to ensure the use of donor funds from the EU's IPA funds for tourism, has the highest rank. In addition to the above, it is indicated that in the current period, high-value natural and anthropogenic potentials have not been adequately activated for the tourist promotion of Jerma Special Nature Reserve. As regards Jerma River Canyon, natural opportunities for the development of specific types of tourism (mountain biking, speleology, mountaineering, paragliding, panoramic sightseeing, and so-forth) and anthropogenic resources (authentic rural heritage, monastery, military guardhouse) have not been adequately commercialized at home and in foreign markets due to the lack of tourism infrastructure.

Despite the existence of marketing plans, no significant progress has been made so far in terms of destination marketing. The crucial reasons for such a situation are as follows: inadequate structure of human resources, incomplete knowledge in the field of marketing and management, more than modest financial resources, peripheral position and inadequate treatment by local authorities, ignorance of budgeting techniques, and so-forth (EF, 2008). The formation of diverse and thematically specialized trails for walking in nature, educational trails, bicycle routes and camping areas foreseen by the Spatial Plan of the Special Purpose Areas of Jerma Special Nature Reserve (Panić & Orlović-Lovren, 2014; Vlada Republike Srbije, 2019) are some of the activities that can be implemented to develop ecotourism in this area.

To achieve sustainable ecotourism development, it is necessary to introduce state funds related to the preservation of areas with the aim of controlled ecotourism development, as well as draft an economic policy, adopt basic plans, adopt standards, and determine administrative and other elements necessary for the development and efficient management of ecotourism. Within this meaning, we should keep in mind the essential elements for the development of sustainable ecotourism, which include, in addition to protected natural areas, planning, partnerships, education and training, financing and sustainable activities (Drumm & Moore, 2002). Therefore, the joint engagement of Jerma SNR's management, as well as representatives of tourist organizations, the Ministry of Tourism, municipalities, residents and experts in the field of protection, tourism and planning, represents the basic premise of future success. This chapter confirmed the possibility of applying the SWOT-AHP methodology in the valorisation of the researched area's natural and anthropogenic potential for sustainable spatial development and ecotourism development, as well as the possibility of its application to other natural assets, as well as analogous areas.

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Tourism, Ecotourism and Traffic Alliance

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Abstract: *This chapter primarily clarifies the relationship between tourism and traffic. One of the most important accompanying phenomena of tourism is the development of traffic; they support each other to allow access to tourist attractions. However, the link between tourism and traffic is unique in that it involves not only transportation but also an experience related to sightseeing and various modes of transportation. The paper aims to present the role of various modes of transportation in tourism, including transfer to protected areas, as well as the cohesion between tourism, ecotourism, and traffic. Several demonstrative examples of traffic development under the influence of tourism from around the world, as well as from Bosnia and Herzegovina, were chosen. Tourism and traffic are the two major contributors to global connectivity, while also providing unique tourist experiences with profound intrinsic value.*

1. INTRODUCTION

Traffic infrastructure represents the most important form of infrastructure for the tourist sector, as it serves to connect the tourist-geographic areas and tourist facilities (attractions, accommodation and others), and produces some other specific forms of tourism implications as well (e.g. an experience).

„*Traffic* is the totality of translocations of humans and goods. Generally, it is about conveying objects (passengers, goods) from one area to another (short or long distance) by any means of transportation (car, bus, train, airplane, ship) with the reason (holiday, business and other)" (Pechlaner & Hammann, 2006). Transportation is one of the basic elements of tourist infrastructure.

Transportation infrastructure implies the installation of structures that are essential for transport: roads, airlines, waterways, terminals such as airports, railroad stations, bus stations, warehouses, and stations for the fuel supply of vehicles.

Pechlaner and Hammann (2006) stated that there was a narrow connection between tourism and traffic, as the world's tourism increased the demand right in the transportation sector. From the aspect of tourism, the most important factor in traffic is passenger transportation (air, road, railroad, water).

Tamrat (2016) stated that without the organization and functioning of the transportation system, which includes a network of roads and different modes of transport (cars, aircraft, ships), tourism development and effective use of tourism resources of destination is not possible. Transportation is directly connected to tourism development, and two modes of transport: air and road transport play a vital role in the expansion of international and domestic tourism.

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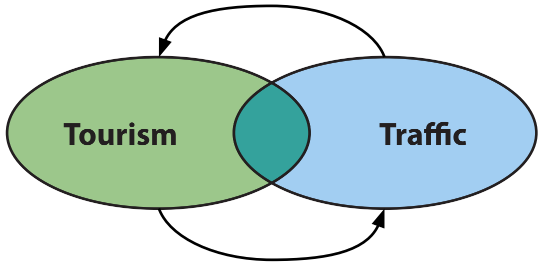

Figure 1. Correlation of tourism and traffic
Source: Pechlaner & Hammann, 2006

2. METHODOLOGY

This paper aims to investigate the relationship between tourism, ecotourism, and traffic. To be more specific, the objectives are as follows: a) the role of various modes of transportation in tourism; b) the impact of tourism on traffic development and vice versa: the effects of traffic on tourism expansion; c) identification of relevant traffic parameters related to tourism access; d) eco-tourism impact on special transportation development, and the effects of traffic on protected area development with the increased access to nature; e) traffic impact on tourist experience (intrinsic value). Primary and secondary sources were used to achieve the objectives. For the primary sources, the fieldwork was conducted in Sarajevo, including visitation to protected areas in the surrounding mountains (e.g. Trebević); observations, image documentation, and interviews were used. Secondary sources are scientific journals and institutional documents (e.g. spatial legislation, etc.). The tourism-traffic alliance is perfect because they influence each other in both directions: tourism stimulates traffic growth, while traffic drives tourism, as demonstrated by several relevant examples from Bosnia and other parts of the world mentioned in this paper.

3. TOURISM AND MODES OF TRANSPORT

As stated by Tamrat (2016), air and road transportation have vital importance for the expansion of tourism in the world. According to the EEA (2013), tourism is a major driver in the transportation sector - in 1996 tourist travel took 9% of kilometers traveled. An average EU citizen travels 1800 km annually for tourism. Tourist travels make up 70% of air traffic.

Lumdson and Page (2004) presented the UNWTO data, with which they demonstrated the influences of different modes of transport on global tourism:
- International air passenger transportation: 43% of international tourist travels;
- Road transportation: 42% of tourist travels;
- Rail transportation: 8% of tourist travelers;
- Sea transportation: 7% (Page & Ge, 2009).

From the above-mentioned data, it is noticeable that air and road transportation plays an almost equally essential role in the realization of tourist travel, however, air traffic is still leading.

According to the latest data from UNWTO (2020), passenger transportation amounts to 255 billion USD and makes up 7% of global exports, respectively 28% of the world's service exports. Participation in recreational travel in the period from 2000 to 2019 increased from 50% to 55%; participation in air travel increased from 46% to 59%; road transportation declined from 49% to 35%.

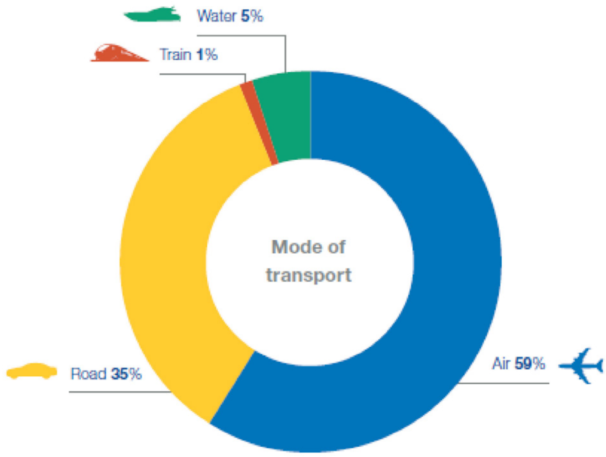

Figure 2. International tourism according to transport mode (2019)
Source: UNWTO, 2020

According to the above diagram, „air traffic" is the most dominant mode of the world's tourism today, as it participates for 59% of the total structure of tourist travel.

In the example of Bosnia and Herzegovina it is noticeable that international road traffic is the most represented in the structure of transported passengers, and is immediately followed by air transport and, finally, railway transportation:

Table 1. Structure of passenger transportation as per the mode of transportation

	2014	**2019**
Air transport	956.864	1.919.592
• *Airport Sarajevo*	709.901	1.143.680
• *Airport Mostar*	67.974	32.866
• *Airport Tuzla*	151.353	593.050
• *Airport Banja Luka*	27.636	149.996
Road transport (000)	19754	14053
Urban & suburban	*53,3%*	*46,7%*
Cross-border (entries)	19.736.738	25.379.051
• *Foreign*	*63%*	*61%*
• *Across BiH-Croatia*	14.718.964	18.690.294
• *Across BiH-Serbia*	4.292.482	5.688.180
• *Across BiH-Montenegro*	725.337	1.000.577
Railway transport (000)	528	657

Source: Žunić, 2022

As is seen from the above table for Bosnia and Herzegovina, in the period from 2014 to 2019, number of the travelers transported utilizing air and railway transportation increased, while it is in decline with road transportation. The number of border entries also increased, but the participation of international travelers relatively declined from 63% to 61%; though, it is still bigger than the participation of domestic travelers. In the structure of border turnover (entries), they considerably lead concerning Bosnia and Herzegovina's and Croatia's (EU) border, even 76%. The mentioned data for Bosnia and Herzegovina additionally testify to the dominant role of international air transport in tourism (there are no domestic flights), as the number of transported passengers increased from 956.9 thousand to over 1.9 million, and generally has a positive trend. This indicates an increase in the significance of Bosnia and Herzegovina as the world's tourist destination, at the same time particularly Sarajevo, whose Sarajevo International Airport participates with over 60% of the total number of passengers transported by air transportation in BiH.

How much the tourism incites traffic, is best seen in the example of the introduction of additional seasonal types of transport, especially during summer tourism season: „charter" flights linking, for example, Sarajevo with the seaside destinations (Antalya, Hurghada, Tunisia) or with destinations of the Near East (UAE, Qatar, Kuwait, KSA) primarily for arrivals of Arab tourists, train Sarajevo-Mostar-Ploče on the south route towards the Adriatic Sea, intensified bus lines towards the Croatia and Montenegro coast, etc.

4. TOURISM AND TRAFFIC CORRELATION PARAMETERS

The correlation between tourism and traffic is manifested in several aspects:

a) Traffic transfer of passengers: from/to and inside the destination;
b) Quality of transportation;
c) Diversity of transportation (forms);
d) Link with tourist localities and potential experience;
e) Connecting and development areas along the tourist corridors;
f) The volume of transportation and tourist turnover;
g) Local and global connections.

Pechlaner and Hammann stated that, from the tourists' perspective, there was a difference between traffic from/to the destination, as well as through/in the destination. There are possibilities that the traffic influences tourist departures and arrivals, for example:

- Offering special service packages/arrangements (e.g. with a ticket for a concert the bonus is a free use of public transportation);
- Implementation of price control mechanism (e.g. offer of low-cost airlines);
- Offer of certain services (e.g. renting cars).

When it comes to transportation to the destination (e.g. distance from hotel to ski-lift), it can also impact the traffic, for example:

- Restructuring a destination so that distances between localities of tourist attractions are limited to a minimum;
- With a change of habits in tourist arrivals (e.g. the day of arrival to the hotel is Sunday instead of Saturday);
- Making public transportation more attractive;
- Enabling alternatives to car use (e.g. by installing footpaths and cycle tracks) (Pechlaner & Hammann, 2006).

Accordingly, tourism induces traffic infrastructure development and the link of geographic and tourist areas, as a factor of availability and link it is a main precondition for valorization and exploitation of tourism resources. Each destination endeavors, first of all, to fulfill this „precondition" for its tourist development. „Timothy emphasized that the local developmental initiatives were related to installing road communications" (Petrič, 2007).

Potential indicators of improvement of traffic infrastructure in the destination parallel to tourism development can be identified as follows:

- expanding, renovating and modernization of existing traffic infrastructure and superstructure (transport network, traffic signalization, means of transport);
- improvement and development of local, regional, motorway and international roads (highways);

- prioritized repair of damaged sections and asphalting of macadam roads, construction of links (additional branch roads) and bypasses for accessibility of PLA and other;
- route design and construction of highways, additional links or bypasses and alike;
- connecting to the most important road (and also tourist) corridors (highways and others) and accompanying development of areas that are located along them;
- improvement of traffic signalization, particularly tourist signalization;
- construction of tunnels (primarily in mountainous areas), bridges and viaducts, lifts and cable cars, as an essential link and at the same time road shortcuts (exemptions in access with saving energy and time);
- expanding capacities of the parking area, particularly the tourist parking;
- the arrangement, expansion and modernization of roads, particularly the international arrivals terminals, turntables and ports;
- diversification of types of transport (highway/road, rail, water, air, telecommunications; eco-friendly transportation), especially of thematic types of transportation with tourist purposes (charter flights, transfer from/ to airport and other);
- incites development of alternative types of transport (footpaths and cycle tracks, a carriage and alike);
- regulating the performance of urban public transport and increase of its attractiveness (expanding capacities, diversification and inclusion of thematic-tourist types of transport; signalization; obligatory adherence to timetables and others);
- increase in international cooperation and establishment of relations and communications with external operators (through the construction of capacities and different modes of tourist-road exchange and alike);
- introduction of seasonal lines with different transport modes (air, road, then water and rail as well);
- development, modernization and increase in services in the sector of telecommunications (post office, telephony; media, TV, the Internet);
- easier and more cost-effective use of traffic for transportation from, to and through/in the destination;
- use of certain modes of transport not only for transfer but also for experience (e.g. cable car, ski-lift, eco-train, and others).

With tourism development, traffic „networking“ and „connecting“ brings the local population (and visitors) a direct benefit regarding more quality and efficient transport in destination, as well as generally concerning connectivity with more distant geographic areas: „destination is reached faster and easier“, and „time“ is a valuable category in tourism. „Tourist destinations must be successful and accessible so that the community has benefits. Tour operators must invest in the infrastructure and telecommunications of local communities in the surroundings. This includes management and construction of roads, promotion of sustainable transport from to protected areas, and construction of communication network: fixed telephones, mobile phone charging stations, the Internet, etc. The importance is right in connecting tourists and the world with local villages and protected areas“ (Leung et al., 2015).

5. DEMONSTRATIVE EXAMPLES OF THE RELATIONSHIP BETWEEN TOURISM AND TRAFFIC

Žunić (2012) gave an example from the Austrian Alps villages, which were on the „margin of development“ in the middle of the 20th century, in depopulation and isolated areas (especially in winter), with stagnation and recession of agricultural production, etc. With the realization of the national strategy for the development of the depopulation areas, the rural space of the Alps has been revitalized by developing rural tourism and complementary activities, as well as with the construction of traffic and community infrastructure, so that these villages are currently well connected with major centers and alike. Rural tourism makes up 1/6 of the total tourist supply of Austria (1990-2000). In the strategy of development „Rural development program of Austria for the 2014-2020 period“ (European Commission, 2014), it was stated that Austria had 80% of rural area, in which even 66% of the population of this country lives. This datum additionally testifies that rural areas in Austria are presently equipped with all needed community, traffic, and other infrastructure; in addition, they enable normal living conditions. For the European Alpine space - the Alpine tourist region, tourism represents a strategic branch of the economy, as it generates about 50 billion EUR of annual turnover and enables 10-12% of jobs, and possesses numerous competitive advantages in tourism (good communications; natural and cultural potentials; the world's popular rural and ski-destinations; organized tourism; strong marketing; and other).

Tamrat (2016) gave an example of the Lake Tana region - biosphere reserve (Ethiopia), whose modern tourism started in the 1940s parallel to the development of traffic and other infrastructure during the Italian occupation (1936-1941) when motor ships and multipurpose buildings were introduced, which later developed to hotels.

Figure 3. The Lake Tana region (Ethiopia) - tourism development is initiated by the development of traffic in the 1940s of the past century and has a permanent influx of foreign and domestic tourists

Source: Google Maps, 2022

In the mid-1940s, Ethiopian Airlines, international and intercontinental airlines, connected strategically important cities Gondar and Dire Dawa and tourist places with Addis Ababa, the capital of Ethiopia, which soon became an international conference center. Thus, the connectedness of Bahir Dar and Addis Ababa with air and road transport ensured a constant influx of turnover of international and domestic tourists in the mentioned region. Today, the biggest airport in Ethiopia- Addis Ababa ADD has 22 million passengers annually.

In the example of Sarajevo and Bosnia and Herzegovina, one of the strategic goals of the traffic, and at the same time of tourist and economic development of the country, is the construction of the corridor Vc highway, multimodal (road and rail) Pan-European transportation corridor (E73) connecting Hungary, Croatia and Bosnia and Herzegovina on the section Budapest-Osijek-Sarajevo-Ploče. In the Spatial Plan of Canton of Sarajevo for the period 2003-2023 (Development Planning Institute of the Sarajevo Canton, 2006), it was stated that tourism development was conditioned with transportation network development and that Corridor Vc has a special significance as a main factor of integration of the Sarajevo Canton and Bosnia and Herzegovina into the European traffic routes in the north, and with the sea in the south.

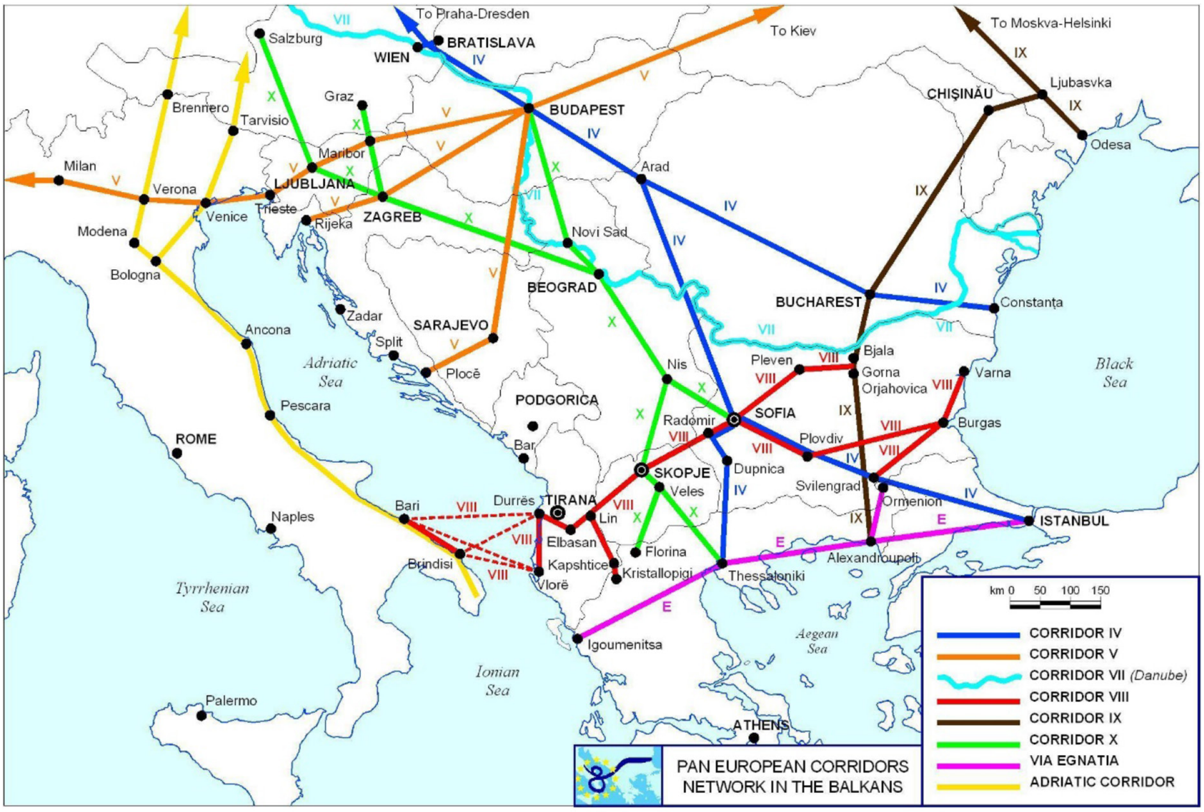

Figure 4. Position of Sarajevo in the Pan-European corridor network of the Balkans and Europe with recognized tourist importance of corridor Vc- main link of Central Europe and the Adriatic Sea

Source: Žunić, 2017

Corridor Vc would considerably improve tourism development and the tourist position of Sarajevo, because it would have a huge gravitational influence and dual character, as a major connection of Central Europe and the Adriatic Sea (the Mediterranean), and as a driver of the development of numerous areas that are located along the corridor, in which traffic connections will grow, catering and tourism.

6. THE RELATIONSHIP BETWEEN ECOTOURISM AND TRAFFIC

Infrastructure and telecommunication impacts of ecotourism can be measured through access to recreation areas, PLA, or sources of income. The relationship between traffic and eco-tourism is seen in the example of valuable areas with more favorable traffic-geographic locations, as they have better predispositions for a sooner nomination of directed protection and tourist development. For example, the protected area NP Una (BiH) has a favorable traffic position for tourism development, as it is located in the direct vicinity of the city center Bihać is 180 km far away from Zagreb (RC), and is well connected with the main tourist-road corridor connecting Central Europe and the Adriatic Sea, which (in addition to fundamental motives: rich natural diversity and other) has initiated its protection and directed development, as well as tourist exploitation (since 2008). Parallel to this, improvement of the traffic infrastructure primarily for tourism is one of the preferred objectives of this area, so its arrangement and modernization have been planned; basic road infrastructure, which enables normal communication for local communities and park visitors, has been established, an extension of roads and parking lots, construction and reconstruction of roads and paths, improvement of telecommunications connection, waterways, the introduction of ecologic types of transport, restructuring the purpose of transportation in tourist purposes (e.g. tourist instead of a freight train) and alike. Within the National Park, the Rotary tourist train operates with open wagons and panoramic sightseeing on the section Bihać-Martin Brod (manifestation „Along the emerald valley of the Una river"), and a cable car is currently being planned which will connect Kulen-Vakuf with the medieval town Ostrovica, etc.

Figure 5. The Tourist Rotary train – panoramic sightseeing - "along the emerald" valley of Neretva

Source: Poslovne novine, 2018

The tourist train "Rotary" crosses the border several times in the Una Canyon, passing through Bosnia and Herzegovina and Croatia. The tourist train concept promotes both tourism and the restoration of the Una railway's interrupted traffic. The tourist train in National Park Una's purpose is to open communications, attract tourists from all over the world, and revitalize the area that was left without railway transport. According to the Sarajevo Times (2016), during the weekend, the train transports over a hundred domestic and foreign tourists.

Tourism growth in the capital of Bosnia and Herzegovina has recently induced also the revitalization of the Sarajevo (Trebević) cable car (was first built in 1959; reconstructed in 2018), which connects Bistrik (583m of altitude) with Vidikovac at Trebević (1160m of altitude), and currently represents one of the main, extremely profitable and prosperous attractions because the revenues from the cable car are reinvested into new tourist projects and further tourist development.

Figure 6. Sarajevo cable car – winter escape from the foggy city to clear mountain locality -LPA Trebević- near Sarajevo

Source: CA - Authors' collection

According to the data of the Internal Archive of Public Enterprises and Institutions of Protected Areas in FBiH (2022), the basic assessment of the number of visitors in the "Trebević" is based on the number of users of the Trebević cable car and the occupancy of the existing parking spaces. This area is visited by over 1,000,000 visitors per year, with cable car transportation alone accounting for approximately 400,000 visitors.

Therefore, the tight connection between the protection of natural heritage, tourism, and traffic, which mutually incite development, is indisputable. In addition, each successful tourist destination should have a well-developed traffic infrastructure and superstructure, as a precondition for a pleasant stay with the rational saving of time, even an experiential event as well (if it relates to unusual types of transport).

7. TOURISM AND TRANSPORTATION-SPECIFIC RELATIONSHIP

In the context of the previous statements, and particularly regarding special transportation modes and/or eco-transportation, such as „panoramic train", „panoramic and adrenalin cable car" and other, specific relationships of tourism and transport can be understood, which was discussed by Page and Ge (2009), explaining that transport had the double effect:

a) "useful transport", and
b) "tourist value".

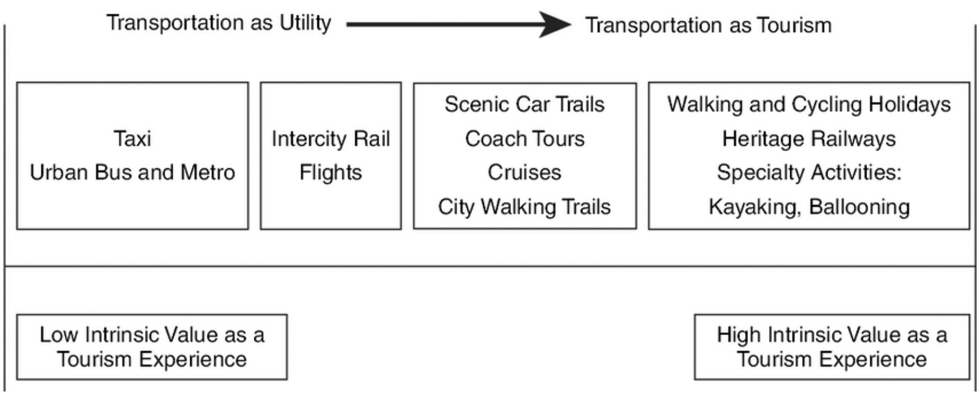

Figure 7. Continuum of tourism and transport

Source: Page & Ge, 2009

As it is noticeable from the presented diagram (Figure 7), depending on the means of transport that a certain destination or particular region possesses, it is possible to experience transportation as a „standard benefit" in the sense of more efficient transport from one to another point, but also as a „tourist value" when certain aspect of satisfaction, adrenalin and pleasure come with the transport, as the main destination of tourist attractions and entertainment is reached using transport, or because there is a possibility of panoramic sightseeing along the full route and alike.

In the first case, *standard benefit* produces a low intrinsic (inner) tourist experience, notably it can also have a different scale of satisfaction, because it will be higher if, for example, some urban tourist destination offers more different transport modes for convenience and saving. For example, Vienna as one of the most desirable urban destinations has an extraordinary transportation system: tramway, underground railway, train, bus and other.

In the second case, *special types of transport*, particularly the transportation intended for ecologic and tourist purposes produce a high intrinsic tourist experience (adventure), as they are connected with the forms of classical tourism, rest and recreation. For example, Sarajevo is famous for the first tramway in Europe, so its simulation for the tourist purpose (figure 8) enabled tourists to experience the ambient of that time, but the Sarajevo cable car (figure 6) also represents a unique experience with spectacular view on Stari Grad and the wider urban area of Sarajevo – "the European Jerusalem".

Figure 8. Simulation of the tramway from the Austrian-Hungarian period in Sarajevo
Source: CA- Authors' collection

8. FUTURE RESEARCH DIRECTIONS

There is no doubt that the partnership of tourism and traffic is the main cause of the transformation of the world into a global village. Tourism also incites the protection of natural and cultural heritage, and localities that are part of the world's cultural and natural heritage (UNESCO, IUCN) are, at the same time, the most popular touristic places. For this reason, in particular, many countries will continue with investments in green sites that are economically sustainable and profitable, and funds are reinvested into new tourist projects and further tourism development. Sustainable transport modes concerning protected natural areas form a unique tourist experience and adventure, and increase attractiveness, but also revenue (from the sale of tickets and alike). Tourism, ecotourism and traffic are tightly connected and represent contemporary development trends because they are the focus of strategic action and planning in numerous areas of the world. The specific relationship between tourism and transport is particularly reflected in relation to protected areas, thus the paper clears the way to research such issues. The influence of the COVID-19 pandemic has considerably shaken the tourist sector, but it initiated, at least, domestic tourism development, as well as the development and improvement of local roads, which can also be the subject of some new research. Through demonstrative examples from the world, also from Bosnia and Herzegovina, it is possible to follow the further course and development of events in the field of tourism, ecotourism and traffic, respectively what alternative transport modes will infiltrate certain areas, in what way some country will develop its tourist-traffic links and other. The correlation of tourism and traffic, parallel to tourist experience and adventure, is always and again a current issue, as there are huge differences in traffic organization and accessibility of different regions of the world, as well as essential differences in the degree of their reflection on tourist satisfaction. Positive examples are the most convincing arguments for further incitement of tourism and traffic, as well as the introduction of new protected areas.

9. CONCLUSION

The alliance and cohesion of traffic and tourism is indisputable, as there is no tourism without traffic connectivity and accessibility of tourist localities and the existing openness of roads cannot prevent movement of humans and tourism development. Tourism incites the development of railway network and traffic infrastructure, as well as the development of alternative and eco-friendly methods of transport (eco-train, cable car, and others), but also the revitalization of historical forms (e.g. simulation of the first tramway in Europe-Sarajevo). The specific connection of tourism is particularly reflected concerning protected areas due to alternative transport modes, as well as impressive landscapes. Tourism contributes to better connecting marginalized areas of development (villages, nature and wilderness and alike), also to global connecting of the world. Tourism incites traffic development permanently, by forcing air transport in connectivity of remote destinations, particularly during the warmer part of the year in the holiday season, when tourist movements are the most extensive at the same time. The state authorities and tour operators organize charter flights in various lines, and their number is bigger when the country is more developed and recognized as the world's destination. The organization of charter lines also reflects the country's political connections and cooperation between particular countries (e.g. big number of flights from Bosnia and Herzegovina for Turkey and the countries of the Near East). Right behind air transport is road transport, which has somewhat less expressed seasonality of tourist movements, as the people travel permanently for different reasons (education, business, health and other). Transport in tourism, especially if it is diversified, has multiple importance: need, discount, time and money saving, satisfaction, and a unique experience.

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Wine Tourism and Winescape Experiences in Croatia: Understanding Motivations of Generation Z Wine Tourists

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Experience;
Croatia;
Generation Z;
Winescape;
Wine tourist

Abstract: *This paper explores the importance of understanding the nature of wine tourist motivations. It examines perceptions, experiences, and expectations of winery visitors in Croatia, particularly focusing on the perspective of Generation Z as a generation cohort. Understanding Generation Z and their expectations of winery visits are very important in developing and adapting winery products that correspond with their needs and expectations, and thus positively influencing the increase of loyalty and returning visitations to the winery. The two separate focus groups were conducted, with altogether 17 participants who are all members of the Generation Z cohort groups from Croatia. The key findings of the paper show that in search for winery experiences members of the Generation Z cohort are not only in search for the inside winery experiences but are rather attracted by hedonic experiences evolving around something much wider - the winescape. Finally, research offers a scientific contribution to Generation Z's motivations for winery visits, and a practical contribution to wineries' management, owners and entrepreneurs that can use findings in their further strategic management and marketing decisions.*

1. INTRODUCTION

Wine tourism research has been significantly developing since the mid-1990s by examining both supply and demand side of it. More so, wine tourism embodies the connection of relationships between wine regions, wine tourists and wineries (Bruwer & Rueger-Muck, 2019). Understanding wine tourist needs, therefore, denotes an important component for appropriate tourist product development (Bruwer & Alant, 2009). When researching the demand side of wine tourism, wine experiences represent one of the primary reasons for visits to wineries and vineyards (Hall et al., 2000). As these experiences are directly connected to winescape[3], the experiential dimension of wine tourism has been highlighted (Brochado et al., 2021; Bruwer & Rueger-Muck, 2019; Hojman & Hunter-Jones, 2012; Quadri-Felitti & Fiore, 2012). While tourism research on wine tourism experiences does exist, it is still evolving field where additional research in experience design, wine tourist motivations and an understanding of the hedonic view of the tourism experience is still needed (Brochado et al., 2021; Bruwer & Rueger-Muck, 2019). Very little is known about the motivation factors that drive wine tourists to consume winescape, especially in Croatia, which is what this research aims to further explore.

Despite the importance of winery experience inside the winery for wine tourists, existing research has pointed out the importance of understanding winescape in a broader sense than just emphasizing the wine cellar experiences (Brochado et al., 2021; Bruwer & Rueger-Muck, 2019; Hojman & Hunter-Jones, 2012; Quadri-Felitti & Fiore, 2012). Furthermore, this can be an equally important element in the overall wine tourism business context (Bruwer & Rueger-Muck,

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3 Winescape term is used to describe the combination of physical and emotional bond with wine region, vineyards, winery, and terroir.

2019). Understanding the importance of the physical environment in the context of the marketing mix is argued to be beneficial for winery owners and wine regions in further developing their products and marketing strategies by adjusting them to wine tourist needs, thus using them as a point of competitive advantage. This research furthermore answers the call for the need to better understand the motives and characteristics of wine tourists (Getz & Brown, 2006). Hence, the main premise of this research is the nature of wine tourists being in search of experiences and pleasure while visiting wineries that are not necessarily linked only to visiting wineries but to the broader context of leisure experiences. In terms of contribution, this research develops additional knowledge in wine tourism in Croatia, linking wine tourist experiences and wine tourism products through an in-depth understanding of the winescape motivations of the Generation Z cohort group. This chapter starts with a literature review on wine tourists, wine tourism, motivations of wine tourists and age generational cohorts. After that, it in details describes the research methodology and chosen method, and finally, it offers research findings and discussion.

2. LITERATURE REVIEW

2.1. Wine Tourists and Wine Tourism

To be able to define wine tourism, it is important to understand who wine tourists are. In general terms, wine tourists can be defined as day tourists from closer points of origin, or overnight tourists from the immediate area characterized by different demographic characteristics (Byrd et al., 2016). Despite these different demographic characteristics, they represent a combination of domestic and international tourists with, in most cases, high education, income and professions, i.e. belonging to high socioeconomic level (Getz & Brown, 2006). If looking from the perspective of psychological motivation wine tourists can be defined as "someone who has a desire to experience the geographical space where the wine was produced" (Cohen & Ben-Nun, 2009). Many scholars criticized the idea of wine tourists' motivations being purely focused on wine but have rather argued their search for broader experiences connected to wine (Byrd et al., 2016; Dodd, 1995; Hall et al., 2000), which is also the focus of this research. Following the definitions of wine tourist, wine tourism destinations started to think in a more holistic approach towards the wine regions and tourism destinations that go beyond taking care of the grapes to produce good quality wine (Peters, 1997). Hall's (2000) concept of winescape that consists of vineyards, winemaking activity and wine tasting offered another dimension to thinking about winery product offer. If thinking of the tourism destination image as a multi-dimensional construct, it consequently consists of an affective and cognitive component (Tasci et al., 2007). In such an environment, winescape refers to a "spatial realm that integrates winemaking and wine tourism in a viticultural setting", i.e. "a whole region and its attributes" (Patriquin, 2005).

Wine tourists, therefore, do not visit wineries purely to taste wine, but rather to see grapes grow, being harvested, wine being made, consume vineyard landscape, and taste and buy wine. As seen, it is a combination of experiences that cover many motivations for winery visitation. Even more, these are often combined with the culture and heritage of the region as well as local dining (Bruwer & Alant, 2009; Getz & Brown, 2006). Finally, wine tourism can be defined as "visitation to vineyards, wineries, wine festivals and wine shows for which wine tasting and/or experiencing the attributes of a grape region are the prime motivating factors for visitation" (Hall et al., 2000). Authors further 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 content, as well as selling wine products to customers (Getz & Brown, 2006). This form of consumer behaviour can be manifested in the wine tourist motivations that go beyond winery visits and wine purchases, but include other expected experiences and motives for their visit.

2.2. Wine Tourism in Croatia

Since this paper aims to examine wine tourism characteristics and scope in Croatia, it is of value added to note that the country is divided into several wine regions: (1) Dalmatia; (2) Istria and Kvarner; (3) Slavonia and Croatian Danube; and (4) Croatian Uplands. Dalmatia presents the region of the origin of the wine civilization of modern Croatia (and, in some segments, of even broader geographical reach) with protected wine sorts Pošip, Dingač, Postup, Plavac Mali and Babić. It is today one of the most attractive tourist destinations in Croatia for wine tourists (domestic and international). Istria and Kvarner can be described as the most developed wine tourism regions in Croatia with sorts such as Malvazia Istarska, Teran and Žlahtina. While considering wine tourism development, Istria can also be described as a destination that has better tourism offers than other Croatian regions. Slavonia and Danube represent regions developed for the large quantity of wine production with the main sort being Graševina; this region has jet not seen proper development as it was mostly impacted by the Croatian War of Independence (1991-1995). Finally, Croatian Uplands as a region is closely connected to Zagreb (Croatian capital), with a variety of sorts such as Portugizac, Reisling, Sauvignon Blanc, Škrlet and others, with huge potential in further development of wine tourism closely connected to the capital city. All of the regions mentioned above started with the revival of their wine production at the end of the 20th century with many examples showing existent potential for further wine tourism offer development, with still a long way to being recognized in the EU or global tourism map (Hanžek & Sušić, 2019). One of the ways how to further develop wine tourism products is an in-depth knowledge of wine tourist motivations to be able to appropriately approach different wine tourism product development.

2.3. Motivations of Wine Tourists

Motivations of wine tourists vary between those rational and emotional depending on the situation and type of wine tourist. Schiffman et al. (2011) defined motives as hypothetical constructs which can be properly accessed only through undertaking strong methodological qualitative research. While most wine tourists are wine drinkers and have wine-related motivations to visit wineries, many wine tourists are not wine drinkers and have different winescape motives that satisfy their needs (Hall & Mitchell, 2001). Current research points out the difference between the primary motivations (to taste and to buy wine) and secondary motivations (socializing, learning about wine, being entertained, day out, setting and scenery) (Hall et al., 2000; Famularo et al., 2010). The interest in the pure product (wine) creates a desire of wine tourists to visit the place where vineyards are located and where the wine is produced – which includes motivations to participate in wine harvesting, interact with the culture and gastronomy of the place, and pursuit the hedonistic realm of experience through winescape consumption (Goossens, 2000; Pine & Gilmore, 1998). Factors underpinning wine tourist motivations are complex and the demand for wine tourism is based on the previous motivations, perceptions, and experiences, as well as expectations of wine tourists (Hall et al., 2000). There is an evident gap in knowledge focusing on a variety of motivational forces that influence wine tourist desire to visit certain wineries, especially in the context of discovering motivations that are not merely connected to "taste and buy" but are rather more complex.

Finally, the nature of wine tourism involves indulging the senses not only through wine products but through an entire winescape concept (Hall et al., 2000). As sensory experiences stimulate emotions, wine consumption can be considered an aesthetic experience as well (Charters & Pettigrew, 2006). Consuming winery design can be argued to be equally important for certain visitors as a "taste and buy" moment. That is because through such experience sensory simulation for wine tourists is created. Nevertheless, only a few research studies have looked at the sensory dimensions of wine tourist experiences (Brochado et al., 2021; Bruwer & Rueger-Muck, 2019). Through the wildly accepted recognition that an understanding of wine tourist motivations is vital for the marketing of wineries and wine destinations (Nicolau & Más, 2006), this research aims to further understand the needs and motivations of Generation Z as an age generational cohort of wine tourists.

2.4. Age Generational Cohorts

As the paper focuses on Generation Z as an age generational cohort, this part of the literature review outlines the importance of looking at age cohorts as an important segmentation variable. Generational age cohorts can be defined as groups of individuals characterized by their age of birth (Bruwer & Rueger-Muck, 2019). Such age generation descriptors (generation Y, generation Z, Millennials, Baby Boomers, and so on) are commonly used, and, despite their relative ease of measurement, they are still one of the least understood marketing dynamics (MacDonald et al., 2013). These groups are significant as each of them offers an understanding of their shared values, and common history based on factors such as social norms, prominent events and expectations (Jackson et al., 2011). In the context of understanding customers, each group can represent a segment with unique values and behaviours creating similarities between them (Noble et al., 2004). In the context of wine tourism and wine tourists, for the wine tourism market to grow, more young wine tourists have to be introduced to wine tourism in their early to mid-twenties (generation Z) since this is considered the critical period when they form many of their consumption habits (Lissitsa & Kol, 2021). Research has shown that three separate effects can be identified that produce differences between the age cohorts and these are (1) age effect (lifecycle of member); (2) period effect (circumstances and shock events such as wars and other broader social forces); and (3) cohort effect (unique historical circumstances experienced by members) (Dinas & Stoker, 2014). The research literature also often defines the following generational cohorts: (1) Baby boomers (born between 1946 and 1965); (2) Generation X (born between 1966 and 1980); (3) Generation Y (born between 1981 and 1994); and (4) Generation Z, born in 1995 and after (Lissitsa & Kol, 2021). As already mentioned, the paper focuses on Generation Z, and to be even more precise its sub-segment, those in Generation Z that are 20-25 years old (in the rest of the paper Generation Z). What we propose is that such defined generation Z, up-and-coming wine tourists, at the start of their wine tourist lifecycle have different motivations for winery visits than typical taste and buy motivation and that they also differ from characteristics of other cohort groups mentioned. This research, therefore, through qualitative analysis aims at gaining further understanding of the motivations of Generation Z.

3. RESEARCH METHODOLOGY AND METHOD

Methodology within this research uses qualitative research that is grounded in social constructivism (Denzin & Lincoln, 2018). This methodology is suitable for the research aims and objectives as the field of wine tourism is emergent due to a noticeable lack of prior studies on the role of wine tourist motivations of Generation Z for offering better product experiences in wineries. Figure 1 shows the methodological approach that researchers followed while conducting this study.

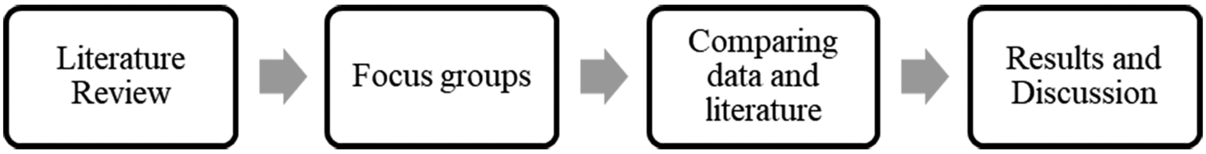

Figure 1. Qualitative method approach for data collection
Source: Authors

The two separate focus groups were conducted with 8 and 9 participants, all members of the Generation Z cohort groups from Croatia (born from 1997-2012; in the research age 20-25 years old) that probed participants to present in-depth views and opinions on motivations to winery visits - focusing on above-explained theory in the previous section. Focus groups all together had 17 participants (9 female and 8 male) participants. All 17 participants are fond of wine and have at least one time been wine tourists to continue being one. Focus groups took place at the Zagreb School of Economics and Management between 19th and 23rd September 2022, and ranged between 60 and 80 minutes, with an average of 70 minutes.

Each focus group was audio–recorded, after which the data was transcribed. Focus group surveys were conducted in the Croatian language. Each focus group was looked at independently and then compared and analysed to create a meaningful and properly organized data research base (Liamputtong, 2009). Finally, comprehensive and meaningful conclusions were made, presented in the discussion part of the research that follows. Ethical issues concerning research were fully considered and were not violated. Firstly, the interviewed participants were 18+ years old all belonging to non-vulnerable groups. Secondly, addressing the question of quality, integrity and ethics, no sensitive questions were discussed. Each participant was previously informed of the process of audio–recording and agreed to take part in the research. Finally, should the participant wish to stay anonymous, this decision was included in the approval form and was fully respected.

Focus group questions were divided into four sections, each focusing on a certain topic relevant to the research. These topics were as follows: introduction questions; winery visit motivations; wine purchase behaviour; expected experiences characteristics; followed by concluding questions. Focus group questions are outlined in Table 1.

Table 1. Questionnaire sections and the rationale for their inclusion in the research

Questions Sections	**Focus Group - Questions**
Introduction Questions	• Tell us more about you (age, place of origin, education level). • How often do you visit wineries?
Winery Visit Motivations	• What is the main purpose of your visit? (wine tourism, holiday, visiting friends and family, attending events, business/conferences, recreation/hobby, just passing by a winery, special occasion (wedding/birthday/celebration) • Tell us about your motivations to visit a winery (taste wine, buy wine, experience the atmosphere, learn about the wine, have a day out in nature, entertainment, rural setting, dining experiences, wine purchase, socialization, meet winemaker, go on a winery tour, be a part of the event at the winery)
Wine Purchase Behaviour	• Did you, apart from the wine tour make any other consumption? • Did the visit to the winery make you purchase wine in the restaurant or retail store after the visit or vice versa? • The price paid per wine tasting? • The price paid per bottle?

Expected Experience Characteristics	• How would you describe the most important parts of your experiences visiting a winery? • Do they all have equal importance or you can rank them on the scale? • Explain (scenery, landscape, winescape, wine quality, positive references, facilities, the winery itself, ambience of the region, restaurant quality, heritage, local hospitality, small family business, vineyards, wine tastings, tourism destination brand, nice towns close to the winery, wine brand name, knowledgeable staff, accessibility, variety of secondary activities around, cottage industries-bakeries, butcheries, small town feeling…)
Concluding Questions	• What would you like to additionally see or experience while visiting the winery? • Where do you see winery visit development in future? • Did your winery experience motivations change since the first visit to the winery or have they remained the same? • Did the experience change you? • Is there something additional you would like to add that we did not ask?

Source: Authors

The analysis of focus groups revealed coding categories associated with the above-mentioned categories. This data was then used to compare the results of focus groups considering previously conducted literature review. Finally, comprehensive conclusions were made, presented in the research results and discussion that follows.

4. RESEARCH FINDINGS AND DISCUSSION

Focus group responses revealed several common themes that often mirrored the literature review secondary data collection about different motivations influencing winery visits. The main themes revealed are (1) motivations to visit; (2) expected characteristics; (3) expected experiences, and (4) visit outcomes.

The findings of the research confirmed a strong relationship between the existence of the same motivations shared by Generation Z and their wish to visit wineries. To create an exceptional winery visit experience, wineries need to understand the motivations behind Generation Z winery tourists and include these in their product offers. Their motivations to visit are the combination of entertainment, aesthetics, education, and escapism (Pine & Gilmore, 2011) and this is evident from the discussion below.

4.1. Motivations to Visit

Research revealed that one of the core motivations to visit wineries are: (1) to be entertained; (2) to be aesthetically drawn; and (3) to be spontaneous. Generation Z cohort attaches entertainment to socializing together by looking at wine, tasting it and matching it to different kinds of food while being in good company. As one of the participants said:

> *"I like the entertainment part of it. To gather my friends and to have this new experience of tasting wine, eating, and having fun all together, ... something to talk about when I get home".*

An entertainment part of the realms of experiences argued by Pine and Gilmore (1998) means that each of the wineries should try to make an experience that encompasses elements of hedonism, identity, experientialism, and symbolism making altogether a unique eno/gastro product offer to meet the expectations of generation Z cohort group (Batat, 2010). Here, entertainment is strongly connected to spending time with friends and family, an important part of the entertainment moment. Results have suggested that although participants have argued that despite not being "wine experts" they cherish time socializing with their friends and families in an environment that is relaxing and different. As one of the participants argued:

> *"I like to see my family and friends happy when visiting wineries and go to this kind of experience where we happen to enjoy company, being entertained all together as we have something we came to see, so we share our thoughts on it and at the same time we enjoy the environment we are in".*

Furthermore, these socializing moments come in different shapes – small friends' groups, large friends' groups, family, events, and special occasions such as weddings or birthdays. In addition to focusing just on wineries, they also like wineries to be in the context of broader events than solely connecting to tasting and buying wine (e.g. watching movies in the vineyard, painting in the vineyard, enjoying the winery spa). Another important motivation to visit has been directly connected to the winery aesthetic – the architecture and design of the place. What Generation Z wine tourists are searching for is an aesthetic appeal that wineries need to leave on individual's perceptions. As one of the participants mentioned:

> *"I like visiting wineries to see how wine cellars and tasting rooms look like. I think that wineries are places where through the design of the place you can feel if there is, or there is no quality of the product. Also, the connection of the cellar to nature is something I like to see".*

Other participants added:

> *"I also like to see if the visit is solely on vineyards or if there are some tourist attractions nearby that I can see, or, that I know I can go and visit".*

What they are in search of and what motivates them to visit is the creation of emotions and pleasure while at the same consuming the cultural heritage of the destination, as well as the architecture and design of the winery, i.e. the winescape.

Finally, the motivation that was largely evident through analysing data was the importance of being spontaneous. Generation Z clearly outlined showing the spontaneous character as one of the motives for their visitation. Their decision-making process is very short where half of the participants argued to decide to visit the winery within 24 hours, and another half within one month before their visit. As one of the participants mentioned:

> *"I wake up and decide to visit the winery. Then I text my friends in our chat group and hope that they would join me. We don't make long-term plans, it is spontaneous, that way is the best".*

Such a spontaneous decision-making process can be directly linked to the hedonic character of the wine tourism experience (Bruwer & Rueger-Muck, 2019).

4.2. Expected Characteristics

Research further revealed certain (expected) characteristics connected to winery visits: (1) to have scenery; (2) to have wine(ry) quality; and (3) to have region as a brand. For Generation Z to visit wineries, having a view has shown to have great importance. One of the participants thus emphasized:

> *"I might not be a total wine lover or someone who greatly understands its production, however, I have a big appreciation of nature, and I love seeing views of vineyards as well as another agricultural land, it is so peaceful to me".*

More so, the quality of wine and winery as a brand tend to be expected should they decide to visit. It is one of the core motives that seem to be a prerequisite for visiting the winery. One of them said:

> *"If we are to spend money, we want to spend it on high quality, we are not even considering mass production wineries as something we want to see, we are in search of boutique products that despite not spending a lot, we are willing to afford for ourselves".*

Another important element to them was the brand of the wine region. They argued to be more confident to decide to visit wineries in destinations that are branded wine regions rather than ones that have no brand identity. This is important for local tourism boards (or in some countries destination marketing organizations) who need to further focus on building wine region brands and promoting wineries as wineries in the region rather than independently of the region.

4.3. Expected Experiences

Research also revealed that there are several expected experiences that Generation Z is eager to find while visiting wineries. These are: (1) to escape; (2) to "show that I know"; and (3) to have a day out. For Generation Z wine tourists, escapism is one of the main ingredients when thinking about visiting wineries. As could be seen from the research, all participants showed interest in experiential pleasure as something they are expecting to get from the visit. For them, spending a day in the winery and consuming winescape represents an escape from everyday life and doing something different that is not a part of their everyday routine nor something they can afford all the time.

As one of the participants put forward:

> *"I like to go to the winery as the place where I change my everyday "landscape", it doesn't have to be far away, it is just this idea to be somewhere different. Sometimes it takes just 30 minutes (drive) to feel like you have escaped the rush of the city centre, all the cars and tasks that are waiting to be finished".*

Therefore, to create a unique experience that allows Generation Z wine tourists to escape, wineries need to have in mind creating products that will not solely focus on "taste and buy" but include an option for this generation to co-create the experience through combining all four realms of experiences (Pine & Gilmore, 2011). Despite "taste and buy" not being the main motive for Generation Z visitors to winey, it still comes as an important ingredient to experiencing wineries. This supports the view of taste and buys to remain at the top of the motives in the winery experience (Bruwer et al., 2013).

Another interesting motive that was discovered through the research is the need to "show that I know". One of the surveyed participants said:

> *"I think wineries are one of those places where you say to your friends or family: let me take you somewhere nice, and then you are proud because you have discovered that place to them".*

Another participant added:

> *"Yes, same is for me, I like when they all ask me how do you know of this place?".*

Generation Z wine tourists use visits wineries to show their friends and family that they know good locations to visit (not necessarily knowing wines, but rather a good and trendy place to visit). Finally, something that all participants agree, an expected experience from a winery visit is having a day out.

One of the participants said:

> *"I see it as a day in nature, a day out".*

Another has added:

> *"When we plan what to do for a weekend and say let's have a day out, the winery is always on someone's list".*

Generation Z sees wineries as a location where they can spend a day or afternoons together, as day-out locations, where again, the wine did not seem to be at the core of their needs but an entire winescape around it.

4.4. Visit Outcome

Research additionally revealed that there are three main outcomes of winery visits that Generation Z expects from their visit: (1) to learn; (2) to meet the winemaker; and (3) to make modest purchases.

As many sociocultural factors are directly connected to wine and gastronomy, this research has shown that visit to winery plays an important role in promoting local oenology and heritage of the wine region and at the same time educating wine tourists about it. Wine tourists of Generation Z emphasize the wish to learn something new about wines and wine production to feel more educated and more recognized in their friends' group after the visit to the winery. They do not come prepared but are open to learning as much as they can while at the same time having fun.

One of the participants mentioned:

> *"I don't know a lot when I come, but when I go home, I would love to know much more about wine than I knew when arrived. Whether about grapes, wine production or wine tasting and matching it with food. Anything that I bring back to be able to talk more about is welcome".*

Another participant said:

> *"I also don't know a lot about wine, but I like the idea of knowing a lot. I think that the more I visit I will get more knowledgeable because I do pay attention when I am there and try to memorize all the provided information".*

One of the ways that participants mentioned that they would like to get knowledge is the winemaker. They have all argued that meeting the winemaker presents added value to their visit to the winery as it becomes very personal.

One of the participants argued:

> *"If the winemaker himself is there and he talks about her/his wines, I feel I am more connected to that winery and that I know much more – because I know her/him. Although actually, I might not know a lot".*

Other participants added:

> *"Exactly, it becomes personal level. Then if I think of going somewhere again to the winery, I will go to the place I know the winemaker as I feel I am more welcome there and I like the idea of knowing her/him".*

Knowing the winemaker has shown to be important for Generation Z as well. Despite their knowledge and esteem in being able to know a lot is still low, the idea behind meeting the winemaker presents an important experience for them as well as a motive to visit and to come back to the winery. Finally, in contrast to other generational cohorts, generation Z can be argued to have the lowest disposable income as it represents groups of mostly still students who are entering the wine world for the first time. This makes them the smallest spenders at the given time.

As one of the participants said:

> *"I try to purchase a bottle or two to take home and have it as a story to tell once I will celebrate something at home, so when I open the bottle, I will have something to say about it. I still can't afford to buy the case of wine but am sure I will one day".*

Despite Generation Z not presenting the biggest spending segment of wine tourists, in this phase, they are becoming loyal visitors who will then in turn, as their careers grow together with their disposable income, become bigger spenders should wineries use proper product strategies from them. Research has shown that members of Generation Z tend to buy a maximum of two bottles of wine after a visit to the winery, whereas many of them do not purchase at all. Once they have experienced the atmosphere in the winery, they argue to more likely order the same brand of wine in the restaurant if they see it on the restaurant wine list, as well as purchase bottles of wine in shops for birthday or special occasions, as one of the participants emphasized:

> *"If I was in a winery that I really like, and I see a restaurant has their wines on the wine list, I will for sure order it as I will have something to say when the bottle comes to the table, as I have experienced it and have seen where these grapes grow".*

Another participant added:

"Not only that, but I also like to buy it as a present for special occasions".

Experiences that they have obtained while visiting seem to be again at the core of the purchase behaviour of Generation Z wine tourists.

5. CONCLUSION

This research has explored the importance of understanding the nature of wine tourist motivations. Research is linking destination image attributes to visit motivations and the age generation Z cohort group of wine tourists through using an experiential research methodology and method. Also, this research has contributed to further closing the gap between the motivational drivers for wine tourists and actual consumption of the core wine tourism product (Bruwer & Rueger-Muck, 2019). The importance of understanding Generation Z and their expectations of winery visits gives an in-depth insight into the motivations for visiting wineries. This research aimed to further understand the motivations of Generation Z by uncovering the existence of certain similarities that this cohort group shares. The main findings are presented in Table 2, which summarizes different motivations influencing winery visits through categories of motivations to visit, expected characteristics, expected experiences, and visit outcomes.

Table 2. Main Findings – Motivations of Generation Z wine visitors

Motivation to visit	Expected Characteristics	Expected Experiences	Visit outcome
To be entertained To be aesthetically drawn To be spontaneous	To have scenery To have wine(ry) quality To have region as a brand	To escape To "show that I know" To have a day out	To learn To meet the winemaker To make a purchase

Source: Authors

Research results aim to further inform wineries about their product and offer development that should correspond to the needs of Generation Z, which could positively influence an increase in loyalty and returning visitations to wineries (Charters & O'Neill, 2001; Dodd & Bigotte, 1997; Nixon, 1999; O'Neill & Charters, 2000). Table 2 clearly shows the need of expanding selling proposals to not only selling wine but selling pleasure and winescapes.

Despite having a great potential for developing better-targeted products, many wineries still neglect segmentation in their marketing strategies and are mostly focusing on "taste and buy" as a selling point. Finally, the findings show that in search for winery experiences members of the generation Z cohort are not only in search for the inside winery experiences but are rather attracted by hedonic experiences evolving around winescape. Should this be included in new branding strategies, it would have a positive effect on the overall winery image (and consequently regional image), could positively influence expanding tourist season, increase the number of segments visiting the winery, enrich tourist offer, and consequently develop a strong winery brand. Finally, examining the motives of Generation Z's visit to wineries brings an important contribution in giving insight as to how more adequately approach winery branding, through implementing research findings into more effective marketing strategies in the future.

6. FUTURE RESEARCH DIRECTIONS

It would be beneficial to address the limitations of this research by repeating it with other cohort groups qualitatively or quantitatively so that differences between them can be better understood. There is also an entire segment of non-wine drinkers who are also visiting wineries and are worth researching. More so, future research projects could attempt to highlight differences between Croatian and similar wine tourism destinations in other parts of Europe (and broader). As this research focused purely on Croatian wine drinkers belonging to Generation Z, and as Croatia is an important tourism destination, further research should be developed to compare domestic and international tourists belonging to this cohort group.

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Sports Events in the Function of Sports Tourism Development and Destination Branding

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Abstract: *As has been stated extensively elsewhere, places have long used marketing as a planning and management tool, so it should come as no surprise that they would start to embrace the concept of place branding more and more. Undoubtedly appealing is the notion of discovering or creating something special that would set a location apart from others. Places plan and support transient events too, at the very least, increase awareness of their presence as well as create unique brand associations. These connections have to do with the event's organization and substance. It is demonstrating its ability to host the activity while also associating with it. Marathons are examples of athletic tourism. These occasions have been utilized by several locations to increase visitor demand during the past few decades. When we talk about sports events in Serbia, there is a noticeable increase in the organization of marathons, half-marathons and pleasure races, which very effectively brands the destinations where these sports events are held.*

1. INTRODUCTION

Globalization, which led to the opening up of sizable markets, greatly increased and accelerated the flow of people, goods, and capital, decreased the sovereignty of national states and opened up borders, and the development of information and communication technologies, which united the world, all had an impact on the massive growth of the tourism industry. Furthermore, globalization affects many dimensions of how society operates, including athletic events, as it is a fundamental element of modern social growth. In recent years, the globalization of athletic events has intensified. The integration and globalization of athletic activities have become a popular new trend in global culture. A strong association between visitor flows to various nations, especially those that weren't previously extremely popular owing to inadequate availability of natural resources or unpleasant climatic conditions, is one of the benefits of globalization in athletic events for society (Mikalauskas et al., 2014).

Tourism cannot be unambiguously defined because, in addition to offering visitors rest, relaxation, treatment, learning, or satisfying some other desires and needs, the events and experiences that tourism encompasses are directly related to numerous product and service activities (Marković, 2018). Sporting events are a common reason for travel and may result in a massive flood of travelers who are beneficial to a place in many ways (Dašić & Kostadinović, 2022). Up until a few decades ago, "sun and sea" tourism, which was joyful, healthy, and delicious, was the norm when people went on vacation. Popular beach resort areas were the main locations for either solitary or carefully planned holidays. These factors tend to shift in the direction of active vacation content due to new trends in the evolution of tourism and distinctive visitor expectations. The modern travel and tourism sector is changing due to the emergence of specialized kinds of tourism, such as thematic tourism (which includes sports tourism). Sports events are commonly

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cited as justification for quick getaways. The demand for sports and leisure activities in the tourism sector is significantly impacted by the modern lifestyle, which is a result of technological and market expansion. As seen by the growth of the sports sector, sports' great popularity is the reason for their financial success. By creating selective forms of tourism and promoting them, it was possible to reduce the pressure on certain destinations and to increase seasonality, where today there is a lot to choose from almost throughout the year, something for everyone. Precisely with more choices, one form of selective tourism certainly managed to stand out above the others, namely sports tourism, which in our areas from year to year records greater arrivals of sports tourists as well as increasing investments in infrastructure and superstructure for them. Sport and tourism are two driving forces for the promotion and sustainable economic development of tourist destinations.

A sporting event is a social gathering that involves plenty of participants and activities in a competition. Sporting events are an important and necessary part of the travel and tourism industry. Since ancient times, when the main "tourist" centers of ancient Greece were the same places (sanctuaries) where sports events were performed, they have played a significant role in the tourism industry. Athletic events may be divided into many categories, largely determined by the scope of their effects, such as attendance, media coverage, profile, infrastructure, costs, and benefits (Auger, 2014; Boyer et al., 2007; Dašić et al., 2021).

Sports tourism enables the creation of additional economic effects in tourist organizations or in companies that provide various sports and recreation services. Such services include the rental of sports facilities and sports equipment, the organization of schools and courses for learning various spots, the preparation of athletes, major sports events and competitions, and sports and entertainment attractions. Direct economic effects arise as a result of the sale of sports and recreation services in tourist or sports organizations (Geić, 2011, 277).

Sports tourism represents a specific form of tourism that has been defined by numerous authors in different ways. "Tourism in which sport is the main motive for traveling and staying in a tourist destination" is called sports tourism. It is also important to mention and explain its forms, namely competitive sports tourism and summer and winter sports and recreational tourism. Competitive sports tourism includes "all trips to participate in certain sports competitions, from domestic to international" (Bartoluci, 2003).

2. THE THEORETICAL BACKGROUND

The first scientific works on place branding dealt with the topic primarily by connecting it to tourism and city public policies (Ashworth, 2005; Ashworth & Voogd, 1990). There are multiple advantages of branding a place, among other things, attracting foreign investment, increasing political influence and growing tourism. Regarding the place brand, consumer or user behavior is based on positive or negative motivation (Marković, 2018, 33). Seen from the aspect of tourism, the subject of branding can be many things, from purpose-built areas, to villages, cities, regions, and countries. A tourist attraction is a place with the basic purpose of providing interesting, entertaining, or educational content, which serves to attract tourists (Dašić & Savić, 2020). Sport, that is, athletes, with their successes, influence the creation of a positive image of the state and the nation at the global level. Consequently, this affects the creation of a better economic position for the country where the athletes come from, and can also affect the improvement of image, investment and business cooperation (Aziz et al., 2012). That is precisely why, due to the increased profits in the sports industry and the popularity of sports on a global level, no production branch is not interested in cooperation with the sports industry (Dašić & Dašić, 2021).

Sports events that are seen by a global audience provide nations with an excellent chance to market their place. Sports events can successfully brand countries, regions, or towns, therefore an increasing number of nations hold their traditional, ongoing athletic tournaments. England, for example, hosts Wimbledon and the Football Premier League, while France hosts the Tour de France. Mega-sports events are becoming more and more significant in the current day, and the hosting of these events is becoming a political hot button for a growing number of national states throughout the globe, particularly "as a method of getting worldwide prominence in a specific way" (Cornelissen, 2007, 242).

Selective forms of tourism emerged as the future of tourist trends, given that they are more focused on sustainability, humanity, quality, social responsibility and the even distribution of traffic among destinations. This enabled a departure from the former standard 3S package, and the focus was placed on individuals and their wants and needs. "Selective forms of tourism include trips that are conditioned by the realization of some special interest. Those special interests are the primary and dominant motives that drive tourist consumers to travel to a destination that can satisfy its tourist offer (Čavlek et al., 2011, 40).

Alfier (1994) already in the late 1970s included recreational and sports tourism on the sea, water and mountains in the forms of selective tourism, with specific types such as itinerary-pedestrian, equestrian (riding), circular (cycling) tourism for a "relaxed" holiday in the natural environment, etc. Bartoluci et al. (2004, 2007) state that sports tourism belongs to selective forms of tourism, based on the motivation to travel and appears in different forms: competitive sports tourism, winter and summer sports-recreational tourism. The combination of sports and health tourism can initiate other economic activities, which are complementary in relation to directly productive capital and even enable the creation of an economic multiplier. Serbia has great potential to become a regional leader in health and medical tourism (Dašić, 2016).

Collaboration between event planners and local destination managers may be essential, according to various study findings (Akgöz, 2013; Bertella, 2013). A complete branding plan that crosses international boundaries and neighboring areas may include such teamwork. Along with a strategy for the region's image, such collaboration can also entail the development of joint packages of activities aimed at exposing the area to tourists. Participation in athletic events involves consumer attitudes over the long term, and consumer behavior is impacted by these attitudes over the long term, according to the actions at these events. A variety of sport tourism studies have indicated that travelers may develop a particularly strong, profound attachment to the location that goes beyond the event. This demonstrates that creating an emotional bond between passengers and their trip place may be facilitated by athletic activities (Filo et al., 2013).

According to Som and Badarneh (2011), a range of factors affect whether people return. Satisfaction seems to be one of the often studied factors, whether in direct relation to repeat visits (Brown et al., 2016; George & Swart, 2013) or as a mediating factor between some characteristics and return intention. Sports event tourism authors have focused on the relationship between visitors' or participants' intents to return to the location of the event or even to the event itself

(Dašić & Jović Bogdanović, 2020). It has been shown that visitors' intentions to return are significantly influenced by their past experiences with an event or the venue where it is held. This is because guests are familiar with the venue and choosing to return in the future is less risky. Sports as "big business" have persisted over time. Nearly every city in North America today has a sports tourism strategy, frequently with dedicated staff and organizations, and there is a significant international competition to win events and draw spectators to sporting events. In 1992, the US National Association of Sports Commissions was founded, with Indianapolis' widely reported success serving as a model. The Tourism Industry Association of America 1997 conducted a survey that examined sport-related travel, providing a vastly improved understanding of this market (Getz, 2008).

By applying appropriate marketing and other organizational elements, the effects of sports events can be extremely positive for the host countries. They can be divided into six groups (Đurđević et al., 2014, 206):

1. Economic effects - effects of newly created value and increased purchasing power through increased investments and consumption, impulses to increased employment, fiscal effects;
2. Tourism - increased attractiveness and level of recognition of the local community for tourists;
3. Infrastructure - improved infrastructure, new or renovated sports facilities;
4. Socio-cultural effects - increased importance of experiential values and free time, support for cultural values and traditions;
5. Psychological effects - increase in local identity;
6. Political effects - improvement of international understanding.

3. THE RESEARCH METHODOLOGY

Events play a significant role in the development and marketing strategies of the majority of destinations since they are a key driver of tourism. The well-documented roles and effects of scheduled events in the tourist industry are becoming more crucial for destination competitiveness. However, "event tourism" didn't become widely accepted in the tourist sector or among researchers until a few decades ago, so the following expansion of this business can only be characterized as remarkable. Sports events are spatial-temporal phenomena, and each one is distinct due to interactions between the environment, participants, and management systems, including the program and design features. Events have a lot of appeal since they are never the same, and you have to "be there" to truly appreciate the singular experience; if you miss it, it's a missed opportunity. For the objectives of this paper, secondary data sources were employed. These sources included Internet material as well as current works on sports tourism and sporting events. For secondary data sources, the qualitative data analysis approach was used.

Sports tourism as a process consists of several key subjects of consideration that we can present concerning: Sports event - Economic aspects - Image - Positive associations. From the relationships shown, the basic hypothesis follows HO:

> *Sports events, whether small, medium, or mega sports events have a positive economic effect, an image and create positive associations with the place where the event is held.*

4. RESULTS AND DISCUSSION

4.1. Sport and Image

As a positive image can be created based on sports events, a positive image can attract investments. A good image directly affects tourism, investments, as well as obtaining the organization of sports events. If we look only at the effects of sporting events, without any accompanying investments and branding strategies by countries, the benefit will probably be only temporary. Therefore, a greater benefit from the games is in the effects of proper rebranding of the countries organizing sports events, because this improves the image, recognition and attractiveness of the destination or the entire country. Sports events should be used as a start and a reason to promote the country, but continuous efforts should be directed towards emphasizing culture, customs, natural resources, tourism supply, etc.

The image of the place is usually a factor in the tourist's decision, which implies that locations with appealing, positive images are more likely to be chosen. This implies that a destination's image is important for location promotion. The terms "destination image" and "destination marketing" can both be related to a destination's appeal, the tourist's positive perception and opinion of the location in general or/and in reference to certain specific aspects.

The increasing interest in sports at the global level represents an exceptional opportunity for achieving the goals of recognition and image improvement (Mullin et al., 2014). Branding a country is not the same as branding a company, but people can be motivated, inspired and led in the same way, using the same techniques. Spain and Australia, which at the same time managed to significantly improve the image of the nation, simultaneously built a very large number of brands in their countries. The US national identity developed organically, state achievements, constant increase in living standards, sports achievements, etc., influenced the creation of a strong brand of America (Olins & Hildreth, 2015).

Picture 1. „Haka" ritual

Source: Vijesti online, 2015

An increasing number of countries realize the importance and necessity of branding their country, taking care of their image and reputation. Realizing that a good reputation and a positive image is reflected not only in tourist visits but also in investments, products, receiving various sports and cultural events, etc., states have recently been paying more and more attention to this issue" (Dašić, 2013, 396). Some authors (Ratković & Dašić, 2018) cite, the fact that the Premier League is responsible for the fact that in 2014, 800,000 people visited England to watch one of the matches, which brought the country an income of 684 million pounds. They also cite the example of Olympic players in Rio de Janeiro. Many of the countries have great global recognition and are participated in the Olympic Games several times, but some participated in this competition for the first time. For example, Tuvalu, a country with only one representative at the Rio Games is located in the South Pacific, is made up of nine islands and ranks as the fourth smallest country in the world. The island nation of Nauru, whose national sport is Australian rules football, has a population of just 10,100 according to the 2016 census. The New Zealand rugby team is a true brand of that country, thanks to the ritual that the players perform at the beginning of each game. Their menacing black sports equipment and terrifying haka ritual, which is based on Maori culture, is a kind of New Zealand brand that evokes positive associations in the audience with the country from which this team comes.

Sports events held every year, which have become a tradition and have been organized for many years, also have significant potential in branding countries through sports. Thus, according to one research, the Tour de France, which is associated with Paris and of course France and the New York Marathon with the USA, has the highest perception among the public (Anholt, 2010, 104).

In 2009, the Serbia Open tennis tournament and Belgrade entered the world tennis map for the first time. Despite the modest participation of famous tennis players, this was a great way of branding a country and a nation. The organizers tried to make the tournament at a higher level every year, and the past three have shown that Serbia has great qualities in organizing a world-class sports event. The increasing popularity of tennis in our country is also indicated by the fact that in a survey when asked the question "Which of the team sports had the most influence on the positive image of Serbia?", as many as 47% of respondents answered that it was tennis (Dašić, 2016). This percentage was certainly influenced by the great individual success of our tennis players, as well as by winning the "Davis Cup".

The cycling "Danube Road" through Serbia has already brought many young sports fans to our region, spreading the word about beautiful landscapes, friendly hosts and good fun, and joining the tourist attraction called "The Road of the Roman Emperors" (which connects archaeological sites and museums in Požarevac, Veliko Gradište, Golupac, Majdanpek, Kladovo, Negotin, Zaječar, Knjaževac, Svrljig and Niš, and it is planned to continue with the road of the same name in Romania and Bulgaria), is an excellent way of branding our country.

When Christian Lautenschlager won the French Grand Prix with his "Mercedes" vehicle, positive associations with Germany became indestructible and almost mythical. Thus, thanks to this sporting event, in which Mercedes won, and many more after that, Mercedes became a symbol of the best in German engineering and, through a process of osmosis, became a symbol of the best of German products. But most importantly, Mercedes has become Germany. He branded an entire nation: German brilliant technique, German technology, German attention to detail and perfectionism.

The FIFA World Cup is certainly one of the biggest sporting events after the Olympics, but according to the Anholt Index, the Olympics don't have nearly as much impact on nation branding as the World Cups, partly because the FIFA World Cup is hosted by a country rather than a specific city.

Successful lobbying and image are of crucial importance for winning the organization of major sporting events. Attention must be paid not only to the attractiveness of the destination but also to organizational skills because the poor organization and missing a great promotional opportunity can have the opposite effect. Investing in organizing a significant sporting event without a good long-term plan for the most optimal and best use of it is equal to zero, like Athens, which did not realize all the possibilities of organizing the Olympics.

Skoko (2009, 162) claims that during major sporting events, not only the host countries but also the participating countries profit. The sports arena is one of the most well-liked and widely-used platforms for advertising, and sporting events, in addition to offering eye-catching visuals due to the spirit of competition, also fostering emotional bonds among spectators all over the world. Many studies of this phenomenon have confirmed this claim, and one of the many examples is the study by Kim and Morrison on the example of South Korea and its organization of the World Football Championship in 2002. The research showed, not only that South Korea improved its image in the world, increased affection for Korean products, broke taboos that Korea is a small, poor country, and significantly improved tourist attendance, but also separated South from North Korea in the perception of foreigners, which was significant after the USA classified North Korea among the so-called "axis of evil".

Large athletic events have recently started to spark a variety of cultural activities. Thus, a "Cultural Olympiad" with over 12,000 cultural events is planned for the period leading up to, during, and following the Olympic Games in London in 2012. An art festival spanning 12 weeks is the finale of the aforementioned four-year "Cultural Olympiad" which was created to emphasize Britain's strong position in the field of art before the Olympic Games (Dašić & Ratković, 2022).

The set of beliefs, notions, and impressions that tourists have about a certain place is referred to as the "touristic destination's image". Cognitive, emotional, and conceptual are these three fundamental categories. The concept of destination participation describes the many attitudes that travelers might have toward a destination, from awareness, which is a limited kind of engagement, to higher levels of involvement, which are characterized by attraction, attachment, and, in the end, allegiance. Tourists' perception of sporting events and their understanding of the location are closely connected processes that are started by sensory signals. Tourists physically and intellectually experience and grasp the place when they participate in an activity that is physically demanding and regularly challenging. A branding extension approach may be a practical way to change how people view athletic events, according to theoretical research. It is suggested when there is a significant correlation between the destination brand and the event brand and when the event lacks a particularly distinctive brand. The literature has also suggested co-branding and the brand features approach based on the distinctiveness of the destination brand and the sporting event brand. Cobranding is considered suitable when there is an unbreakable connection between the event and the host area and the event has a distinctive brand. “Finally, a brand features approach is advised when the event is less well recognized but still has some characteristics that are connected to the destination's image” (Mikalauskas et al., 2014).

Destination marketers are asked to include images from the event in their marketing materials to capitalize on the event's possible effects on the destination's image and its indirect effects on visitors' intentions to return. According to both theoretical frameworks and actual findings, synergy in promotional and organizational activities should be a significant part of sport tourism planning and destination development. Tourists who go primarily for sporting events are known as sports tourists. By providing and advertising high-quality goods and services in connection with the event's reputation, destination marketers and providers of the tourist experience may benefit from the visitors' exposure to the location. The administration of tourist information centers, travel agencies, tour operators, and other advertising channels like the Internet may all help to efficiently manage the destination image (Kaplanidou & Vogt, 2007).

4.2. Sport and Economy

The economic effect is now one of the most often mentioned and used justifications for large event bids. Local chamberlains or regional financial agencies typically demand ex-ante studies on the economic effect, which examine regional revenue and employment consequences. Occasionally, these studies serve as the foundation for votes in the relevant assemblies, parliaments, or public referenda. Economic impact studies are occasionally required by law as evidence of the effective distribution of public resources. To persuade the media and other key stakeholders that the (scheduled) large event is advantageous for the local, regional, or national economy and may, at least to a significant extent, fund itself through the generated tax rises, economic impacts are typically part of public relations (Maennig, 2017).

Numerous studies and economic evaluations focus on the financial implications of various sporting events. These studies aim to determine if organizing a sporting event is lucrative or why, when, and how the host nation's capital investment pays off. The nations compete by estimating the odds and evaluating the anticipated economic consequences and return on investment, mostly for hosting major international sporting events like the Olympic Games, the World Championships, and regional competitions (such as the European Championship). However, given the variety of locales, it is challenging to predict or quantify the impacts of recovery. The host nation will gain economically from the Olympics. The economy-stimulating impact, the increased demand for tourism, and the numerous consequences of tourism are the most significant throughout the planning phase. By strengthening the impact of image and attracting foreign money, hosting such an event will shape the economy even after the event (Müller et al., 2016).

Although the positive contributions of sports are numerous, it seems that there is still no completely exact method of determining the magnitude of each one of them. It should be possible to observe the contributions of sport to the development of society as a whole from the aspect of the impact of sport on GDP growth, the use of production factors, and the impact of sport on the balance of payments. Sport has a hidden potential for achieving additional, i.e. synergistic, economic effects, which in national accounts will not be shown explicitly as a sports effect, but in reality will still belong to the strength that sport possesses in the economic sense (Ratković, 2019, 16).

The global economic space, which is expanding more and more in the integration processes of major world economies, has a crucial role in shaping all aspects of modern sports, endangering that harmony at the expense of national sports associations. International is favored and almost equated with global, so in this new imbalance, economic globalization imposes two dominant, primarily economic concepts on sport: the concept of production and the concept of consumption (Bogdanovski, 2012). Everything is subordinated to the acquisition of profit and one goal, which is quick and large earnings in sports and the sports industry. Through the centralization of media power, sport becomes a very profitable business, which brings enormous profits to companies, clubs and individuals (Koković, 2004).

With a contribution to national economies that is similar to that of forestry, agriculture, and fishing put together, sport is a significant economic sector in the EU. It is important to recognize the sports industry's economic and social potential while considering how to address the economic crisis brought on by the COVID-19 epidemic. A survey's findings revealed that the GDP of sports was 279.7 billion EU euros. In other words, the sports industry generates every 47th euro or 2.12% of the entire GDP. Sport has a high employment rate, which suggests that it generates more jobs than it contributes to GDP. 5.67 million persons in the EU were employed in sports-related fields. This represents 2.72 percent of all employment in the EU. The sports industry employs one worker out of every 37. For instance, following information provided by the consulting and auditing firm Deloitte (2019), the football market in Europe generated 28.9 billion euros in revenue in 2018/19.

Organizing large sporting events requires large investments that pay back very quickly and can create a very favorable climate for the country where it is organized. Football championships (World and European) are also a very good opportunity for national branding. "The victories and winning championships of individual football teams provide their countries with free advertising and free branding of the countries." In addition, industrial production in many host countries is growing, exports are increasing and new jobs are being created (Skoko, 2009, 155).

Today, every nation and region on earth strives to improve its standing and create a favorable impression throughout the world (Prnjat, 2019). The most significant and effective method for successfully promoting states and nations is through sporting events. It would be best to start with the Olympic Games, which are a prime example of excellent and high-caliber national branding. This statement is confirmed by Anholt's Brand Cities Index and cites the example of the Olympic Games in Sydney, where the spontaneous association of Sydney with the Olympic Games is 100% (Anholt, 2010, 102). The Winter Olympic Games organized in Sarajevo in 1984 brought enormous publicity and a good image not only to Sarajevo and the Republic of Bosnia and Herzegovina but also to the entire former Yugoslavia. It was determined that the GDP growth rate in the countries that organized the Olympic Games in the period from 1952 to 2000 was 1.5% higher in the four years before the games were held. The organization of the Olympic Games enables new infrastructure, new bridges, new roads, new airports, railway and bus stations, and new hotels and motels. Perhaps a bigger benefit from the games is the rebranding of the countries that are the organizers because the image, recognition and attractiveness of the destination or the country of the organizer are also improved (Rose & Spiegel, 2011). The best example of the above is the perception of Africa, constant wars, a large number of people suffering from AIDS, hunger, unstable regimes, terrorist attacks, robbery and ship hijacking, these are just some of the associations that the average European has. The organization of the FIFA World Cup in South Africa has greatly changed the image of the entire continent positively.

The German Commerzbank studied the probable economic effects of nine football world championships up until 1974. Foreign investments in the construction sector fell by 1% in the host nations the year before the competition, grew by 0.4% during the competition, and rose by 1.5% the following year. Analysts had not anticipated that, though. Since the majority of the preparation work had been started at that time, they had anticipated that the investments would rise before the championship. The anticipated pattern is better supported by data that indicate GDP growth per person: in the host nations, GDP per capita climbed on average by 2.1% the year before the championship, 0.9% during the tournament, and 1.7% the following year. However, the macroeconomic facts of the nations who took home these titles varied slightly. The average rise in GDP per capita was lower (0.9%) before the championship. It was 1.6% the year of the world cup and 1.8% the following year (Bíró et al., 2015).

Some authors indicate both non-material and non-economic effects. Major events may provide advantages for the host cities, host nations, and their inhabitants beyond the "core" economic consequences (Figure 1). First, changes in policy affecting labor markets and international relations may result from, or at least be hastened by the Olympics. Keep in mind that this argument reverses the causality that Rose and Spiegel (2011) proposed. These two studies on Tokyo 2020 provide evidence for the argument. The predicted—and mostly achieved—increase in foreign travel is also a result of the relaxation of visa rules for leisure travel. Additionally, the estimated gain in employment that the Olympics would bring to the labor-scarce Japanese economy can only be achieved if the work participation rates of women and the elderly are raised. For instance, 230,000 of the 730,000 new jobs in 2018 will be produced in the construction industry. Keep in mind that only 10,000 unemployed people were working in the Japanese construction industry in 2014 (Osada et al., 2016). In order to facilitate any substantial impact effect, opening-up reforms might be necessary in Japan.

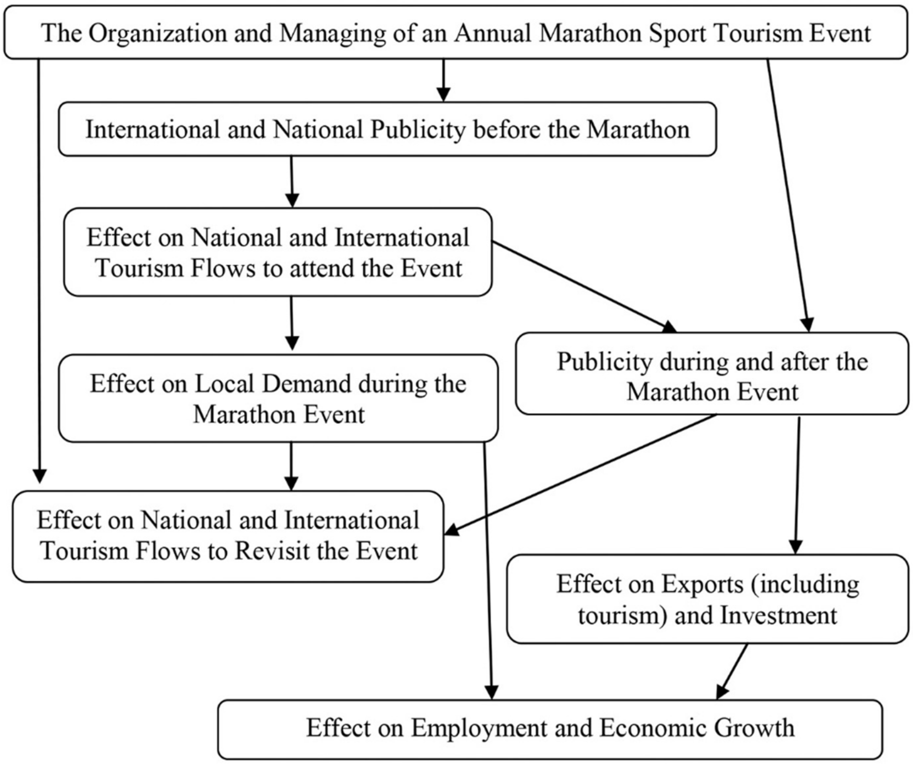

Figure 1. The economic effect of a sports tourism event, such as a marathon event
Source: Papanikos, 2015

A social gathering that brings a lot of people and activities together for a competition might be referred to as a sporting event. Sporting events are a crucial and essential component of the travel and tourism sector. They have been important for tourism since ancient times when the principal "tourist" hubs of ancient Greece were the same locations (sanctuaries) where sporting events were staged. Different categories of athletic events may be created based mostly on their "scale of impacts," which includes attendance, media coverage, profile, infrastructure, expenses, and benefits (Škorić et al., 2021).

Major sporting events have traditionally been held in developed countries, but in recent years, towns and countries from so-called "developing countries" have begun to compete to host these events. Marathons are examples of athletic tourism. Economic impact assessments are frequently used as a decision-making tool to determine whether a local organization (a province, county, city, etc.) should host an event, particularly if it necessitates the use of government funds. Two things happen when a lot of tourists from both abroad and at home attend marathon events. First off, it temporarily increases local demand. This includes expenditure on lodging, food and drink, sporting goods, event merchandise, and everyday city shopping. When assessing the economic impact of a marathon event, these are the economic consequences that are often taken into account. Second, a marathon event's publicity during and after the event is impacted when a sizable influx of national and international tourists visit and participate. If attendees and participants have a pleasant experience, there is a strong likelihood that they will return to the marathon event and, thanks to the word-of-mouth impact, persuade others to go (Papanikos, 2015).

The magnitude of the event also matters; the negative effects of major events on other sectors of the local and national economy are more noticeable than those of minor catastrophes. As a medium-sized athletic event, the Pan-American Junior Athletic Championships, for example, are unlikely to have had an impact on exchange rates or other industries that compete in import and export. argued in favor of this position, noting that smaller-scale events incur fewer extra costs than mega-sporting events. Due to this, local communities may gain from small and medium-sized sporting events. Similarly, smaller sporting events are (a) less likely to result in a crowding out effect, (b) less expensive to secure, (c) less likely to disrupt regular business operations (thereby supporting the idea that multiplier analyses are more accurate than for mega-events), and (d) less likely to create incentives for inflated results (Taks et al., 2011).

One of the most recent forms of international sport are "sport cities". It is a broad and often used word that is frequently used to justify the expenses of new athletic infrastructure, to increase the economic gain from big sporting event legacies, or as part of a city branding initiative. When all the many types of sports cities are taken into account, what they all have is not just a close relationship to sports but also a desire to use this link to their benefit in terms of the economy, society, or reputation. The development of a sports city should thus balance the community's social, economic, and environmental concerns while maximizing the financial potential of the rapidly growing global sports sector (Pye et al., 2015). In the last few decades, these events have been used by many destinations to boost their tourism demand. When we talk about sports events in Serbia, there is a noticeable increase in the organization of marathons (42,195 km), half marathons (21.1 km) and pleasure runs (5 km). In the center of interest of the Pomeranian and Serbian sports public, the city of Jagodina also on April 9, 2017, organized such a sports event (Jagodinski maraton, 2017).

Adding value-driven attributes to sporting events has the potential to increase long-term financial growth for organizers of large sporting events (Soderberg, 2014). In the organization of this complex and very demanding sports event, strong support was provided by the local self-government, which recognized the potential of this sports manifestation, but also by public and private institutions, as well as numerous sports fans and marathon runners. As we mentioned, a sports event is a means of affirming universal sports values, and a healthy lifestyle, but also a means of promoting a certain geographical area. Taking into account that the first street marathon in central Serbia, the Jagodina Marathon, was international, this was an exceptional opportunity to promote the city of Jagodina, in addition to numerous acquisitions, the Wax Museum, the Zoo, the Aqua Park and other potentials of this sporting event.

5. CONCLUSION

Sports events represent a popular motive for travel and can bring a huge influx of visitors with multiple benefits for a destination. Participants in sports tourism are subjects whose main goal and motive of travel is related to certain sports or sports recreational activities. Therefore, it is a recognizable form of tourism that has very wide market segments. Sports tourism is developed primarily in tourist destinations where playing sports is developed. The modern tourist does not just want to watch a sporting event, he wants to actively participate in it. The development of tourism and sports at a specific tourist destination requires numerous activities, primarily investment in infrastructure projects and the construction of: airports, roads, stadiums, sports complexes and other facilities for sports and recreation, and new tourist facilities for accommodation and catering. Also, it is necessary to invest in the knowledge and expertise of employees, modernization of IT and marketing, initiation of new projects, etc. All these activities create good conditions for the economic and social development of the tourist destination, the creation of new jobs and the growth of income.

The optimum scenario for sports event organizers who wish to maximize their tourism potential is for them to take a proactive role in the tourist development of the neighborhood or region. By working together as a lobbying and marketing consortium, events can attempt to influence the destination's positioning and brand, funding and development efforts, research and evaluation programs, and more. The objectives of specific events and the event industry as a whole will benefit from this.

Sport has a significant cultural and economic impact, beyond mere rivalry to become one of the main platforms for state and nation branding in the modern era. The sports sector is experiencing steady expansion and globalization, and sporting events provide fantastic possibilities for nations to briefly capture the attention of the media. Famous athletes might be exploited very readily as product brands and the strongest link to the branding of the entire country. The growth of associations to a certain location in order to secure the organizing of any sporting event is the sole objective of the active rivalry between regions, states, countries, and even whole continents. The hosting of the Olympic Games, football, basketball, or any other world championship provides a significant economic boost to the host country. Darnell (2012) made a distinction between sports for development and legacies in major sports events, stating that while development through sports events goes beyond the sports event legacies and includes the broad social, political, and economic development of a region or country where the sports event is hosted, legacies in major sports events are only concerned with the increase in youth participation in sports and improved sports facilities and related infrastructures. Some authors (Papanikos, 2015) referred to the sports-related benefits of sporting events as legacies, while they referred to the improved image of the host city and nation in the eyes of the rest of the world, which is an image assumed to increase both investment and tourism. These benefits included increased sport participation, the establishment of new sports programs, the creation and restoration of sports venues and infrastructure, and the formation of sport-related social capital that revitalizes communities.

Apart from the image, countries that are candidates for transformation through branding through sports can also count on great opportunities for promotion and strengthening of national identity. The Japanese branded the nation through sumo wrestling, the Kenyans celebrated their country with athletics, the Brazilians with football, the Scandinavians with winter sports, the Russians and the Chinese held primacy in gymnastics for many years, and India and Pakistan overshadowed even England, the country from which cricket originated. The main strategic motivation for producing, bidding on, and promoting events is economic development. The 2001 establishment of the Canadian Sport Tourism Alliance was market- and industry-driven. Its objectives include fostering communication between sports and tourism, exchanging best practices, gathering intelligence, generating investment, and setting goals. Sport event tourism became a well-established study area in the 1990s, and it has been rapidly growing since 2000. (Getz, 2008). Taking into account all of the above, the hypothesis that sports events, whether they are small, medium or mega sports events, promote sports tourism, have a positive economic effect, create a positive image and positive associations to the place where the sports event is held.

6. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The study has a few drawbacks. Future studies should evaluate the possible advantages of sports cities across many cultural and national contexts to better understand the potential societal benefits of sports. The absence of original data sources is a limitation. Although pertinent sources were used in this essay, they weren't cross-compared. Research that is conducted in the future should compare data from more sources and look for cause-and-effect linkages.

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Testing the Promotion Tools of Touristic Destinations Operated by Krishna Conscious Communities on Different Target Groups

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Abstract: *Krishna Consciousness has made an impact in terms of marketing by creating a touristic product to promote their community and beliefs. Communities devoted to Krishna Consciousness have built up farming communities to introduce their religious organization to the wider public. This makes these entities not only touristic destinations but also parts of a two-step marketing model, where the first step is attracting people to visit a touristic attraction, while the second is educating them about a religious organization. In the first step, numerous promotion tools including social media, websites, events, posters, fliers and means of personal selling are applied to attract wider audiences. This research studied the efficiency of the model by revealing the promotion tools that most people are exposed to via quantitative methods, while also identifying the most receptive target group for Krishna Conscious communities and tourist destinations.*

According to the findings, respondents between the ages of 26 and 55 are those who are exposed to the first three factors (retention, confirmation, and attracting new audiences) the most, whilst respondents 56 and older are typically exposed at a low level. Education made a difference in both audience retention and attraction; people with university degrees were more likely to use these information sources.

1. INTRODUCTION

Worldwide, ISKCON (International Society for Krishna Consciousness) maintains a great number of churches, villages, and visitor centers. They also organize several festivals and take part in charity initiatives. At the same time, they are present on the streets proselytizing and selling books, and they also communicate actively online and use different tools of social media to spread the word about religious organizations all over the Western World. These are some of the reasons, why Krishna Consciousness is known as one of the most elaborate religious communities in terms of marketing. Communities devoted to Krishna Consciousness stand out from all religious communities by applying unique, progressive ways in their promotional activities. Previous research (Bence, 2014; Bence-Kiss, 2019a, 2019b, 2020) have revealed that in Europe they have created a touristic product, a destination, where people may meet the religious organization without obligations. They get to know the culture in an informal, non-intrusive way, which is an interesting co-existence of tourism and religious marketing. The aim of this paper – as a part of more extended research – is to evaluate the efficiency of these marketing tools all over Europe, and to find the most efficient combinations for further activities.

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2. THEORETICAL BACKGROUND

First of all, it is necessary to study religious organizations from a marketing perspective to be able to determine the suitable and essential toolbars for promoting them. Vokurka et al. (2002) in their study emphasized the importance of comprehending both the consumers and the core values of religious communities. They stressed that there is no single, effective marketing strategy for religious organizations, just as there isn't one for businesses. However, just like in the case of for-profit companies, it is necessary to identify a model and a specific set of tools that could be used to promote religious organizations (Vokurka et al., 2002).

When considering religious organizations from the traditional goods-services perspective, we are faced with a difficult decision: should we see them as a product, a service, or something else? According to Attila Chikán (2008), services refer to the use of resources for non-producing activities that satisfy customer needs. If we take this definition into account, we can see that religious communities do make use of their resources (religious knowledge, the ability to practice particular rituals, etc.) to fulfil the demand of the general public for religious products and the advantages these entities provide — wellbeing, peace, sense of belonging, and changes in people's course of life in a positive way. The process does not result in the creation of any tangible goods or a transfer of ownership. In light of this, we can conclude that, from the perspective of marketing, religious organizations share many traits with services. Additionally, religious groups themselves provide services that can be examined similarly to any other service offered in the market. The services offered by religious organizations can vary depending on the community, culture, region, and many other aspects. Some religious organizations offer their services through regular worship services, while others do so through home visits or the performance of specific religious ceremonies. Based on three crucial criteria that separate for-profit from non-profit organizations – economic, legal, and social aspects, Juravle et al. (2016) have also included religious organizations in the study field of services marketing, specifically non-profit marketing. Economically, we can talk about non-profit marketing when the object of the marketing activity is not a tangible good or a service that needs to be paid for, but rather something more ethereal, like a goal, a cause, or a set of beliefs. Legally speaking, the classification is obvious, because it is controlled when we can discuss a non-profit business. From a social perspective, non-profit marketing focuses on more broad interests, such as changes in behavior, and attitude, or creating awareness, rather than on meeting a specific need (Einstein, 2008; Juravle et al., 2016; Kolos & Kenesei, 2007).

Juravle et al. (2016) suggested applying the 7P model of services marketing to religious organizations too, emphasizing that although there are some notable differences in their aims, target audiences, and measures, the core of their principles are quite similar. This proposal was based on the classification of religious organizations into the category of non-profit marketing. Religious organizations nevertheless continue to exhibit a variety of traits that make them distinct and fascinating subjects to study. Since it would have caused widespread outrage, it was for a long time even impossible to bring up religious organizations and marketing in the same sentence. However, the world has evolved, and in recent years it has been more common to advertise religious organizations and ideologies. Oslington (2000, 2004) suggested that not only religious communities should open up more towards economics; economic sciences would have to focus more on theology too since religious organizations affect people on the markets in many different ways. Depending on the level of involvement of the individuals, religious organizations may have an impact on the culture, norms, and values of a society, which in turn may have an impact on consumer behavior. For instance, a religious organization may establish guidelines for required consumption patterns or have an impact on lifestyle, the environment, or peers (Hashim & Hamzah, 2014; Iannaccone, 2012; Juravle et al., 2016; Kumar et al., 2014; Oslington, 2000, 2004; Sandikci, 2011; Sandikci & Jafari, 2013).

The 7Ps of service marketing were suggested to be modified to include Islamic principles by Wilson (2012) and Hashim and Hamzah (2014) to increase efficiency and better accommodate Muslim consumer behavior. El-Bassiouny (2014) drew attention to the significance of regularly updating scientific research. He has also supported the inclusion of cultural factors to create a dynamic, multi-dimensional model, as Islam and culture are currently undergoing dynamic change, making it impossible for their impact on economic life to be static. However, studies on how religious organizations affect marketing are still scarce and primarily concentrate on world religions, necessitating efforts to find new, yet untouched areas of religious marketing (El-Bassiouny, 2014; Hashim & Hamzah, 2014; Sandikci, 2011; Sandikci & Jafari, 2013; Wilson, 2012).

Not only Islamic, but other religious organizations, such as Krishna Consciousness, may have a significant impact on some aspects of economic life. Religious organizations cannot just engage in economic activities, they may also form the economic life to conform to their system of values. This phenomenon can create bring new models and solutions to life, which are interesting to study. The core values of a religious organization are going to set the fundamentals of how the economic activities of a religious community are managed and organized (El-Bassiouny, 2014; Hashim & Hamzah, 2014; Iannaccone, 1998; Sandikci, 2011; Sandikci & Jafari, 2013; Wilson, 2012).

Table 1. The way marketing mix has changed by shifting the product focus from religious organization to tourist destination

	Religious organization	**Touristic destination**
Product	Set of beliefs, afterlife benefits	Complex cultural experience
Price	Lifestyle changes	Opportunity cost Entry/tour guiding fee Meal prices Guest house prices Prices of workshops Product prices
Place	Temples and gathering points Peaceful places suitable for retreat	Tourist attraction of high reputation The place to get acquainted with Krishna Consciousness An opportunity for outsiders to get an insight
Promotion	Proselytizing on the streets Via the rural communities	Online marketing Tourism agencies PR
People	Behavioral patterns set by religious organization Aiming to transmit knowledge about their religious organization	Behavioral patterns set by religious organization Aiming to transmit knowledge about their religious organization Fulfilling tourism-implied duties Ensuring a positive customer experience
Process	Rituals guided by religious principles	Rituals guided by religious principles BUT made open to the public Additional processes to fulfil customer needs
Physical evidence	Following Indian traditions	Following Indian traditions BUT adapting to local culture Additional facilities to fulfil customer needs

Source: Bence-Kiss, 2020, pp. 85.

As previous research has already revealed (Bence, 2014; Bence-Kiss, 2019a, 2019b, 2020), communities devoted to Krishna Consciousness have made an impact in terms of marketing by creating a touristic product to promote their community, religious organization and beliefs. As seen in Table 1, several elements of the original services marketing mix (7P) were altered in the religious communities, promoting the touristic product instead of the religious organization, while some other aspects (underlined) remained the same even after the transformation.

The table illustrates how the concentration on tourism rather than religious organization has significantly altered price, place, and promotion. However, people, procedures, and physical evidence were only marginally altered, keeping the essential traits associated with the religious organization, while being supplemented with new elements to serve the tourism industry. The table shows how devotees were effective in neutralizing the binding effects of religious economics for the first four components of the marketing mix, while it continued to have an impact on the final three. Maintaining the traditional components of these final three factors supports the touristic product in informing the audience about the religious organization by offering a rich cultural experience (Bence, 2014; Bence-Kiss, 2019a, 2019b, 2020; Einstein, 2008; Juravle et al., 2016; Kolos & Kenesei, 2007).

3. RESEARCH METHODS

The goal of the research was to evaluate the efficiency of the marketing model built on the touristic product, therefore first of all the promotional activities of Krishna Consciousness in Europe were analyzed, identifying the key elements of their marketing toolbar. Currently, there are eighteen farming communities registered in Europe; nine of them (Krisna Völgy (HUN), Radhadesh (BEL), Bhaktivedanta Manor (GBR), Simhachalam, Goloka Dhama (GER), Krisnuv Dvur (CZE), Prabhubpada Desh, Villa Vrndava (ITA), Nova Ekacakra (SVK)) have responded to the call to participate in the research carried out in June-August 2019. Since the marketing efforts in the two farming villages with populations under ten were not substantially more active than the nations without rural communities, they were removed from the sample.

The Krishna-conscious farming communities that took part in the research were provided with paper-and-pencil questionnaires, and a non-representative sample of 667 respondents was collected. In Hungary, the questionnaires were given out in both Hungarian and English languages. The respondents were all familiar with the religious organization because they had all visited at least one of the Krishna-conscious communities taking part in the study. 23,8% of them (159) answered that they were devoted to Krishna Consciousness, whereas the majority of the respondents were part of other religious communities (47,8%, 319), were atheists (2,2%, 15), did not belong to any religious group (16,9%, 113), or preferred not to specify their religion (9,1%, 61). Table 2 introduces the detailed demographic characteristics of the sample examined.

Table 2. Demographic information of the respondents

Demographic characteristics	Number of respondents (person)	Ratio of respondents (%)
Gender		
Female	444	66.5
Male	193	28.9
Not specified	30	4.5
Age		
<18	7	1.0
19-25	35	5.2
26-35	60	9.0
36-45	135	20.2
46-55	140	21.0
56-65	132	19.8
66-75	114	17.1
76+	20	3.0

Not specified	24	3.6
Education		
University or college	303	45.4
High school	221	33.1
Technical/vocational school	77	11.5
Elementary school	30	4.5
Not specified	36	5.4
Occupation		
Working in a village devoted to Krishna Consciousness	34	5.1
Working for the national ISKCON organization	35	5.2
Active blue-collar worker	87	12.9
Active white-collar worker	152	22.8
On maternity leave	9	1.3
Pensioner	131	19.6
Student	25	3.7
Housewife	8	1.2
Unemployed	8	1.2
Other inactive earner	12	1.8
Dependent	1	0.1
Not specified	166	24.9
Place of living		
Capital	167	25.0
Regional center town/city	156	23.3
Other town/city	168	25.2
Other settlement	98	14.7
A community devoted to Krishna Consciousness	33	4.9
Other	6	0.9
Not specified	39	5.8
Religious organization		
Christian	302	45.3
Islam	4	0.6
Buddhist	5	0.7
Hindu	8	1.2
Krishna-conscious	159	23.8
Atheist	15	2.2
Not belonging to any religious group	113	16.9
Not specified	61	9.1

Source: own edition

The questions covered exposure to the different promotion tools applied by Krishna-conscious communities. Thirteen statements were attributed to the topic, which the respondents had to evaluate on a Likert-scale ranging from 1 to 5. 1 meant 'Never' and 5 meant 'Repeatedly'. The data collected were analyzed with SPSS 21.0 statistical software, using frequencies and descriptive statistics; and factor analysis was also carried out. The factors were created utilizing Varimax rotation and Kaiser Normalization. Bartlett, Kaiser-Meyer-Olkin, and Tests were conducted to determine whether the variables were appropriate for factor analysis. Welch ANOVA and Games-Howell post-hoc tests were used, which are able to handle heterogeneity and various group sizes. The descriptive statistics of the Welch ANOVA test reveal the differences between the means of the group and the factors, while the Games-Howell post-hoc test displays the pairwise differences between the groups. To prevent replies from people already involved in the religious organization from skewing the research findings, the tests were conducted both with and without Krishna-conscious respondents.

4. RESEARCH RESULTS

Communities devoted to Krishna Consciousness have built up farming communities intending to introduce their religious organization to the wider public. This makes these entities not only touristic destinations but also parts of a two-step marketing model, where the first step is attracting people to visit a tourist attraction, while the second is educating them about a religious organization. In the first step numerous promotion tools – including social media, websites, events, posters, fliers and means of personal selling – are applied to attract wider audiences.

The most significant factors describing the exposure of the respondents to the various sets of applicable promotional activities were determined through the factor analysis of the promotion tools. Four components were found throughout the research, and together they account for 74,06% of the total variation. The sample passed the KMO and Bartlett's tests for validity and adequacy, and Cronbach's alpha values validated the reliability of all four components.

The four components, their means, standard deviations, the variance they explain, and the variables associated with each factor are displayed in Table 3. One factor with four items was produced, and three factors had three statements each.

Table 3. The factors describing the exposure of the respondents to promotional activities

I see educational offers of Bhaktivedanta College.	**Retaining existing audience – other institutions and long-term relationship** M=1,90 Std.=1,24 Var. exp.=49,74%
I see advertisements for Govinda Restaurants.	
I receive newsletter from a Krishna-conscious community.	
I see Facebook advertisements about a Krishna-conscious village.	**Confirming existing audience - Social media of the farming communities** M=2,04 Std.=1,20 Var. exp.=10,71%
I see posts of a Krishna-conscious village on Instagram.	
I see Facebook posts of a Krishna-conscious village in my news feed.	
I see YouTube videos of a Krishna-conscious village.	
I meet people selling books about Krishna Consciousness on the streets.	**Attracting new, interested audience – Traditional promotion methods** M=2,32 Std.=1,08 Var. exp.=7,09%
I see posters about the events organized by the Krishna-conscious community nearby.	
I see fliers about festivals of Krishna-conscious communities.	
I see tourism agencies advertising a Krishna-conscious village.	**Raising the attention of the new audience – Touristic and physical products** M=1,72 Std.=0,85 Var.ex.=6,53%
I see TV shows about Krishna-conscious communities.	
I see Krishna-products sold in shops or online.	

Note: Extraction Method: Principal Component Analysis.; Rotation Method: Varimax with Kaiser Normalization; Rotation converged in 7 iterations; KMO=0,909; Bartlett (Approx. Chi Sq.)=4065,100; Sig= 0,000; Total variance explained: 74,062; Cronbach's Alpha: F1=0,857; F2=0,865; F3=0,743; F4=0,717

Source: own edition

The degree of involvement of the target audience in the case of the different promotion tools could be used to categorize the factors. Methods to approach people who have already encountered Krishna Consciousness and have also expressed their interest in the religious organization are included in the first factor. The components of the second factor are meant to boost the commitment of those, who have already had a first encounter but have not yet become involved. While the fourth factor's promotional actions target those, who are most likely unaware of Krishna Consciousness, the third factor's instruments aim to draw people, who already have some level of receptivity toward the religious organization. Again, looking at how the promotion tools were distributed between the four factors, we can observe the way the touristic product is applied to promote the religious organization. The activities included in factors four, three and two are focused on the touristic offers created by the farming communities, to raise the awareness of the public, attract tourists, and support their involvement. Factor one, on the other hand, seeks to keep people interested, and includes the activities of other institutions associated with Krishna Consciousness (restaurants and universities).

The mean of the third factor is the highest (M=2,32; Std.=1,08); the components of this factor are those that the majority of people have already been exposed to. The means of the second and first factors are declining (M=2,04; Std.=1,20 and M=1,90; Std.=1,24, respectively), which shows that most of the guests of the farming communities are one-time visitors. The fourth factor achieving the lowest mean of 1,72 (Std.=0,85) may seem surprising at first sight; but these methods target those audiences, who do not have any information or knowledge about the religious organization yet. To examine the reach of the promotion tools among those, who have not visited any communities yet was out of the reach of the current research, which explains the low mean in this case.

Welch ANOVA tests were used to further investigate the factors after their identification and interpretation, in order to identify the crucial traits impacting the various elements.ž

4.1. Tools for Retaining Existing Audience – Other Institutions and Retention

The first element, which was composed of three parts and aimed at people, who have already encountered Krishna Consciousness, also featured advertisements for Govinda Restaurants and Bhaktivedanta College. These organizations are also run by the Krishna-conscious society. These institutions focus on people, who are already involved in Krishna Consciousness, or who have an interest in particular facets of the lifestyle, such as theology, diet, or yoga techniques. Newsletters make up the third component of the factor. They may be published by a farming or rural community, a Krishna-conscious institution, or even a religious organization as entity. Naturally, this tool also aims at those who have already learned about the religious organization, or at least one of its institutions, and provided their contact information, which means that they have shown interest in the religious organization.

The average was 1,90 (Std.=1,24) for the entire sample for this component, indicating that the majority of the visitors, who have answered do not receive information about colleges, restaurants, and newsletters. However, significant differences were found in the respondents' age (p=0,000), level of education (p=0,011), occupation (p=0,000; excluding respondents working for ISKCON organization or the touristic destinations: p=0,001), place of living (p=0,000; excluding respondents living in farming and rural communities: p=0,103), and belonging to religious organizations (p=0,000; excluding respondents belonging to the International Society for Krishna Consciousness: p=0,090).

As shown in Table 4, respondents aged 26 to 55 (26–35; 36–45; 46–55) generally deviated positively from the factor mean; they indicated receiving information more frequently than respondents aged 26 and younger (-18; 29–25); and those aged 56 and older (56–65; 66-75), except respondents aged 76 and older, whose answers did not significantly differ from groups of respondents of any ages.

Table 4. Significant differences in exposure to promotion retaining existing audience concerning age groups

Negative deviation from factor mean	Positive deviation from factor mean
-18	26-35 (p=0,000) 36-45 (p=0,000) 46-55 (p=0,005)
19-25	26-35 (p=0,030) 36-45 (p=0,008)
56-65	26-35 (p=0,037) 36-45 (p=0,002)
66-75	26-35 (p=0,000) 36-45 (p=0,000) 46-55 (p=0,001)

Source: own edition

In terms of education, only individuals with a university degree differed positively from the factor mean, whereas those with merely a high school diploma, a certificate from a technical or vocational school, or an elementary education were less likely to have access to the information. Between those with a university degree and those with only an elementary education, there was a significant difference (p=0,023).

Pensioners are the group that is least frequently reached by tools aimed at those already engaged in Krishna Consciousness; their responses fell below the mean of the entire sample for this factor, and significantly different from the answers of white collar workers (p=0,001) and blue collar workers (p=0,011; after exclusion, p=0,007). Their answers fell higher than the factor mean. It is not surprising, that individuals who work in rural communities devoted to Krishna Consciousness receive this kind of information more frequently; yet, only pensioners' responses (p=0,002) revealed a significant difference from those of other professions' respondents.

Once individuals residing in farming communities were removed from the sample, there were no significant differences in the respondents' exposure based on where they lived; but it is no wonder that in their case, they were much more frequently exposed to these means of communication residents of other types of settlements.

Christian participants turned out to be less likely to be exposed to the factor elements than participants who did not identify with any religious organization (p=0,008). The responses of Krishna-conscious participants significantly differed from those of Christians, Atheists, and participants who did not identify with any religious organization (p=0,000), but not from Islamic (p=0,249), Buddhist, or Hindu participants (p=0,213).

4.2. Tools Confirming Existing Audience – Social Media of the Farming Communities

The second factor is made up of promotional tools, that aim to confirm audiences, who have already encountered Krishna Consciousness but are not yet involved. The components of this factor, which were mainly the social media platforms used, are all focused on the touristic product of communities devoted to Krishna Consciousness. Given that they serve as the foundation for marketing the tourism product, these tools are crucial to the community. The mean for the entire sample was 2,04 (Std.=1,20), higher than that of the previous factor, indicating that more respondents obtain information via social media about rural and farming communities.

In the case of the age of the respondents (p=0,000), their jobs (whole sample: p=0,000; excluding those employed in the ISKCON organization: p=0,000), and their religious identification (p=0,004; excluding people devoted to Krishna Consciousness: p=0,072), there were significant differences between responses, but there were none for gender, education, place of residence, or income levels.

As shown in Table 5, the respondents who were 56 years of age or older (including those who were 76 years and above this time) deviated negatively from the factor mean, whereas those between the ages of 26 and 55 reported higher exposure than the entire group. However, in this case, there were no significant differences between the participants, who are at least 26 years old, and the respondents, who are 25 or younger.

Table 5. Significant differences in exposure to marketing confirming existing audience concerning age groups

Negative deviation from factor mean	Positive deviation from factor mean
56-65	26-35 (p=0,092) 36-45 (p=0,000)
66-75	26-35 (p=0,007) 36-45 (p=0,000) 46-55 (p=0,001)
76+	26-35 (p=0,006) 36-45 (p=0,000) 46-55 (p=0,001)

Source: own edition

Similar patterns were observed in the differences based on the respondents' occupations, which persisted even after excluding people involved in Krishna Consciousness: the responses of those labeled as pensioners have shown negative deviation from the mean of the factor, and a significant difference was found between them and white-collar workers (p=0,000; after exclusions p=0,000) and blue-collar workers (p=0,000; after exclusions p=0,000) who deviated in a positive direction from the factor mean. Respondents on maternity leave have given responses varying considerably from those of blue-collar workers as well (p=0,043; after exclusions, p=0,030). Employees of rural communities and employees of national ISKCON organizations did not exhibit any significant deviations; nevertheless, these tools are intended to reach non-religious individuals, which is not the case in their situation.

Christian and Islamic respondents are much less likely to be exposed to these advertising tools than devotees (p=0,000 and p=0,047). Religious attitudes have only caused differences before filtering Krishna-conscious responses.

4.3. Tools Attracting a New, Interested Audience – Traditional Promotion Methods

Factor three was made up of those practices that devotees of Krishna Consciousness have historically utilized to attract new followers to their spiritual community, namely street preaching and book sales. These are the ways A.C. Bhaktivedanta Swami Prabhupada initially introduced the faith to the Western World in the 1960s. This practice has obtained the highest factor score of 2,32 (Std.=1,08), indicating that it is the most popular way for respondents to learn about the Krishna-conscious community. This practice is supplemented by posters and leaflets, that mostly focus on festivities and events.

In this case, the age of the respondents (p=0,000) and their jobs (whole sample: p=0,049 after excluding those working for ISKCON organization: p=0,082) have shown significant differences, and so did their level of education (p=0,001) and place of residence (whole sample: p=0,021; excluding respondents, who live in the farming communities: p=0,082). Contrarily, there were no significant differences among groups, when it came to gender, income, or, surprisingly, religious beliefs.

Table 6. Significant differences in exposure to promotion confirming existing audience concerning age groups

Negative deviation from factor mean	Positive deviation from factor mean
56-65	26-35 (p=0,092) 36-45 (p=0,000)
66-75	26-35 (p=0,007) 36-45 (p=0,000) 46-55 (p=0,001)
76+	26-35 (p=0,006) 36-45 (p=0,000) 46-55 (p=0,001)

Source: own edition

As with the second factor, respondents aged 26 or older have shown positive deviation from the mean of the factor, while those aged 56 or above have again shown negative deviation, as shown in Table 6. From this, we can conclude that the generations 26 to 55 years and those of 56 or older have significant differences in this component as well. The generations of 25 years or younger have not demonstrated significant differences from any other age group.

Similar to factor one, people owning a university degree answered being exposed to these tools of promotion more frequently than the mean of the entire sample. Their answers were also significantly different from that of respondents owning only a high school certificate (p=0,004) and those with only technical or vocational education (p=0,007), whose exposure to these tools was lower.

Pensioners were much less exposed to these promotion methods than white-collar professionals (p=0,017). The disparities in the respondents' occupations were no longer significant (p=0,082) after excluding replies from those employed by Krishna-conscious institutions.

There were differences based on the respondent's place of residence: those residing in the capital had significantly more exposure to these promotional tools than those residing in regional capitals (p=0,046; after exclusions, p=0,033) and other cities or towns (p=0,003; after exclusions, p=0,002). In the case of individuals residing in rural communities dedicated to Krishna Consciousness, no significant differences were observed, but once more, these tools do not target those already involved.

4.4. Tools Raising the Attention of New Audiences – Touristic and Physical Products

The final component included marketing materials, that are aimed at those, who may know very little or nothing about Krishna Consciousness. The factor also includes television programs, that are typically more documentary - and educational-focused, as well as the work of tourism agencies, who openly promote farming communities from a cultural and touristic perspective, rather than a religious one. The goods made and marketed by farming communities devoted to Krishna Consciousness were the third component of the factor. This referred to the products that are available outside the farming communities as well, which are only present in the cases of Krisna Völgy (HUN) and Krisnuv Dvur (CZE), therefore it was reasonable to anticipate that the mean would be low for this component. But this element ended up having the highest mean (M=2,06; Std.=1,20) and the least number of "Never" replies (280) in this factor. The high percentage of responses from those, who have visited Krishna Völgy (560), where the product range is the broadest among the rural villages under consideration, may help to explain this.

The factor's overall mean was 1,72 (Std. = 0,85), which may also be related to the previously mentioned, potentially high waste coverage, particularly concerning tv-programs and the work of tourist offices. The activities of such offices had the lowest mean (M=1,46; Std. = 0,93) out of all the tools of promotion analyzed.

The religious beliefs of the respondents were the only variable for which there was a significant difference in this factor (whole sample: p=0,018; excluding devotees of Krishna Consciousness, p=0,034). Significant differences between respondents devoted to Krishna Consciousness and respondents, who identified as Hindu (p=0,006) or Atheist (0,013) might be attributed to the devotees' use of the products produced by the farming communities. The responses of devotees were significantly different from the factor mean. 36 of the visitors responding have confirmed seeing goods of communities devoted to Krishna Consciousness sold regularly and 21 (58,33% of the ‘Repeatedly’ responses) identify themselves as a member of the Krishna-conscious community. Also including those respondents, who encounter these goods often, this number raised to 43 (47,25% of the ‘Repeatedly’ and ‘Frequently’ answers altogether) from the total 92 responses. Christian participants' responses did not deviate significantly from the factor means in a positive direction, but they did differ from those of Atheists (p=0,042; after exclusions, p=0,033) and Hindus (p=0,036; after filtering, p=0,029).

5. CONCLUSION

A new model was discovered after analyzing the marketing efforts of Krishna-conscious communities in Europe. In this model, the national communities begin their efforts to spread the knowledge about the religious organization by developing a tourist attraction in the form of an agricultural or rural community. The creation of the touristic product is a good way to overcome the boundaries set by religious economics, which means that the activities they engage in are heavily influenced by the principles of the religious organization. This way, however, the promoters of the religious organization get more freedom in the marketing mix. When selling a religious organization using the marketing mix for services marketing, six out of the seven Ps are primarily determined by religious beliefs, leaving the marketers only with the freedom of promotion. The religious parts of the marketing mix, however, will only be slightly restricted by the creation of the touristic product.

Based on their main target groups, the promotion tools may be divided into four factors:
- Retaining existing audience – other institutions and retention,
- Confirming existing audience – Social media of the farming communities,
- Attracting new, interested audiences – Traditional promotional methods,
- Raising the attention of new audiences – Touristic and physical products.

According to the study, the majority of people, who visit the rural communities that took part in the research, are currently exposed to the methods used to draw in new interested parties, such as fliers, posters, and street preachers regularly. Regarding exposure frequency, the methods for confirming existing audiences, including the social media tools used by rural communities, were the second highest-ranked group of promotion techniques. Even fewer are exposed to the tools designed to keep the audience they already have, suggesting that more focus should be placed on interacting with individuals, who are already familiar with and possibly interested in the religious organization.

However, since the product at this level returns to being religious rather than touristic, we must acknowledge that the decline in the frequency of positive responses is a natural phenomenon. Additionally, each promotion method demands a larger level of religious commitment from the target audience, and the cost associated with maintaining that commitment is rising, which could also be a factor in the decline in positive responses. Since the tourism industry is no longer the main focus, the other institutions run by the religious community are given more weight in retention efforts as well. These organizations provide catering services and educational possibilities to those, who have begun to adopt a Krishna-conscious lifestyle.

The amount of exposure to the promotion tools intended to attract new audiences was fairly low. However, exposure to these kinds of communication tools does not always entail that people visit the farming communities, which accounts for the seeming lack of success of these means of marketing.

Regarding a variety of demographic parameters, there were notable differences in the exposure to the various sets of promotional activities. According to the findings, respondents between the ages of 26 and 55 are those who are exposed to the first three factors (retention, confirmation, and attracting new audiences) the most, whilst respondents 56 and older are typically exposed at a low level. Education made a difference in both audience retention and attraction; people with university degrees were more likely to use these information sources.

White-collar workers were the group with the highest exposure, while retirees were the group, who encountered the first three factors' tools the least frequently. More people in the capital responded to tools drawing new audiences than in regional centers and other towns or cities. The tests were run both with and without the responders, who were already practicing Krishna Consciousness. According to the findings, Krishna-conscious devotees were substantially more exposed to retention and confirmation techniques, than they were to tools for attracting new audiences, which is partially attributable to farming communities' product sales included in the first factor. The research revealed an intriguing phenomenon: respondents who identified as Christians were more exposed to methods of attention-raising than the average of the entire group but had less exposure to instruments for retention.

6. LIMITATIONS

The main limitation of the research is that it was carried out on a sample solely in Europe, with a heavy focus on the Hungarian community, where the most support was provided in the data collection. Extending the research to a higher number of respondents, and also to countries not only in Europe but also on other continents, where Krishna Consciousness may be considered a new religious movement could help in gathering more exact data, suitable to draw general conclusions.

The research may also be extended to other religious organizations, making it possible to compare the activities of the different communities and determine best practices. However, this research is a good initial point for designing more robust research.

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Wellness as a Key Factor for the Sustainable Development of Tourism in Serbia

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Abstract: *This study focused on the main potentials and challenges in domain of the wellness tourism in Serbia. Over the last decade, the wellness industry has transformed into a multi-billion business that focused on the interest of managers and the academic community. A review of past studies conducted worldwide has been presented, too. Serbia is a case in point. Due to the various natural resources, the Republic of Serbia has a strong foundation for faster development of sustainable wellness tourism. The results of the analysis showed the key components of the wellness tourism offer system in Serbia along with the proposals for new wellness experiences. The main recommendations for managers and policy-makers are presented, too.*

1. INTRODUCTION

Wellness is about making healthy lifestyle choices and maintaining one's well-being both physically and mentally. In recent years, more people around the world have begun to recognize the importance of wellness – a trend that has seen the value of the industry increase year-on-year. The health and wellness market size worldwide was estimated at over 4.4 trillion U.S. dollars in 2019, a figure which is set to increase to over six trillion U.S. dollars by 2025 (Global Wellness Institute, 2021).

The latest research trend in tourism shows the importance of wellness, abstract forms of value, quality of life, sustainable business practices, and the feeling of wellness. The vast majority of studies have been conducted in developed countries (Agrodimou, 2019; Andreu et al., 2021; Dini & Pencarelli, 2021; Phuthong et al., 2022). A few studies focused on developing countries (Djuradjevic, 2017; Kontic et al., 2020; Lakicevic et al., 2021; Smith & Puczkó, 2013). This study fills the research gap in the literature on wellness tourism in the specific context of Serbia as one of the Western Balkan countries.

Well-preserved nature is one of the fundamental and competitive advantages of tourism development in Serbia, while the diversity of natural resources becomes an additional reason for the development of wellness tourism as an important means of sustainable tourism development. Due to a large number of attractive natural and anthropogenic tourism resources, the Republic of Serbia has a strong foundation for faster development of wellness tourism, and thus for more comprehensive economic development as a whole.

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The main objective of this paper is to emphasize the main potentials and challenges in domain of the wellness tourism in Serbia. This study aimed to answer the following research questions:

1) What opportunities and competitive advantages does the tourist destination of Serbia have in the field of wellness tourism?
2) What are the challenges in developing a post-pandemic model for wellness in the context of sustainable tourism?

This paper is structured as follows. The first part is devoted to the theoretical background of wellness tourism in sustainable destination paradigm and wellness and medical tourism-market transformation. In the second part, wellness and sustainable tourism development are presented, considering the size of the global market and the main challenges, the strategy of sustainable tourism in Serbia, the competitiveness index and domestic barriers. The third part outlines the research methodology, followed by results and discussion. The final part gives the contributions to theory and practice, including the main recommendations, limitations and directions for future research.

2. THEORETICAL BACKGROUND

It is important to emphasize some prepositions about wellness tourism. Then, the relevant facts about sustainable tourism will be presented along with key factors of sustainable tourism in developing countries.

2.1. Wellness Tourism in Sustainable Destination Paradigm

Wellness is a state of optimal living directed towards making the most of an individual's potential. In a modern sense of the word, wellness is a combination of mind, body and spirit. Optimal wellness allows us to achieve our goals and find meaning and purpose in life. Wellness combines seven dimensions of life into a quality lifestyle. Most authors agree that wellness is a multi-componential concept in which the body, mind and spirit are the key components (Bodecker & Cohen, 2010; Hyde-Smith, 2012).

Wellness tourism can be defined as "travel associated with the pursuit of maintaining or enhancing one's well-being. With so much non-wellness embedded in today's travel, wellness tourism brings the promise of combating those negative qualities and turning travel into an opportunity to maintain and improve our holistic health" (Global Wellness Institute, 2021).

The principal components of wellness are (Hyde-Smith, 2012; Sidorova, 2019): physical wellness, intellectual wellness, social wellness, spiritual wellness, emotional wellness and environmental wellness. The newest results showed a "need for balance and positive body-mind connection, mindfulness, positivity and happiness, the growing importance of social ties as a basis for feeling happy, as well as self-improvement and life optimization, emerged as fundamental reasons for wellness consumption and adopting a wellness lifestyle" (Grénman, 2019, p. 471). Some of the basic wellness philosophy principles are: movement; mental activity; relaxation and harmony; beauty and body care; balanced diet (Ustymenko, 2020).

An extensive literature review on wellness showed the following major themes (Stará & Peterson, 2017):

- Wellness as a state of being,

- Wellness as a dynamic process of personal growth and adopting behaviors in multiple dimensions that improve functioning,
- Wellness is conceptualized as an approach to "whole-person" care within the medical context,
- The wellness approach also champions the use of multidisciplinary care teams that create safe, non-judgmental environments,
- The concept of wellness is not modern in its meaning, but mostly in its terminology and operationalization in the Western (U.S. and European) context.

2.2. Wellness and Medical Tourism - Market Transformations

In Central and Eastern European countries, due to former government funding, wellness is associated with physical and medical treatments in mineral and thermal waters (Smith & Puczkó, 2013). Wellness tourism is often conflated with medical tourism. The main causes of this confusion are an incomplete understanding of these markets as well as the inconsistent usage of terminologies by destinations, government organizations and promotion agencies. Wellness Tourism refers to the act of traveling to enhance physical, mental, and spiritual health (Chen et al., 2008). Medical Tourism entails the concept of traveling for medical purposes, such as receiving medical treatment or undergoing surgery (Smith & Puczkó, 2013). The main differences between wellness tourism and medical tourism are presented in Table 1.

Table 1. The differences between wellness and medical tourism

Reactive	Proactive
Medical tourism	Wellness tourism
Travel to receive treatment for a - or improve health and/or to seek enhancement.	Travel to maintain, diagnosed disease, ailment, or condition, manage, and well-being.
Motivated by the desire for lower cost of care, higher quality care, better access to care, and/or care not available at home.	Motivated by the desire for healthy living, disease prevention, stress reduction, management of poor lifestyle habits, and/or authentic experiences.
Activities are reactive to illness, medically necessary, invasive, and/or overseen by a doctor.	Activities are proactive, voluntary, non-invasive, and non-medical.

Source: Global Wellness Institute, 2018

Although it has many elements in common with health tourism, wellness tourism focuses more on the pleasure or sensations that travelers can feel at a destination during their stay, adding added value to tourist products (Petroman, 2021). It is important to emphasize the similarity and differences between well-being and wellness (Grénman & Räikkönen, 2015). Well-being is connected with the standard of living and education, but also with freedom, peace and nature. In contrast, wellness reflects self-responsibility and proactivity with hedonistic consumption of concrete products and services.

There are two types of wellness travelers: primary and secondary wellness travelers (Global Wellness Institute, 2018). For primary wellness travelers, the main motivation for destination choice is wellness. Secondary wellness travelers seek to maintain wellness during a private or business trip.

Some authors argued that wellness tourists searched for novelty, escapism, and relaxation, along with personal growth and development (Kim et al., 2017). One study about attitudes toward the concept of wellness within the millennium generation showed that the key factors were fitness, yoga, sauna, and pampering spa treatments (Agrodimou, 2019). In the travel decision process, this generation preferred a destination and a low price of accommodation. The results of the study showed that value, quality, experience, satisfaction, and revisit have a positive effect on the formation of wellness tourists' loyalty (Lakicevic et al., 2021). The important factors in wellness tourism research were relaxation, wellness infrastructure and natural resources (Damijanic, 2021). A similar methodology has been used in different research contexts, but the results were the same (Tüzünkan, 2017).

3. WELLNESS AND SUSTAINABLE TOURISM DEVELOPMENT

At the begging of the 21st, four critical issues existed in sustainable tourism studies (Liu, 2003). First, the concept of sustainability was clearly defined. Second, practical policies have not been developed. Third, the lack of a holistic approach to sustainable tourism, from various points of view (i.e. economic, social, technological, ecological). Forth, it was necessary to adopt an interdisciplinary approach to studies of sustainable tourism.

Sustainable tourism is defined by UN World Tourism Organization (UNWTO, 2013) as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities."

The results of situational analysis have revealed that tourism may be a source of economic growth and development from three main points of view (UNWTO, 2013, p. 133). First, international tourism is a traded service, therefore it is important to national balances. Second, tourism is one of the most labor-intensive sectors, from one side. On the other side, the development of tourism can initiate employment, particularly for females and youth. Third, the development of sustainable tourism creates jobs, not only in tourism but in other sectors of the national economy. It is particularly important for developing countries where tourism development creates a demand for specific agriculture products as well as other products from construction, industry, or handicrafts. In some cases, such a demand can initiate the recovery of lost activities and skills.

3.1. Global market size and main challenges

It is important to note that every destination has something unique to offer which is linked to culture, natural resources, food, etc. (see Figure 1). There are various categories of services in wellness hotels such as spirit & mind, vital cuisine, beauty and cosmetics, relaxation, and comfort (Milicevic & Jovanovic, 2015).

The important fact is that wellness tourism bring more benefits to national economy. According to Global Wellness Institute (2021), the expenditures may include:

- International wellness tourism expenditures: All receipts earned by a country from inbound wellness tourists visiting from abroad, with an overnight stay.
- Domestic wellness tourism expenditures: All expenditures in a country made by wellness tourists traveling within their own country, with an overnight stay.

Due to the COVID-19 pandemic, in 2020, the global expenditure on wellness tourism decreased by roughly 39.5% (Global Wellness Institute, 2021). Overall, North America was the region recording the highest spending in this market worldwide. However, wellness tourism expenditure in North America dropped from over 277 billion U.S. dollars in 2019 to around 170 billion U.S. dollars in 2020 (Statista, 2022). The market size of the wellness industry worldwide in 2020, by segment (in billion U.S. dollars) is presented in Table 2.

Figure 1. Worldwide unique offers

Source: Global Wellness Institute, 2018

Table 2. The market size of the wellness industry worldwide in 2020.

Segment	**Market size (in billion U.S. dollars)**
Personal care & beauty	955
Healthy eating	946
Physical activity	738
Wellness tourism	436
Traditional medicine	413
Public health	375
Wellness real estate	275
Mental wellness	131
Spas	68
Workplace wellness	49
Springs	39

Source: Statista, 2022

The main structural components of the wellness industry are the following (Ustymenko, 2020):

1. Establishments and areas of recreational and health-improving direction: specialized medical and preventive treatment facilities; thermal complexes; equipped beaches; facilities and areas for physical culture and sports; tracking areas; pump rooms of mineral waters; wellness clubs; SPA complexes, centers and areas.
2. Companies providing accommodation services: hotels, motels, campsites, boarding houses; sanatoriums, preventoriums; tourist bases, rest homes, shelters and others.
3. Food companies: restaurants, canteens; cafes, bars; fast food companies.
4. Companies providing transport services: car companies; railway departments; river and sea transport companies.
5. Travel companies for the development and selling of wellness products: travel companies for the development of wellness products; travel companies for the sale of wellness products.
6. Leisure companies: culture and recreation parks; special interest clubs; entertainment establishments.

The wellness industry is heavily dominated by women—from entrepreneurs to practitioners to consumers—and therein lies an opportunity (Pundit, 2020). The authors pointed to critical challenges in the wellness industry (Singh & Jain, 2020):

1. The global mindset,
2. The lack of skilled manpower in the wellness industry,
3. The lack of standardization in terms of methods and materials that are used the most in the wellness industry.
4. The presence of certain unscrupulous elements and certain practices that are used are unethical and this leads to a bad image of the global wellness industry.
5. The kind of secrecy that shrouds wellness centers.

3.2. Sustainable Tourism Strategy in Serbia

The strategic choice and implementation of the development strategy depend on European and national strategies for sustainable tourism. The existing policies and initiatives concerning sustainable tourism in Serbia are the following:

- Serbian Law on Tourism;
- Tourism Development Strategy of the Republic of Serbia 2006-2015;
- National Sustainable Development Strategy of Serbia;
- Master plan for Sustainable Development of Rural Tourism in Serbia;
- National Strategy of Sustainable Use of Natural Resources and Goods, and
- Regional policies Sustainable Development Strategy for Sumadija and Pomoravlje 2011-2021.

The results of the study revealed the transformation process in health tourism, from only spas for healing illness to wellness (Gligorijevic & Novovic, 2014). To do this, it is necessary to enrich tourism offers, i.e. Davos, Switzerland expanded its offer with prevention programs, rehabilitation, wellness, etc.

For example, in order to improve wellness tourism, the special hospital Merkur was established as a dominant facility in Vrnjci Spa. Also, the key problems have been identified as followed (Djurovic, 2011): infrastructure is in bad condition; water supply in Vrnjacka banja Municipality is very problematic; waste management, and problems during the privatization process, etc. The Vrnjci Spa has great potential for the development of various forms of tourism such as health tourism, wellness, congress, cultural tourism, picnic and sports tourism (Pecic, 2012).

In the previous study, the primary data have been collected about the attitudes of tourists regarding the quality of the existing tourist offers of Vrnjci Spa and opportunities for improvement (Podovac & Jovanovic-Toncev, 2015). Based on the average values of individual elements of tourist offers, which have been evaluated by selected tourists, it can be concluded that tourists visiting Vrnjci Spa are satisfied by the existing tourist offer. 97.4% of respondents said they would visit Vrnjci Spa again. Although this spa is one of the most visited destinations in Serbia, some problems may have a negative effect on future development. The small number of foreign tourists caused the low influx of foreign exchange, on one side. On the other, the results showed that the main factors for this have been the following: the unrecognizable brand of Vrnjci Spa in the international market, lack of international promotion, lack of investments, unskilled employees, etc. (Podovac & Jovanovic-Toncev, 2015). Further development of this spa as a competitive tourism destination depends on managers' abilities to create innovative products. Based on these results, the great potential and holistic approach would bring many tourists to Vrnjci Spa (Podovac & Jovanovic-Toncev, 2015).

In one empirical research, aimed to determine key elements of the tourism product, the following 14 elements were calculated (Milicevic & Djordjevic, 2020): 1. Natural beauty, 2. Hospitality, 3. Health related offer, 4. Cultural-entertainment offer, 5. Accommodation, 6. Spa and wellness offer, 7. Clean facilities, 8. Diversity and quality offer, 9. Sports offer, 10. Activities for children, 11. Prices, 12. Transportation, 13. Local information, and 14. Other elements. Also, there is a statistically important difference between domestic and foreign tourists' ratings of key elements of the tourism product of Vrnjci Spa (Milicevic & Djordjevic, 2020). Foreign tourists gave higher scores to the aforementioned elements of Vrnjci Spa than domestic tourists. It is worth noting that a small number of foreign tourists participated in the study.

In 2015, the USAID through a project supported the municipalities such as Kraljevo, Cacak, Vrnjacka Spa, Raska, and Gornji Milanovac to integrate their tourism products (VBM, 2005). In this region, there are two famous tourist destinations Kopaonik and Vrnjci Spa. The results showed that local authorities in Vrnjci Spa, in the domain of health tourism, should improve service quality and marketing activities. Also, the development of the following products has been suggested:

- Destination Spa with the main task of providing clients with an improvement in their quality of life, and health condition through fitness, education programs and accommodations. Also, the spa menu should be a specific offer;
- Medical Spa with the main role to provide complete health and wellness services (i.e. conventional, special treatments and therapies). In the next ten years, the fastest growth will be in holistic medical treatments and therapies;
- Mineral Springs Spa as a typical European spa/wellness center;
- Resort/hotel Spa which includes large investments.

The results of identification of wellness tourists' motives in Serbia showed that the recreation and relaxation involving various services of massage, hydrotherapy, aromatherapy and the like are essential services in wellness centers, along with Mental therapy, Enhancement of quality of life, and Effortless activity (Blesic et al., 2019). The results of the study showed that value, quality, experience, satisfaction, and revisit have positive effects on the formation of wellness tourists' loyalty (Lakicevic et al., 2021).

The development trend of spa tourism at wellness model is slowly being used in some spas in Serbia, primarily in their specialized hospitals (i.e. Merkur -Vrnjacka Banja), but also in hotels and other types of accommodation and facilities (e.g. the transformation of the hotel Izvor in Bukovicka Banja in the first wellness hotel in Serbia). In May 2005 specialized hospital Merkur - in Vrnjacka Banja opened the first spa wellness center in Serbia called Fons Romanus - located in the building of thermo-mineral bath, with many services that are available for wellness tourists. Merkur is a positive example of the separation of medical and wellness services (Djuradjevic, 2017). Hotel Izvor is a wellness hotel complex, opened in November 2010, situated in Arandjelovac, Bukovicka Banja. Today, some forms of wellness offers can also be found in other spas in Serbia, such as Atomska Banja in Gornja Trepca, Sokobanja, Vrdnik, Banja Junakovic, Prolom Banja, Niska Banja, Kanjiza (Vicentijevic, 2016).

To promote sustainable tourism in Serbia, especially wellness tourism, the authors proposed the following projects and activities connected to the National Strategy of Sustainable Development:

identification of tourism, creating a database of these resources, renewing tourism capacities and building new ones, marking key tourism objects and destinations, and develop urban plans to take advantage of tourism potential (Kontic et al., 2020).

3.3. Competitiveness Index and Domestic Barriers

In 2013, the World Tourism Organization (UNWTO) with the financial support of the European Commission (EC) Directorate-General Development and Cooperation, within the framework of the project "Enhancing capacities for Sustainable Tourism for Development in Developing Countries" prepared The Sustainable Tourism for Development study (UNWTO, 2013). This study pointed to 12 aims of sustainable tourism as followed (UNWTO, 2013, p. 18): 1. Economic viability, 2. Local prosperity, 3. Employment quality, 4. Social equity, 5. Visitors fulfillment, 6. Local control, 7. Community wellbeing, 8. Cultural richness, 9. Physical integrity, 10. Biological diversity, 11. Resource efficiency, and 12. Environmental purity.

The aforementioned goals can be connected to five pillars in this manner: Tourism policy and governance includes all 12 aims; Economic performance, investment and competitiveness includes Economic viability, Local prosperity, and Visitors fulfillment; Employment, decent work and human capital = Employment Quality; Poverty reduction and social inclusion embodies Local Prosperity, Social Equity, Local Control and Community Wellbeing, and Sustainability of the natural and cultural environment includes aims from 8 to 12.

At the same time, the ETIS system was introduced and validated by European Commission to cover the fundamental aspects of sustainability monitoring of a destination through 43 essential core indicators (European Commission, 2016). The ETIS indicators allow for comparison and benchmarking between tourism destinations over time (Vukadin et al., 2020). The ETIS methodology uses both quantitative and qualitative methods. A destination profile is a form that can be used by relevant stakeholders for the overview of the specific destination. The basic elements of this form are (European Commission, 2021): name of destination; country name; destination boundary; destination category; description of location; distance from capital city; overview of main types of tourism, and the most popular activities; overview of Top five most popular tourist attractions (including environmental and cultural attractions); approximate size of the destination (in km^2) and principle physical characteristics (rivers, hills, bays etc.); dominant habitats; level of biodiversity (the range of different plant and animal species); average sunshine hours, rainfall (precipitation) and seasonal temperatures; *transport link* (i.e. distance from nearest local and international airport, in km); Details on any air carriers and/or cruise lines bringing visitors to the destination; Public transport facilities to your destination; Additional private arrangements for transporting visitors to the destination; *information about population*, such as number of permanent residents, population density, Summer/winter ratio of residents to tourists; Percentage of population employed in tourism related jobs; Average length of stay; *tourism amenities*: Approximate number of hotels (by star rating), and rooms in the destination; Other types of accommodation available (and approximate numbers); Approximate number of restaurants; *current strategies and policies:* The destination has an organization dedicated to its overall management; The destination has a current sustainable tourism strategy/action plan with an agreed monitoring and evaluation process; The destination has a current sustainable communication strategy or plan; The destination has a current policy or plan to protect cultural heritage; The destination has a current climate change adaptation strategy or plan; The destination has a current biodiversity management and monitoring plan; The destination has policies in place that require tourism enterprises to minimize light and noise pollution; Percentage of the destination (area in km^2) that is recognized as a protected area; Details on any air carriers and/or cruise lines bringing visitors to the destination; Public transport facilities to your destination.

The World Economic Forum published biennially the Travel & Tourism Competitiveness Report in which the Travel & Tourism Competitiveness Index (TTCI) has been calculated for 140 economies and measured "the set of factors and policies that enable the sustainable development of the Travel & Tourism (T&T) sector, which in turn, contributes to the development and competitiveness of a country." (Calderwood & Soshkin, 2019, p.15).

Transition to sustainable tourism in developing countries could be enabled through the following activities (Marjanovic et al., 2020):

- Better use of natural resources,
- Focus on local socio-cultural heritage,
- Include relevant stakeholders in the creation and implementation of sustainable tourism development strategy,
- Achieve the highest level of tourists satisfaction.

Some authors classify the indicators of sustainable tourism development in the following categories such as economic indicators, tourist satisfaction with the quality of the offer and services provided, and the attractiveness, uniqueness of the offer, the state of the environment and the socio-cultural characteristics of the destination, social indicators, cultural indicators (i.e. the degree of preservation of the cultural heritage of the local community), and environmental indicators (Jovicic & Ilic, 2010, p. 280).

The results of the study in Croatia showed that only a few tourism destinations were included in sustainable development (Melkic et al., 2020). To date, few studies have positioned wellness tourism as a tool for addressing the challenges of achieving sustainability in tourist destinations i.e. relative lack of integrative knowledge about wellness in the tourist sector (Andreu et al., 2021). Other studies indicated strategies and considerations to improve the competitiveness of wellness destinations in Thailand, as well as key factors of wellness tourism: destination environment, travel and policy, infrastructure and capacity, manufactured and cultural resources, strategy and structure, novelty potential, and cooperative and proactive marketing (Phuthong et al., 2022).

Serbia has a tradition of more than 160 years in tourism. Strategic choice and implementation of the selected strategy depend on the vision and mission for the development of sustainable tourism in Serbia. The results for Serbia are presented in Table 3.

Serbia is the only country in the Balkans and Eastern Europe that improved its T&T competitiveness since the last edition of the report. Serbia (95th to 83rd) was the most advanced in the region of Europe and Eurasia in general thanks to its significant improvements to its enabling environment (62nd to 56th), T&T policy, and enabling conditions (112th to 91st) and air (86th to 76th) and ground (94th to 85th) infrastructure.

Conditions for T&T investment have also become more favorable, with a broad improvement in areas related to the business environment (112th to 74th) and human resource and labor markets (82nd to 58th). Despite all improvements, a lot more needs to be done for Serbia to become truly competitive in the domain of tourism, such as the following (Calderwood & Soshkin, 2019):

- To improve tourism service infrastructure, especially online branding strategy;
- To reduce travel barriers, and
- To improve safety and security.

Table 3. Travel & Tourism Competitiveness Index for Serbia

Index	Score
ENABLING ENVIRONMENT	
Business Environment	4.4
Safety & Security	5.5
Health & Hygiene	6.3
Human Resources & Labor Market	4.7
ICT Readiness	5.1
T&T POLICY & ENABLING CONDITIONS	
Prioritization of T&T	3.9
Int'l. Openness	3.2
Price Competitiveness	5.5
Environ. Sustainability	4.5
INFRASTRUCTURE	
Air Transport Infrastructure	2.6
Ground & Port Infrastructure	3.0
Tourist Service Infrastructure	3.9
NATURAL & CULTURAL RESOURCES	
Natural Resources	2.1
Cultural Res. & Business Travel	1.7

Source: Calderwood & Soshkin, 2019, p. 53.

4. RESEARCH METHODOLOGY

Researchers have employed mixed research methods, utilizing both quantitative and qualitative data collection strategies. The main aim of mixed methods is to increase study validity. First, the meta-data of tourist arrivals and overnight stays, per selected resorts in Serbia have been analyzed. The aim of meta-data-analysis is "to create a systematically developed, integrated body of knowledge about a specific phenomenon" (Paterson et al., 2001).

Second, the components of the wellness tourism offer system in Serbia will be presented. The conceptual part i.e. main components and description is adopted from Dini and Pencarelli's (2021) theoretical paper. Data for wellness tourism offered in Serbia were collected from various publications and websites (Gastronomy Serbia, 2022; National Tourist Organization of Serbia, 2015; Spa-Serbia, 2022). All these data have been used for the proposals for new wellness experiences in Serbia.

5. RESULTS

From 2015 to 2019, the tourism sector in Serbia has evidenced exponential growth with a peak of 10,1 million overnight stays in 2019 (Statistical Office of the Republic of Serbia, 2022b). The latest data about the tourist arrivals and overnight stays (domestic/foreign), per selected resorts in Serbia is presented in Table 4.

Tourist resorts are divided into spa resorts, mountain resorts, and urban resorts. Compared to 2021, all tourist resorts evidenced growth in the number of tourists' overnight stays (Statistical Office of the Republic of Serbia, 2022b). The most frequently visited in the first five months of

2022 were urban resorts with over 60% of total overnight stays. Almost half of these overnight stays were evidenced in Belgrade, followed by Novi Sad. The vast majority of tourists were foreign tourists (84% in Belgrade; 75% in Novi Sad). Tourists in spa resorts were mainly domestic and frequently visited Vrnjci Spa and Sokobanja. A similar situation was in mountain resorts, where domestic tourists mostly visited Kopaonik and Zlatibor. The countries of origin for foreign tourists are presented in Figure 2.

The results of the analysis of the components of the wellness tourism offer system in Serbia are presented in Table 5.

Table 4. The tourist arrivals and overnight stays, by resorts in Serbia (I-V 2022)

	Arrivals		Overnight stays	
	Domestic	Foreign	Domestic	Foreign
Republic of Serbia - total	**2,022,867**	**157,825**	**590,210**	**430,701**
Spas - total	**47,200**	**8,380**	**190,648**	**30,715**
Vrnjci spa	15,518	2,149	52,418	6,924
Sokobanja	10,438	421	47,320	1,317
Bukovicka	1,430	458	2,961	1,110
Koviljaca	1,768	537	10,180	5,588
Gornja Trepca	869	109	6,963	1,169
Vranjska	186	15	1,681	121
Kanjiza	516	335	3,299	814
Novopazarska	126	106	147	128
Vrdnik	4,965	1,353	11,509	3,598
Rusanda	224	14	1,480	108
Palic	3,165	2,071	7,498	5,489
Selters	203	16	1,997	93
Lukovska	1,883	262	12,065	1,285
Gamzigradska	29	12	127	19
Ribarska	725	57	3,801	294
Sijarinska	825	26	5,595	167
Vrujci	901	68	4,625	439
Niska	476	89	2,365	248
Mountain resorts - total	**54,715**	**9,705**	**177,873**	**22,801**
Zlatibor	9,569	3,683	29,139	8,393
Kopaonik	7,156	753	22,290	2,184
Urban resorts - total	**108,111**	**141,030**	**246,103**	**380,520**
Belgrade	19,575	87,768	46,527	244,246
Novi Sad	11,615	14,596	19,622	38,682
Nis	8,820	5,761	15,320	11,265
Krusevac	1,546	666	5,557	3,191
Sombor	971	885	1,726	1,798
Kragujevac	3,737	1,678	7,133	5,328
Subotica	9,077	8,930	17,343	21,615
Vrsac	1,219	624	2,442	1,603
Cacak	3,412	1,842	12,550	4,539
Pirot	1,276	664	2,563	1,604
Kladovo	5,562	741	10,015	1,531
Kursumlija	2,025	266	12,731	1,289
Becej	164	185	596	542

Source: Statistical Office of the Republic of Serbia, 2022a

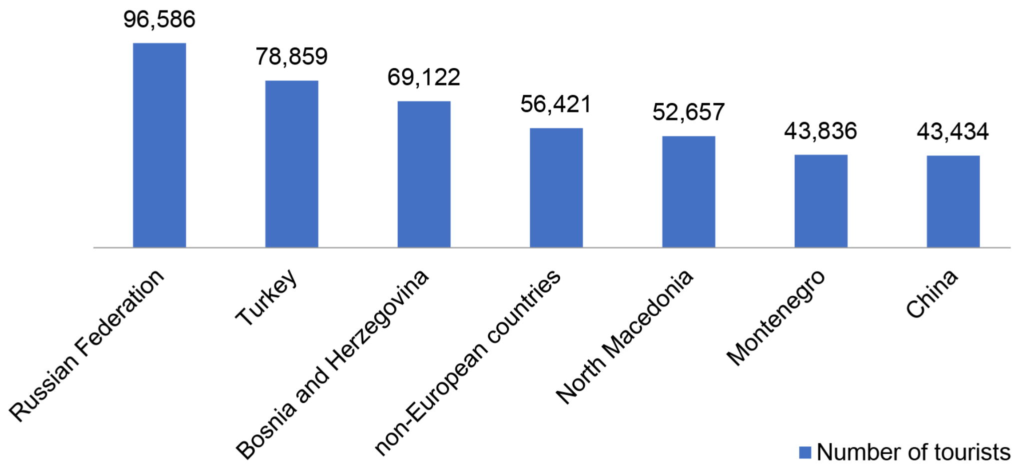

Figure 2. Foreign tourists from countries of tourists origin

Source: Statistical Office of the Republic of Serbia, 2022b

Due to the numerous attractive natural and anthropogenic tourism resources, the Republic of Serbia has a strong foundation for faster development of sustainable wellness tourism. Bearing in mind that after the COVID-19 pandemic, it is necessary to create new wellness experiences for tourists (Andreu et al., 2021). The complementary offer of wellness activities should be based on the resources that the destination i.e. Serbia has, which are related to the natural resources, and cultural and spiritual heritage.

Table 5. The key components of wellness tourism offered in Serbia

Main components	Description	Offer
Hot springs	This offer is tied to hot springs establishments that provide access to hot springs and wellness services.	1,000 geothermal and mineral waters
Spas	This offer is tied to spa centers that offer options for the care and enhancement of a person's physical and mental health, catering to his/her desire to "be well."	Vrnjci spa; Sokobanja; Koviljaca; Prolom; Lukovska; Bukovicka; Selters; Ribarska; Vrdnik; Kanjiza (Spa-Serbia, 2022).
Care of body and mind	This can be a stand-alone offer by hotels or centers specializing in esthetic treatments and massage, or by gyms (services outside the purview of hot springs and spa facilities).	Fons Romanus in Vrnjci spa – wellness center offers 24 types of massage, the King's Bath, the Queen's Bath, the Eastern Bath, underwater massage, saunas, Jacuzzi with warm water, anti-stress and relaxation programmes; Choco-mint therapy; Algae therapy;
Natural environment	This offer, proposed by territories, is tied to all aspects of nature and the environment that can be enjoyed for personal wellbeing.	Goc Mountain; The Western Morava River; Mountains: Ozren, Rtanj, Devica and Bukovik; The river Drina; Devil's Town; Bukulja and Vencac mountains; Ovcar-Kablar gorge; The natural phenomenon of the blooming of the Tisa River; Stopica Cave;
Spirituality	This offer aims to aid tourists in their search for spirituality through mystical and religious experiences or via other meditative paths.	Monasteries of Studenica, Zica, Gradac, Sopocani and George's Pillars; St. Lazarus' Temple; The Church of St. George, a mausoleum of Karadjordjevic Dynasty in Oplenac; Vujan monastery; 20 monasteries of Fruska gora also known as Serbian Athos;

Culture	This offer refers to cultural and artistic heritage in both tangible and intangible forms.	The remains of fortresses Ras, Maglic, Brvenik and Koznik; Trsic, the birthplace of Vuk Stefanovic Karadzic, the reformer of the Serbian language and the person who created Serbian Cyrillic alphabet; Archeological site Plocnik dating back to 7000 years BC; The building of "Staro zdanje" built by two Serbian royal dynasties; Kameni most (Stone Bridge) - the largest single-arch bridge in the Balkans;
Gastronomy	This offer is proposed by enterprises and territories, with specific reference to the realm of food and beverages.	Traditional Serbian dishes: ajvar, Serbian salad, sarma, gibanica, podvarak, cvarci, muckalica, rostilj, vanilice, rakija. Serbia is a true foodie's paradise (Gastronomy Serbia, 2022).
Sports	This offer includes indoor and outdoor sports activities designed for the active participation of the tourist.	Swimming pools in spas; Podina aqua park in Sokobanja; Sports courts (futsal, basketball, volleyball, tennis courts) in Lukovska spa; Hiking through breathtakingly beautiful valleys in Ribarska spa; Hiking, mountaineering, horse-riding, mountain-biking, paragliding at mountain Zlatibor
Events	This offer includes specific events and significant activities that engage and entertain tourists.	Carnival and film and music festivals (of traditional, popular, classical and electronic music); Events such as "The Flute-players' Festival" in Prislonica; Novi Sad 2022;

Source: Adapted from Dini & Pencarelli, 2021

6. DISCUSSION

The competitiveness of a destination depends on the following elements: destination environment, Wellness Tourism Travel and Policy, Wellness Tourism Infrastructure and Capacity, Wellness Tourism Man-Made and Cultural Resources, Wellness Tourism Strategy and Structure, Wellness Tourism Innovation Potential, Wellness Tourism Collaborative and Proactive Marketing (Phuthong et al., 2022). Complementary wellness offer requires collaborative work between the local administration, tourist agents, and local experts. The proposals for new wellness experiences in Serbia are presented in Table 6.

Table 6. The proposals for new wellness experiences in Serbia

Proposal 1. Eight days tour		
Timeline	**Place**	**Content**
1 night	Belgrade	St.Sava Template, Kalemegdan fortress, Josip Broz Tito Mausoleum, Residence of Princess Ljubica
2 nights	Zlatibor	Stopica cave, ethno village of Sirogojno, Gostilje waterfall, anti-stress and relaxation programmes
2 nights	Nova Varos	Uvac
2 nights	Nis	Skull towel, Sokobanja spa
1 night	Smederevo	Smederevo Fortress, St. George Temple
Proposal 2. Seven days tour		
3 nights	Novi Sad	Vinery Sremski Karlovci, The Clock Tower, Fruska Gora monasteries, Vrdnik spa
2 nights	Zajecar	National Museum, Felix Romuliana, Resavska Cave
1 night	Belgrade	Nikola Tesla Museum, Ada Ciganlija, Skadarlija
Proposal 3. Vrnjci spa		
5 nights	Vrnjci spa	Merkur hotel, Japanese garden, Bridge of Love, Vinery visit, Zica monastery

Source: Authors' elaboration

Over the last decade, the wellness industry has transformed into a multi-billion business that focused on the interest of managers and the academic community. This study contributes to the literature about tourism and sustainable development by investigating wellness tourism in a specific environment i.e. Serbia.

The COVID-19 pandemic caused the transformation of wellness sectors, as well. The key factors of the new approach to wellness tourism are the following (Chhabra, 2020):

- Stakeholders,
- Strategies aimed to support different stakeholders in preparing future tourists,
- Synergy between the tourism and non-tourism stakeholders,
- Wellness outputs,
- Preparedness for future travel, and
- Future tourists.

6.1. Theoretical Implications

The new approach to wellness tourism is open and reliant on ethical/equitable and preventive/healing mechanisms (see Figure 3). Digital platforms provide crucial tools to facilitate interconnections and interactivity between local, national and global communities.

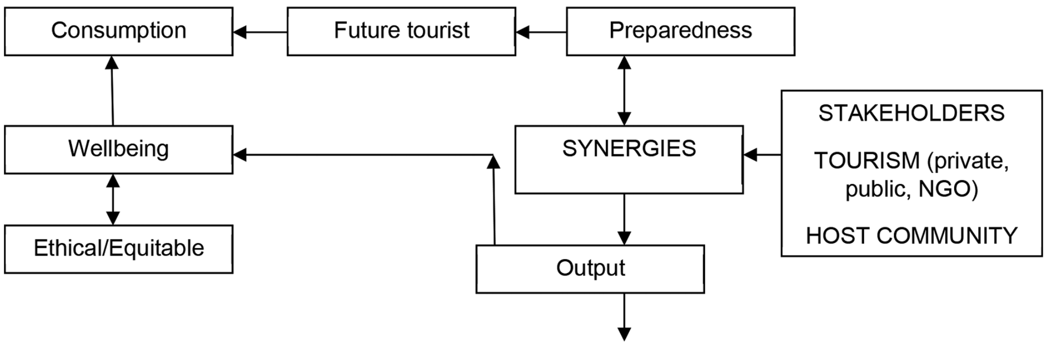

Figure 3. A new approach to wellness tourism

Source: Adapted from Chhabra, 2020

Finally, this study can be a concept for a detailed analysis of the current state of wellness facilities in Serbia.

6.2. Managerial Implications

The study's results indicated the element of novelty by putting the wellness industry in a specific Serbian environment. Wellness industry stakeholders and key players in tourism are advised to develop tailor-made offerings. Also, a diverse array of activities in their offerings could help to improve the image of Serbia in the tourism market.

Based on the study's findings, tourism stakeholders are advised to invest in digital marketing strategies, to improve the organic reach, and direct potential customers to companies' websites.

5.3. Implications for Policy-Makers

Major projects in sustainable tourism should be implemented by government investment and supervision. Investments in the restoration of cultural and historical monuments, recreational and entertainment objects for children and adults, and marking the key tourism spots should be made. The vital segment for sustainable tourism development is education. Primarily, for the marketing sector in the domain of sustainability, the creation of a national brand, and a better position for Serbia in the competitive tourist market.

7. CONCLUSION

This study focused on the Serbian wellness market, and the findings have limited generalizability to other Western Balkan countries. There were some difficulties in data collection based on the fact that the wellness sector has not been recognized as a special part of the tourism industry. Due to time constraints, the study has been based on secondary data.

Future studies could expand the scope of the study across Western Balkans countries. This region has similar ethnic and cultural values, but fine differences can help wellness stakeholders and marketing specialists to customize offers by region.

Also, it is interesting to investigate the tourists' profiles of wellness tourism in terms of the travel decision process, behavior and expectations. These factors will help to tailor the specific needs and preferences of various wellness tourists.

Finally, the future study would address the following research questions:
1) What are the key data associated with the wellness industry? Data about the number of spas and wellness hotels, the average number of employees, and the average revenue;
2) What significance do issues of sustainability play for the Serbian wellness industry? The important issues will be corporate identity, network, contribution to the economy, and the relationship between the Serbian wellness industry and rural tourism stakeholders.

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Ownership and Organizational Solutions for Spas and Preservation of Health Tourism

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Privatization of Spas

Abstract: *This work aims to show the possibilities of organizing spas in the Republic of Serbia, bearing in mind the current privatization, the status and treatment of spas as goods of general interest and the importance of recognizing an adequate ownership solution in the future business of spas in Serbia. The authors consider world experiences, possible models of privatization and the impact on the function of spas, especially the extremely developed health segment - balneology, and of course, the preservation of natural healing resources, but also other possible contractual and ownership models of performing spa activities. In researching the period from 2012 to 2020, the authors found that privatization potentially improves the standards of spa infrastructure and increases the tourism potential of spas, but in some transition countries, the process has resulted in limiting the therapeutic potential of spas and reducing the state's ability to implement health policy. The authors recommend ensuring that spa activities are carried out by a safe shareholder, applying clear acceptance criteria, as well as to provide legal guarantees for access to spa services that are financed from public funds.*

1. INTRODUCTION

The spa is recognized and protected by law, as an expression of the natural and cultural heritage on which there are arranged and equipped conditions for the long-term use of one or more good natural healing factors for therapeutic purposes. Natural healing factors are good in general interest and made up of underground mineral, thermal, thermal mineral and radioactive waters, healing mud, healing sand, medicinal gases, climate, as well as other natural conditions of the environment whose medicinal properties are scientifically proven and suitable for use for therapeutic purposes (Law on Spas of the Republic of Serbia, 1992).

It is well known that Serbia lies on numerous lakes of quality thermal mineral waters. Over 500 mineral, thermal and thermal/mineral sources have been registered; 260 have been prepared for use and 40 spas have been established, with accommodation and medical services. Serbian spas are internationally known for their highly developed health segment (balneology) since many top experts and healthcare professionals are employed in the spas (Stanković, 2009). Balneology in Serbia has an almost two centuries-long tradition (about 180 years), which was taught by our doctors, from the most famous balneologists of Austria and Germany at that time. A complete commitment to the humane business of Serbian balneologists has influenced the slower development of supporting content (quality of accommodation facilities), which has been improving over the past 10 years, among other things, through the successful introduction of wellness programs UBAS (2020).

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The mineral water sources are not only numerous, but they are also diverse: some sources are rich in sulfur, others with sodium, calcium, carbonate and very sulfide elements, hot and cold water, and geysers. Serbian spas do not compete with each other due to the large number of medical indications that they successfully treat (Gavrilović, 2009).

Thanks to the mineral properties of these waters, in the opinion of the European Spa Association, compared to other countries in West Balkan, Serbia boasts that it has the most developed balneology, that is, a branch of medicine that deals with the beneficial effect of the natural healing factor on the human body (ESPA, 2020). These properties of water have been successfully applied in the prevention of various diseases as well as in rehabilitation. In addition to spas that are healing because of the thermal waters, there are air spas in Serbia. In addition to mineral waters, the Serbian spa is characterized by the preserved environment, natural food, and peace, which in combination with a large number of sunny days and temperate climate, positively affect both the psyche and the physical characteristics of people (Maćejka, 2003).

Only recently in the Serbian spas, the part of tourism related to the wellness segment is beginning to develop. Under the conditions they provide, many sports teams are often prepared in spas. The good conditions of the spa have been recognized by numerous athletes who come for the preparations, as most spas have sports fields, both indoors and outdoors.

Today, in addition to the offer in health tourism, spas are increasingly visited by tourists seeking wellness facilities, that is, a program of services that motivates a stay in the spa with the desire to achieve a harmonious state of mind and body, and which make individually defined procedures using a natural healing factor, physical activity, healthy eating, spiritual activities and relaxation, with medical supervision (Law on Spas of the Republic of Serbia, 1992) or visiting Serbia in search of beautiful nature, rural areas forests, meadows, orchards, monasteries and other numerous cultural and historical monuments. Spa wellness tourism is focused on the use of facilities such as saunas, swimming pools, massage, and cosmetic treatments. According to a broader division, it can be classified as health tourism. However, unlike classic spa health tourism, spa wellness tourism is used by those who have good health and want to maintain that health. Spa wellness tourism requires less investment and better income for the service provider.

The spa zones in Serbia are numerous:

1. Šumadijska - Selters, Bukovička Banja, Palanački kiseljak.
2. Zapadnomoravska - Vrnjačka, Mataruška, Ovčar Banja, Gornja Trepča, Bogutovačka Banja, Sirčanska Banja, Lopatnička Banja and Vitanovačka Banja.
3. Kopaoničko-jastrebačka - Jošanička, Lukovska, Ribarska, Prolom, Kuršumlijska Banja and Lopatnički kiseljak.
4. Novopazarsko-pribojska - Novopazarska, Pribojska and Visočka Banja.
5. Južnomoravska - Niška, Vranjska, Sijarinska, Tularska and Bujanovačka Banja.
6. Karpato-balkanska or istočnosrbijanska - Zvonačka, Jošanička, Sokobanja, Gamzigradska and Brestovačka Banja.
7. Kolubarsko-podrinjska or zapadnosrbijanska - Koviljača, Badanja, Radalj, Radovašnica and Obrenovačko kupatilo.
8. Vojvođanska - has three landscape units: Slankamen and Vrdnik (Srem), Junaković, Kanjiža, Prigrevica and Novosadsko jodno kupatilo (Bačka), and Rusanda and Torda (Banat).
9. Kosovsko-metohijska - Klokot, Pećka Banja.

Otherwise, German spa culture is an accepted tradition that they have taken over from the Romans. During the Roman Empire, bathing was used by soldiers returning from battle as a form of hydrotherapy. The word "spa" itself is a Latin acronym meaning "health by water" or "sanus per aquam". Mineral springs were especially soothing medicine at the time. Today, Germany has one of the most comprehensive spa cultures in Europe, with reliable spa management, supported by the German federal health system. The German equivalent for a spa is a "healing bath" or Kurort which means "a place for healing" (Dodds & Butler, 2019). Any city in Germany may qualify and be given the prefix "Bad" (or bathing) on behalf of the city (e.g. Bad Soden). Eligible cities have met the most stringent air and water quality standards and have been able to put in place the necessary medical staff and infrastructure to satisfy customers (How to Germany, 2020).

2. METHODOLOGY AND DATA

A thorough literature review was performed, and two research questions are as follows:

RQ 1: Do all analyzed countries have a harmonized legal framework governing geographical indications of the conservation of natural resources and quality services of spas?

RQ 2: Do property solutions of spas give different results in given circumstances?

When it comes to the ownership of spas in Serbia, the spa activity should be organized so that the spas have a secure shareholder (owner), regardless of whether it is the state or a conscientious private owner, and in addition to wellness tourism in the narrower sense, the very important spa tourism should be preserved.

3. RESEARCH RESULTS

3.1. Assessment of the Situation in Spas in Serbia and Identification of Problems

In terms of the number of occurrences of thermomineral waters and their diversity, Serbia is, in proportion to its surface, the richest in the Balkans and Europe, and probably in the world according to some analyses. That is why it is popularly called "spa land". Spa tourism in Serbia has a long and very rich tradition. In the territory of Serbia, traces of the oldest bathroom found in Vicka Banja (Toplički kiseljak) dating from the Neolithic period, which means that it is over 4000 years old.

Material traces of culture and well-known written sources speak of the Roman cult of healing waters. When they conquered the area of the Balkans, they learned about the remarkable healing properties of the area and, in addition to the springs, built villas, baths and associated facilities for treatment, rest and enjoyment. There are material traces from the Roman era in Nis, Vrnjacka, Gamzigrad, Josanicka, Sijarinska, Vranjska, Zvonačka, Sokobanja and others, and on some sources built the first Roman baths, spas, which are considered to be the forerunners of spas in this region.

The arrival of the Turks in the Balkans increased the use of the potential of medicinal springs while improving the infrastructure by constructing Turkish baths, the so-called hamas. Some Turkish baths have remained functional to this day, as is the case with the Amans in Brestovacka and Novopazarska Banja.

With the acquisition of independence of Serbia, spas occupy a significant place in health care, so many diseases are treated in spa centers. Guests from foreign countries, mostly from Austria and Hungary, are beginning to visit Serbian spas. Healing and visiting the spas from independence until the end of World War II were a privilege of the wealthier social classes.

The interest of the ruling Karadjordjevic dynasty in spas further increased the influx of the then-elite into spa spas. Until the end of World War II, for the majority of the population of the then Kingdom of Yugoslavia, spas were elite and inaccessible places, while basic health care was at a very low level.

After the Second World War, there was an accelerated modernization of spas from PIO funds, with research and the opening of new spas and tourist complexes, spas becoming an important segment of the health system and rehabilitation services for an increasing number of patients were borne by the state.

At the beginning of the 90s of the 20th century, investments in spas declined, the number of visitors gradually decreased, and several spa resorts were closed, which, due to the decline in investments in healthcare, declined and slowly collapsed (Momčilović, 2019). Then the neoliberal ownership transformation of state and social capital accelerated, when the first serious advocates of the privatization of spas appeared, favoring privatization as the only possible solution for the recovery of failed Serbian spas, completely ignoring the health functions of spas, the tradition of spas. of spa tourism in Serbia and subordinating all logic of profit.

3.2. World Experiences: Possible Property and Organizational Solutions

To determine the best solutions for performing the activities of spas, according to the solutions in the countries of the European Union, the research was conducted in the selected countries, described below in this paper. Considering the world experience in the conduct and privatization of spas enables us to reliably answer some questions, which are related to possible property and organizational solutions for spas in our country.

An analysis of world experience shows why certain property and organizational solutions function, where they function, or what preconditions need to be fulfilled for certain solutions to be acceptable. Therefore, the analysis of world experiences should not be a mere enumeration of where it exists but should answer the question of why something works or does not work somewhere. Based on this knowledge, a conclusion can be drawn about the applicability of a particular solution in our conditions.

Consideration of world experiences enables the application of certain world solutions in our country not only to be a mechanical mapping of those solutions but to be the application of certain knowledge that others have already acquired, applied and come to the expected good results.

Two basic elements should be taken into account when considering the international experience in the field of spa economy, i.e. applied property and organizational solutions. On the one hand, the specifics of spa services should be taken into account, and on the other hand, the choice of countries whose experiences in this area will be considered. Therefore, property and organizational solutions in these activities are inevitably specific

Consideration of general property and organizational solutions that are applied in the economy as a whole, or non-specific activities, can be misleading. Property and organizational solutions applied in fully competitive industries, which have given good results in them, can lead to very poor results if applied in the spa industry. Therefore, the following analysis is entirely focused on the activity of spas and their specificities.

The choice of countries when considering experiences is inevitably a matter of an arbitrary decision of the researcher. We are determined to consider, first of all, the experiences of OECD countries, the experiences of individual developing countries, as well as individual countries in transition. Experiences of OECD countries, i.e. developed countries are relevant to us because in those countries we find the most advanced property-organizational solutions, the most developed technical systems, as well as the most efficient performance of spas. Therefore, we should look at the solutions that exist in those countries.

Unlike the current level of development of our economy, as well as the existing institutional framework, that is, the business environment in our country, it has a lot in common with certain developing countries, which makes their experience relevant to us. Of course, not as a goal we should strive for, but as an opportunity to find acceptable interim solutions. Finally, the relevance of the experiences of countries in transition does not need much explanation. These countries shared a similar institutional (economic-systemic) framework with us, regardless of our favorite highlighted significant differences, and the transition to a market economy, regardless of the specifics of each country, inevitably has common characteristics and problems (Rajnović et al., 2020).

Research has been conducted on this topic in the countries mentioned in the text. In Poland and some other Eastern European countries, the process of privatization of spas has been identified as somewhat chaotic and inconsistent with legal provisions. It has been observed that in its applied form, the process has resulted in limiting the therapeutic potential of spas and reducing the state's ability to implement health policies in a legally prescribed form (Szromek et al., 2016). Also, it is undeniable that privatization potentially improved the standards of the spa infrastructure and increased the tourist potential of the spa. The authors believe that investments in the privatization process should be under acceptable conditions, as well as legal guarantees for access to spa services from public funds. Such guarantees should be in the competence of the creators of the privatization policy, to ensure the availability of services to the insured while prescribing the obligation to maintain a certain part of the potential of the institution for the needs of patients financed by the state health fund.

Considering the experiences of selected countries, it covers a key segment of the spa activity: alternative property solutions over fixed assets and the operator.

3.3. Basic Property Solutions

According to the observed ownership status of spas and the organization of activities, several characteristic property-organizational solutions and their variants can be distinguished. In doing so, it is necessary to specifically observe, that is, to consider the ownership of the basic assets (which these authors refer to goods of general interest), which are used by the business entity in the provision of spa services, on the one hand, and the ownership status of the operator (ownership of its capital). on the other hand. The ownership status of the operator means the status of the subject (legal entity) that, using the above-mentioned basic assets, is engaged in providing the activity in question (Fontanari & Kern, 2003). Based on these criteria, three basic solutions can be identified:

1. public ownership (over fixed assets) and publicly owned operator business;
2. public ownership (over fixed assets) and private-owned operator;
3. private property (over fixed assets) and a business of a private operator.

3.3.1. *Public Property and Public Operator*

The specifics of spa services, above all, natural monopoly, public good and external effects, can lead to the risk of adverse economic effects (loss of well-being) if the provision of spa services is freely left to the private sector. The aforementioned danger of decreasing well-being has, in many countries, led to the establishment of exclusively public property in spa activities. This means that in addition to the public ownership of fixed assets, the public property of the operator, that is, the entity (legal entity) providing the spa services, is being established. There are several variants of this solution, depending on the character of the operator:

- State Administration,
- State-owned – company,
- Mixed enterprises,
- Results agreement,
- Management contract.

State Administration: The direct public (state) ownership of fixed assets and the operator providing spa services is the simplest solution of its kind. This means that the state, through its executive authorities, directly manages the provision of spa services, that is, carries out the activity itself. In this case, usually, local authorities form a special department of state (local) administration, which has all the powers to perform a given activity, usually with an administrative monopoly, ie. the exclusive right to perform a given activity. This kind of ownership or organizational solution is very often applied in Germany as well as in the Scandinavian countries. The basic good side of such a solution is undeniable efficiency in preventing the monopoly behavior of the operator. Namely, the state (or local community) is not, at least in principle, not interested in profit, that is, maximizing it. The disinterest of the owners of the natural monopoly, i. operator, for profit, is a pretty safe dam to monopoly behavior. Since profit maximization is not the primary motive of business, in this way, in principle, problems related to the existence (provision) of a public good, or the emergence of external effects, in particular, the problems of preventing negative external effects (Dodds & Butler, 2019) can be solved.

Furthermore, the convenience of such a solution is the fact that state or local authorities can effectively manage the development of spa activities in a particular area, which allows them to effectively implement different development policies - urban development policy, for example, or environmental policy, that is, the natural environment. Such a solution, at least in principle, provides a relatively high level of regularity in the supply of spa services, although increasingly frequent strikes by civil servants in EU countries do not support this view (OECD, 2014). However, certainly, the state cannot go bankrupt, so there is no danger of supply disruption due to the financial difficulties of the operators (Bukvić & Rajnović 2020).

The specific status of the operator (not the company, but the state administration), brings benefits in the field of taxation (does not pay certain types of taxes paid by all enterprises), as well as benefits in obtaining capital to finance development. On the one hand, this capital can be obtained from the state or local budget, so it is free of charge, or through the issuance of state or city bonds, which represent the securities with the lowest investment risk, so the interest rate paid by the beneficiary is far lower than market interest rates for commercial loans. Given the lower cost of acquiring capital, the cost of spa services (at the same quality) in this property-organizational solution may be lower than the prices in alternative solutions. When considering this argument, it should be taken into account that such a property solution, in principle, increases the tax burden on citizens (spa users), so that it does not have a positive effect on their disposable income.

Finally, this proprietary solution opens the possibility for a very flexible pricing policy, especially in the area of their depreciation. Although this flexibility carries great dangers, it is sometimes evaluated as an advantage of the above property solution.

Public ownership of goods of general interest and the operator, that is, a property solution based on a very active role of the state, has many negative consequences. The most significant weakness of this property solution is the low economic efficiency of the spa activity, which results from the character of public property. Namely, in the conditions of owners' lack of interest in profit maximization, which is a basic feature of this form of property, no effective incentives for economic efficiency are generated, so the available resources are inefficiently used. In addition, the owner is not vitally interested in preserving the value of the fixed assets, which leads to inadequate maintenance of the assets.

The insufficient, low flexibility provided by this proprietary solution represents its next downside. This is reflected in the slow adaptation to changes in the volume and structure of demand for spa services. Part of that inflexibility is inherent in public ownership - nothing can change it. However, a significant part of this phenomenon is because, in such a property arrangement, the entity engaged in the provision of spa services has the status of a civil service. Civil service rules are precise and rigid, further reducing flexibility. From a financial point of view, such an arrangement means that all of the entity's revenues and expenditures have the status of budget revenues and expenditures. Approving any significant expenditure, even for supplies, requires a complex and time-consuming procedure. Changing revenues and expenditures compared to the projected ones requires a complex political procedure (rebalancing of the budget), which is by no means favorable in terms of flexibility. In addition, employees have the status of civil servants with rigid rules of engagement and behavior, which further diminishes the flexibility of the offer, i.e. the ability to adjust to changes. Finally, the status of civil servants usually makes it difficult to dismiss them, so as there is no such threat, the flexibility and efficiency of hiring labor are further diminished.

The great flexibility in conducting the pricing policy of spa services, which appears as a possibility in this type of property and organizational solution, poses considerable dangers. These dangers are related to the policy of depressing the price of services and the need to subsidize them. Specifically, the real costs incurred in providing the service must be covered. If this is not possible from the (depressed) price of the service, then public finances and/or budgetary funds are used for that. This puts additional burdens on central and local budgets, either leading to a budget imbalance or to an increase in the tax burden on business entities, which cannot be considered favorable. In addition, on the demand side, depressed spa prices unnecessarily increase their consumption, leading to economic inefficiencies in the consumption of those services (Cater, 2014).

Finally, regardless of the good and bad sides of this property solution, some institutional prerequisites for its implementation need to be pointed out. Namely, the implementation of this proprietary solution requires an extremely precise definition of all operational procedures, especially decision-making procedures, which, in a formal sense, entails a very large number of legal acts defining all the details. This requires the existence of a democratic, efficient, impartial and publicly controlled state government at the local level, that is, a very long tradition of such state administration. And such a state administration cannot be created in a short time. In countries where these prerequisites are not met, the implementation of this solution will diminish its good and magnify its disadvantages, and the potential for abuse will be very high. Therefore, the possibility of applying this property-organizational solution in such conditions is also limited.

State-owned – company: Recently, in cases of retention of state ownership, organizational solutions have been applied based on the establishment of legal entities, public companies or institutions, limited liability companies, and sometimes joint stock companies that are 100% state-owned. Thus, the company becomes the owner of fixed assets**.**

Such an enterprise, by its economic or legal status, is practically equalized with all other enterprises: it has its company account, it is managed by independent management, it has its legal acts, etc. Accounting is kept to the standards that apply to all other businesses, and there are no tax policy benefits. The management of a public company is, for its independent conduct of business policy, responsible to the owner who sets it: the state, or the local community. Employees of such companies do not have the status of civil servants but are equal in rights and obligations to employees of all other companies.

Consideration of the extent of this property solution shows that France has the longest and richest experience with this property solution in the field of spa activities. However, this solution has spread to all continents, is being implemented in many developing countries (especially in the former French colonies), and has even begun to be implemented in the United States, a country where private ownership unrestricted is believed, and public property is most commonly understood by the public administration as the titular (Osterwalder & Pigneur, 2010). A partial exception to this tendency is Germany, where it is still the belief dominates that in the case of spa activities, the state (local) administration is a more favorable property and organizational solution than the state-owned enterprise.

The main reason for the fairly widespread of these property solutions should be sought in the fact that the formation of enterprises instead of entities with the status of state administration brings significant advantages, especially in the field of a significant increase in business flexibility. Although some improvements have been noted in terms of performance efficiency (as a result of increased flexibility), the underlying problem related to the lack of effective incentives for economic efficiency has still not been addressed. Namely, in principle, the owner of such an enterprise is not interested in profit maximization. The same reason leads to the situation that service prices are formed so that it (wholly or largely) covers its operating costs but does not capture profits. Therefore, development costs (and sometimes partly operating costs) need to be covered externally, most often by subsidies from central or local budgets, which, as in the previous case, leads to increased budgetary burdens, resulting in either a budget deficit or increased tax which burden taxpayers. Therefore, a state-owned company cannot solve the problem of low economic efficiency in performing the activity, nor the problem of obtaining fresh capital to finance investments in this activity.

The literature most often does not highlight another problem that exists in the case of this proprietary or organizational solution, which is very significant for our conditions. It is about the fact that the state can manipulate the companies themselves as well as the users of their services through public companies, which happens when the conditions of business of public companies are not strictly defined, and when there is no clear economic calculation by which they operate. And such situations, for their part, provide very convenient opportunities for irregularities in the operations of the public companies themselves (manipulation of prices, tariffs, billing, etc.), for which responsibility by the nature of things is borne (or should be borne by) the management of these companies. It is clear, therefore, that this proprietary and organizational solution, to be successful, requires a clear definition and segregation of the rights and obligations of the state, as the owner of the operator, and the enterprise itself, as an entity providing services, and which through the provision of those services, and later, upon payment, it appears in direct relation with the spa customers.

From the point of view of institutional prerequisites for implementation, the company is a far more convenient property or organizational solution than the state administration. Namely, the undisturbed implementation of this solution does not require a democratic, developed, perfectly impartial, and very efficient government with a long tradition. Therefore, this solution is suitable for application in countries that do not have such a long tradition of government.

The public company as a separate organizational form no longer exists in the law of the European Union (EU) for performing activities of public interest. These activities are carried out by equity companies, which have the same treatment as private companies. Developed EU countries are affected by the process of demonopolization, deregulation and regulation of certain commercial public services, which are increasingly performed by private companies. In the countries of Eastern and Central Europe, there is an ongoing process of redefining the place and role of the state, as the former main creator of economic activities, based on the functioning of market principles, to stimulate competition in the public sector of the economy. Along with this process, a new legal regulation is created that creates a legal framework for the inclusion of private capital in the public sector of the economy, through privately owned legal entities constituted in the form of capital companies.

By creating such legal assumptions, in countries in transition, the form of state regulation in the matter of performing the public sector of the economy is abandoned and competition is introduced, that is, the state withdraws from economic life by reducing state ownership, controlling the state in the economy and reducing the obligations of economic entities towards the state. In the Serbian economy, so far, the activities of spas have been performed by state-owned capital companies, and the good of the general interest used by the spa is also state-owned.

It is a common belief that the inclusion of "private" companies in the public sector of the economy, and even spa activity, in order to perform activities of general interest, raises the level of legal organization and management, and increases the economy and efficiency of business and profits. Along with such deregulation, the process of “privatization” of “state” enterprises performing activities of general interest should also take place in the public sector.

Mixed enterprises: The problems identified with the lack of fresh capital, ie the increased budgetary burden to which the previous ownership and organizational solution leads, can, to a certain extent, be solved by the partial introduction of private capital into state-owned enterprises. This is done by forming a mixed-ownership enterprise, whereby the state, or the local community, retains the controlling share capital of that enterprise. The formation of a mixed-ownership enterprise is usually done through recapitalization, which is related to the investment of private capital in this activity. Since private equity has a minority stake in the capital of an enterprise, and therefore in management, private investors face the risk of outvoting, which reduces the likelihood of its investment. Therefore, it is necessary to define precisely the incentives for private entrepreneurs to invest in such conditions, to enter into these mixed-ownership companies. This is usually done by conferring special rights in the management of a joint venture which is above proportionate to their shareholding in that undertaking. Since private entrepreneurs expect profits from their investment, the state, or the local community, must abandon the policy of depressed prices for spa services, ie establish the full price of these services. This inevitably loses flexibility in pricing services.

Such a solution has been shown to lead to a reduction of the budgetary burden, especially for large urban reconstruction projects, that is, the reconstruction and expansion of spas systems. However, the dominance of public property in the ownership, that is, the capital of an enterprise, still creates problems associated with the formulation of effective incentives for the economic efficiency of such enterprises.

The necessary condition for the implementation of this solution is the credibility of the state or local authorities. Namely, such a solution is a kind of partnership, and it is successful only if there is mutual trust. If there is no credibility of the state or local authorities, the risk of investing in private equity is so high that reliable private investors will not invest, which means that this arrangement will not be feasible.

Results agreement: Taking into account all the observed problems of the functioning of state-owned enterprises, various mechanisms are being applied in the world to try to increase the efficiency of these enterprises. One such mechanism is the agreement on results. Namely, the state (local community), as the owner of the company, on the one hand, and its managers, or employees, on the other, conclude an agreement that defines precisely the expected results of the enterprise's operations, as well as the potential reward for meeting those results, or a penalty for default (Law on Obligations of the SFRY, 1978). In this way, all funds remain publicly owned, and all decisions are made in the public sector - only the responsibility of managers and employees of the company is precisely defined, which should be an incentive to increase economic efficiency. This establishes a substitute for private property in the incentive domain. Instead of maximizing profits as a basic incentive for economic efficiency, this is, to some extent, achieved through an agreement on results. This implicitly acknowledges the inherent inefficiencies of public property. This type of ownership and organization arrangement originated in France, a country with a long tradition in the operation of public utility companies, but has expanded into many developing countries, so it is elaborated and significantly refined in the Republic of (South) Korea.

Typically, in the case of spa activities, a specific physical indicator is formulated as the required (target) result, but a specific financial indicator of the business (profit rate or target average cost) can also be used. The remuneration usually consists of increased salaries of managers and employees: in the Republic of Korea, for example, this increase goes up to 35% of the basic salary. As a sanction for failure to meet the agreed result, the dismissal of managers or employees is often foreseen. The said solution is widespread in the Republic of Korea, India and Mexico (International Spa Association, n.d.), where it has led to some improvement in the efficiency of such enterprises. However, in African countries this solution has not proven to be good, ie. its implementation did not create adequate incentives for managers and employees of enterprises, as inadequate rewarding of employees (too little increase in basic salary in case of success) is the main reason for the failure of implementation of this arrangement.

The implementation of this solution does not require a developed institutional framework, that is, a long tradition of local state administration. However, the authorities must have some credibility to be confident that they will pay the agreed reward, but also to enforce the penalty for not meeting the agreed results.

Management contract: Increasing the efficiency of performing a given activity can also be achieved by leaving the management of state-owned enterprises to private (natural or legal) persons. This practically introduces the private sector into a state-owned enterprise, though only in the management segment. The state-owned enterprise management agreement commits the new, private administration to achieving certain targeted, well-defined business results. In addition, the same contract obliges the state or local community, as the owner of the company, to provide the private administration with the freedom to act, and defines how the local authorities will reward the administration for fulfilling the contractual (target) results. It is common for contracts of this kind to be concluded for a period of three to five years (Law on Obligations of the SFRY, 1978). The basic idea behind the implementation of this property-organizational solution is to create incentives, in this case in the domain of management, for economic efficiency in conditions where there is no private ownership of the company performing the spa business.

This method of improving the efficiency of these companies also originated in France, where it is still particularly popular in some sectors of general interest today. In France, it is common for the expected results from private administration to be defined in physical indicators. These indicators, that is, their interpretation, are far less disputable than financial indicators, so this seems to be the reason for their implementation because it is much easier to monitor the implementation of the contract.

This method of improving the economic efficiency of spa companies is quite effective in developing countries. Such a solution, for example, was implemented in Botswana, where it produced very good results. At the beginning of the private administration of these companies, the managers were foreign persons, and today they are local citizens.

The success of this arrangement in developing countries can, in addition to creating incentives for economic efficiency, be interpreted by another factor - the transfer of know-how. Namely, in developing countries, there is a clear lack of knowledge in the field of spa management. Therefore, experienced professional managers from developed countries inevitably transfer this knowledge, which increases the economic efficiency of doing business in developing countries (Ciurea & Filip, 2015).

Successful implementation of this arrangement does not require a specially developed institutional framework or a developed local government. However, strong guarantees are needed regarding the implementation of the management contract. This presupposes the independence of the judicial authorities in the country, that is, the rule of law ("rule of law"). Failure to fulfill this condition, or an insufficiently strong guarantee in this regard, can be partially overcome by concluding an international agreement, the implementation of which would be monitored (supervised) by the judicial authorities of countries that do not have problems with the aforementioned type, or by relevant international bodies (Rajnović, 2021).

However, this type of solution cannot satisfactorily solve two fundamental problems: the economic inefficiency inherent in public ownership and the acquisition of fresh (private) capital needed to finance new investments in this area. As a result, different property-organizational solutions are increasingly being implemented, ie. those solutions based on the survival of public ownership of the technical facilities and the introduction of a private operator (enterprise) operating on those facilities.

3.3.2. Public Property and Private Operator

As noted, the considered methods of increasing the efficiency of state-owned companies have rather limited effects. This is why property and organizational arrangements that allow private legal entities to operate on fixed assets that remain state-owned are often accessed. The introduction of private companies in the spa activity creates conditions for increasing the economic efficiency of those activities and, possibly, for the inflow of fresh, private capital to finance investments. There are two basic solutions to this:

- assignment and
- concession.

Assignment: The first arrangement involves the leasing of goods of general interest to a private company for exploitation. This means that fixed assets remain publicly owned but are contracted to a private company for a fixed period, usually for a period of five to ten years, although the transfer may take longer.

It is common for such a solution to be established by competing with several private companies to obtain the right to use a given good, which also gives them the right to perform a given activity in a particular area. The contract of concession, based on the results of the competition, regulates the fee that a private company pays for the right to use fixed assets in public ownership and for the right (as a rule, exclusively) to provide spa services, and very often the prices that company can charge to users of the service.

Fee for the use of spa fixed assets is a very important category of this arrangement. It must be greater than or equal to the depreciation of the facilities, since only in this way can the substance be maintained, that is, to ensure the preservation of the facilities in the condition in which it is put to use. In other words, an assignment fee less than the depreciation amount is in no case economically justified. However, even in cases where this compensation is higher than depreciation, many problems can cause the substance to be reduced, that is, lead to the physical degradation of fixed assets. First, a private company has no incentive to maintain fixed assets effectively, since it is not the owner, so actual depreciation may be higher than nominal. Secondly, the concession fee represents the public revenue of the local authorities and flows into the budget, so that it is very possible, according to the principle of budgetary unity, to be used for public consumption and not for financing investments in the restoration of fixed assets that have been transferred to a private enterprise. Finally, irrespective of the amount of remuneration or depreciation, a private company has no opportunity, nor an incentive, to invest in the development of the facilities it uses, thus losing the convenience of bringing fresh, private capital to spa activities.

A property-organizational solution based on the assignment of basic assets has been reported in European countries. In France and Spain, for example, such arrangements have been in use for decades. This property arrangement in spa activity is often applied in developing countries.

This solution does not offer great benefits in cases where significant investments in the technical system are required to meet the overall (increased) demand for services. Simply, this arrangement does not solve the problem of obtaining fresh, private capital to invest in this business.

As for the institutional prerequisites for implementing this solution, they are quite demanding. First, an efficient and impartial (local) state administration is needed, which will organize and conduct a competition for the assignment of the spa. The whole process should be transparent to gain credibility. Second, the assignment agreement is a very complex document, which should regulate a large number of details regarding the rights and obligations of a private company. From the point of view of executing contracts of this type, a private good guarantee is desirable.

Concession: Another arrangement that allows private sector entry into the area of spa activities is a concession. Concession implies a true relationship between the state (grantor) and the legal or natural person (concessionaire) in which the state grants to a legal or natural person the right to use natural resources or goods in general use, or to perform public service for the exercise of public interests for a specified fee (Law on Public-Private Partnerships and Concessions of the Republic of Serbia, 2011).

The concessionaire's obligations to the state are to invest additional capital and improve fixed assets, which, upon the expiry of the concession contract, are returned to the state, as well as to pay the concession fee to the state. For the duration of the concession, the concessionaire, ie. a private company, operates and appropriates profits, paying off the made investment. Therefore, the main difference from the previous arrangement is the obligation of the concessionaire to invest in fixed assets (plants). In addition, it is common for the duration of the concession agreement to be longer than the assignment agreement, so the term on which concessions are granted often goes from 30 years to 50 years.

Concession arrangements can significantly improve the economic efficiency of performing spa activities and provide an influx of fresh capital to finance investments. However, there may be some rather significant problems with their implementation. Since, after the expiry of the arrangement, fixed assets do not remain in the ownership of private legal entities, but are transferred to public ownership, private legal entities do not have the incentive to maintain them well, that is, they do not have the incentive to invest in fixed assets to the right extent. For this reason, the physical degradation of fixed assets that remain in the public domain often results. Although the contract can provide mechanisms to counteract this tendency (conditionality of the contract extension by the physical condition of the property), the application of this contract due to asymmetric information (a private company is better aware of the state of the plant than the state or local authorities) is quite difficult, which represents the most significant weakness of the concession arrangements.

The institutional prerequisites for applying for the concession are similar to those necessary for the assignment.

3.3.3. Private property and private operator

The perceived problem of inadequate maintenance of goods of general interest is most effectively addressed by the introduction of private property over fixed assets. This means that a private enterprise is the owner of all goods of general interest. This ownership arrangement comes in several basic forms:

- private monopoly,
- franchising,
- contracting of work,
- competition from private companies.

Private monopoly: Today, in economic theory and the practical implementation of economic policy, it is almost uniquely assumed that it has been empirically proven that private property leads to the creation of very effective incentives for economic efficiency - private enterprises are considered to be inherently more efficient than public ones in any industry. It is the private owner's interest to maximize profits, which, at a given price and quality of spa services, can only be achieved by minimizing costs. This, in turn, enables the cost-effective operation of private companies. In addition, the private owner is keenly interested in preserving the value of his business assets, to continue to be able to (maximize) profits in the future. Finally, it is the private owner's interest to invest capital in further development of the business, to maximize its profit, which also solves the problem of attracting fresh capital to finance the development of spa activities (Rajnović et al., 2020).

In the area of the spa business, private monopoly is very common in the US, then in the UK, as well as in other Anglo-Saxon countries, Japan, and countries on the American continent.

The existence of a private monopoly, however, opens the room for monopoly behavior, with all its negative consequences. Therefore, there is a need for strict economic regulation of private natural monopoly in spa activities.

From an institutional point of view, private monopoly is a rather demanding solution. It is necessary to establish effective economic regulation of spa activities, which means the establishment of specific regulatory institutions, and this requires a rather long period. In the short term, the lack of appropriate regulatory institutions can be addressed by establishing a so-called contractual regulation, though it is merely a transitional solution to the establishment of genuine, institutional regulation of private monopolies.

Franchise: The introduction of a franchise is one very specific way of preventing the monopoly behavior of a private monopolist, that is, avoiding the negative consequences of such behavior. This solution is based on the franchise assignment, ie. the exclusive right (monopoly) of performing activities in a particular area, which is accompanied by the right to charge the service from final users. The competition of many interested private companies to obtain a franchise and the obligation to pay a franchise fee, leads, under certain conditions, to the elimination of monopoly behavior. In this case, the duration of the franchise is limited in time, and the mutual rights and obligations of the franchisor and the state that gives the franchise are defined by contract, based on the results of the competition.

The institutional conditions for applying for a franchise are similar to those required for the application of an assignment or concession, although they are not as strict as there is no separation of ownership (fixed assets and operators). However, franchise agreements can be very complex, since it is necessary to set out in detail and accurately the obligations of the private company (franchisor) and to prevent ways of avoiding those obligations on its part.

Contracting of work: In the case of contracting of work, a private company generates its revenue based on remittances from local authorities with which it has concluded an activity contract, which is different from the franchise.

In all cases of engaging private companies, there is a problem that arises and the possibility of bankruptcy. In this case, the problem of performing a given activity opens. This problem could be solved by the acquisition of fixed assets by the state, so that local authorities can, at least to some extent, provide the service provided until a permanent solution is found.

The institutional prerequisites for implementing this solution are similar to those of the franchise.

Private enterprise competition: Finally, free competition from private companies can be established. Effective competition from private companies in these activities enables efficient allocation of resources, ie achieving economic efficiency.

3.4. Privatization of Spas in Serbia, Opportunities and Expectations

Spa management policy has indeed led to many spas in Serbia being neglected today, lacking adequate infrastructure, facilities, or interest in using the services of such spas. In many spas, the state has invested heavily in renovations so that the service in these spas is at a very decent level, and sometimes even excellent. There are more and more spas in Serbia, which increasingly include wellness and spa programs. Vrnjacka Banja and Sokobanja, which are the most visited spas in Serbia for years, are in step with the European spas.

The privately owned spas in Hungary and Slovenia are more focused on wellness and spa facilities than health resorts.

But, in addition to the constant public perception that spas are declining, in the last five years spa tourism has been growing year by year.

Thus, compared to 2014, in 2018, there were 690,355 overnight stays. Many spas that operated with losses until a few years ago are now operating positively, partly thanks to the state incentive in the form of vouchers for domestic tourism, but also to the data showing the growth of tourism in Serbia (Momčilović, 2019). When calculated in proportion to the total number of tourists on spa tourism, it comes to 17.5% and this number has been stable for the past five years, while the number of nights exceeds 27% of the total number of nights spent in 2018 (Momčilović, 2019). Therefore, despite the lack of investment, spa tourism does not develop more slowly than tourism in Serbia but even grows faster in some years.

Table 1. Comparative overview of the number of visitors and number of overnight stays in all spa resorts

Year	2014	2015	2016	2017	2018
Total number of visitors	386.345	427.456	477.102	519.151	596.884
Total number of overnight	1.852.036	1.854.582	2.085.044	2.227.945	2.542.391

Source: Momčilović, 2019

Although there is an increase in visitor numbers and overnight stays, it cannot be said that the spas are currently in good condition. Spas, especially smaller spas, have been investing in improving tourism and health services for many years. However, the solution is not privatization and public-private partnerships, which use public resources to enrich individuals by converting spas solely and exclusively to elite spas.

In our public, it is often pointed out that spas are loss-makers and that only under private control and management can they profitably operate. The health aspect of the spa is hardly mentioned anywhere, and it is sometimes mentioned by the way that the future owner should still preserve this function. The privatization of the spa would significantly reduce the number of patients who could afford treatment at the spa while sending patients at state cost to the spa would pour money from already impoverished public health into the pockets of private spa owners. It also raises the question of what will happen to the sources themselves, which cannot be privatized by law, but through privatization, but by privatization the buyer will acquire the right to use and manage the good of general interest, and in particular, what about the sources located in the hotel or private land, when considering the intentions of decision makers and investors, whose goal is to transform spas into modern spa centers, following the example of other countries, primarily Slovenia and Hungary. It would indeed be good to restore the spa's pre-war "splendor" and the elite character they had, which was later disrupted as they became available to everyone.

The specificities of spa activities are conditioned by specific organizational solutions when involving private capital in the performance of these activities. For this reason, solutions that are completely foreign to competing economic activities that are freely performed on the market, are applied.

Privatization of the spa is indeed expected to increase investments in more modern tourist equipment, reconstruction of facilities and environment, purchase of state-of-the-art medical and other equipment, investment in tourist facilities of the spa, and thus the purchase of labor and services from other economic entities, which could contribute to the economic development of the spa environment.

With such a state of affairs, and considering possible solutions, the question arises as to which property and organizational solution for the privatization of the spa is most favorable for Serbia? Goods of general interest should certainly not be privately owned.

The privatization process of spas could be driven by models such as public-private partnerships, classic sales, greenfield investments, concessions with adequate state control, and a system for protecting the natural and cultural heritage of the spa.

4. CONCLUSION

Consideration of the ownership status and organization of companies operating in the spa in the world has shown that there are many different property and organizational solutions. Publicly owned proprietary solutions imply lower efficiency of communal services activities, low opportunities for financing investments in the development of these activities, higher budget burden, and also provide opportunities for the emergence of some more adverse side effects. Therefore, more and more private property is being introduced in these activities, leading to the emergence of different combinations of the two forms of ownership, combining the good sides of both ownership solutions, and seeking to eliminate their perceived weaknesses. In some countries, the government has retained a significant share of ownership in key enterprises, directly or indirectly, and acts as a stable shareholder. Some countries allow different voting rights for different classes of shares, and in some countries, there is formal employee representation (say, union representatives on supervisory boards in Germany).

For the last few decades, for these reasons, there has been a significant increase in the participation of private ownership in the performing activities of spas in the world, or in the increase in the importance of private capital in that activity. This process is universal so that beside developed countries, it has also affected developing countries and countries in transition.

Since there are also significant differences in the economic nature of the various property forms, it is not possible to define a universally optimal proprietary and organizational solution. The evaluation of the given solutions based on the introduction of private property, ie private capital in spas, in Serbia, must be done at the level of individual regions and individual spas, but in any case organize spas so that they have a safe shareholder (owner), regardless of whether it is the state or a conscientious private owner.

When defining the optimal solutions for each spa in Serbia, or area, it is necessary to take into account some other factors, such as the size of the spa, the specifics of the services it provides for users, then the size and characteristics of the demand for spa services, the need for new investments, etc.

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Entrepreneurship of People with Disabilities and Accessible Tourism in the Non-hotel Accommodation Sector in Italy*

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Abstract: *The UN Convention on the Rights of Persons with Disabilities establishes two fundamental rights: the right to work and the right to enjoy a tourist experience. Work employment is considered by the European Commission the fundamental way to social inclusion. Nevertheless, several studies highlight the difficulties of entering the labor market. The UNWTO (2020) has pointed out the priority role of accessibility in the tourist sector and the importance of providing accessible tourist services to all potential travelers is widely underlined in literature. This chapter analyses a form of entrepreneurship of people with disabilities, recently established in Italy, that favors their employment in the non-hotel accommodation sector and jointly promotes accessible tourism. By using a representative case study, the research identifies the distinctive features of this initiative; in addition to its aptitude to promote social inclusion, it highlights the intrinsic accessibility of the tourist offer, the strengths of the business model and the critical issues to manage for its possible diffusion in other territorial contexts.*

1. INTRODUCTION

Disability is a reality for many people and has been identified by the World Health Organization to be a challenge faced by all countries. It has been estimated that more than one billion people in the world live with some form of disability (physical, mental, or sensory), or about 15% of the total population (World Health Organization, 2011). The figure is growing in consideration of both the increased average age and the worsening of some chronic health conditions. In Italy, in 2019, people with disabilities are 3 million and 150 thousand (5.2% of the population) (Istat, 2021).

The increase of people with disabilities poses relevant ethical, social and economic issues, especially in times of crisis in which public services often suffer a lack of resources (Migliaccio, 2019). People with disabilities must have the same citizenship rights and the same quality of life as non-disabled people (United Nations, 1993), representing exclusion from full participation as social inequality. The importance of an inclusive society and a greater involvement of people with disabilities in the economy is the subject of growing attention and reflection (Levitas, 2005; Migliaccio, 2016; Moreno de la Santa, 2020).

The United Nations *Convention on the Rights of Persons with Disabilities* (United Nations, 2006) has identified the rights of people with disabilities, providing signatory countries with indications for policies and interventions aimed at perfecting these rights. This study specifically addresses two fundamental rights enshrined in the Convention: the right to work (art. 27) and the right to enjoy a tourist experience (art. 30).

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Work employment is considered by the European Commission the fundamental way (the "key route") for the integration and social inclusion of people with disabilities; while other factors are naturally relevant (education, training, access to public and private services, etc.), unemployment is considered the main factor of social exclusion (Grammenos, 2003). Indeed, work for these people represents not only an instrument of economic support but a fundamental way to satisfy the needs of personal fulfillment and socialization. In literature, various studies have highlighted the difficulties of entering the labor market of people with disabilities and their lower levels of education and employment (Alonso, 2014; Cooney, 2008; Corradini & Martinez, 2021; Martínez-León et al., 2019).

Some scholars have focused on the employment inclusion of people with disabilities in various companies and organizations, and consequently, on appropriate human resource management policies (among others: Martins et al., 2012; Pérez-Conesa et al., 2020; Simonelli & Camarotto, 2008; Toldra & Santos, 2013). Other scholars have explored the theme of entrepreneurship of people with disabilities (Cooney, 2008; De Klerk, 2008; Maritz & Laferriere, 2016; Martínez-León et al., 2019; Migliaccio & Ummarino, 2022; Migliaccio, 2009; Olmedo-Cifuentes & Martínez-León, 2019; Renko et al., 2016; Rozali et al., 2017), based on the assumption that personal difficulties are not incompatible with taking on entrepreneurial roles (apart from particularly serious situations). Some scholars claim that entrepreneurship is the main way for this group of people to achieve equality and social justice (Cooney, 2008; Martínez-León et al., 2019). Self-employment provides an opportunity to achieve both employment and personal goals, thanks to its greater flexibility in choosing, for example, working conditions or environment (Doyle, 2002; Hagner & Davies, 2002; Pagan, 2009). Art. 27 of the UN Convention on the Rights of Persons with Disabilities explicitly promotes self-employment opportunities and entrepreneurship, as a further way to affirm the right to work. However, people with disabilities interested in entrepreneurship face significant barriers to starting a business, including access to start-up capital, the lack of relevant knowledge and skills, the lack of confidence and the absence of appropriate business support, as highlighted by Kitching (2014), Bakara et al. (2016) and Maritz and Laferriere (2016). The latter recommends further research about the types of business that disabled entrepreneurs have engaged in, the factors motivating self-employment, as well as how entrepreneurs have managed to deal with barriers and limitations to achieve success.

The growing interest in the literature on the entrepreneurship of people with disabilities and the existence of specific barriers to self-employment underlies this study. In particular, this paper aims to examine a nascent form of entrepreneurship of people with disabilities in Italy in the tourism sector aimed at promoting their work placement and social inclusion as well as accessible tourism. By adopting the methodology of the representative case study, we intend to analyze an entrepreneurial project that has originated the "*Like your Home*" network, a set of B & Bs and apartments managed by people with disabilities or special needs together with their families. It is a complex project that originates from the needs of people with disabilities and their difficulties in the labor market, and which jointly contemplates the right to enjoy a tourist experience aiming to increase the offer of accessible tourism services. Accessibility has a priority role in the tourism sector (UNWTO, 2013, 2020) since travelling is everyone's right. Compared to a traditional research perspective in the area of tourism and disability focusing on travelers with disabilities (Lehto et al., 2018), in this study people with disabilities are not the users but the providers of tourist services.

The initiative has received numerous awards for its social, human and tourist value, as well as for the innovativeness of its entrepreneurial formula. Consequently, this business case has recently been the subject of scientific analysis (Migliaccio & Ummarino, 2022), presenting the origins of the project and its innovative elements. Our study aims to highlight the facilitating mechanisms of the process of self-employment and social inclusion of people with disabilities and to analyze the distinctive characteristics of their tourist offer. Therefore, the following research questions are discussed: What are the factors that facilitate business start-ups and support the entrepreneurship of people with disabilities? What are the qualifying profiles of this form of hospitality from an accessible tourism perspective?

The field of entrepreneurship certainly deserves development and further scientific analysis (Maritz & Laferriere, 2016; Migliaccio & Ummarino, 2022), in addition to studies on the employment of people with disabilities in companies in the tourism sector (Kalargyrou et al., 2020). Our paper can shed light on the distinctive elements of a business model that facilitates the work placement of people with disabilities, considering the barriers and criticalities highlighted in the literature.

Furthermore, the paper can offer a useful contribution to the field of «accessible tourism» (Buhalis & Darcy, 2011; Buhalis et al., 2012), highlighting the specific characteristics of the tourist services offered (also, but not only) to people with the same needs and access requirements as B&Bs managers with the case study. As claimed by various scholars, the tourism industry needs to design and deliver products and services suitable to all potential users and remove any barriers that can prevent visitation to the places (Eichhorn & Buhalis, 2011; Michopoulou et al., 2015; Rucci & Porto, 2022).

To this end, the chapter first provides a theoretical background by examining the issues of disability, citizenship rights and social inclusion with specific reference to the sphere of work and travel. Secondly, it reviews the limits and difficulties of access for people with disabilities both in the field of entrepreneurship and in the enjoyment of a tourist experience. Thirdly, it presents the case of the "*Like your Home*" network. Fourthly, it highlights the qualifying features of this entrepreneurial initiative and discusses the main empirical evidence. Lastly, the study concludes with some implications and final remarks.

2. THEORETICAL BACKGROUND

2.1. Disability, Human Rights and Social Inclusion

Disability is a part of the diversity of human communities and it can occur at any stage of life, whether it is in a temporary or permanent capacity (Darcy & Dickson, 2009; Small & Darcy, 2010). Over the last twenty years, the international debate has led to a profound renewal of the theoretical paradigm of disability. The traditional medical approach has been originally focused on the individual and the impairments (physical or psychological) that preclude full participation in social life (Oliver, 1996). Over time, it has been understood that the elements of fragility that can limit the development and social progress of individuals are manifold and depend to a large extent on society and the context. As a result, a second social approach invests in the relationship between the person and the environment. In this model, disability is the product of a disabling social environment and hostile social attitudes (Barnes, 1996; Darcy, 2002). It is the latter, together with personal factors, that cause disability and influence the full participation of disadvantaged people (UPAIS, 1975).

The new theoretical paradigm has been formalized by the scientific community in the *International Classification of Functioning, Disability and Health* (ICF) approved by the World Health

Organization (2001). Subsequently, the UN *Convention on the Rights of Persons with Disabilities*, also ratified by Italy, incorporated its principles and identified the rights of people with disabilities, providing the 265 signatory countries with indications for policies and interventions aimed at perfecting these rights. The Convention states that people with disabilities "all those who have lasting physical, mental, intellectual or sensory impairments that in interaction with barriers of different nature can hinder their full and effective participation in society on an equal basis with others" (art. 1). Activity and participation thus become two important components of a person's physical, mental and social wellbeing.

However, despite the enunciation of fundamental principles and the commitment of States to translate them into policies and programs, it often happens that people with disabilities encounter obstacles in their daily life, and they do not have access to the physical, economic, social and cultural structures of the community (or is limited), or still, suffer multiple forms of discrimination. Specifically, the barriers that preclude the full and serene participation of people with disabilities in the life of society are the following (World Health Organization, 2011):

- *Inadequate policies and standards*. The needs of people with disabilities are not always adequately addressed at the political level, or existing standards are not sufficiently strengthened.
- *Negative attitudes*. In society, there are often "mental" barriers (Grammenos, 2003), prejudices towards people with disabilities, erroneous beliefs, misconceptions about their lower productivity, and ignorance of possible adjustments in labor bargaining.
- *Lack of service provision*. Persons with disabilities are particularly vulnerable to deficiencies in certain services (e.g. health care, rehabilitation).
- *Problems in providing services*. Inadequate coordination and sometimes not very competent staff significantly affect the quality, accessibility and adequacy of the offered services. Among these, we also mention the tourist services (Darcy, 2010; Eichhorn et al., 2008).
- *Inadequacy of financial resources*. The resources for the implementation of policies and action programs are very often insufficient and inadequate to the needs.
- *Lack of accessibility*. Many buildings (including public buildings), infrastructure, transport systems and sometimes information are not fully accessible.

Disabling barriers give rise to disadvantages experienced by people with disabilities, including a lower level of education, less participation in economic activity, worse health conditions and higher poverty rates. Indeed, very often the families of people with disabilities have a lower level of economic well-being. In Italy, their average annual income (including transfers from the State) is 7.8% lower than the national one (Istat, 2021). Welfare and the system of social transfers are not sufficient to guarantee these families living conditions similar to the rest of the population, due to the additional medical and health costs caused by disability.

Inadequate institutional solutions and a lack of community life often lead to situations of isolation and dependence on others, filled by family members and, more recently, by social networks. Their relational network tends to be more circumscribed, determining or aggravating situations of economic difficulty and social exclusion. Therefore, the family plays a crucial role in treating and combating social exclusion, but the factors indicated above make the balance fragile and can also have negative consequences for those who provide care (stress, loss of socio-economic opportunities, etc.).

2.2. Disability, Right to Work and Entrepreneurship

Article 27 of the UN Convention recognizes the right of persons with disabilities to work, on an equal basis with others. Self-employment opportunities, entrepreneurship, the organization of cooperatives and the start-up of self-employed businesses are also explicitly promoted.

Independence and autonomy are of particular importance for people with disabilities, contributing to effective participation and inclusion in society. As pointed out by Martínez-León et al. (2019), having a job promotes the integral development of people with disabilities, making them feel more socially useful, and have higher self-esteem, social recognition, and economic independence. Indeed, work for these people represents not only an instrument of economic support but, above all, the fundamental way of expressing one's being and enhancing one's characteristics and abilities.

The *World Report on Disability* (World Health Organization, 2011) specifies that people with disabilities are the least likely to be employed (especially in the case of cognitive disabilities) and that, even when employed, they generally earn less. In the 27 countries considered, the employment rate of disabled people is on average 44% (for non-disabled people it is 75%); the inactivity rate is about two and a half times higher among people with disabilities (49% and 20% respectively). In Italy, the percentage of disabled people who are employed is decidedly lower in the various age groups. In particular, in the 15-44 age group 24.8% of men with disabilities are employed (against 62.7% of the others) and 20.4% of women (against 46.3% of the others) (Osservatorio Nazionale sulla Salute nelle Regioni Italiane, 2017). Based on a more recent analysis of the National Institute of Statistics (Istat, 2021), in 2019, considering the population between 15 and 64 years old, in Italy only 32.2% of those suffering from severe limitations are employed compared to 59.8% of people without limitations.

Some studies on people with disabilities have shown that their work experience and training are lower due, in part, to unequal access to education (Dakung et al., 2017; Park & Bouck, 2018). In Italy, although social inclusion policies have favored a progressive increase in school participation in recent years, there are several critical issues concerning specific training for pupils with disabilities, the number of communication assistants in the South of the country, the lack of technological tools and the widespread presence of architectural barriers in the schools (Istat, 2021). The Covid-19 pandemic has aggravated the situation by limiting the opportunities for school participation.

In Italy, labor legislation is quite advanced and in line with the international framework, having ratified the UN Convention on the Rights of Persons with Disabilities in 2006 (United Nations, 2006). There are various regulations aimed at encouraging the work placement of people with disabilities. The main one is Law n. 68 of 1999, which laid the foundations for a profound cultural change in the employment of people with disabilities. In particular, from the obligation for employers to hire a certain number of disabled people, a logic of reconciliation of different needs has been affirmed by promoting a job placement through support services and «targeted placement» (art. 1). There is also the possibility of inserting the most severely disabled in type B social cooperatives under Law 381/91 (art. 12). The subsequent Legislative Decree 276/03 (art. 14) has provided for a system of agreements at regional, local and company level in order to enhance social and territorial coordination.

Despite this legislation, the disadvantage of people with disabilities in the labor market remains significant. A recent study (Osservatorio Nazionale sulla Salute nelle Regioni Italiane, 2017) underlines that the rights enshrined in the UN Convention, including the right to work and accessibility, are not yet perfected, as evidenced by the lowest levels of education and many people employed not yet in line with the rest of the country. In particular, alongside successful work integration experiences (Migliaccio, 2009), there are also “shadows” in this system. First of all, the number of places available under Law 68/99 is lower than the potential job offers; moreover, despite the intention to create a “targeted placement”, available places and business needs do not sometimes answer personal skills/abilities. Solutions are often criticized for their ineffectiveness in achieving effective integration into the work environment (Borgonovi, 2009). Furthermore, budgetary constraints and tensions on public finance, as well as administrative complexities, do not always allow for a full and effective application of the legislation.

For these reasons, it seems appropriate to devote our attention to the entrepreneurial experiences of people with disabilities, analyzing an interesting initiative in the non-hotel accommodation sector. Entrepreneurship represents a further way to affirm the right to work and achieve the objectives of social inclusion and personal fulfillment. Despite personal difficulties, the skills and attitudes of an entrepreneur (such as decision-making ability, enthusiasm, and initiative) are not incompatible with the fact of being disabled and the specificities of the situation experienced. In literature, it is argued that entrepreneurship may lead to breaking down barriers faced by people with disabilities and provide them with opportunities traditionally viewed as not possible or unattainable (Maritz & Laferriere, 2016). Some scholars claim that entrepreneurship is the main way for this group of people to achieve equality and social justice (Cooney, 2008; Martínez-León et al., 2019). Martin and Honig (2020) have developed a holistic model that demonstrates how persons with disabilities might attain meaningful work and improved self-image via self-employment, thus achieving economic and social benefits often closed to them due to organizational-employment barriers. Pagan (2009) demonstrates that self-employed disabled workers report higher (or at least equal) levels of job satisfaction as compared with their employee counterparts in many European countries.

Nevertheless, some studies have highlighted some difficulties that people with disabilities face when approaching entrepreneurship. Maritz and Laferriere (2016) distinguish barriers for people with disabilities into three main categories: financial, social and personal. Financial barriers include the difficulty of accessing capital and the fear of losing a regular benefit income (so-called “benefits trap”). Social barriers refer to societal and consumer discrimination and the inadequacy of business support services (such as training). Personal barriers relate to lack of self-confidence, and lack of business knowledge, experience, and skills. These barriers are similarly highlighted in the studies of Kitching (2014) and Bakara et al. (2016). People with disabilities tend to be unemployed or underemployed and they do not have enough personal savings (Maritz & Laferriere, 2016). Also, Martínez-León et al. (2019) point out that the lower economic level of disabled people (and their families) makes it more difficult for them to access credit and obtain financing to start a possible business project. Renko et al. (2016) highlight that the lower levels of training and work experience represent a disadvantage in a possible path of entrepreneurship. Furthermore, people with disabilities, typically having a smaller network of social relationships (Lippold & Burns, 2009), are limited in terms of professional opportunities and support in the entrepreneurial process.

2.3. Disability and Accessibility in the Tourism Sector

Article 30 of the UN Convention on the Rights of Persons with Disabilities establishes the right of access to all areas of cultural life and leisure activities, including tourism.

Naturally, it is implicit that the level of individual support for a person with a disability directly determines their social participation (Small & Darcy, 2011) and, therefore, also the possibility of traveling. Nevertheless, many people are excluded from participating, or from participating fully in tourism because of a series of obstacles or difficulties that arise during a holiday or when planning it. Indeed, the majority of people with disabilities do not consider their impairment as the reason for non-travel but cite other constraints and barriers that they encounter (Darcy, 2003). Tourism represents an extraordinary experience for travelers (Lehto et al., 2018) but travelling can be a challenge, as finding the information on accessible services and booking a room to fulfil access needs often prove to be difficult, costly and time-consuming. Travelling can also be a highly anxious experience, especially for tourists with mobility impairments (Darcy, 2002). The importance of guaranteeing an adequate supply of services has also been underlined in consideration of growing market demand (Agovino et al., 2017).

Accessible tourism is the set of services, structures and infrastructures that allow people with specific needs to enjoy tourism experiences without obstacles or difficulties. As defined by Buhalis and Darcy (2011: pp. 10-11), "accessible tourism is a form of tourism […] that enables people with access requirements, including mobility, vision, hearing and cognitive dimensions of access, to function independently and with equity and dignity through the delivery of universally designed tourism products, services and environments".

In literature, several studies have highlighted the barriers that hinder or prevent the full accessibility of facilities, services or, more generally, of a tourist destination (Buhalis & Darcy, 2011; Buhalis et al., 2012; Darcy, 2010; Eichhorn et al., 2008; Israeli, 2002; Michopoulou & Buhalis, 2013; Richards et al., 2011). They can be grouped into a few major categories, as follows:

- physical barriers and lack of accessible infrastructure (physical accessibility);
- inadequate information provision (accessibility of information);
- inadequate offer of facilities and services (economic accessibility);
- inadequate competence and aptitude of staff in customer service (psycho-social accessibility).

Physical barriers both in the building and in the external environment make a specific physical space difficult to access for people with disabilities (Michopoulou & Buhalis, 2013). For example, steps, stairs, and heavy doors can be remembered for people with mobility impairment; inadequate lighting or lack of tactile guide for visually impaired people; a lack of alternative fire alarm signals for people with hearing impairments (Michopoulou & Buhalis, 2013). Some countries have introduced legislation that makes physical accessibility mandatory for tourism businesses, including the United Kingdom, the United States, Australia and Italy. In the latter, the legislation is not homogeneous since some non-hotel accommodation facilities (such as Bed & Breakfasts) are not yet subject to legal obligations. Accessibility to transport services, accommodation, restaurants and tourist attractions are essential for tourists to reach their destination and fully participate in the tourist experience (Small & Darcy, 2010).

Information regarding the accessibility of tourism facilities, services and tourist attractions is a critical requirement for participation in tourism and destination selection. Even if the facilities and environment are accessible, the availability, accuracy and reliability of access information are essential for people with disabilities to make appropriate decisions and plan their trips. The provision of information is particularly important in the pre-travel phase. However, for people with disabilities, is important not only for the availability of information but also for its reliability (Cavinato & Cuckovich, 1992). The lack of reliable and accurate information is the main reason why people with disabilities choose not to travel or that causes severe inconveniences and difficulties (Eichhorn et al., 2008; Michopoulou & Buhalis, 2013). People with disabilities often need to use multiple information sources because the quality of information from a single source is usually insufficient in terms of detail and accuracy. The Internet is one of the most frequently used information sources (Michopoulou & Buhalis, 2013). In terms of content, Cloquet et al. (2018) state that all dimensions of access needs should be addressed, and information should include experiences offered to people with disabilities, access to services, and available assistance during the visit. Therefore, information should entail all accessible components, be readily available, detailed according to the different degrees of disability, be verified, and meet customer needs. The growing development of digital technologies undoubtedly favors people with disabilities, favoring the acquisition of information and the description of tourist facilities and attractions (Migliaccio, 2021).

An inadequate supply of facilities and services represents another barrier that can preclude the accessibility of a destination. Indeed, we refer to economic accessibility that permits one to enjoy a holiday by choosing between various types of prices (Morelli et al., 2003). It often happens that only 4 or 5-star hotels are accessible, with higher prices than other accommodation facilities; consequently, this entails a higher expense for disabled travelers, also considering that they usually travel with other people who accompany and assist them. This aspect has its relevance considering that people with disabilities (and their families) have a lower level of income. An Istat survey (2021) shows that 67% of Italian families in which at least one person with disabilities lives cannot afford a week's vacation a year.

Finally, another barrier is represented by inadequate staff training and poor customer service attitude. Untrained professional staff capable of informing and advising about accessibility issues is one of the main challenges for people with disabilities highlighted by the Department of Economic and Social Affairs of the United Nations (n.d.). A facility or service is accessible when the staff is competent and inclined to understand the specific needs of tourists regardless of their conditions. Customer service issues have been highlighted in many complaint cases reviewed by Small and Darcy (2010) in their study. Scholars argue that in some instances the discrimination toward people with disabilities is direct and conscionable. In other cases, it involves less favorable treatment suffered by a person with a disability who is not treated in the same manner as a non-disabled. Discrimination against people with disabilities sometimes depends on prejudices, or sometimes it is because for a long time, these people have been ignored or their needs neglected, favoring the emergence of certain non-inclusive social and cultural attitudes. Therefore, discrimination can also occur unconsciously and have its roots in the cultural context.

Rucci and Porto (2022) point out that the different barriers faced by people with disabilities are disruptive and generate a break in the chain of accessible travel. Only by removing all barriers of various kinds, these people can be guaranteed to have the right to travel, the autonomy of access and enjoyment without unpleasant feelings and social exclusion.

3. ENTREPRENEURSHIP OF PEOPLE WITH DISABILITIES IN THE TOURISM SECTOR: THE CASE OF THE "*LIKE YOUR HOME*" NETWORK

In this section of the chapter, we present the case of the "*Like your Home*" network[4], an entrepreneurial project undertaken in Italy in 2014 which promotes the employment of people with disabilities or special needs in the non-hotel accommodation sector.

4 *Like your Home*, a model of "inclusive and social entrepreneurship" (conceived by Immacolata Ummarino

3.1. Research Methodology

This form of entrepreneurship in a specific territorial context is examined with a qualitative approach by adopting the representative single-case method (Creswell, 2009; Yin, 2009).

Advantages of qualitative research include the ability to learn directly from the research subject, and the use of inductive and non-quantitative approaches is a useful strategy applicable to research in small business and entrepreneurship as well (Dana & Dana, 2005). The case study method is useful when it is appropriate to analyze in depth a contemporary phenomenon in the real context in which it occurs. Other studies have adopted this methodology to contextualize the exploration of entrepreneurship of people with disabilities (Balcazar et al., 2014; Maritz & Laferriere, 2016). Naturally, this shouldn't lead to a generalization but it does provide examples of how these entrepreneurs have overcome obstacles in starting a business.

The entrepreneurial project, financed by the Presidency of the Council of Ministers, has given rise to some Bed & Breakfasts managed by people with disabilities in the south of Italy (in particular, in the Campania region). The case is considered representative since it is a pilot project, the first of its kind in the country, likely to be implemented in other regions and abroad. Our analysis focuses on the first Bed and Breakfasts of the network, managed by people with disabilities, already operational and present in the major tourist portals. In addition to the object of analysis, the choice of this case has been also motivated by the possibility of directly investigating this reality thanks to the collaboration of the researcher with the project creator. The availability of information, dialogue and comparison during the drafting of the paper made it possible to contextualize, even historically, the entrepreneurial experience, and to identify the most important explanatory variables of the phenomenon and its distinctive features.

The case was developed by combining different data collection methods (Eisenhardt, 1989) and using a variety of information sources, in particular: institutional documents and information material of the project; ii) information available on the official website of the *Like your Home* network (www.bblikeyourhome.com) and on the B&B websites; iii) questionnaire for B&B managers (in a structured form and with a field for personal comments); iv) audio-visual material (official presentation video and others available on the web); v) articles and press reviews; vi) written motivations of the awards received. As stated, the collaboration with Mrs. Ummarino, a "key actor" for her active role in the design, promotion and operational implementation of the project, has provided many valuable elements for the case development and subsequent analysis. The discussions took place during the different research phases: from the collection of the first information elements on the project to periodic conversations during the case development to clarify certain aspects (for example, the primary purpose of the project), share meanings (such as the concepts of "disability" and "accessibility") and specify the dimensions of the value generated by the initiative to which to attribute greater importance. During the telephone conversations, we took note of what was being discussed, underlining what was perceived to be relevant. In the drafting phase of the case, the dialogue allowed the necessary changes and/or additions to be made.

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and registered at the SIAE section OLAF n° 2016/000627 and n° 2021/00773). We thank Mrs Ummarino for her kind availability, the information provided and the valuable comparison.

3.2. The "Like your Home" project

The primary purpose of the *Like your Home* project is to offer people with disabilities (physical, intellectual, sensory) or with special needs (in case of celiac disease, allergy, food intolerances, etc.), new employment opportunities, as well as social inclusion, through the management of a bed & breakfast and/or a tourist apartment. In particular, its motivations are related to the purpose of: i) promoting the self-employment of people with disabilities or special needs considering their difficulties in the labor market; ii) developing an activity that meets their socialization needs; iii) increasing the offer of accessible accommodation services in the non-hotel sector based on a critical assessment of the legislation.

The project was born in the Campania region in the provinces of Naples and Salerno. The start-up of the network was funded in 2014 by the Presidency of the Council of Ministers as part of the «Young non-profit» Cohesion Action Plan.

In the first implementation phase of the project, some young people with disabilities and special needs were selected in the provinces of Naples and Salerno through the web and meetings organized in the area. The selected young people then participated in the training course to acquire the necessary skills. Administrative assistance for the opening of the business was provided by technicians who guided the participants in their relations with institutions. Another team of experts managed the tourism marketing activity by also creating an online portal; during the start-up period, the young managers of the Bed & Breakfasts were supported by professionals in their most important decisions.

The team of experts permanently supports the project, which is divided into the following activities: i) selection of participants; ii) tourism training; iii) administrative assistance; iv) start-up and tutoring; v) tourism marketing.

The project has some distinctive elements and is characterized by some key values. In order to the former, we can distinguish them as follows:

- The Bed & Breakfasts are managed by people with disabilities or special needs with the support of the family and/or other people who assist them. They offer accessible accommodation and tourist services since their homes are already equipped with the necessary aids for their needs (for example, alarm clocks for the deaf, screen magnifiers for the visually impaired, breakfast for celiac or allergy sufferers, etc.). The B&Bs have adopted the HACCP system and are authorized to administer meals and breakfast; there is also the possibility of setting up an exhibition space for the sale of handicrafts and typical products, made by people with disabilities, with the *Like your Home* logo (ceramics, souvenirs, honey, etc.), thus integrating income.
- The project provides for the tourist/practical training of people with disabilities or special needs (if necessary accompanied by a family member or a tutor). The training course consists of classroom lessons and educational workshops related to various themes (such as preparing the apartment, managing reservations, welcoming guests, fulfilling administrative formalities). At the end of each course, the *Like your Home Disciplinary* is delivered to the B&B manager, a document containing all the lessons, operating practices and procedures for providing services to customers. Together with the *Disciplinary*, the B&B managers receive a *Regulation*, a document that indicates the house rules and the needs of the host family to be communicated to the guests.

- The family is able to adopt the most appropriate behaviors with tourists who have the same disability.
- The place where the activity is carried out by people with disabilities or special needs is their home. The use of modern digital technologies and the development of social networks allow him/her to "stay in the world" even while staying at home.
- The entrepreneurial activity is carried out within the *network*, made up of the various accommodation facilities managed by people with disabilities or special needs affiliated with the *Like your Home* brand, whose logo is present in all promotional and communication material. The team of experts is responsible for the marketing of the network, also through participation in sector fairs. The network promotes the development of social relationships, both among young people with disabilities or special needs, and among their families who can undertake collaborations or organize meetings to discuss issues related to disability and special needs as well as relating to tourist services.
- The project promotes a different vision of people with disabilities in society: from "assisted" by the State to "entrepreneurs" present on the market.

The B&Bs *Like your Home* aim to offer a quality hospitality service, as evidenced by recent market recognition: the B&B Miranà won the *Booking Guest Review* Award in 2017 for the best guest stay experiences.

The *Like your Home* project is characterized by some key values which involve the human and social dimensions. In particular, we can highlight the value of the family on which this type of hospitality is based, the values of social inclusion and the improvement of the quality of life of the B&B managers and tourists, the essential values for the satisfaction of all tourists (attention, respect and sensitivity), and again, the value of social relationships.

Like your Home has received numerous national awards for its human, social and tourist value. Among others: the Unesco "Premio Turismo Cultura" (Padova, 2016); the "HostAbility School/University LyH" of the Italian Responsible Tourism Association (AITR) (Siena, 2017); the "Welcoming Cities" (Rimini, 2017); the prize of the competition "Adopt a tourist" of the I.TA.CA Festival (Bologna, 2017); the "Inclusion 3.0" Award of the University of Macerata, (2018). Furthermore, the network has also achieved important awards for the innovativeness of its entrepreneurial formula, since it was selected as the best start-up at the "BTO Buy Tourism Online Event Startup Italian Open" (Florence, 2016) and finalist of the eighth edition of the "Eurointerim Woman & Work Startup Competition" (Padova, 2018).

3.3. Aspects of Social Inclusion and Accessibility of Tourist Services

The *Like your Home* project originates from a specific social hardship and the need for work placement and social inclusion of people with disabilities or special needs given the difficulties still present in Italy. It has allowed the employment and active engagement of these people, especially young people, in the non-hotel hospitality sector. The need for work placement is accompanied by rationality and participation in the life of the community, offering one's contribution with dignity.

As shown by the analysis, the project allows a) the possibility of carrying out a job compatible with one's needs and expectations; b) the possibility of obtaining economic remuneration; c) the possibility to entertain new relationships with tourists, guests and other managers of the *Like your Home* network. To a lesser extent, B&B managers refer also to the possibility of feeling part of the local community by having relationships with other people (e.g., restaurateurs, tour guides, etc.). In this regard, the mother of a person with cognitive disabilities spontaneously states that "giving hospitality is a wonderful opportunity to feel part of the world and to have an income".

The project promotes the social inclusion of people with disabilities and is likely to intercept different dimensions of life, equally important, to which each person can attribute a different value, as can be seen from the following statements:

Thanks to the B&B "I finally have a job", "I feel more useful for society" and "I have given a new meaning to my life" (Manager of the Bed & Breakfast "Miranà"). And again, the B&B allowed me to "put my studies and/or my experience to good use" and to "get to know other people and make my city known" (Manager of the Bed & Breakfast "Coccolhome").

The tourist offer presents some distinctive features concerning: a) the facilities (structural characteristics of the accommodations, specific equipment and supports); b) the hospitality service; c) the image projected on the market.

With regard to the available *facilities* (see Table 1), the accommodations are independent apartments (in family villas) or located in buildings with physical accessibility requirements (presence of standard lifts, slides for wheelchairs, etc.). Given the particular condition of owners with disabilities, they are provided with the necessary equipment and aids for their needs (for example, alarm clocks for the deaf, screen magnifiers for the visually impaired, etc.).

The Bed & Breakfasts provides a variety of *services*. As already mentioned, in addition to accommodation, the managers are authorized to administer meals and breakfast (with sweets or jams they produce), having adopted the HACCP system and received the related training. Furthermore, there is the possibility of selling handicrafts and typical products made by people with disabilities. The distinctive feature of the hospitality service concerns the personal characteristics of the B&B managers and their families. Based on their situation and experience, they have acquired knowledge and skills on specific forms of disability (in particular, motor, cognitive, autistic, and Down syndrome). Therefore, the host family can adopt the most appropriate behaviors for welcoming tourists with the same disability (particularly important in the case of cognitive disability). Furthermore, it is also able to adequately inform and guide tourists during their holiday, by transport advice, information on accessible cultural sites, and so on. In this regard, the analysis shows that managers have a habit of using their time in a useful way to organize and enrich the tourist service, searching for tourist information on the Internet, consulting promotional material, giving useful information to guests, exchanging advice and observations with the other B&B managers of the network.

Lastly, the tourism offer is characterized by an *image* that projects the spirit of the project, and its moral and social values into the market, promoting accessible tourism and a culture of disability and social inclusion. The tourist offer is characterized by its "sensitive" welcoming spirit based on the value of the family and it is aimed at *all* tourists. Moreover, the project promotes a different image of people with disabilities since in this case, they are "protagonists" of the tourist offer, not just "users" of tourist services as traditionally we are used to thinking when the debate on disability and accessibility involves the tourism sector. The initiative has had a certain echo in local communities, as evidenced by the press and online articles, and has received numerous national awards for its human, social and tourist value. This has given it wide visibility in Italy in recent years and has plausibly contributed to spreading its values.

Table 1. The Bed & Breakfasts of the Like your Home network

Bed & Breakfast	Type of disability	Distinctive B&B features	Beds (n.)
B&B Miranà (Napoli)	Cognitive disability	• One-room flat • Skills in cognitive disability	3
B&B Vamàrav (Cava de' Tirreni – Salerno)	Disability with walking problems due to rare genetic disease	• Independent apartment in the family villa • Skills in motor disability	6
B&B "CoccolHome" (Napoli)	Cognitive disability	• Apartment in a new building, with a standard lift, without architectural barriers • Skills in cognitive disability	4
B&B RoseMary (Cava de' Tirreni – Salerno)	Disability for Down Syndrome	• Independent apartment in the family villa • Skills in cognitive disability	5
B&B Jamme (Napoli)	Autistic disability	• Apartment in a building in the historic center of the city • Skills in cognitive disability	4
B&B Rosso di sera (Gragnano – Napoli)	Motor and cognitive disabilities	• Apartment in a building in the city center, with a standard lift and a slide for wheelchairs • Skills in motor and cognitive disability	2

Source: Own elaboration

4. DISCUSSION

Two qualifying profiles of the entrepreneurial initiative can be highlighted. It seems to be an effective response to the need for social inclusion of people with disabilities and also represents an innovative way of offering accessible and quality tourist services.

With regard to the first aspect, the initiative by its nature and explicit purpose promotes the work placement of disadvantaged people, through self-employment, and favors the integration of young people with disabilities who very often "disappear" for the few opportunities present in the labor market after school or university training. According to Balcazar et al. (2014), entrepreneurship can become a viable employment option for people with disabilities. Our results demonstrate that it promotes a working life and social inclusion through the start-up and management of a B&B.

We can highlight two specific areas of intervention contemplated by the *Like your Home* project that promote social inclusion: professional training and support services. Attention to the professional training of young people with disabilities[5] represents an important element considering both the lowest level of training of people with disabilities (Alonso, 2014; Martínez-León et al., 2019; Park & Bouck, 2018; World Health Organization, 2011) and the absence in many cases of specific training (Istat, 2021; Maritz & Laferriere, 2016). The lower levels of training represent a disadvantage in a possible path of entrepreneurship (Renko et al., 2016). Rozali et al. (2017) argue that providing education and training programs can encourage people with disabilities to engage in entrepreneurship. In this sense, the influencing factor on the entrepreneurship interest of people with disabilities is the learning condition that supports them in acquiring useful business knowledge (Setiawan et al., 2022). The targeted training provided by the *Like your Home* project enhances the knowledge and skills of future managers (see also Migliaccio

[5] The *Like your Home Disciplinary* and the *Regulations* are delivered to managers at the end of the courses in order to have written information on management practices to be followed.

& Ummarino, 2022). In this way one of the barriers to entrepreneurship indicated by Maritz and Laferriere (2016) and Bakara et al. (2016), namely the lack of relevant business knowledge and skills, is directly addressed. Therefore, this study confirms the importance of identifying and strengthening certain skills of people with disabilities to start a business as argued by Olmedo-Cifuentes and Martínez-León (2019).

In addition to the professional training, a team of experts permanently supports the project, providing administrative assistance and managing communication and tourist promotion activities. The analysis has shown that the project must be properly presented to potential recipients, being quite innovative; the idea was considered "visionary" by a manager's mother. Communication therefore plays a central role and conferences and public presentations of the project and its peculiar form of hospitality are periodically organized, where also the expressions of interest of families can be collected. Our results highlight that training, support, advice and guidance of private professionals are relevant to undertake an entrepreneurial path, similar to what Pagan pointed out (2009).

The objectives of work placement and social inclusion are also achieved by enhancing the connections with public and private institutions. A further project promoted by the *Like your Home* network, called "*HostAbility School/University*", is connected to hospitality and enhances the collaboration with Italian universities for the training and employment of young people in the tourism sector. In particular, it is aimed at graduate students with disabilities (or special needs) interested in starting an accommodation business for the reception of Erasmus or non-residents students, visiting professors and, more generally, to intercept the tourist demand generated by congresses, fairs and events[6] (for further details see Migliaccio & Ummarino, 2022). This project is favoring the expansion of the initiative on the national territory and the startup of new Bed & Breakfasts[7].

In addition to their work placement, this initiative contributes to the quality of life improvement of B&B managers by virtue of the new social relationships and empowerment processes generated by the entrepreneurial path, two elements highlighted in the study by Moulaert et al. (2013). Indeed, these people have the primary need to carry out an activity that meets their socialization needs, even before the economic ones, and tourist hospitality represents a privileged area in which to develop social relationships. Also, the possibility of changing one's condition influences the quality of life of people with disabilities (ANFFAS, 2015) and the project *Like your Home* offers this opportunity. It favors independent life projects by enhancing the skills of young managers. The start-up and management of the business are quite simple and streamlined under administrative and fiscal simplifications. Representing a form of integration to family income (B&B Italia Report, 2016), the activity does not generate a particularly significant income considering the expenses, but it has important familiar and social implications. The initiative supports the desire of each parent to guarantee their children's work, autonomy and personal gratification; for parents, the B&B can be an economic activity that ensures a certain continuity and future stability, thus creating the conditions for greater family serenity.

[6] It is also aimed at students of the Degree Course in Tourism Sciences interested in carrying out a period of tutoring and training at Bed & Breakfasts for marketing and communication activities.

[7] Thanks to a public call from the Lazio Region won by the Capodarco cooperative, eighteen bed & breakfasts and/or tourist apartments will be created in Rome, managed by young people with disabilities with the support of the Tor Vergata University of Rome. A project for the opening of accommodation facilities in Benevento with the support of the UniSannio University, presented as part of the «Youth in the social» public call, is awaiting evaluation.

Moreover, self-employment may provide a realistic opportunity for a working life for the person with a disability and his/her social inclusion. Above all, this economic activity is well suited to some specific needs of people with disabilities (flexibility and part-time hours, health care, assistance from family members) since they can work without leaving their home environment. In this regard, Gouskova (2020) has stated that people with disabilities might choose self-employment because of better accommodations between the needs imposed by their disabilities and their work environment. The results of our study are consistent with this view. Also, Hagner and Davies (2002) have highlighted that the major disadvantage for business owners with cognitive disabilities is that it is difficult and labor-intensive to manage a business and also obtain the needed support and services.

Concerning the second aspect, another qualifying profile of this form of hospitality is the «intrinsic» accessibility of the accommodation and tourism services by virtue of the home characteristics and knowledge and skills of the host family.

The homes of people with disabilities are already equipped with the necessary aids for their needs, so where available for tourist accommodation, guests (with or without disabilities) can use existing structures and services to spend their holidays. Indeed, this type of business allows families to optimize certain costs incurred over time to make their homes accessible. In this way, an *optimization of housing and aids* is achieved: tourists who have the same disability as the B&B manager find in the accommodation the necessary aids for their specific needs. This form of hospitality presents an «intrinsic» accessibility also by virtue of specific skills, knowledge and personal experience of the host family. It can adopt the most appropriate behaviors for welcoming people with the same disability. Therefore, the project also provides for the *optimization of the skills* of parents and families. Furthermore, the manager and his/her family can adequately inform and advise tourists, promoting the territory and initiatives suitable for particular needs. Indeed, given their personal experience, they represent a valuable resource of knowledge of local tourist attractions and their degree of accessibility. In this perspective, people with disabilities can become the best communicator of his/her territory and offer their contribution, even original, to tourist promotion.

In Italy, non-hotel accommodations, such as B&Bs, are not subject to obligations relating to accessibility and therefore people with specific needs must often choose more expensive hotels. The *Like your Home* network intercept this demand, by providing accessible accommodation and services at lower prices, and contribute to the reinforcement of the tourist offer (extra-hotel) in Italy that is widely desired (Agovino et al., 2017; Baldarelli & Cardillo, 2012; Migliaccio, 2019; Presidenza del Consiglio dei Ministri, 2013). In this sense, the *network* and these entrepreneurial experiences can be considered an innovative way of responding to growing market demand in Europe and Italy (Agovino et al., 2017; UNWTO, 2013). In particular, the *Like your Home* Bed & Breakfasts do not present physical and architectural barriers for guests (physical accessibility of the building); they offer adequate, complete and reliable information (Michopoulou & Buhalis, 2013) with particular reference to tourists who have the same disability, as well as useful advice during the holiday (accessibility of information); they are economically less expensive than hotels (economic accessibility); and they are characterized by a marked aptitude for welcoming *all* the guests and offering services fit for specific needs (psycho-social accessibility). In turn, this allows tourists with the same disability or special need to enjoy tourist experiences with a positive impact on their physical and emotional well-being, quality of life and social inclusion (Richards et al., 2011).

Naturally, the possibility of satisfying the access needs of people with the same disability as entrepreneurs make it possible to partially overcome the social barrier linked to the discrimination of potential consumers mentioned by Maritz and Laferriere (2016). In fact, in this case, the disability represents an element of strength and allows to attract tourists with the same disability and/or special need, making these accommodation facilities competitive. The risk of discrimination is present since the tourist offer is aimed at *all* potential visitors, regardless of special access needs. However, some information on the typology of visitors reveals that among travelers there are also "common" people who do not have any form of disability or special needs. In this regard, the project creator believes that this form of hospitality can certainly attract the interest of people whose activity is closely linked to the world of people with disabilities (for example, because they operate within the representative associations) and/or tourists particularly sensitive to the issue of disability. After all, in recent years there has been an increased sensitivity of tourists toward the issues of solidarity and social justice (Picciotto, 2019).

5. IMPLICATIONS AND CONCLUSION

The promotion of self-employment opportunities and entrepreneurship of people with disabilities is strongly recommended by the international community to national authorities in the tourism sector (Declaration from the World Summit Destinations for All, 2014). This paper has analyzed a specific initiative undertaken in Italy aimed at promoting entrepreneurial activities in some forms of non-hotel accommodation, i.e. Bed & Breakfasts. It has been funded by the Presidency of the Council of Ministers and has received numerous awards and recognitions for its social, human and tourist value. This makes this practice particularly interesting and represents one of the reasons originating this research.

Through the analysis of a representative case study, the paper can offer a useful contribution by highlighting the distinctive elements of a business model that promotes the work placement of people with disabilities and their social inclusion, as well as accessible tourism.

First of all, the idea of the promoter able to develop a network business model and offer accessible tourist services in the non-hotel accommodation sector can be considered a key element. This entrepreneurial initiative increases the participation of people with disabilities people within society. Its strength is represented by the original idea of enhancing these people, placing their resources (homes, knowledge and specific skills) at the service of others. In this way they can offer their contribution to the community with dignity. The study highlights that the initial idea of promoting the entrepreneurship of people with disabilities has been translated into a concretely implemented entrepreneurial project, enhancing skills, relationships and available resources. Specifically, the skills and relationships of the project creator and the team of experts, together with the financial resources allocated by the Presidency of the Council of Ministers of Italy, made it possible to translate the initial idea into concrete job opportunities for some young people with disabilities.

Secondly, the study has highlighted the aptitude of this form of entrepreneurship to promote social inclusion processes in the tourism sector from a dual perspective: provider and user of the hospitality service. From the *provider*'s point of view, the initiative represents the tool that allows B&B managers with disabilities to carry out an independent autonomous activity capable of satisfying their needs for personal fulfillment and socialization. As pointed out by Martínez-León et al. (2019), economic independence and autonomy contribute to effective participation and inclusion in society, promoting the integral development of persons with disabilities and making these feel more socially useful. From the B&B *user*'s point of view, all tourists (including people with disabilities) can benefit from facilities and services characterized by intrinsic accessibility, which allows them to overcome some of the barriers that typically make the tourist experience difficult (architectural and physical barriers, information and economic barriers, as well as cultural and attitudinal barriers). Small and Darcy (2010) have emphasized that social inclusion just occurs when all individuals can participate fully in tourism. In this perspective, the analysis has shown the possibility of creating a *virtuous combination* in which the work placement and social inclusion of people with disabilities are intertwined with the increased possibility of touristic use of territory.

This form of hospitality could help a country to diversify and enhance the tourist offer in the non-hotel accommodation sector by attracting new tourist flows. Unfortunately, data on tourist presence and occupancy of rooms are not available to date. This represents a limit of the research because it would have been appropriate and interesting to analyze also this aspect. Further research efforts are therefore needed in this direction, as well as the peculiarities and management criticalities of these structures could be investigated in the future.

With regard to the managerial implications, this study highlights the strengths of the business model and the critical issues to be overcome for a possible diffusion of similar entrepreneurial initiatives in other territorial contexts. As for the strengths, the following emerged from the analysis: i) the internal training of people with disabilities; ii) the provision of support services of a team of experts for the start-up and management of Bed & Breakfasts; iii) the development of the network, which promotes and fosters relationships among B&B managers and their families; iv) a unique brand, recognizable on the market and adequately enhanced in the promotional activities. The critical issues that emerged from the analysis essentially concern the need for adequate financial resources for the project communication and promotion activities among potential recipients, as well as for the management of the various activities functional to the start-up of the accommodation business. Regarding the first aspect, the entrepreneurial experience is new and the topic is delicate, therefore adequate communication of the project is a key aspect to devote energy to and invest in for the progressive diffusion of the initiative in other territorial contexts. As for the second aspect, adequate financial resources are clearly needed to: a) organize conferences and public presentations of the project; b) make visits to homes to ascertain their characteristics and functionality for hospitality accommodation, as well as the type of disability and/or special need; c) manage the selection and training phases of the participants, as well as start-up and tutoring; d) promote the project and the tourism offer.

Moreover, considering the novelty, the potentially interested families prefer to undertake the entrepreneurial path within an institutional framework outlined by a public call, which structures the procedure and makes financial resources available. Also, Migliaccio and Ummarino (2022) highlight the opportunity for public contributions to encourage investments, albeit modest, necessary for these entrepreneurial initiatives. After all, most entrepreneurs with disabilities use a combination of personal and public investments to capitalize on their business (Hagner & Davies, 2002).

The case study confirms the possibility that disabilities do not preclude the possibility of undertaking an entrepreneurial activity in the presence of specific contextual conditions (Alonso, 2014; Martínez-León et al., 2019; Migliaccio & Ummarino, 2022) that favor these experiences (specifically, targeted institutional policies and cultural sensitivity). Targeted public policies at the national and/or local level that explicitly support initiatives of this type are certainly appropriate, thus overcoming some of the previously mentioned barriers (improvement of institutional policies and inadequate funding). We, therefore, agree with Pagan (2009) and Toldra and Santos (2013) who underline how policymakers should encourage and ensure self-employment among disabled people in order to improve their employment opportunities. The main form of state support for people with disabilities in the field of entrepreneurship are grants (Bekmansurov et al., 2019). We believe that other financial support measures (such as the availability of loans at reduced interest rates) are also desirable and often necessary to promote the self-employment of people with disabilities, especially considering their lower economic level and the difficulties to obtain funding to start business projects (De Klerk, 2008; Martínez-León et al., 2019; Pagan, 2009; Renko et al., 2016). Indeed, as specified in the *World Report on Disability* (World Health Organization, 2011), where the informal economy predominates and the support of friends and family has its relevance, it becomes important to facilitate access to microcredit through awareness, accessible information and customized credit terms.

In conclusion, the authors believe that adequate attention to the specific needs of people with disabilities is appropriate to plan medium and long-term targeted actions to promote social inclusion and fully implement their citizenship rights. In our opinion, the entrepreneurial initiative presented here represents an interesting solution from this perspective and it has also significant cultural implications. The project promotes a different image of people with disabilities and the dissemination of their stories in the community, which is one of the ways to increase public awareness of disability (World Health Organization, 2011). It aims to overcome a well-known prejudice that considers people with disabilities "consuming wealth", rather than highlighting the concrete possibility of "generating social, human and tourist value" with these entrepreneurial experiences.

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Modern Supply Chain Quality Management in Bulgarian Restaurants

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Abstract: *One of the most important factors in a restaurant's success is its supply chain. The present study aims to reveal the application of quality management systems in the restaurant business and to build a modern supply chain quality management (MSCQM) in Bulgarian restaurants. This chapter examines the criteria for evaluating the degree of application of quality management systems in the restaurant business, analyses quality management practices, and identifies opportunities for its improvement. The research used Bulgarian and foreign literary sources, results of research projects, statistical data, and analyses from conducted surveys. The conclusions are mainly aimed at revealing opportunities for creating modern supply chain quality management (MSCQM) in Bulgarian restaurants.*

1. INTRODUCTION

Food quality and safety are becoming an issue of global importance. The negative impact on business, the global economy, and people's lives of foodborne illnesses have been documented. Each year, hundreds of thousands of people become ill as a result of food poisoning, and each year the restaurant business pays out millions of dollars in compensation, suffering extensive damage as well as damaging reputations. Therefore, having a well-structured quality management system and food traceability system along the supply chain is an effective way to manage and control food hazards during their preparation and processing.

Modern supply chain management is a vast, complex and difficult task that manages a wide range of activities at the national and international levels. This often involves challenges, the solution of which requires a deep understanding of the causes of quality management in the supply chain.

A restaurant supply chain is a process by which restaurants connect with suppliers and distributors to produce menu items and fulfill customer orders. Restaurant supply chain quality management is a process that links the elements of quality management in the equipment, supply of products, and materials used by restaurants. Existing research remains equivocal regarding supply chain quality in the restaurant business and its impact on customer service.

The study aims to build modern supply chain quality management in Bulgarian restaurants by increasing the application of quality and safety management systems, as well as modern ICT technologies in the restaurant business.

2. LITERATURE REVIEW

Restaurant supply chain management involves managing the flow of food and non-food products from the point of origin to the point of consumption, i.e. "from farm to table". This includes

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product purchasing, storage, inventory management, as well as human resource management, supplier relationships and supply channels. The multifaceted nature of supply chain management further complicates the quality implementation of processes and activities that occur throughout the supply chain in the restaurant business. For the quality management of the supply chain in the restaurant business, however, it is necessary to reveal the performance in the quality of customer service. According to Foster (2013) "customers want to have a clean restaurant, comfortable seating arrangement, tasty food, and responsive servers" (p. 164). Robinson and Malhotra (2005) define supply chain quality management (SCQM) as the "coordination and integration of business processes involving all partner organisations in the supply channel to measure, analyse and continuously improve products, services, and processes to create value and achieve the satisfaction of intermediate and end customers in the marketplace" (p. 319). Nikolaidis (2013) claims that the positive effects of quality management are related to the reduction of costs that are due to the poor quality of products or services, "better relationships with suppliers and customers, faster distribution of products or services on the market, reduced waste, increased added value for customers and better working conditions" (p. 1). Gutierrez-Yllu et al. (2022) analyse the increase in food and beverage (F&B) costs and its economic impact on business.

Foster et al. (2011) present the results of a comparative study of quality tools and methods used by operations and supply chain managers through a survey. Bastas and Liyanage (2018) conduct a systematic review that includes both descriptive analysis and thematic synthesis of the current literature on quality management, sustainability and supply chain management (p. 728). In the study, the authors identified integration synergies of quality and supply chain management, including productivity improvements and integration. Shanker et al. (2021) examine the collaboration between a restaurant and third-party logistics (3PL). These collaborations, resulting from a strategic partnership between the restaurant and 3PLs, play an important role in achieving good network management, logistics activities, online business, and many other services. Researchers Isnaini et al. empirically examine the moderating effect of Supply chain dynamic capabilities (SCDC) (2020) on the relationship between SSCM practices and indicators of organisational sustainable performance (OSP).

One part of the research on logistics service quality was conducted by Mentzer et al. (2001), who, in pursuit of competitive advantage, identified the needs and values of current and potential customers by developing a logistics service quality scale. La Londe (1998) describes customer service as a complex of three components: 1/ to satisfy consumer needs; 2/ to include metrics to ensure customer satisfaction; 3/ to be like the company's philosophy. Nevertheless, all these components are directed at the supplier of the firm, not at the customer. Similarly, other studies have developed frameworks for quantifying the value created by supply chain processes. Kanji and Wong (1999) examine the relationship between total quality management (TQM) and supply chain management, enriching an existing model of supply chain management in the concept of Total Quality Management (p. 1147). The model is verified using data from 139 companies in Hong Kong. Quality management practices are related to supplier involvement and supplier selection strategies. Among the studies in this area Kanji and Wong (1999) propose empirically validated interrelationships between major suppliers. The authors conclude that proper selection, evaluation, and management of supplier relationships can help reduce conflict, opportunistic behaviour, and transaction and inventory costs while improving quality, delivery, flexibility, customer service, and innovative possibilities. This, in turn, can help businesses gain a competitive edge in the marketplace and improve financial performance. Robinson and Malhotra (2005) define the concept of supply chain quality management (SCQM) and assess its relevance in academic and industrial practice. Autry et al. (2014) described issues by modelling supply chain connectivity as having multiple relational and process-based threads comprising linkages. Cho et al. (2018) examine restaurant dependence and autonomy in the supply chain and the impact on market responsiveness.

Modern trends in supply chain management theory and practice that are important to catering establishments are the interrelationship between the supply chain and quality and safety systems. They can be used to increase the level of customer service and the quality of the management system. Rizou et al. (2020) demonstrate that the possibility of transmission of COVID-19 through the food sector is negligible, and tracking SARS-CoV-2 in work environments is not considered a priority by public authorities. Despite this, the adverse effects on the environment, food systems and people along the food supply chain are already evident. (Rizou et al., 2020). Many researchers (Nawrocka et al., 2009; Su et al., 2020) present studies that focus on the role of ISO standards and the role that quality management systems play in the supply chain. Quality management systems are systematised rules for arranging all the main processes in the organisation so that the individual elements work successfully in the overall structure. In this way, a systematic management approach is achieved, where actions and responsibilities are clearly and precisely regulated. A quality management system can be understood as a set of organisational structures, responsibilities, procedures, processes and resources for the implementation of quality management. The international standard ISO 22000 "Food safety management system - requirements for food chain organizations" can be applied in different types of organizations: from producers of primary raw materials to producers of ready-to-eat food, also in organizations that are engaged in transport and storage and subcontractors who sell to retail, together with interrelated organizations such as manufacturers of equipment, packaging material, cleaning agents, additives and ingredients. ISO 22000 contains requirements for food safety management systems in the food chain. Organizations must demonstrate the ability to control food risks to consistently provide safe products that meet the requirements of both consumers and applicable legislation.

One of the most important requirements for restaurants is ensuring food safety for customers. For this purpose, the restaurants must meet sanitary and hygienic requirements, have developed technological documentation for the food groups that will be sold on the site and to have introduced good practices for food production and trade and a system for Hazard Analysis and Critical Control Points (HACCP) or food safety management system.

In addition to food safety and quality, which restaurants must ensure, it is increasingly important to take measures regarding the waste that is generated daily. Raak et al. (2017) present a conceptual model of drivers for ‘processing-related’ food waste. Flynn and Zhao (2015) describe how the rapid growth of consumerism revealed many problems that Chinese consumers had with the goods and services they purchased, tainted food products, fake products and fake advertisements.

Ngai et al. (2008) describe the design and development of a radio frequency identification (RFID)-based control system in a conveyor belt sushi restaurant to improve operational efficiency. The system is designed to achieve better inventory control, rapid replenishment and food safety control, as well as improve service quality. The opportunities that innovation and digitization provide in tourism are reviewed by Velikova (2019).

Improving the management of work processes in the restaurant business is key to their more effective and efficient functioning. Through the description of the work processes, a structured model of how the restaurant carries out its activity is built. Pai et al. (2018) use the Kano model and the IPA to investigate the critical service quality attributes in the chain restaurant industry. Kukanja et al. (2017) use the SERVQUAL method and prove that guests perceive restaurant quality according to three quality dimensions: people, location, and product (food). Hung-Che Wu and Mohi (2015) develop a conceptual framework and present a scale for measuring service quality in fast food restaurants. Harun et al. (2018) examine the factors that influence the positive behaviour of restaurant customers following complaints.

Liu et al. (2021) use the model of the European Foundation for Quality Management (EFQM) in the restaurant industry and use the fuzzy analytic hierarchy process to give each attribute and sub-attribute a new, accurate score.

3. THEORETICAL BACKGROUND

Some studies have used a case study methodology to explore ways of supplier selection, evaluation and management. Lihong and Goffin (2001) investigated supplier management in a Chinese enterprise. They confirm that the main challenge is to simultaneously reduce costs by sourcing materials and components locally while maintaining high levels of quality. Edward Ku et al. (2020) examine the buyer-supplier relationship. This relationship is important because suppliers can provide a perfect quality product for restaurant companies. Murphy and Smith (2009) examine some key supply chain issues in the context of sourcing local ingredients as part of creating a culinary tourism experience. The authors document the relationship between producers and chefs, why and how local ingredients are included on menu lists, and how chefs communicate the use of local ingredients to guests. Zúñiga-Arias (2007) argues that in a bargaining situation, two agents have a common interest in cooperating but face conflicting interests about exactly how to cooperate. According to Vodenicharova (2020), food enterprises in Bulgaria are characterised by a low degree of SCM integration and the opportunity to develop cooperation between participants in the supply chain.

Nawrocka et al. (2009) used three different research methods: interviews with environmental managers, focus group discussions and a study of two multinational companies and their operating units in several countries. Su et al. (2020) examine the performance benefits of ISO 9001 which depend on the network topology that connects a firm to its supply chain partners. Lamprecht (2000) claims that few hotels throughout the world have bothered to achieve ISO 9000 certification. Wang et al. (2013) combine Green SCM and food and beverage management to develop green restaurant standards.

4. METHODOLOGY AND DESIGN

There are many techniques and methods for quality management. In the present work, it is impossible to cover even a large part of them. However, an attempt will be made to present working variants of some basic techniques and methods. The framework for applying the methodology is based on theoretical and applied research on the supply chain in the restaurant business. Statistical data as well as literature data were used to explore foreign experience and good practices in international trends in supply chain quality disclosure. According to Vodenicharova and Bankov (2021), supply chain quality management (SCQM) is a combination of supply chain elements, supply chain management processes and quality management elements that is shown in Figure 1.

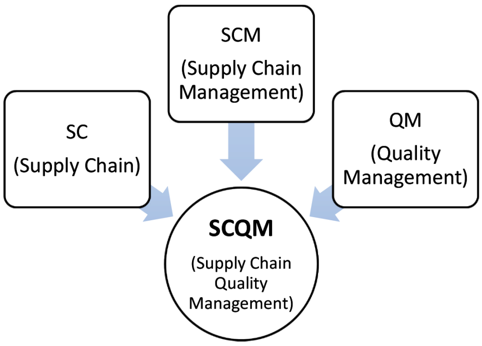

Figure 1. Elements on the Supply Chain Quality Management (SCQM)
Source: Vodenicharova & Bankov, 2021

Modern supply chain management includes many elements, such as innovative services, and the use of quality management systems. Chen et al. (2019) investigate the modern supply chain system in China providing guidelines for theoretical research. To build MSCQM in the restaurant business, it is necessary to include several basic elements, which are presented in Figure 2.

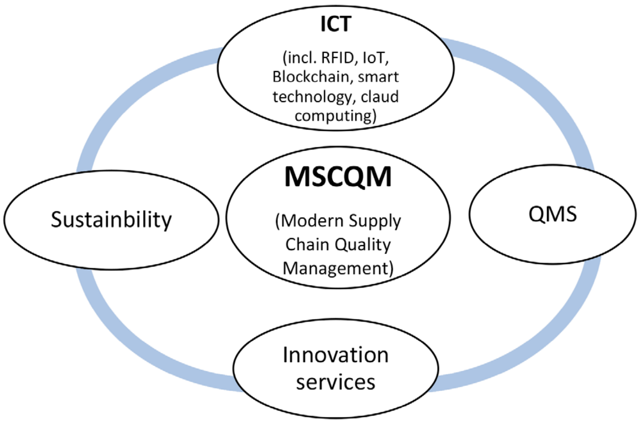

Figure 2. Basic elements of Modern Supply Chain Quality Management (MSCQM)
Source: Author

The study aims to build modern supply chain quality management (MSCQM) in Bulgarian restaurants by increasing the application of quality and safety management systems, as well as modern ICT technologies in the restaurant business.

The thesis of the research is that the restaurant business needs to increase the application of quality and safety management systems, the application of modern information and communication technologies, and to use of sustainable systems and innovative services to achieve modern quality management of the food chain.

4.1. Research Questions

Question 1. Do restaurants in Bulgaria use QMS and to what extent are they applied?

Question 2. Are managers aware of the role of QMS in restaurants in Bulgaria?

Question 3. Do the employees in the restaurants in Bulgaria have expert knowledge and is a motivational system applied?

4.2. Object of the Study

The object of research are public restaurants, which include traditional restaurants, public catering establishments, pizzerias, café-patisseries, café-apéritif, bistros, drinking establishments, etc., which differ in terms of service and the assortment offered. A restaurant is a place for fine dining or a place where people will serve customers. For other types of establishments, it is necessary to choose from already available food. A restaurant is an establishment that prepares and serves food with an emphasis on high customer service. Restaurants offer an extensive menu and pricing varies widely depending on the type of food served and the service provided. The restaurant may offer takeout or delivery services. Quick-service restaurants, bistros, pizzerias, and coffee shops are also food establishments that may or may not have seating. In quick service establishments, food is served at the counter. Typically, pizzerias offer a variety of pizzas, spaghetti, lasagne, pasta, salads, desserts, etc., as well as alcoholic and non-alcoholic beverages. Drinking establishments offer a wide assortment of alcoholic and non-alcoholic drinks and snacks, and coffee bars usually have a limited assortment of culinary products - salads, cold appetizers, fries, semi-finished grilled meats, sandwiches, burgers, sugar and chocolate products, nuts, ice cream.

The COVID-19 pandemic has brought about massive changes in the restaurant industry. Many restaurants were forced to close and others had to decide to lay off or downsize their trained staff. By mid-2020, the restaurant industry has lost 5.9 million jobs worldwide, with restaurant jobs down 75%. 17% of restaurants were closed permanently, and laid-off employees had to find new ways to make ends meet.

4.3. Research Methods

The study is based on the integration of different analytical approaches to address quality and supply chain management. Not only is the quality of food of great importance to consumers but also customer service plays a key role in restaurants. Quality can be built as a continuous improvement process when consumer preferences, product characteristics and technological capabilities are integrated into one system.

Finding common criteria for measuring supply chain quality is very difficult. The presented research used criteria for the degree of application of quality management systems. These criteria reveal the practical application of quality management systems and their certification and the relative share of organisations that have a certified QMS. Reflecting the supply chain processes in the quality system documents is mandatory to meet the high requirements and standards of the European and world market and achieve higher competitive advantages. Statistical data processing was used. The method applied is a closed-ended survey, which allows for both qualitative and quantitative assessment of supply chain quality issues. The survey was designed to use an interactive scheme using answers to questions on a five-point Likert-type scale, sections with "open-ended" questions where respondents fill in their judgments on the issues covered in the previous questions. The primary data of the study were processed by applying descriptive statistics.

An Ishikawa Diagram was used to identify the main quality issues along the supply chain in the restaurant business. The application of this model aims to improve supply chain business processes that are related to quality, thereby identifying the most pressing causes. The diagram has been used to analyse quality problems within a group work at all hierarchical levels, making it also suitable for solving supply chain problems.

A random sample survey was conducted in the period March-May 2022, among 50 catering establishments in Bulgaria. The research was conducted with the assistance of the Bulgarian Association of Restaurants, and senior restaurant managers were surveyed. A greater part of the investigated restaurants (64%) carry out their activity in one populated place, and the type of food establishments that participated in the research is presented in Figure 3.

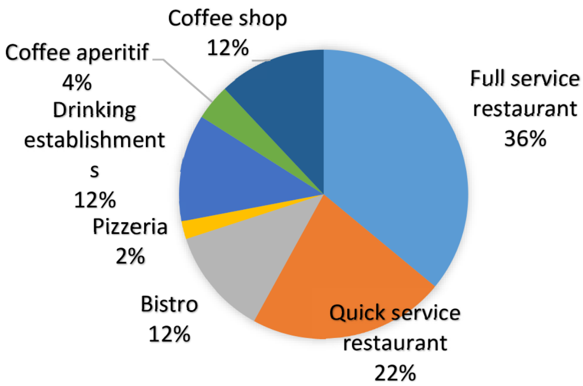

Figure 3. Type of the investigated catering establishments
Source: Author

The largest number of public catering establishments studied are restaurants (36%), followed by quick service establishments (22%), and in third place are bistros, drinking establishments and coffee shops. For the period 2018-2021, there is a large variation of the studied restaurants with sharp amplitudes of the number of staff (see Figure 4). This is likely due to the Covid-19 pandemic on the one hand, and supply chain issues and delays on a global scale on the other.

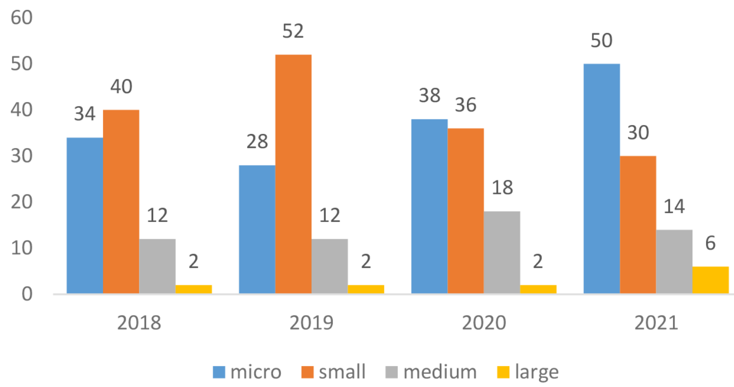

Figure 4. Average number of personnel of the surveyed restaurants for the period 2018-2021
Source: Author

Regarding the actual conduct of the research, it is first of all important to specify that the ethical norms adopted in the research were respected. Second, the anonymity and confidentiality of the participants are respected at all stages of the study and they are informed.

The subject of the study is the theoretical and applied concepts of modern supply chain quality management and the opportunities they provide for the modern management of catering establishments.

5. RESULTS

Improving the quality of products and services is increasingly seen as an effective strategy for obtaining sustainable competitive advantages. In recent years, supply chains have had to deal with many challenges caused by crises, production delays, port congestion due to the pandemic, etc.

The higher share of the tourism sector and in particular restaurants in 2022. compared to the previous two years, is due to overcoming the negative consequences of the pandemic situation, which significantly affected the sector.

The main challenges in the restaurant business remain the problems of declining employment in the group. According to National Statistical Institute (NSI) data, the turnover index in the "restaurant and hotel industry" sector at current prices for the first quarter of 2022 is presented in Table 1.

Table 1. Turnover indices in the "Restaurant and hotel industry" sector at current prices – 1st quarter 2022 (seasonally adjusted data)

Economic activity	Eurostat code	2015=100	Percentage change*
Restaurant industry	I56	173.61	8.2
Hotel industry	I55	127.97	10.1
Total	I	158.79	13.6

Note: * compared to previous quarter)

Source: Preliminary data of the National Statistical Institute (NSI, 2022)

The implementation of quality and safety systems and their relationship with modern supply chain management is extremely important, as is the implementation of standards to cover supply chain processes and activities related to transportation, warehousing, storage, handling and distribution. To reveal the application of quality management systems in the restaurant business and to build a modern supply chain quality management in Bulgarian restaurants, it is necessary to investigate the degree of application of quality management systems. The three most important parts of the restaurant supply chain are farms, stores, and restaurants. Farms provide ingredients for dishes and are also responsible for supplying restaurants with their food. Often, restaurateurs resort to stores to provide the necessary products and raw materials. The quality management system (QMS) is the basis of the overall management system of the organisation only in the most evolved stages of quality work - management through quality, management through total quality and other similar models for organisational excellence. The standards of the EN ISO 9000 series are conceptually close to them, and although they deal with the term "quality management", they lay down clear guidelines for "management through quality". The latter is based on "measurement and monitoring" with the goal of "continuous improvement". The ISO 9000 family of standards naturally summarizes the experience gained so far and is compatible with other management standards. ISO 9001 emphasizes identifying, implementing, maintaining and continuously improving the effectiveness of the processes required for a quality management system and managing the interaction of these processes to achieve the organisation's objectives. Supply chain quality can be addressed through the ISO, HACCP, IFS, BRS, etc. standard systems. This can only be achieved through supply chain process management. When building an ISO system, each organisation must apply different approaches, but it is mandatory to ensure customer satisfaction, continuous improvement of products/services, and improvement of the system itself, as well as the application of the process approach. Figure 5 presents the data from the study of the application of QMS in catering establishments in Bulgaria.

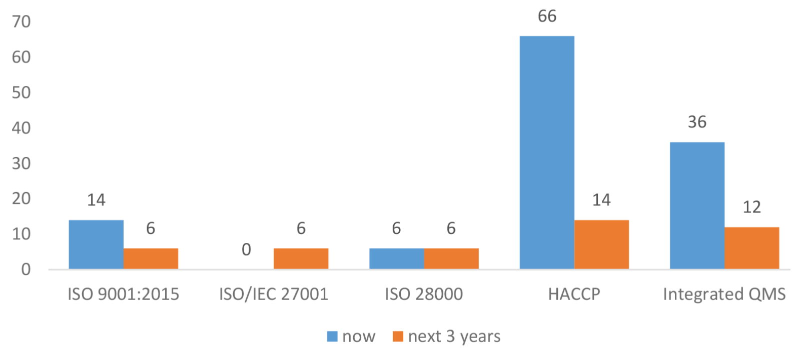

Figure 5. Quality Management Standards (QMS) according to which the studied organisations are certified

Source: Author

Certification continues to be used as a tool to "legitimize" good management practices. The standards of the ISO series are increasingly being imposed as a unified system that allows applying uniform criteria in the restaurant business and accounting for the results of service provision, environmental protection, etc. Of the surveyed public catering establishments, the largest share (66%) are HACCP certified, and 36% have an integrated management system. This is a good indicator, but still not high enough, because HACCP is mandatory for implementation under EU legislation. The surveyed organisations are not certified according to ISO 22000:2018, which shows that the respondents are not yet aware of the need for this system. The next 14% are certified to the most popular quality management standard ISO 9001, which helps restaurants to be more efficient and effective in both overall management and supply chain process management. The general picture for the coming years demonstrates a tendency towards increasing interest in the certification of a large part of the standards.

The identified processes along the supply chain and HACCP in the studied restaurants have a strong interrelationship, which consists in determining the place of the processes that take place along the supply chain in the safety system. This location is at the critical points of the production process in the restaurant where various risks exist to a large extent. On this basis, the critical limits are established for the individual critical points in the supply chain processes, where strict compliance is required as a preventive measure related to the control of the critical points. In this way, the critical points in the supply chain processes are observed and the necessary control is maintained at these points. All of this leads to the establishment and implementation of supply chain procedures.

Food waste, packaging from inventory, and supplies can quickly accumulate in a restaurant. The restaurants surveyed use waste reduction strategies to a lesser extent to make the restaurants more sustainable. A minority of restaurants are auditing food waste and attempting to adjust inventory and supply orders. Using eco-friendly cleaning products or replacing traditional restaurant functions with greener products is a good way to modernize supply chain management. More and more restaurants are eliminating paper menus and switching to using QR codes to display menu items. The ESG standard refers to three main factors to measure the sustainability of investments – environmental, social and corporate responsibility. The application of the ESG standard leads to a higher level of efficiency in restaurants, they are more attractive to both investors and customers and have better financial indicators.

The main reasons for QMS certification are related to legal requirements, and this is evidenced by the presence of the largest number of certificates in HACCP catering establishments. Next, respondents ranked customer requirements for food quality and safety, which are presented in Figure 6.

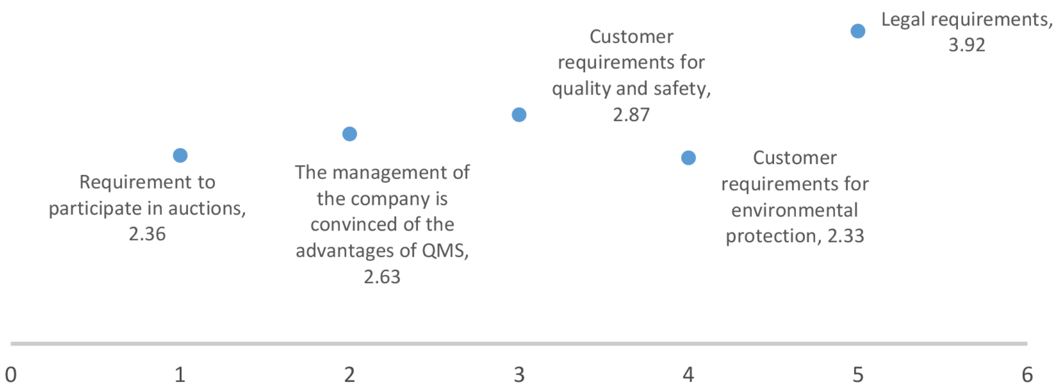

Figure 6. Reasons for QMS certification in the studied organisations
Source: Author

The fact that in the studied organisations there is practically no person responsible for quality issues is worrying. All this shows the lack of awareness of the role of QMS and the low level of use of SCQM in restaurants in Bulgaria.

Data analysis shows that in catering establishments, the proportion of defects and complaints is 5% for incoming materials, during processing and the final inspection and products returned by customers. From the answers to the questions and their statistical analysis, it can be concluded that when comparing the companies with their competitors according to the "product quality" indicator, there is a lower percentage of marriage and a smaller number of complaints, which shows a statistically significant relationship between the marriage admitted and the number of complaints.

The most common reasons for restaurant customer dissatisfaction, according to the companies surveyed, are due to the shortage of human resources, as well as problems with the skills of employees (figure 7).

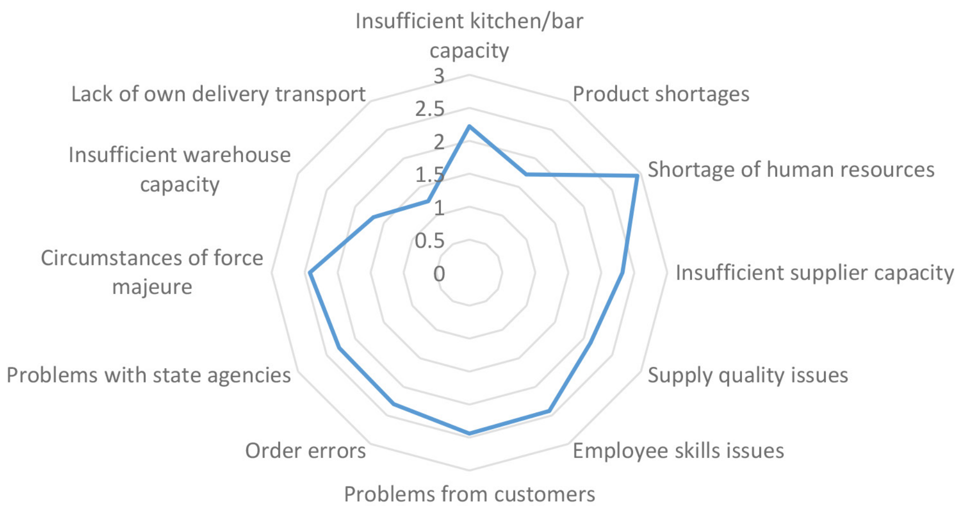

Figure 7. Reasons for customer dissatisfaction in the studied restaurants
Source: Author

It can be noted that even before the advent of COVID-19, the restaurant business was finding it difficult to hire and retain staff, particularly chefs and waiters. Recruiting new employees is a difficult task, as the restaurant industry has a reputation for poor quality of work. This type of job provides a lot of stress, few employee benefits, and often low wages. These long-standing problems have a significant impact on job satisfaction. Restaurant managers should focus their efforts on attracting high-quality and motivated employees, not only through financial incentives but also social and career-related incentives. According to the research data, highly-skilled employees have a higher motivation than medium and low-skilled employees (figure 8).

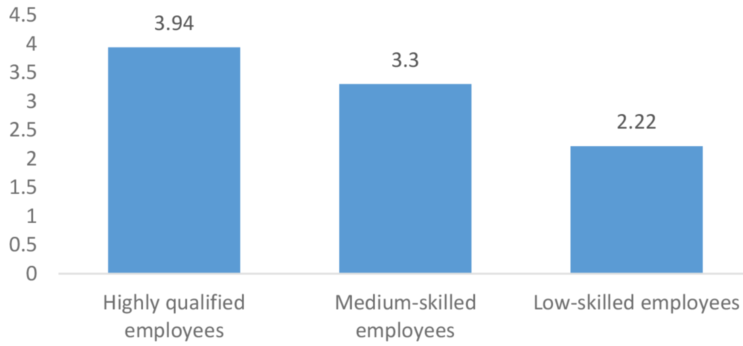

Figure 8. Average rating of employee motivation in the studied catering establishments

Source: Author

According to the survey data, employees have the most teamwork skills and the least time management skills. The quality of employee skills in the surveyed organisations is presented in Figure 9.

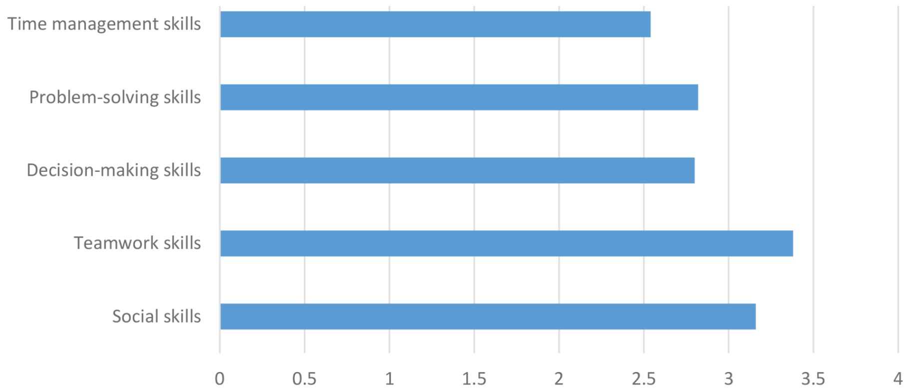

Figure 9. Average skill quality assessment of the employees in the studied restaurants

Source: Author

Highly skilled employees possess expertise in customer service, followed by knowledge of supplier selection. Employees rate their knowledge of quality and safety management systems, overall cost monitoring, and internal organisation within the organisation with a slightly average rating. At the lowest level, qualified employees know of innovative technologies in the restaurant business, as well as schedule optimization and advertising and marketing, which is presented in Figure 10. Practically, employees do not know the functionalities of information systems.

The results of the survey show that employees in restaurants in Bulgaria need to increase their expert knowledge and apply a motivational system for employees to build a modern quality management system in the supply chain.

Of particular importance is the information from the complaints of the customers of the catering establishments in order to establish the quality of the product and the level of service. It is important to note that complaints and claims depend on the price of the product. Consumers are less likely to complain to fast food restaurants because the product is cheap, even if they are not very happy with it. Therefore, the absence of complaints about some products does not mean that fast-food restaurants have been able to satisfy the demands of consumers. In restaurants, the results also show that 5% is the proportion of rejects and complaints in the incoming material flows, but the products returned by customers in the majority of restaurants is 10%, and no reject occurs during storage. This is probably since the logistics processes during storage are at a high level and restaurants apply the principles of cold chain supply management. Figure 11 shows the main problems facing quality management in the supply chain through a Cause and effect diagram.

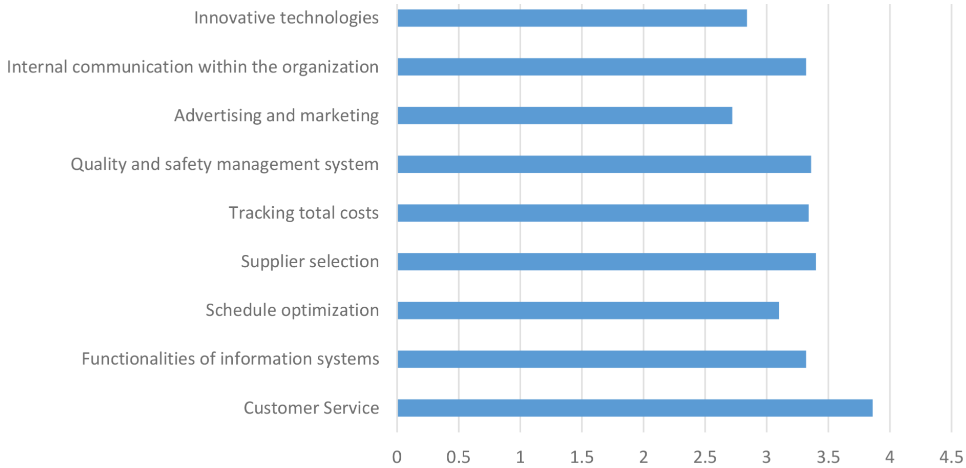

Figure 10. Quality of expert knowledge of qualified employees

Source: Author

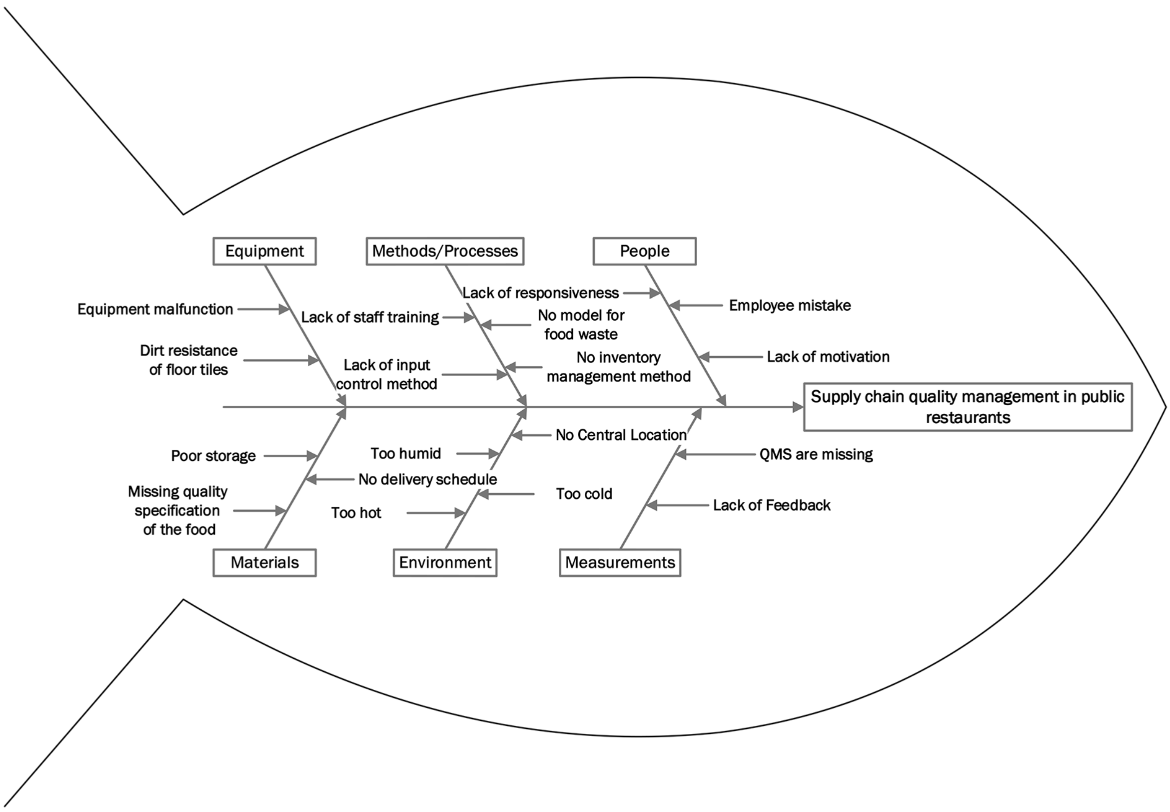

Figure 11. Cause and effect diagram for supply chain quality management

Source: Author

The analysis of the application of quality management in the supply chain shows that the restaurant business has a low application of quality management systems and needs to improve both intra-firm and inter-firm integration. Implemented supply chain quality management systems show a low utilization rate. For modern supply chain quality management, it is important to increase the application of quality management systems and information systems and technologies. To increase the quality of the supply chain in the restaurant business, it is necessary to increase the motivation of the employees and opportunities for career development and training of the staff.

Trends in quality management in the supply chain are related to the development of information systems and automated technologies that are increasingly being used in restaurants. The implementation of quality management systems and standards along the supply chain is extremely important to meet the ever-increasing demands of customers. The introduction of online ordering can free up employees' time and reduce order delays. Ordering software will lead to higher customer satisfaction due to the achievement of consistent quality and the subjective attitude of personnel will be eliminated.

6. FUTURE RESEARCH DIRECTIONS

The future development of logistics in the restaurant business should be directed towards increasing the application of modern statistical methods for supply chain management. Through them, a higher level of customer service and higher competitiveness will be achieved. The author has the ambition to continue the research on quality and safety in the supply chain by focusing on sustainable and innovative practices in the restaurant business.

7. CONCLUSION

The achieved results of the research confirm the thesis that the restaurant business in Bulgaria needs to increase the application of quality and safety management systems, as well as the application of modern information and communication technologies to achieve modern quality management of the supply chain.

Building a modern supply chain quality management in restaurants can be done by creating trust in customers, improving management processes and creating an opportunity to form competitive advantages. Current trends in the development of supply chain management theory and practice are the interrelationship of supply chain processes in quality systems. They can be used to increase the level of customer service and the quality of the management system.

As a result of the conducted research, it is necessary to conclude that the quality in the supply chain is one of the important guidelines for achieving adequate competitiveness in the market due to the ever-increasing demands of the consumers for quality, price and speed of product delivery. Successful supply chain process management enables time savings by faster movement of information, details and products from one process to another. Opportunities to build MSC-QM in restaurants in Bulgaria can be achieved by increasing the application of QMS, which is currently at a low level, as well as by increasing the expert knowledge of employees and the motivational system for employees. Modern supply chain quality management is an integral part of sustainable, social and environmental management in the restaurant business.

In conclusion, it can be noted that according to the studied indicator ‘degree of application of quality management systems’, the achievement of high levels of QMS use is a factor in highlighting the role of the supply chain in restaurants.

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The Main Components of the Tourism Infrastructure Development

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Tour operators;
Tourist information

Abstract: *This chapter clarifies the connection between tourism, tourism infrastructure and socio-cultural and economic benefits. Socio-cultural impacts of tourism are measured through an increase in infrastructure („urbanisation"), education, partnership, cultural image and standard of living, which depends naturally on the economic component as well. The development of tourism infrastructure is one of the most important indicators of positive changes in destination, which relate to its physiognomy, functionality, accessibility, attractiveness and usability. Tourism infrastructure is made of tourist facilities and contents that serve tourists (and local people) and is composed of several components: catering and productive services etc. Development of accommodation, tour operators and tourist information are presented, as they induce local economy and employment, traffic connections, cultural exchange, urbanisation and modernisation of living environment in the best way. New trends imply an expansion of hotel chains, luxury and eco-hotels mostly in the west but also their arrival to developing destinations, for example, Sarajevo, Bosnia and Herzegovina; development of the biggest tour operators in SAD and Europe (especially the UK and other), as well as networking and informatisation of tourist information system.*

1. INTRODUCTION

There are numerous positive impacts of tourism on destination development, which gives benefits to residents, tourists, tour operators and others. Positive impacts of tourism are most commonly categorised as socio-cultural, economic and ecological-environmental, although it is possible, according to the traditional geographic approach, to analyse the impacts of tourism on single natural and social geographic components of the particular region. Infrastructure is one of the crucial socio-geographic components of geographic space and geosystem - geocomplex, and in tourism science, it is a component of the socio-cultural environment (which is certainly part of the socio-geographic environment, respectively geographic and living environment). According to Timothy, „social benefits of tourism are the cohesion of community, education and development of traffic communications", etc. (Petrič, 2007). „Socio-cultural impacts mean that tourism changes local people, their culture and lifestyle, and the most important are the increase in the level of local participation in activities and events, as well as strengthening of regional value and tradition" (Košić, 2012). Zhuang et al. (2019) mention positive socio-cultural impacts of tourism recognised in certain parts of the world: living conditions (bigger diversity of recreation activities and infrastructure; improved public infrastructure; bigger diversity and better quality of food and clothes; faster transportation; improved educational quality; better quality of urban environment); local culture (land reclamation/improvement

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of image; revitalized local cultural practices); better life quality (declination of migration from village to city; more youth programmes; more manifestations and recreation activities available to local people); spirituality (improvement of awareness and a feeling for the state-level and local pride). Economic impacts are in a narrow connection with the mentioned socio-cultural impacts of tourism because they motivate the development of entrepreneurial activities, employment, trade and international exchange, revenues and others, so there are permanent ties between socio-cultural and economic effects of tourism. Kreag (2001) identifies overall positive socio-cultural impacts of tourism on the living environment: improves life quality; educational experience in interaction with visitors; positive changes in values and habits; promotion of cultural exchange; improves understanding of different communities; preserves (protects) cultural identity of the local population (in the capacity of „host"); increases demand for historical and cultural exhibitions; increases tolerance for social differentiation; satisfaction of psychological needs. „Indicators of socio-cultural and economic benefits of tourism are:

a) Positive impacts on infrastructure and telecommunications, recreation sites and protected areas; connecting local places and protected areas,
b) Improvement of educational structure and employment,
c) Decrease in mortality and improvement of health care,
d) Geoecological effects: increase in quality of air, water, the living world-biodiversity,
e) Income,
f) Employment,
g) Encouraging entrepreneurial activities,
h) Contributing to foreign exchange earnings and the balance of payments" (Leung et al., 2015).

IUCN presents the socio-cultural benefits of tourism in 2 categories according to „tangibility":

a) "material": infrastructure (roads, communications, schools, libraries, clinics); input of local authorities and institutions; distribution of benefits; life security and alternative sources of income for living;
b) "non-material " benefits for the local population and local development are: capacity of building for institutions and individuals; development of skills and training; education and scholarships; partnerships; promotion of culture and cultural activities; common action plan; keeping rural families together, and other (Leung et al., 2015).

Positive socio-cultural impacts of tourism are reflected through five spheres: infrastructure („urbanisation"); education, ethics and spirituality; partnerships and institutional mechanisms of support; cultural image; life quality and standard of living. Infrastructure is a complex system that can be presented in categories: traffic (transportation and telecommunications), accompanied community infrastructure (water, energy, waste); complementary infrastructure (cultural-educational, health, banking, trade), thematic-tourist infrastructure (tourist–recreation, accommodation, information). "Infrastructure represents basic physical and organizational structures and equipment (e.g. buildings, roads, energy sources) that are necessary for operationalisation of society or companies" (Oxford Reference, n.d.). Community local infrastructure is connective and communicational, socio-economic, as follows: socio-cultural and economic infrastructure, water and sanitation and energy infrastructure (Community Infrastructure, 2014). The development of tourism and the development of infrastructure, particularly thematic tourism infrastructure, are interconnected and together they increase the total degree of urbanisation of tourism development areas, as well as their overall accessibility and attractiveness.

2. CONCEPTUAL DEFINITION OF TOURISM INFRASTRUCTURE

„Tourist infrastructure" includes all facilities in which tourist services are offered. According to WTO, tourist and travel services include services offered by hotels and restaurants (including catering as well), travel agencies and tour operators, tourist guides and other associated services. Kotler defines a service as the art of charming and keeping consumers and income with creating satisfaction among consumers. The travel industry is a set of economic and non-economic services that participate directly or indirectly in satisfying the needs of tourists (Žunić, 2018). Tourism infrastructure includes all facilities in which services are offered tourists, and some of them are of general social character and are not designed particularly for tourist purposes, i.e. they will be of use also to local people in everyday life at the same time , e.g. PPT, public transportation and other; in this sense, Mohamed and Omar (2005) state Davidson's definition: „tourism infrastructure is a physical element that is created or made to serve visitors", and further explain that tourism infrastructure compresses „soft" (investing components: training, development of jobs, accreditation schemes, industrial management) and „hard" infrastructure (tourist equipment: transportation means and services, information gadgets, interpretation of landscape, culture and nature, environmental protection and improvement, and an access for pedestrians, riders and cyclists, including paths to mountains, lakes and rivers), although accommodation, tourist contents and transportation services are primarily considered the basic tourism infrastructure.

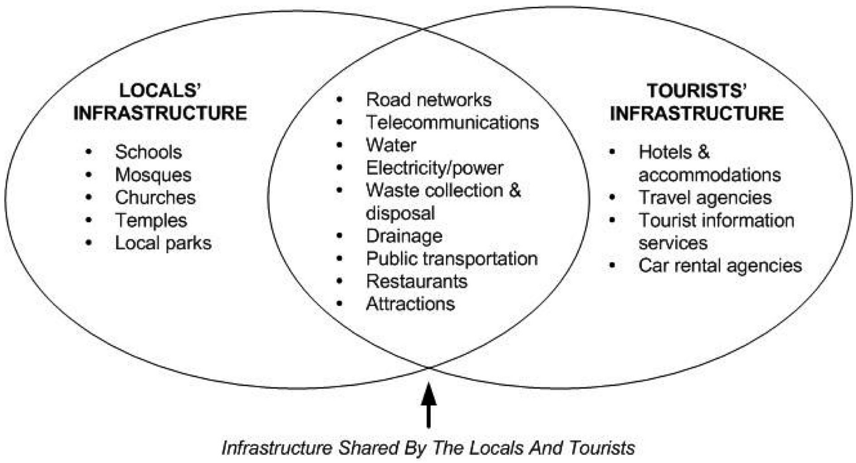

Figure 1. Diagram of a common infrastructure for tourists and local people

Source: Mohamed & Omar, 2005

The elements of social infrastructure, which are mostly „shared " by the local people and tourists, are noticed in the central part of the diagram although not a single element of other presented elements is not unavailable for tourists, even the schools; therefore, if international exchange programmes are taken into consideration, then both „students and teachers at exchange" appear at the same time in the role of tourists (visitors), while local people sometimes require additional information in tourist information centres, particularly if they want to visit some arranged picnic grounds and alike. Therefore, everything that serves local people can be of use to tourists and vice versa. However, accommodation, travel, and rental car agencies and tourist informants are marked as classical elements of tourism infrastructure.

Bogdashev et al. (2019) mention the complexity of the tourist industry and tourism infrastructure, which represents its constituent or integral part (a component of the tourist industry).

Tourism infrastructure is a complex of existing devices and networks for industrial, social and recreational purposes, intended for the functioning of the tourist industry. It comprises two elements: „catering industry“ (structures necessary for high-quality services for guests) and „infrastructural component“ as a 3-level system:

a) *Productive infrastructure* (devices, buildings, road network, communications, energy, public utility, finance, banking, security);
b) *Organisations that can function without tourists, but are rapidly expanding in the places in which tourists stay* (rental companies/renting, taxies, cafes, restaurants, sports clubs, museums, theatres and cinemas, exhibition town halls, circuses, casinos);
c) *Tourist companies included in organisation and sales of tourist tours* (tour operators; organisations for transportation of tourists; educational institutions for the production of personnel and specialists in the tourist industry; information systems: checking in ("booking") and reservations, as well as information and announcements; tourism authorities-state agencies for managing tourism development in the country and regions; scientific research organisations for gathering and processing tourism statistics data, preparation of scientific prognoses and research in the field of economics and sociology of tourism; companies that produce goods of tourist demand; businesses and sellers of goods of tourist demand).

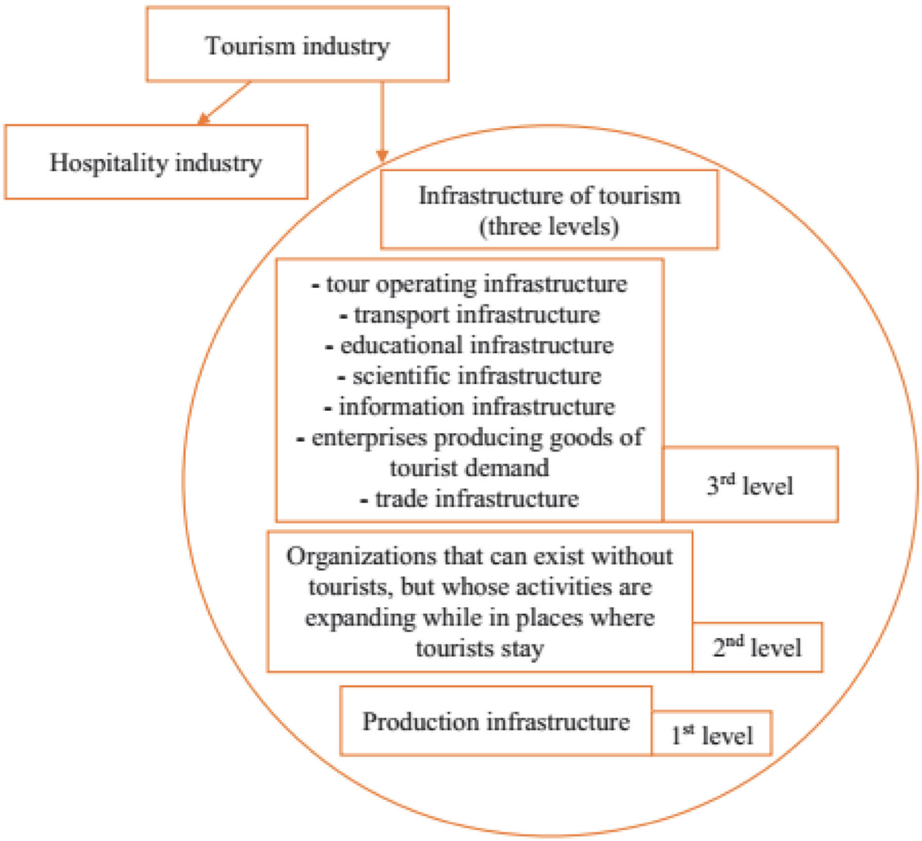

Figure 2. Tourism infrastructure as a part of the tourist industry

Source: Bogdashev et al., 2019

Bogdashev et al. (2019) emphasise that level 2 and 3 tourism infrastructure concern companies and organisations that are directly involved in tourist activities and forming tourist products, unlike level 1, which coincides with Mohamed & Omar’s concept of „central“ common elements of infrastructure for tourists and local people.

Jovanović and Ilić (2016) state the four groups of components of tourism infrastructure:

a) *Physical:* hotels, motels, restaurants, communications, transportation, water, electricity;
b) *Cultural:* culture, cultural exhibitions and festivals, local music and art, folk costumes and dance, language, food;
c) *Services:* bank devices, travel agencies, security agencies, tourist guides;
d) *Administrative (legislative): the* machinery of law and order, customs and immigration.

Leiper's model of the tourism system includes the subjects: tourists, traveller generating regions, transit routes (departures, arrivals), tourist destination regions and the tourism industry (Cunha, 2012). According to Leiper, a destination is a total of interests, activities, equipment, infrastructure and attractions that create an identity of a tourist place. This model also defines single elements of tourism infrastructure: accommodation, tourist services, tour operators and travel agencies, the entertainment industry, and shopping. Of course, pull factors include tourist attractions and protected areas as tourist sites as well.

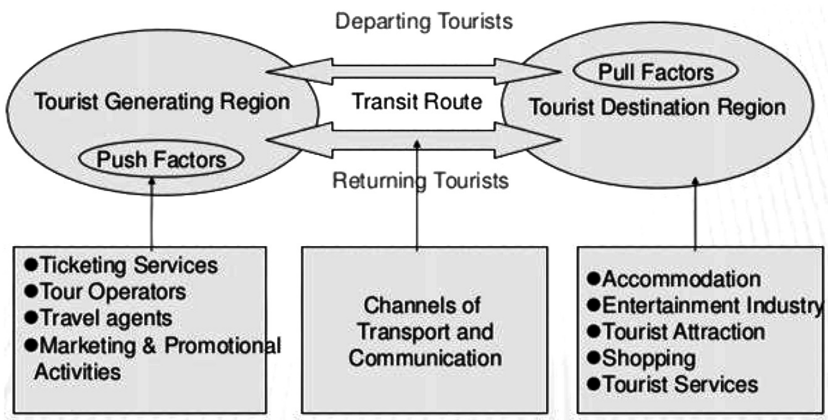

Figure 3. Leiper's model of tourism system/ environment

Source: Attia et al., 2020

Aris Anuar et al. (2012) stated that the tourism system is a causal connection of elements of space (infrastructure, location, security, cost, accessibility), activities and products (culture, events, entertainment, mix), while the elements of a product are directly connected to tourism infrastructure (physical capacities, services, hospitality, etc.).

Wlodarczyk (2014) explains the correlation between the cognitive sphere of geographic space and tourist space, while natural tourist resources and attractions and transportation are the foundation for the development of tourist activities, and at the same time they represent elements of tourism infrastructure:

An integrative system of geographic, living and tourist environment contains natural and anthropogenic components, which are mostly part of tourism infrastructure, either as natural motives (relief, climate, water, biodiversity) and anthropogenic motives (human culture, settlements, hospitality, etc.) or as a technical, operative and infrastructural support of tourist destination (Žunić, 2022).

Taking the previous elaborations into consideration, tourism infrastructure is the most complete idea and a bearing component of the tourist industry, as it includes most of the elements of general social infrastructure, as well as thematic elements especially and primarily designed for tourist purposes. Tourism infrastructure and hotel management are components of the service and tourist industry because e.g. services of accommodation and stay are offered within hotel-accommodation units (hotels and others). Khan states that „hotel management and tourism make an integral concept due to interactivity of services: accommodation, hospitality, transportation, attractions, various services impressions“ (Žunić, 2016). Tourism infrastructure is made of all recognizable physical (material) facilities of the tourist environment, also those less recognizable (of a general character, public local property), in which nonmaterial effects are also realised (quality of service-impression- dis/satisfaction of visitors).

Accommodation, tour operators and *tourist information channels* have been taken as relevant parameters for understanding the development trends of tourism infrastructure in the world.

Table 1. The cognitive spheres of geographical space, including tourism space

Sphere		Space in general terms – geographical space	Tourism space
Geosphere		Includes concentric layers of the Earth, of diversified chemical composition and state, e.g. lithosphere (Earth's crust) hydrosphere (Earth's waters), atmosphere (Earth's volatile layer). A part of it is the **biosphere**, understood as space inhabited by living organisms, including humans	Natural tourism assets and attractions which are the basis for the development of many tourism activities
Anthropopsphere	**Technosphere**	The sphere of human interference with nature, involving the introduction of technical means into the natural environment (infrastructure, technologies). A part of it is the **infosphere**, i.e. the whole of registered, processed and stored information. The relations formed in this sphere among its elements are increasingly discussed (*Actor Network Theory* ANT– non-human sociology)	At base, it is formed due to tourism development and accessibility by transport. The elements of tourism infosphere are distribution and reservation systems, which may enter non-sociological relations with the elements of development or accessibility by transport (ANT)
	Sociosphere	The sphere of interpersonal relations, human psycho-social environment. These relations may be variously characterised (e.g. economic, political, cultural, etc.)	Describes the relational approach to tourism space and landscape. Similar to space in general, these relations may be variously characterised, but in most cases they concern the relations of people with other components of tourism space
	Noosphere	The sphere of thought, human mental activity, usually without formal limits.	Includes perceptual-mental and metaphorical approaches to tourism space (virtual space, spiritual space, etc.)

Source: Wlodarczyk, 2014

3. INCREASE IN TOURIST INFRASTRUCTURE AND COMPETITIVENESS OF THE DESTINATION WITH GLOBAL TOURISM DEVELOPMENT

Increased level of tourism infrastructure in the world can best be seen through macro-economic indicators of an increase in the global tourist industry, which is a „main contributor in increased economic activity throughout SAD and the world, created jobs in big and small communities and is a major-dominant economic activity in particular communities“ (Kreag, 2001). Tourism has been recognised as one of the key sectors in all countries and a major source of income, jobs and building wealth (Dupeyras & MacCallum, 2013). According to The World Bank Data (1999-2019) (World Bank, 2020), total World tourist consumption went up in the past two decades from 535, 3 billion to an incredible 1, 4 trillion, while the consumption only from the transportation of passengers increased from 96, 6 billion to 249, 9 billion USD. The total number of international arrivals increased from 1, 3 billion to 2, 4 billion. According to UNWTO International Tourism Highlights (2020), it has been stated that the period from 2009 to 2019 was recognised as a decade of consecutive continuous growth of world tourism, thus the real increase in international tourist consumption reflected an increase in the world GDP by 44%. Tourist analyses and observations have shown that 2019 was one more year of intense growth of world tourism with high rates, as all the regions experienced an increase in arrivals, and the Middle East excels (+8%), followed by Asia, the Pacific and Europe (+4%). Tourist consumption has grown continuously, so France declared the biggest growth of tourist spending among the top ten tourist markets: China, SAD, Germany, UK, France, Australia, Canada, Spain, Italy, and South Korea (+11%), while SAD was leading in growth in absolute amount (+8 billion USD). Export income from international tourism grows faster than exports of goods almost every year after 2010. Tourism is the third biggest world export category after fuel and chemicals and before automated products and food. Tourism is a key sector in many advanced and developing economies. During the past decades, tourism experienced continuous expansion and diversification, thus becoming one of the biggest and fastest-growing economic sectors in the world. Tourism growth was induced by the relatively strong global economy, increase in the middle class and rapid urbanisation in developing economies, accessible road and visa facilities, as well as technological progress and new business models. Tourism (international and domestic) represents a major part of total GDP (direct tourist GDP as a proportional part/share of total GDP) for many economies throughout the world, e.g. the biggest tourist GDP have Macao, (China) 48%; Jordan, Spain, Croatia and Mauritius 10%; France 7%, etc.

An increase in tourist competitiveness of destinations is a direct dependence on tourism infrastructure growth, as one of the essential pillars of TTCI (Travel and Tourism Competitiveness Index - index for measuring the competitiveness of factors of attraction of particular destination for the development of tourist industry, which can amount from 1 to 7):

Table 2. The achieved level of competitiveness of pillar-tourist infrastructure in the countries of Southeast Europe 2007-2013.

Country	Tourism infrastructure									
	2007		*2008*		*2009*		*2011*		*2013*	
	Score/Rank (124)		Score/Rank (130)		Score/Rank (133)		Score/Rank (139)		Score/Rank (140)	
Albania	2,40	**76**	2,53	**86**	2,17	**85**	3,35	**77**	3,67	**76**
Bosnia and Herzegovina	3,27	**56**	3,61	**59**	3,66	**57**	4,12	**62**	4,24	**65**
Bulgaria	4,40	**25**	5,42	**22**	5,84	**18**	6,82	**6**	6,72	**4**
Croatia	5,73	**11**	6,63	**10**	6,64	**6**	6,96	**4**	6,71	**5**
Hungary	4,15	**34**	4,89	**27**	4,88	**27**	5,15	**30**	5,20	**30**
Macedonia, FYR	3,10	**63**	3,55	**61**	3,44	**63**	3,82	**69**	4,27	**64**
Montenegro	-	**-**	4,81	**31**	3,37	**64**	5,67	**25**	5,89	**19**
Romania	3,55	**50**	4,42	**38**	4,46	**34**	4,99	**38**	5,07	**34**
Serbia	3,34	**54**	3,91	**52**	3,53	**58**	4,51	**49**	4,47	**56**
Slovenia	5,22	**20**	5,93	**20**	6,01	**16**	6,27	**17**	6,27	**14**

Source: Jovanović & Ilić, 2016

According to the table above, the continuous growth of tourist infrastructure in a period from 2007 to 2013 is evident in all of the ten countries of SE Europe, as well as a comparative growth of competitiveness of the mentioned destinations. In the example of Bosnia and Herzegovina, the value of TTCI points increased from 3,27 to 4,24; according to WEF-TTCR (World Economic Forum, 2019), Bosnia has an overall score of 3,3 and is ranked alongside Moldova, Tajikistan, Senegal, etc.

In addition, TTCI is measured through an entire system of factors and indicators, which reflects the attractiveness of the destination: ambient favourability (business, security, health-hygienic, human resources and labour market, ICT literacy), T&T politics and favourability of conditions (prioritising of „travelling" and „tourism", international openness, the competitiveness of prices, sustainability of environment), infrastructure (air traffic, topographic and water infrastructure, touristically serviceable), attractions (natural and cultural resources, and business trips). At the global level, Spain was recognised as a top destination with the highest TTCI, which gives it an image of a touristically most ready country for visitors, „the travel-ready country“.

4. ACCOMMODATION

„Accommodation“, as one of the basic elements of tourism infrastructure, has globally a positive tendency of growth, and the most represented category of accommodation are „hotels“; in addition, hotel chains, luxury hotels and „green hotels“ have particular popularity, modernity, innovativeness and a recognised brand, and record constant growth in the world.

„Hotel“ (derived from the French hôtel) is a catering-accommodation business unit. „Hotel is a building in which people stay, usually for a short time, paying for their rooms and food“ (Oxford Reference, n.d.).

Hotels are classified according to various parameters: size, conveniences, type of ownership, a form of exploitation and others. Categorisation of hotels (by size): small hotels (up to 150 rooms), medium-sized hotels (151-400 rooms), and large hotels (over 400 rooms). According to conveniences (EU), hotels can be luxury (4 and 5*), standard/ medium level (3*), or modest class (<3*), although it also depends on the country and its socio-economic standard. Parameters of comfort are:

- Surface of accommodation capacities (m2),
- Suites,
- Single and collective rooms,
- Condition of furniture,
- Inventory and sanitary facilities,
- Food quality,
- Access,
- Groundedness,
- Technical services,
- telephone and internet,
- TV,
- Fridge and mini-bar,
- Security safe,
- Possibility of providing other services.

According to the type of ownership: state, private, personal, cooperative, joined, international. According to exploitation form, hotels can be individual, group, world (worldwide, international) groups of hotels, or so-called „hotel chains“. There are over 53000 hotels, 756 hotel chains, and 6000 hotels in independent ownership in the world (Figure 4), and most of them – over 66% are concentrated in the area of North America (USA and Canada). On the map below the rates of decade-long growth of the hotel industry in Europe (EU) are presented (EU):

High values of RevPAR (Revenue per available room- parameter for calculating a degree of utilisation of capacities and hotel business operations) are noticed from the map and a positive trend in a bigger number of European countries (for some the data are not available). The highest rates have Austria, Italy, Spain and others, and Austria leads with a rate of +7, 6% thanks to the intense activity of Vienna, the capital, with numerous cultural and business manifestations.

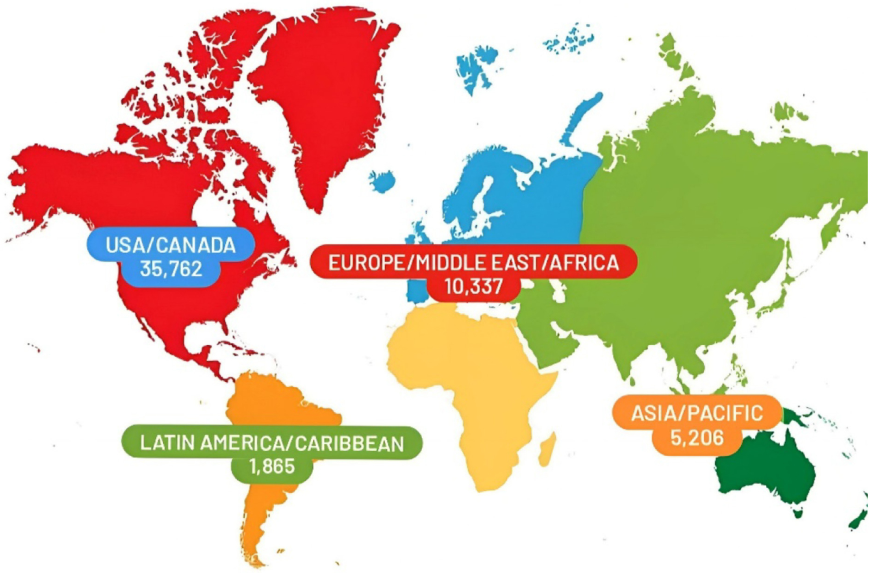

Figure 4. Hotels in the World according to data from ABC Global Services
Source: ABC•CCRA, 2022

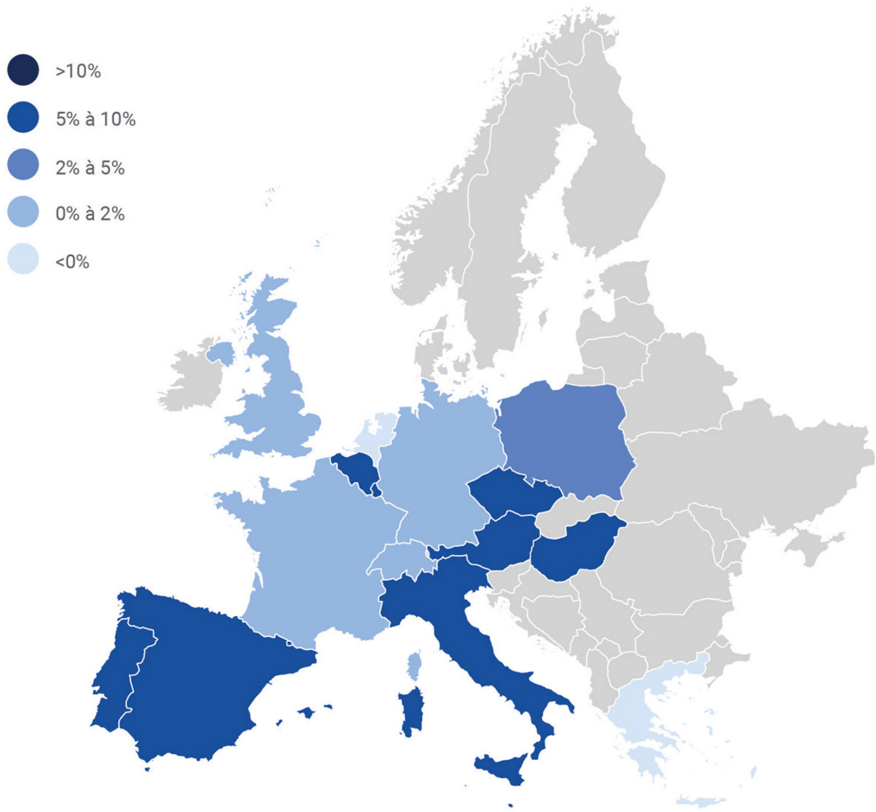

Figure 5. Hotels in countries of the European Union
Source: Panayotis, 2020

The leading hotel companies - hotel chains in the world with the biggest number of ownerships are:

- *Wyndham hotels & resort* (9280),
- *Marriot International* (7484),
- *Choice Hotels International* (7118),
- *Hilton Worldwide* (6160),
- *Intercontinental hotels group* (5895) etc. (Statista Research Department, 2022)

The first four chains (Wyndham, Marriot, Choice, Hilton) are American (headquarters in SAD), and the fifth (Intercontinental) is British (Denham, Great Britain).

Table 3. The main indicators of the leading hotel chains

Hotel	RevPAR (USD)	Number					Net income (million USD)
		Brands	Countries	Staff	Accommodation		
					Buildings	Rooms	
Marriot	131.4	30	127	177.000	6.520	1.257.666	1.372
Intercont.	81.7	13	100	350.000	5.348	798.075	593
Wyndham	37.6	17	110	39.200	8.422	728.000	872
Hilton	109.3	14	105	163.000	5.284	856.115	1.264
Choice	52.3	14	40	/	6.800	500.000	115

Source: Krupskyi et al., 2019

Hotel chains are the most prestigious lux hotels in the world and are famous for numerous competitive advantages: a strong recognisable brand, wide geographic distribution (distributed in different parts of the world), powerful capital basis, highly qualified personnel (management and workers), financial stability and accessibility, work in a prestigious sector, pricing policy and competitiveness, big diversity of jobs, well-founded knowledge, stable partnership and connections, personalisation and high quality of services, the latest technologies (including booking system), effective programme of loyalty, corporation culture.

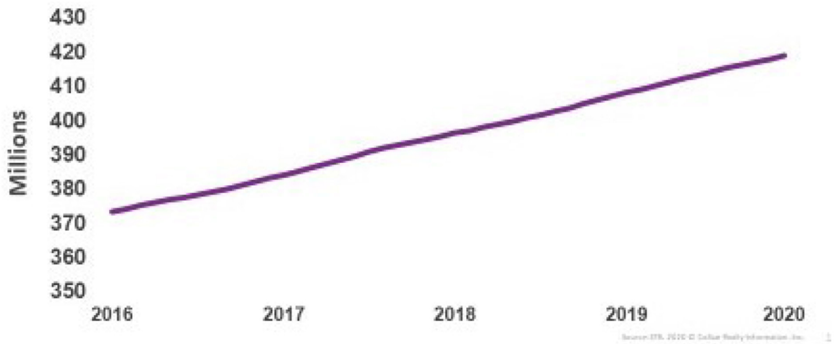

Figure 6. Growth of the global luxury hotel industry 2016-2020

Source: International Luxury Travel Market & Panrotas, 2023

According to the Global Data, Travel & Tourism Intelligence Centre (2019), the United States is the world leader in the expansion of luxury hospitality; there's been evident constant growth of luxury hotels from 2017 to 2022, followed by the growth of foreign and domestic demand for more luxurious hotel offerings. In addition, it's estimated that the value of luxury hotels in the world will rise from around 120 billion USD in 2021 to approximately 240 billion USD in 2028.

In the example of Sarajevo, FBiH, Bosnia and Herzegovina, tourism development initiated a progressive growth trend of accommodation capacities at the rate of 20%. „Total number of accommodation units is 160 (2017), and hotels take 50%, while luxury hotels 12% (Hills, Malak Regency, Swissotel, Europe, Radon Plaza, Austria & Bosnia). The hotel industry made many changes in the city's ambiance. Immediately after the war, the development of accommodation did not have a determined spatial planning concept of development, which resulted in the construction of simple linearly located hotels and motels (e.g. by road communications) or some abandoned former industrial zones. However, luxury hotels have a fine and well-planned locations. The majority of lux hotels of 67% are located southwest of the destination due to the vicinity of mineral and thermal waters, which is at a distance of about 10-15 km away from downtown. This area is rich in drinking waters and high biodiversity and is near ZP (The Monument of Nature Vrelo Bosne)" (Žunić et al., 2019). Furthermore, a categorisation of tourist facilities was made by Law on catering and tourism activity in the Federation of BiH, as follows: accommodation (hotels, camps, and alike), catering establishments (restaurants and bars), catering (places for preparation of food and drink, canteens). Buildings from the group of hotels are heritage hotels, hotels, aparthotel, tourist settlements, tourist suites, motels, and boarding houses. „The mark of service of accommodation according to the opinion of employers is "excellent" 60%, while according to the opinion of tourists "excellent" takes 47% and "good" 46%" (Žunić, 2018). It should be emphasised that numerous other contents (fitness, beauty salons, saunas, cafes and alike) in Sarajevo hotels are also open, and are actively used by the local population, thus their usability and rentability are increased.

In addition to typical hotel accommodations, tourism development has initiated rent-a-flat infrastructure. Residing Rent-a-flat in Sarajevo has increasingly acquired tourism function lately. The general trend of expanding housing and community tourism infrastructure is also present, as Sarajevo is a gravitation center with a permanent influx of population and tourists, while an average standard of living is below the European average: 28 (in Europe '39 m2/ inhabitant '). Three main phases of construction have been recognised: a) additions to existing housing zones (where there are free particles of space), b) building new housing zones (settlements), and c) construction of accommodation units, and collective buildings with tourist purpose and tourist settlements. Basic directions for using new surfaces appeared in Sarajevsko polje by the valley of the Bosna River and along the main road Sarajevo-Mostar. Construction of residential settlements is particularly present in the upper section of higher hypsometric elevations (Centre: e.g. Poljine and Šip) and in natural mountain environment (Hadžići: e.g. resort tourist settlement Osenik, Tarčin). The trend of construction of buildings with tourism purposes has been recognised in the vicinity of tourist attractions (Ilidža: e.g. near hotel "Hollywood" or Centre: Marin Dvor in the vicinity of SCC). Big business-shopping centres (e.g. SCC and BBI) have a residential wing under their platform (for public and tourist purposes). A very attractive zone of the urban core will represent a focus of interests of temporary inhabitants to rent or buy flats and business spaces for their needs in the following period as well. Foreign investors (Kuwait people) build a private residential complex "Sarajevo Waves" (Ilidža: settlement Otes) and a value of 27 million USD. The complex will have residential-touristic and recreation functions. Arab tourists (Kuwait, UAE, Qatar, Saudi Arabia, and others) generally realise the longest stay in our destination until the expiry of their tourist visa, i.e. up to three months. In connection with the previous quotation, e.g. Sarajevo Waves is currently a popular residential-business complex in beautiful natural surroundings with a concept of tourist apartments. Therefore, the set goals in cooperation with rich foreign investors are mainly realised fast and successfully.

- *Green hotel management, „green hospitality"*started in the mid-1990s, initiated by chain-affiliated hotels and resorts. Among the highlighted benefits are monetary and competitive advantage, customer loyalty, recognition, brand value, and employee retention. The green hotel is environmental-friendly, its managers are dedicated to setting up a program that specifically works in preserving the environment. For example, many hotels are now practicing changing the bed sheet and towels upon request only, which reduces the usage of water and electricity, and also reduces the amount of detergent discharged into the sewer system (Deraman et al., 2017). The term "green hotels" describes hotels that strive to be more environmentally friendly through the efficient use of energy, water, and materials while providing quality services (Amandeep, 2017). Green hotel promotes and practices energy efficiency, conservation, and recycling, while at the same time providing hotel guests with a sustainable, clean, and healthy product (Millar & Baloglu, 2008). The concept of a green hotel has 3 basic elements: construction & implementation of eco-equipment, hotel environmental policies and procedures, and green hotel marketing to internal and external customers (Amandeep, 2017). Many of the bigger cities had a growing mass of hotels competing for the LEED certifications so they would be considered green hotels. One of the reasons behind the adoption of sustainable measures appeared to be ethics. An innovative hotelier should recognize this trend and adopt hotel green practices as a strategic move towards a competitive advantage (Ogbeide, 2013).

International eco-certification programs (e.g. The International Key Environmental Certification Program "Green Key) include elements of infrastructure: restaurants, hotels, camps and other temporary facilities for accommodation, and the most important is the hotel sector because it is the biggest source of income of tourist infrastructure and, relatively, an energy consumer (contribute with 21% in total production of CO2 in the tourist industry). The objective is to introduce eco-certification of hotels and other accommodation facilities, and an educative component as well to improve the eco-culture of employees and eco-tourists. Over 3.200 hotels in 65 countries in 2020 possessed „Green Key" eco-certificate, e.g. *Blue Flag* on the beach is part of that concept, and there are currently 4.671 beaches in 47 countries worldwide. The primary criteria for eco-certification are eco-education and access to eco-information; quality of seawater; ecological management; security and serviceability (Kalaitan et al., 2021).

Figure 7. Certified "green hotels" in Europe, 2020.
Source: Kalaitan et al., 2021

The map shows a big concentration of „green hotels" in Europe, particularly west and north, as well as south of the Balkan peninsula, and the area of Asia Minor (first of all Turkey).

GHP trend has not been officially founded and recognised on the example of Sarajevo, but the research related to lux hotels (Žunić et al., 2019) has shown stability of certain eco-attributes, mostly in the area of energy savings as they generally have a compact distribution around mineral and thermal sources, as well as a modern eco-equipment in connection with lighting, heating, energy savings in rooms during the absence of a guest („smart key card“). In terms of savings and sustainability of waters they mainly use low flaw basins and filter systems, keeping in practice secure waste disposal, insist on hygienic „re-use“ program, etc.

Figure 8. Green resort Osenik („Arabian town“) at Sarajevo, Bosnia & Herzegovina
Source: Pazarić Community

A positive example of sustainable accommodation and healthy stay in Bosnia (in the figure above) is presented „Osenik Resort“, a tourist settlement in the mountain surroundings of Sarajevo; it was constructed in cooperation with Kuwait investors (hotel, over a hundred villas and suites, capacities for sport and recreation and other); the trend of building resorts in the natural and green environment of the Bosnian capital city is an actual occurrence.

5. TOUR OPERATORS

„Tour operators“ are tourist companies included in the organisation and sales of tourist travel. „Tour operators are the companies making arrangements for travel and stay in some place, usually offering accommodation and travel together as „holiday package“ (Cambridge). A tour operator is a person or a company that conceptualises holidays, researches ideas, and all possible aspects of holidays, plans each detail, designs holiday itineraries and contents, arranges services necessary for a holiday, accommodation, transportation, tourist guides, tour leaders and other, and then puts a resulting package on the market. They sell packages directly to consumers or use service travel agencies to do that. Tour operators sell exclusively the products they created themselves (never somebody else’s), have principles and are responsible for their product, which is (usually) secured so that the money could be returned to a consumer in case that tour operator fails or is not able to realise their activity.

On the other hand, travel agencies offer consumers a wide spectrum of holiday packages that are delivered through tour operators. In theory, they do not place or design their package, but sell a lot of different holiday packages that were delivered to them by different tour operators; although the border between tour operators and tourist (travel) agencies is thin today, nevertheless many of them create their packages, etc. Tourist/ travel agencies („travel agencies“) are “the bridge”' or a form of mediation between demand and an offer; travel agencies must know well all elements related to tourist demand and an offer, and also must be able to provide the present and potential tourists with the necessary information for undertaking quality travels and stays in tourist places. The most important activities of travel agencies are:

- *Creating:* travel agencies discover new tourist areas, countries and places and stimulate potential tourists to visit them, thus creating new tourist demand and an offer;
- *Advertising:* develop an interest with potential tourists for travel to certain directions, based on different forms of advertising material;
- *Information:* provide potential and current tourists with all types of written and oral information relevant to undertaking concrete travels;
- *Distribution:* execute sales of organised programmes of travel or individual services of other participants in tourism turnover hotels, transportation companies, other travel agencies, etc., and
- *Realisation of own travel:* organise individual or group travels based on offering own services of different kinds or services of others; or
- *Mediation in realising tourist travels* in the narrower sense, from the viewpoint of passports and securing services related to travel and stay of tourists.

The development of tourism in the world initiated the development of numerous tour operators and travel agencies operating worldwide. „The market value in the sector of travel agencies (2021) amounted to 290 billion USD, 196 thousand business operators and 1.6 million employees, while the size of the market in the sector of online travel agencies (2020) amounted to even 432 billion USD“ (Statista Research Department, 2020).

The main indicators were presented in the table below: number of companies, number of employees, turnover, related to spatial distribution and significance of the European tour operators and travel agencies. The following is learned from the table:

a) according to the number of tour operators Italy, Spain, France and others (e.g. Italy has over 15 thousand of them) are leading, which certainly are the most popular (the most visited) tourist countries of Europe;
b) according to the number of employees and achieved turnover Great Britain (UK), Germany and Spain are the leading countries, which means that these countries take most seriously the significance of work in the sector of tourist agencies and take care of their tourist image, are most principled and ethical, because they have the sufficient number of employed people an do not force working human resources, and the first two have also a very high socio-economic and living standard (the highest in Europe), so the high values of achieved turnover are understandable (e.g. UK has over 96 thousand of employed people in the sector of tourist agencies, whose turnover amounts to even about 45 million of EURO).

The biggest travel agencies in the world are Expedia Group, Booking Holdings, American Express Global Business Travel, BCD Travel, CWT, Flight Centre Travel Group The Americas and others, that realised sales in value of multi-billion USD (2018), both to consumers and corporation (business) travellers worldwide (e.g. the first - „Expedia“ even over 100 billion USD, etc.). Almost all are American, except CWT (Netherlands).

In the area of Bosnia and Herzegovina for example, the biggest tourist agencies have been identified as per income at the value of 2.7 million USD, and most of them operate in the area of Sarajevo: Relax Tours, BH Passport, etc., while the Unis Tours in Banja Luka, etc.

Table 4. Key indicators, travel agency, tour operator reservation service and related activities

	Number of enterprises	Number of persons employed	Turnover	Value added	Personnel costs	Investment in tangible goods
	(thousands)		(EUR million)			
EU-28	93.9	495.0	160 000.0	26 800.0	13 000.0	1 660.0
Belgium	1.6	9.0	5 601.4	569.5	347.2	42.4
Bulgaria	1.6	5.9	419.1	50.6	24.1	5.2
Czech Republic	6.1	12.2	1 845.8	201.4	118.4	31.5
Denmark	0.6	6.2	3 095.0	320.8	241.2	6.8
Germany	9.8	89.7	26 446.2	6 186.3	2 511.4	222.6
Estonia	0.3	1.5	187.8	30.8	19.4	2.8
Ireland	0.5	4.6	1 426.8	252.4	152.9	15.8
Greece	2.6	11.1	1 452.4	280.2	191.2	20.6
Spain	11.4	53.9	18 057.2	1 821.1	1 435.2	63.1
France	7.3	40.9	13 713.4	1 827.7	1 773.4	105.2
Croatia	1.7	5.5	513.9	73.4	57.1	9.6
Italy	15.3	46.5	11 431.2	1 304.7	945.2	82.2
Cyprus	0.5	2.0	88.9	55.0	40.3	2.4
Latvia	0.7	2.0	268.0	21.7	11.7	2.5
Lithuania	1.0	2.7	244.2	28.4	19.5	2.5
Luxembourg	0.1	:	:	:	:	:
Hungary	1.9	5.8	799.7	64.1	46.2	7.4
Malta	0.6	1.7	186.2	55.8	30.2	10.8
Netherlands	3.9	23.3	8 305.1	2 164.3	718.2	50.3
Austria	1.5	11.7	4 861.3	524.3	359.1	30.4
Poland	6.4	20.3	2 270.8	326.8	127.5	26.0
Portugal	2.3	9.6	1 888.3	212.9	176.5	16.1
Romania	2.6	10.1	791.8	73.2	39.6	18.9
Slovenia	0.7	1.9	404.5	41.6	31.8	4.6
Slovakia	1.1	2.7	471.5	80.8	20.7	2.8
Finland	1.5	4.8	1 655.0	189.5	149.8	19.4
Sweden	3.6	12.6	6 993.8	715.4	533.1	30.0
United Kingdom	6.7	96.3	44 892.2	9 299.2	3 208.2	830.3
Norway	1.8	5.7	5 252.9	475.2	324.5	15.0
Switzerland	1.0	14.7	6 561.6	1 003.2	845.6	84.6

Source: Eurostat, 2012

The densest concentration of travel agencies in „striking“ tourist localities (the most visited) is noticed from the map: centre, Old City (Stari Grad), Ilidža. The area of Ilidža municipality is topographically flat and spacious, hence the distribution of agencies has a rather dispersive character, while their frequency (density) is much bigger in the downtown area, particularly of Old City, which is topographically „tight“ due to the surrounding hills (hilly and mountainous suburban zone), which caused a compact distribution. Tourism in the area of Ilidža municipality is one of the strategic branches of development, which is why a large number of tourist agencies appeared in this area in the past two decades, and the whole locality „swarms“ with tourists (mostly for wellness and medical tourism and ecotourism). It should also be added that depending on the structure of tourists, the need for additional learning of foreign languages and better knowledge of different cultures develops. „The results of a survey of 79 employees of travel agencies in the destination Sarajevo showed that frequent visits from Turkey and the countries of the Middle East initiated the learning of Arabic and Turkish languages at tourism staff; the most important languages in tourism of Sarajevo: English 59%, Arabic 20%, Turkish 14% and others“ (Žunić, 2015).

6. TOURIST INFORMATION

„Tourist information“ is one of the most important activities of tour operators and agencies, but also other institutions in the tourism sector, and essential homework for central and local authorities of each country.

Tourist information centre (TIC) is a service that enables information and advice on what to see and what to do in a certain city, region, or country. TIC is included also in checking and reservations of accommodation, and selling recognisable souvenirs of a destination. They are also responsible for creating particular events (manifestations) and generational marketing possibilities. Tourist informants should be capable of improving a plan and predicting what the tourist wants. The role of TIC includes:

- Full-day access;
- Working management;
- Recruiting (incomes and employment);
- Networking;
- Planning of events;
- Marketing.

The sources of tourist information-communication media are booklets, guides, local tourist offices, travel guides, travel agencies, magazines, newspapers, friends and relatives, personal experience, media as well (TV, radio), and the internet (official portals of tour operators, tourist communities, agencies, institutions, ministries, municipality and other). There are even monitoring bodies in the world, which follow the quality of tourist information, e.g. World Travel Awards states that the world's leading and awarded tourist informant for 2020 is Greek National Tourism Organisation (GNTO).

According to research results in the area of the receptive tourist destination of Sarajevo, (Žunić, 2018), tourist information is poorly evaluated according to the opinion of one-third of tourists. As the tourist information in our city, the tourists have taken into consideration all forms of providing information: guides, hotels, residents, tourist info centres (information centres), and media as well. The remarks of tourists are the insufficient number of informants, a lack of navigation and thematic touristic maps (poorly covered area), poor English language knowledge of the residents, and relatively insufficient promotion of a destination. However, the dominant common attitude of tourists and employers in the tourism sector of 56% is that tourist information is „good "(the satisfaction of tourists is even bigger as 67% of them came out for it), which is understandable as it is about the capital, which is well covered by travel agency network and tourist info centres, particularly in the most important localities downtown and in Old city, as well as in Ilidža.

7. FUTURE RESEARCH DIRECTIONS

Based on the presented research results, it is clear that global tourism will grow and many areas of the world will try to develop the tourist industry as one of the main driving forces of development. Development of tourist infrastructure is one of the best indicators of positive socio-cultural impacts of tourism, as it changes the entire picture of the area, from its appearance, functionality, use and recognisable image in the world, and brings numerous benefits for local people, tourists and others. Accommodation, tour operators and tourist information are distinguished as basic elements of tourist infrastructure (in addition to motives and transportation) because they have receptive, organizational and economic character. Through these elements, it is possible to measure the degree of urbanisation and economic impacts of tourism, as they belong to the service sector and induce turnover and incomes, employment, development of entrepreneurial activities and others. Existence and employment are the most important to people, economic and living standards, and the tourist industry is a generator of numerous jobs and opportunities for active work and a better life. Ecological awareness in the tourist industry imposes new trends of development through green hotels and other forms of sustainable destination management. Networking of tour operators and tourist information will increasingly impose digital forms of cooperation, reservations, payments and offering services and alike, to reduce costs of printing paper and at the same time reduce quantities of waste, etc. Developing areas will certainly see tourism as an opportunity for improvement of the living environment, modernisation of the living environment and a way out of the economic crisis, so they will put efforts to use better their tourist potential and to develop the needed tourist infrastructure, so as to enable tourism to come to life and thus to start the local economy. Smarter tourist planning will lean on the latest research results that will significantly generate experiences of visitors as a credible indicator of advantages and disadvantages of tourist infrastructure of a particular destination, based on which more rational measures for planning tourist destinations and offer and overall improvement of tourist development, will be determined.

8. CONCLUSION

The development of tourist infrastructure is one of the most important indicators of the positive socio-cultural impacts of tourism. Tourism changes the appearance of geographic space by adjusting it to tourist needs and demand, thus intensifying processes of urbanisation and modernisation of the living environment. Tourist infrastructure is a complex system of services in tourism, containing elements of attractiveness and tourist products, and geographic space in a broader sense as well. Indicators of global tourism development show the growth of tourist infrastructure in the world, and also the dependence on the competitiveness of tourist destinations and a degree of development of tourist infrastructure, which can be seen in the increase in TTCI for the countries of Southeast Europe. Connection with the above-mentioned economic impacts of tourism are increased and the role of the tourist industry is recognised in the growth of the local and global economy. Accommodation, tour operators and tourist information are among the most important elements of tourist infrastructure, whose growth in the world has had a continuous course in the past several decades. Development of hotel management has been focused on the development of luxury and green hotels lately, which has the biggest expansion in the developed West (USA, west Europe and others). Most of the hotel chains have headquarters in the area of USA or eventually, Great Britain, while their worldwide distribution is in permanent growth. Many tourist destinations in development, such as Bosnia and Herzegovina, and Sarajevo as the most important destination in the country, open their door gladly to hotel chains recognised in the world (Marriot and others) for numerous conveniences that they bring with them (quality of the offer and other), but also for the increase in reputation of the destination itself concerning recognised brand of hotel chains. The trend of using the natural environment for the development of tourist settlements is also recognised in the example of Sarajevo, where in the mountain environment of the city resort settlements for rich tourist clients primarily from the countries of the Near East are currently built. Development of tour operators in the world has also a continuous growth; the biggest companies (Expedia and others) are mostly American (U.S.), while the biggest number of tour operators in Europe is in the area of Italy, Spain, France and other. However, according to the number of employees and the achieved turnover Great Britain (UK), Germany and Spain are the leading countries, which is an indicator of the biggest ethics and support to the tourist industry, as well as keeping a good tourist image. Tourist information is increasingly leaning on the sphere of internet and informatics networking, while in the destination it is usually through tour operators, agencies and tourist info centres, whose number is an increase in the area of Sarajevo as well, especially in the south-west section of a destination (Ilidža). In the end, it can be concluded that with the development of tourism and tourist infrastructure quality of life, ambient and standard of living are improved, of which the most important subjects of tourism have benefits - local people, tourists/ visitors, tour operators:

- the local population lives in touristically more developed destination and use its resources daily, so they enjoy a better life quality;
- visitors want to use their time in a destination in the most effective way, in which a more developed infrastructure helps them as it enables lower consumption of time and energy for a particular service, so tourists are better satisfied;
- tour operators and hotel managers see an opportunity for themselves and encourage new activities and spatial expansion of their capacities, increased engagement of human resources, and facilitated operativeness of execution of their tasks.

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Traffic Infrastructure in the Function of Rural Tourism Development

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Abstract: *When it comes to the comprehensiveness of the concept of resources and especially the analysis of resources as the basis of the economic sphere and the driver of the rural areas of all social entities, and thus the basis of our development, contemporary research points to the focus on the following above all: a resource with the characteristic of agricultural output, which is the most common reach of the rural environment in every business group, production or financial sector, is an inevitable key factor of overall development. In this regard, macroeconomic policy measures and their impact are the basis for a large system that is managed. Thus, it is primarily necessary to know the movement of key parameters in regional organizations and especially in the EU, in the countries with which the most important foreign economic relations take place. The question of the place, role and impact of transformational processes of corporate organizational changes is of particular importance because modern companies suffer simultaneously economic, legal, technological, political and social changes. Starting from the inevitability of ownership changes within the transitional processes, any reflection that confirms the basic goals, such as increasing efficiency, flexibility and diversification, i.e. overcoming existing business and development limitations has its repercussions on micro units, rural units. The main instruments for realizing the stated goals are the rationalization, consolidation and reorganization of business activities within the framework of preparation and implementation of restructuring and privatization processes, as well as the inclusion of these entities in the post-privatization period from the aspect of further development of the overall economy. For this reason and based on the fact of the importance of this topic, in modern processes with partial or complete coverage of their scope, the term green economy or green rural environment is often attributed. In these endeavors, the traffic system is irreplaceable.*

1. INTRODUCTION

Objective facts in the area of the research topic indicate the following: in the world, but also Serbia, there is a tremendously stronger tendency to research this issue precisely because of the derived position in nature and the growing differentiated needs of the world's population, from which the basic commitment to the topic of this work - rural resource wealth - emerges.

The process of adjusting the world economy and the tendency to improve the quality of life is constantly on the rise, in which tourist and hospitality services are often an important factor. There are numerous estimates that tourism and catering will become a strong economic sector by the end of this century, which is linked to the increasingly rapid growth of the service sector in the economies of developed countries. At the same time, competition is increasingly pronounced, bearing

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in mind that tourist and hospitality services represent an important part of a wide range of human needs. Therefore, in addition to price as a competitive factor, tourism and catering organizations will have to respect other elements, such as the quality of transportation, accommodation, food, their content and variety, the competence and friendliness of the service staff with whom the user interacts directly, etc. We live in a time of global competition and global business. Economic life is increasingly complex because there are no longer impenetrable geographical and political barriers protecting domestic producers. The time when our companies could work and exist without fundamentally changing anything has long passed (The Economist, 2016).

A turbulent and changing environment requires a high degree of adaptability, i.e. permanent adaptation to changes. As part of the comprehensive changes that have affected our economy and society as a whole, it is time for thorough reforms and market adaptation of the railways i.e., and in that context also its "supporting" industry, which includes the tourist and hospitality complex (Schelp, 1985). In this regard, it should be borne in mind that our economy is in the transition towards a modern market economy and opening to the world, which leads to the emergence of new user needs and the development of new types and methods of competition, as well as the emergence of new markets.

When it comes to the tourism and hospitality industry, it is necessary to choose and implement the most adequate model of change, following the example of developed countries in Europe and the world, combining foreign and domestic experiences and specificities, knowledge, resources and target markets. It is certain that even in a modern and reformed economy, the area of "additional and supplementary" services, which includes the tourist and hospitality industry, plays a significant role in providing a complete service. In America, some managers and agencies make lists of tourist travelers in space, one of whom - Denis Titov, has already made the first tourist trip into space. News sometimes comes from Japan about the suffering of tourist visitors in volcanic eruptions. Safari tourism is still in vogue today, and we would say that the time for tourist discovery of the village is yet to come. Tourism strongly marks the epoch in which we live, permeating the entirety of human existence. That is why we understand the answers in the polls of the French who put tourism as the last thing they would have to give up in the scarcity of life. The technique of information transmission is rapidly developing. Information is no longer just simple data, it is a complete representation of sensibility, regardless of whether it is the structure of the atom, the relief of the neighboring Moon, or the beauty of the Hawaiian Islands.

We inform ourselves as much as we need, and the need for information is more and more pronounced as a daily, everyday need and as a historical category. In advanced social systems, information becomes a measure of the development of democratic relations and institutions, but it is also the basis of market communication (Stanković, 1995). Man is, at the same time, a factor and a means of information, i.e. user and transmitter of information. And tourist trips are a very powerful means of information, but specific in terms of the active role of the subjects (Vešović, 2003). Fully engaged, travel subjects can directly influence the selection of information, confirming its authenticity at the same time. Tourism is becoming a special phenomenon today.

2. LITERATURE REVIEW

Raising the standard of living in developed countries, fast, comfortable, and modern traffic, and the need for rest and recreation of the rural and urban population, have influenced the growth of tourist movements around the world. "For the last 40 years or so, it has been marked by massiveness and dynamism. This applies to international as well as tourist movements in certain regions and countries (Bakić, 1993.) The meaning of tourism is also hidden in the biological nature of man. Nevertheless, it has dominant importance. In this regard, Krapf (1963) says: "The economic element is the common denominator of the psychological, sociological, geographical and technical aspects of tourism." Tourist trips have great economic, social and cultural importance. Those effects refer to subjects of movement, that is, to places and areas where the need for movement arises. The immediate economic importance, however, stems from consumption in tourist places and areas, which is achieved by visitors satisfying their needs.

The following are the current basic definitions of the World Tourism Organization, and it can be directly said that they depend to a large extent on the traffic system of one or more countries:

1. *Travel and tourism.* Travel and tourism include the activities of people who travel and stay in places outside their usual environment for no more than one year in a row, for vacation, work, or other reasons.
2. *Sustainable development.* Development that satisfies present-day needs without jeopardizing the capacity of future generations to satisfy their requirements enhances the standard of living for people while working within the constraints of the ecology in which they live. If an activity is sustainable, it may theoretically be carried out forever.
3. *Natural environment.* The physical and biological resources of the planet, on which the human community depends for its survival.
4. *Sustainable tourism.* Sustainable tourism development meets the needs of today's tourists and the regions that host them, and at the same time preserves and increases opportunities for the future (Dašić, et al., 2020). It is presented in this sense, as the most important for the management of all resources, that economic, social and aesthetic needs can be satisfied while maintaining cultural integrity, essential ecological processes, biological diversity and systems that support survival (Stanković & Stanković, 2022). But before that, let's determine the role of traffic in general and the traffic system for the subject matter.

Five key sites in various regions of Siberia were chosen for analysis in one study (Kuklina et al., 2022) that varied in natural, socioeconomic, and ethnocultural quality but were home to dense indigenous communities that continue to practice traditional modes of both cultural life and economic activity. It has come to light that local people as well as visitors and industry personnel wholeheartedly support the expansion of the transportation infrastructure. A sizeable portion of the populace, while acknowledging the benefits and necessity of having a well-functioning transportation infrastructure, expresses opposition to outsiders' easy access to the area, arguing that it increases economic and cultural competition for the native population by violating the laws and regulations governing the use of natural resources. The results promote the clarification of the complexities of a terrain system that comprises diverse socioeconomic, technological, and ecological actors and concomitant processes with tangled interconnections and interdependencies. Such clarification might apply to the sustainable development of remote territories for the mutual benefit of locals and industrial and tourism businesses.

Other authors (Pirogova & Pirogova, 2017; Ridderstâle & Nordstrőm, 2002; Shcherbakova, 2019) claim that one of the main factors hindering tourism development is limited transport accessibility, seasonality, lack of qualified personnel, and insufficient quantity of hotels. Contrarily, in other countries located in similar geographic areas, there is an increase in tourism (for example, northern Finland, the Yukon province in Canada, and Alaska in the United States). In such regions, infrastructure provision comes to the forefront.

Often, territories, possessing high tourist and recreational potential, are characterized by both an underdeveloped transport infrastructure and a low level of socioeconomic development in general. A modern corporate function known as logistics is stated to identify, provide, monitor, and regulate all resources in the broadest sense. It provides qualitative (by kinds), quantitative (by quantities), and term (by deadlines) support of the system that is being managed, i.e. provided, in an entire form, to fully assist the management process (Pavićević & Tošić, 2022). Experts noted relationships between physical distances and transport accessibility, but the mobility processes of local communities remain poorly understood, especially in remote areas (Kuklina, 2018). Physical distances and the growth of transportation infrastructure are largely responsible for the definition of transportation remoteness as well as its limitations, whereas local individuals' mobility habits and experiences are frequently neglected. However, a local population may choose to fence itself off from the outside world by closing off roadways. Isolation in space has its considerations. Local communities view their remoteness and lack of access to highways as a gift since it gives them a sense of nearly full independence and the chance to live the way they choose in a peaceful, rational environment (Pozanenko, 2017; Schweitzer et al., 2017).

3. MATERIALS AND METHODS

To conduct this research, Scopus indexed documents (books) were selected according to the simultaneous content in the title of the article containing the words "rural" and "traffic, and the basic document was Scopus books, August 2022. Through random sampling, it was established that the sample that was taken does not contain research that deals with the entirety of the phenomenon in a complex way, but it must be derived from individual ones. There is also a noticeable representation of solving urban problems and traffic i.e. Managing urban traffic congestion, Organization for Economic Cooperation and Development (OECD).

Thus, on 60 titles from the area covered by analyzes of traffic phenomena and 40 rural areas, there are no cross-analyses, and a total of two examine only urban entities. The trend is the same or similar in the previously available fields (Scopus books, 2022).

Many other sources strongly point to the topicality of the research, taking, for example, the impact of the COVID-19 pandemic on aspects of rural tourism (Koblianska, 2022, p. 255).

Correct methodology and analysis of the aforementioned is done using phrases approaches to provide a meaningful picture of the pandemic-related rural research. The frequency of the authors' word occurrence is dominated by words from the query: COVID-19 (35 of 298); pandemic (15); rural (nine); COVID-19 pandemic (eight). Except for them, the top-ten most frequent words are rural tourism (seven times), poverty and resilience (four times each), China, coronavirus, crisis, rural schools, well-being (three times each), Central Java, Bangladesh, cultural capital, digital divide, e-learning, economic recovery, food security, impact (two times each). The above data testify that the tourism industry, one of the most affected by the pandemic, is gaining notable scholars' attention as a factor in rural development. The essential pandemic-related rural issues attracting scholarly attention also include (by abstract unigrams occurrence frequency): social (58), communities (45), food (44), tourism (38), health (34), learning (33), urban (33), people (32), community (31), data (31). The predominance of the word "social" in the abstracts of the analyzed papers evidences the tremendous social significance of the Covid pandemic and its consequences. At the same time, the social effects are not limited to the impact on the individuals: rural communities suffer from pandemics affecting the public health network, education system, food supply chains, etc.

Certainly, the aspects of the traffic policy are perhaps much more important at this moment, so we should not give up on the targeted research of phenomena but include them in the key aspects of the next cycle.

4. RESULTS AND DISCUSSION

4.1. Traffic and Its Role in the Economy

Economic life is very complex with numerous production and consumption processes, in which individuals and social groups make various economic decisions every day and satisfy their needs based on them.

The basic features of economic entities within each economic system are determined by the governing relations of production, primarily by their content, that is, by the social organization of work, but this determination is not absolute. That is why business entities differ not only from system to system but also in different countries.

In our country, the qualitative determination and classification of various activities in the economy are regulated by the norms of the Law on the Uniform Classification of Activities and the Decision on the Uniform Classification of Activities.

According to the provisions of the aforementioned acts, there are four forms of activity systematization, namely: areas, branches, groups and subgroups.

The economic field is the broadest type of economic activity. It includes a large number of diverse activities that share technology or economic functions of production.

We have the following economic areas:
1) industry and mining,
2) agriculture and fishing,
3) forestry,
4) water management,
5) construction,
6) traffic and connections,
7) trade,
8) catering and tourism,
9) craftsmanship and personal services.

In addition, there are also:
- housing - communal activities and arrangement of settlements and spaces,
- financial, technical and business services,
- education, science, culture and information,
- health and social protection, and
- socio-political communities and organizations.

The economic branch includes related activities within the area (e.g. within the industry, ferrous metallurgy, non-ferrous metallurgy, etc. are distinguished). Furthermore, branches are divided into groups (e.g. non-ferrous metallurgy is divided into copper production, lead production, zinc production, alumina and aluminum production, etc.) It should certainly be emphasized that in practice, to avoid misunderstandings about the names of individual activities, codes are used to designate areas, branches, groups and subgroups.

4.1.1. The Concept of Traffic

The term traffic means an organized production process aimed at the transfer of material goods, people and their mental activities.

Therefore, traffic is a special organized economic and social activity that enables the temporal unification of distances between pre-determined points, as well as the transmission of certain missions of people (Nova ekonomija, 2016).

Traffic represents a set of traffic branches that are organized to provide traffic services to their users. In our traffic economics literature, it is said:

“First, transport activity is a purposeful activity, in which the work process represents the process of moving objects of work, means of work, that is, goods and people from one place to another. Second, the transportation process, as a work process, represents an extension of the production process when it comes to the transportation of goods. Thirdly, that extension of the production process is in the area of traffic” (Kolarić, 1972).

Also, "Transport is an independent area of material production that deals with the transfer of material goods, people and news from one place to another, intending to facilitate the circulation of goods and meet social needs in transportation and the mutual exchange of thoughts and people" (Novaković, 1975).

Bearing in mind the opinions mentioned above, it can be concluded that traffic represents an independent area of material production that aims to carry out the organized and safe transfer of people, material goods and news from one place to another.

4.1.2. Spatial Functions of Traffic

The basic function of traffic, as an independent area of material production, is the transfer of material goods, people and news from one place to another to facilitate the circulation of goods and meet social needs in transportation as well as mutual exchange of ideas.

In modern economic trends, there is a strong correlation between the development of productive forces, i.e. consumption centers and traffic. Namely, on the one hand, traffic is the result of a certain development of the country, and on the other hand, it significantly affects that development.

Observing the role of traffic on economic trends, two of its main directions of action are visible: economic and non-economic.

The basic economic function of traffic is reflected in the first place in enabling the reproduction process for a large number of products, especially for those whose place of production is not identical to the place of consumption, that is, traffic is a decisive factor that materializes commodity flows.

Furthermore, traffic is an important element of the territorial division of labor and the distribution of productive forces in each country. Namely, thanks to traffic, the connection of all administrative units in the country, as well as individual countries and continents, is achieved.

Likewise, traffic is an irreplaceable factor in enabling the development of economically underdeveloped areas of each country and the accelerated development of underdeveloped countries. It has a special role in the development of industry and agriculture, as well as market conditions. The impact of traffic on the industry is reflected in the fact that it is a large consumer of industrial products such as oil, non-ferrous metal products, wood, various means of transport, etc.

Also, traffic stimulates the development of the industry by transporting manufactured industrial resources to those places that need them. Traffic also affects the improvement of agriculture and the expansion of agricultural areas, because it enables the cultivation of uncultivable areas, especially in countries with large expanses.

Traffic also contributes to the transformation of agriculture from extensive to intensive, and its role in the regionalization and specialization of agricultural production is also significant. Likewise, traffic affects the expansion of the market for certain products, which is reflected in the increase in the radius of movement of certain goods, which expands the circle of consumers of the same.


September 17, 1859.] PUBLIC WORKS AND MINING GAZZETTE. 331

with shrubs in summer. It deserves to be noticed' that the damp and the efflorescence of the wall during this rather long period of time, had scarcely any damaging effect upon the picture.

THE LOCOMOTIVE: ITS PLACE IN HISTORY.

In Mr. Buckle's "History of Civilisation," the following bold opinion is expressed: That the locomotive steam-engine has done more to unite mankind than all that philosophers, poets, and prophets have taught from the beginning of the world; and this is so emblematic both of the worth and of the defects of this noble book, that we give it in these pages as a sort of window-peep into the whole.

This sentiment well expresses the writer's healthy, brave appreciation of things material and secular. No doubt, in the theory of life we have been educated in, there has been a most unholy divorce of the material life of man from his mental life. In nature, in idea, these two are one; and to make them one in universal fact is the great task of mankind. The street, the shop or the cloth-mill is as holy a place as the church, if intelligence, heartiness, and conscience be there. The steam-engine, looked at as the product of mind, is as holy as a prayerbook; and when employed by mind for noble ends, performs a true divine service. In short, bring the whole man into any material act, interpenetrate it with energy, intellect, heart, conscience, and the act is no longer material, but as divine as the breath of prayer.

the inspirations of individuals and races have achieved. It calls Cromwell's war a secular war; and Bacon's and Shakspeare's books, secular books. It makes the superiority of Protestantism over Catholicism to consist purely of a superior common-sense and wider tolerance of difference of opinion. It exalts tolerance above conviction. It exalts common-sense above reason and imagination; "useful knowledges" above metaphysics and poetry. And this, too, with a strange inconsistency; for the main figures of this book are men of a metaphysical bent: Montaigne, Descartes, Bichat, Locke, and Newton No doubt man is a unity; and 'tis foolish to pit one faculty and possession against another. But 'tis equally true that there are grades and stairs of existence. There are things for the senses; things for the logical or ratiocinative power in us; and there are things for belief, wonder, and love. Adam Smith gave us much; Watt still more; but Shakspeare, Homer, and Plato far more than they. Community of trade, community of intercourse, community of knowledge and opinion are unspeakably good; but community of perception, conviction, belief, good-will, far better. These come from within, not from without; are in greater plenitude in some races and ages than in others; in some individuals than in others. They are checked or furthered by innumerable conditions and circumstances, but created or killed by none of these. They do not quite depend upon "climate and food." They can come upon an Egyptian, or an Arabian, eating dates, surely, or upon a Hindoo that subsists on rice, as upon a European eating

the control of the medical officer—impervious to wet, and the strong rays of the sun—can be pitched in 12 minutes by 8 men. The Hanoverian Government (who have practically tested this tent) pronounce that Rhodes' hospital tent affords the best shelter hitherto obtained in camp hospitals, &c. The price of a Government hospital marquee, 30 feet wide by 14½ feet, and 14 feet in height, is from £33 to £35, and weighs (in three packages) from 507 lbs. to 652 lbs. (the latter weight includes 4 ground sheets.) It affords accommodation for from 18 to 20 patients. Major Rhodes' 20-feet diameter field-tent cost £21, viz. about £12 cheaper, and weighs (in 2 packages) 230 lbs., viz. 277 lbs. less than the Government hospital marquee. It offers accommodation for from 18 to 20 patients. Two of Major Rhodes' 20-feet diameter field tents can be pitched by 4 men (in about 8 minutes for each tent), on about the same space of ground as is requisite for only one Government hospital marquee; and further, from 10 to 14 men require from 15 to 20 minutes to pitch the latter tent. Major Rhodes' tent provides detached accommodation for 24 rifles, 24 sets of accoutrements, and 24 knapsacks, with a perfect system of ventilation; in which very important points the Government hospital marquee is deficient. Irrespective of cost, &c., it results that by adopting Major Rhodes' tents into the service, healthy shelter can be provided for about 45 men, allowing the same amount of transport as is at present necessary for conveying only one Government hospital marquee, which latter only affords accommodation for 20 men; thus showing a clear saving of more than

Picture 1. – Public Works and Mining Gazzette,
The Locomotive, Its Place in History, September 17, 1859
Source: Google Books, 2022

Traffic is an important factor in the creation of a single market, because it acts on the territorial harmonization of supply and demand, and thus on breaking closed and narrow local markets.

At the same time, traffic affects territorial alignment and equalization of prices. Traffic also affects the acceleration of the turnover of available funds, because by improving the speed of movement. as well as its regularity and security, it contributes to the fact that the funds invested in the production of individual resources are returned as soon as possible from the circulation process to the production process again.

The economic effects of traffic in terms of connecting and including the country in international exchange are also significant. Also, traffic has a significant role in the non-economic sphere of human activities, because it influenced, and today influences, the formation of people's lifestyles, dynamizing and enabling mass movements, bringing people together and getting to know each other, as well as the realization of numerous cultural and sports activities.

In his book "History of Civilization", the English philosopher Buckles says "The locomotive has contributed more to bringing people together than all the philosophers, poets and prophets since the beginning of the world" (Buckles, 2009).

Keeping in mind the functions and effects that manifest in different domains of economic and social life, it can be concluded that traffic represents one of the most significant factors in the scale of activity. Therefore, traffic is an irreplaceable component, which cannot be replaced by other human activities.

4.1.3. Traffic Market

The market, as a socio-economic category, originates from the Middle Ages when goods were exchanged on squares that were places for public gatherings. Economic theory explains the emergence of the market by the division of labor, the emergence of private property and the creation of surplus products. However, its legal function, as a place where supply and demand meet, appears in capitalism, especially after the industrial revolution. The definition of the market is different. However, the most accepted definition is that the market is defined as a form of exchange of products and services, that is, as a relationship between supply and demand through which the price is determined.

By fully analyzing the traffic system of a country as well as its role in the economic development of the national economy on a macro-economic level, we conclude that there are certain fluctuations, especially when it comes to:

- the obligation to operate according to a strictly established order,
- permanent and mandatory satisfaction of certain needs of the population, economy and society as a whole,
- disposal of significant capital (capacity),
- the selling price (tariffs) does not have to be equivalent to the actual costs of providing transport services.

In the end, to improve the quality of the traffic system in general, that is, for its better functioning, it is necessary to persevere in the establishment of activities and, with traffic policy measures and system solutions, necessarily ensure:

a) adaptation of the traffic system of Serbia to the traffic system of the EU,
b) faster development of the overall traffic system of Serbia,
c) completion of traffic infrastructure in the territory of Serbia with the aim of more rational connection and inclusion in the European road network, as well as the establishment of necessary connections with the neighboring member states of the former Yugoslavia.

d) faster development of those transport branches that have lagged in their development so far (railway and river traffic),
e) development of integrated transport and informatics,
f) organizational reform and market adaptation of transport companies, especially railways.

4.2. Rural Resource Wealth

Reference literature concerning the thematic unit is very scarce, which imposes the need for a complex approach, but also an interdisciplinary response in dealing with the issue. Starting primarily from the theory of limited availability of resources and from the general condition of limited availability of resources, capital, work, and time, we come to the position that the success of implementing management and strategies in organizational systems is predominantly conditioned by the ability to focus on key success factors, key activities and processes.

Criticism of this approach can be directed from the aspect of identifying the key factors of success through the level of causality and interaction, because it is difficult to discover their mutual relationship, from the aspect of generalization. After all, what is a comparative advantage of one, is not necessarily of the other, and from the aspect of chance, success often comes with changes in the economic sector and rarely as a result of identifying key success factors.

The question of resources is key to this approach. We have assumed until now that the most important factor in planning is time, and in most cases, this is so. However, there are situations where not only time is important, but also the resources used: for example, the number or ability of employees, that is, the use of special devices. Based on the UK Standard, (HM Government, 2021) the definition of a resource is as follows: Any defining variable that is required for the execution of a project task and that can limit it is a resource. It can be:
- not accumulative, i.e. such resources for which the possibility of access for each new period needs to be renewed regardless of whether it has been used up in the current period or not,
- accumulative, i.e. a resource that is permanently accessible and only consumption destroys it. This type of resource can be supplemented with processes that create credited/accumulating resources.

A typical example for the first case is labor, and for the second case, it is cash. We intend to observe the rural environment on this type of axis of development. It seems to us that this is precisely why resources do not only consist of the four M - men, machines, money and material but also in the average case also contain abstract elements - such as space. Nevertheless, for many projects, the four M's represent a realistic limitation. Today's project management software contains multiple calendars that provide time planning of tasks with a certain time form, which means that so many unreal resources are no longer needed, as it was in earlier systems.

On the other hand, it happens that space or some other abstract resource must be taken into account. In many projects, money is not the most important element. A prerequisite for success is the deadline and economic use of physical resources. In these cases, the analysis of physical resources has a great advantage. In large "capital projects", money becomes the main factor. In principle, money is no different from other resources, but in practice, it is constantly used by management for control.

Therefore, special methods have been developed to use money as a tool of control. The most important - in many cases the most difficult - part of project management is resource control.

Many project management scientists have already written that only ten percent of the organizations that use the network technique apply the connecting control technique. In most cases, the rule for resource allocation is: "who shouts the loudest".

Analysis of resource allocations for the starting point requires an expression of the required work. We can only give this in the form of labor (or machine) hours, or in some access units that can be quickly converted into resource hours. Resource-information for an activity can be determined in two forms:

1. First: the number of resource units required for that task. Here we determine that for one unit of time of a given task, what size of a resource should be allocated.
2. Second: the content of the work of the resource for the time unit of the task. Here, the time required to execute the opposite changes with the size of the resource.

In today's computer systems, these two forms of determining the resources used for a particular task can be mixed. However, the user should be careful to understand the effects of mixing. In principle, the first form determines a fixed time interval for the task, and the second, based on the available amount of resources, allows changing the time interval for the given task. Then we say that the task is managed by resources. In most cases, there is very little likelihood of a linear relationship between a unit of resource and the total time duration of a task. Since current computer systems assume a linear relationship, it is necessary to determine the limitations of this assumption.

For example, one task that takes 100 days usually does not mean that it is one day of work by 100 people or 100 days of work by one man. It is possible that in normal practice, 10 men complete a task in 10 days and this combination can vary between 5 and 15 men without significantly affecting the amount of work falling on one man. The duration of the activity in a certain period may vary based on the number of available persons. The required work in each case is determined to say something about the practice, the usual way of execution with the usual relations of resources, but to determine what is usual, one should always think about other circumstances as well.

At first, we don't consider that other activities require the same resource - we assume "infinite resource capacity" and think about limitations only later. It is useful and an integral part of the information system of the project team, to store activity data in one database of the organization. Here are the data on the assumed and actual duration of the tasks, the levels of resource allocation, the costs and all the changes in circumstances that happened between the time of planning and the actual execution.

These data are useful not only for the current project but also for future ones. The most important design step is the allocation of work for a machine or organizational unit. If the demands on a resource are too high, then we say that the resource is overloaded, if the demands are too low, then it is underloaded. Ideally, the load is equal to the resource capacity. Then the resource is fully loaded. This ideal situation is rarely - if ever - encountered except in the case of continuous mass production, where supply and demand can be adjusted to achieve equality.

The modern way of life of a man of the third millennium requires certain qualities (needs), which relate to the satisfaction of his needs, among which the most significant are: (1) primary - satisfaction of existential biological needs (harmonious life, nutrition, housing, family life, physical protection, rest, dispute), (2) secondary (the need to belong to society and the need for recognition in society, social, economic, political, religious rights and other rights, including the right to a healthy environment), (3) individual needs (dignity, respect for personal integrity, the right to one's own choice of life and work in society, etc.).

This is based on the fact that this term covers the need for a healthy environment, to the extent that the natural environment has its place in the value orientation of a specific society or social class. This means at the same time - that values are its most significant indicators. The quality of life cannot be reduced exclusively to a subjective or objective dimension, since it is variable and does not assume a constant state of consciousness about it.

That is why there are differences in its understanding of the world. Thus, in poor societies, economic growth is a condition for the development of social well-being, that is, for the development of the quality of life, and in developed industrial societies, the quality of life becomes a condition for further economic growth, for further accumulation, dissemination and application of knowledge (Kolarić, 2007).

However, globalization, planetary humanism and changed social values also have a significant impact on ecological humanism. Thus, the term globalization means an economic-political thought (philosophy) that has universal dimensions and that affects all spheres of life of society and man: economic, political, ecological, educational, cultural, social, individual, etc. But the world is not unique. Despite the need to be connected, it is polarized in almost all segments of the development of human society. The main polarization in the modern world is between the haves and the have-nots, which has led to a large gap between developed and developing countries.

In the modern world, the "practical dimension" of man requires a humanistic reflection of the process of globalization, which leads to the creation of a "world society" and various variants of the meeting of several civilizations in that mega-society and the society-nature system from the point of view of preserving the ecological balance in the biosphere, as a prerequisite for the preservation of life in general, and the life of the human race on the planet (Marković, 2010). At the same time, this means that for all modern societies, whether they belong to the poor or the rich part of the world, the preservation of ecological living conditions appears as a global common problem. In realizing that responsibility, people belonging not only to individual societies but also to the "world society" created by globalization, must start from the knowledge that the dangers arising from industrial production have a universal character in a certain way. All the more so since the future is no longer the future of a particular culture, but the future of humanity. That is why the awareness of solving environmental problems should be a planetary problem.

4.2.1. Global Ecological Crisis

The global ecological crisis is the result of the still prevailing anthropocentric view of the world, which produced an inadequate role and place of man in the world around him. Such is the situation with environmental protection. Today, the entire humanity is faced with the dilemma "to have or to be"? Humanity faces a dilemma: continue with the development of consumer-technocratic civilization and preserve the existing way of acting towards nature, or change value orientations and preserve nature in a state suitable for life?! Bearing in mind that people are no longer "the best and most valuable part of nature" because they have significantly degraded nature with their activities, it is necessary to fundamentally change the value system.

Even though each society has a more or less different value system, the global situation on the planet is such that humanity "for the sake of ecumenical goals (survival of the species), will have to harmonize the universal dominant values of all special societies individually". Thus, more and more on the scale of values, life in general, and then the life of the human species, takes on a dominant role. This means that for people to achieve well-being, they must take care of the well-being of other people, that is, respect for nature itself.

4.2.2.Ecological Conscience

Insisting on "the sanctity of the idea of life (respect for life) contributes to the determination of essential values in social life, which are derived from the development of valuable components of consciousness that are expressed as a transsubjective value". These values are "an integral part of the ethical imperative and presuppose: the understanding of nature not as an object that serves to subjugate, but as part of the cosmos, in which the living and non-living world exists" since the world that surrounds us has "value in itself, not independence from its usefulness to people".

Therefore, emphasizing life is the most important moral imperative that represents an absolute value for man. Analogously, that which creates and helps value is valuable, and that which hinders it is anti-value. The realization of ethnic principles and moral norms in modern conditions is contributed by qualitative changes in social awareness and the formation of environmental awareness - the state, political parties, social and non-governmental organizations, environmental movements and people as individuals.

The basic elements of ecological awareness are (1) ecological knowledge - knowledge about the unity and limitations of nature, the causes and consequences of the ecological crisis on a local and global level, knowledge about the need for social development that enables the co-evolution of society and nature; (2) evaluation of the ecological situation - a system of values where the dominant place is Life and the attitude about the need for man to live in harmony with nature; (3) ecological behavior - harmonization of individual and general social behavior following the current ecological situation to overcome ecological problems.

Therefore, with the gradual "expansion of the boundaries of human knowledge, changes in value systems and the formation of ecological awareness, there is also the ecologicalization of education, which leads to the renewal of the ties of tradition and innovation, the past, the present and the future", i.e. "the striving towards creativity and respect for norms, which leads to the renewal of the understanding of the principle of humanity."

5. GREEN CULTURE

5.1. Global Environmental Protection

Environmental protection has long since become a current topic in all countries of the world, and therefore a common starting point in all assessments of the state and economic condition and development of the country. Therefore, regardless of which segment of social life we are talking about, the argument about the unacceptably bad condition and a high degree of degradation and pollution of natural resources, which, to be preserved, require urgent remediation of water, air and soil pollution, revitalization and protection of natural ecosystems. Suffice it to say that Serbia must allocate 11.6 billion euros to join the European Union for harmonization of environmental protection and energy (wastewater collectors, filters at thermal power plants, or transition to a new system).

For many technocrats, the problem of environmental pollution is a technical issue, which boils down to precise measurements of pollution and finding various technical solutions to stop or possibly reduce pollution. At the same time, many other areas are being neglected that violate both the integrity of man as a physical, psychological and social (moral) being, as well as nature and its ecosystem as a (non)living organism to which man is inextricably linked. A special problem of the modern world is represented by increasingly overcrowded urban environments with a population that faces major environmental pollution. That is why the protection of the human environment and its physical space is gaining more and more importance. All kinds of social networks play a big role in solving these complex issues, which enable quick and easy access to all information about environmental pollution, the polluter itself, and the measures and activities that must be undertaken to remediate the pollution.

5.2. Political, Technical and Moral Challenges of Protecting the Human Environment

In the West, global public goods are considered to be common goods that cross national borders. This primarily refers to peace, financial stability, reduction of poverty, clean air, environmental protection and preservation of plant and animal species. Western theorists include war, international financial instability, air pollution, global warming and forest destruction as examples of common "evils", harmful phenomena and actions in the international community. In their opinion, public goods have two characteristics; firstly, the use of those goods is not reduced or hindered if they are used by others, and secondly, no one can be excluded from using the public good.

The government of a particular country has the most significant role in the direct provision of some public goods and the indirect realization of some public goods by regulating human behavior in order to minimize harmful consequences. However, since there is no "central government" in a global society to enact and enforce rules governing and protecting the commons, that job is ultimately left to the cooperative endeavor of states and state actors. Therefore, countries apply different policies and practices regarding the protection of their environment. And while some modern industrial countries have developed numerous rules to protect the environment, until then other countries, poor and developing, have neglected "ecological rules" focusing exclusively on encouraging economic development.

The Western position is based on the fact that if the earth is understood as a global common, and the soil, atmosphere and water as common goods, the development of long-term, cooperative strategies can help prevent the misuse or overexploitation of common resources. For the West, the protection of biodiversity on Earth, the natural environment and resources from a political point of view represents a mature political will in the implementation of international environmental security policy, and from a technical point of view sustainable development that requires the creation of new technologies that reduce pollution, save energy and encourage the development of new energy sources. When it comes to the moral challenges of environmental protection, states are required to balance national interests with global interests, and current economic needs with the needs of future generations. Here, however, the question arises of the fairness of the distribution of common resources given the vast inequality in the use or abuse of global resources.

6. CASE STUDY – USAID PARTNERSHIP

Examples of good practice can be highlighted as a universal recommendation. In addressing rural areas, inter-municipal partnerships with various projects can influence the economic, demographic and diverse "image" of rural Serbia today. Essentially, the basic activities of the projects are aimed at reducing unemployment in the regions, increasing the competitiveness of small and medium-sized enterprises, enabling them to enter new markets, and increasing sales and exports. At the same time, domestic and international experts are engaged who can provide metric support in sectors with high export potential and with the help of the so-called grants (non-reimbursable financial resources) which enable the acquisition of necessary equipment, devices, machines and the like. There are first experiences, and in the case of the USAID Sustainable Local Development Project, the "look" at the operationalization of the project that rural areas can count on is also interesting. It involved cooperation with 32 municipalities and cities gathered in eight inter-municipal partnerships (USAID, 2016):

1. The partnership led by Novi Sad, as a mentor city, consists of Beočin, Sremski Karlovci, Temerin and Novi Sad;
2. Partnership led by Subotica, consisting of Kanjiža, Sombor and Subotica;
3. The partnership led by Zrenjanin consists of Kikinda, Novi Bečej and Zrenjanin;
4. Partnership led by Novi Pazar, consisting of Sjenica, Tutin and Novi Pazar;
5. The partnership led by Kraljevo consists of Čačak, Gornji Milanovac, Raška, Vrnjačka Banja and Kraljevo;
6. The partnership led by Užice consists of Čajetina, Nova Varoš, Priboj, Prijepolje and Užice
7. Partnership led by Vranje, composed of Bujanovac, Preševo, Vladičin Han and Vranje;
8. The partnership led by Niš consists of Doljevac, Gadžin Han, Leskovac, Merošina and Niš.

7. CONCLUSION

The concept of rural development, due to the heterogeneous character of rural areas in the Republic of Serbia, must be included in multifunctional rural development. Although attention is still paid to multifunctional rural development mainly through the scientific and political aspect (Bogdanov & Vasiljević, 2011), it is undeniable that the key to comprehensive rural development lies precisely in this concept, therefore all sub-elements of rural development must be developed in parallel. If there were excessive and unevenly distributed financial (and other) investments in individual elements of rural areas, meaningful and long-term sustainable rural development cannot be expected.

Comparing investment flows in rural and urban areas, it is concluded that urban areas offer greater and more diverse opportunities for overall development (Marčetić, 2022). When talking about rural development, one should also take into account the everyday life of rural residents - if one were to invest in external infrastructure, this could influence the attraction of investors, who would then invest additionally in the observed area, to achieve their profit. Investments in the internal infrastructure of the rural area would contribute positively to the development of the health system, educational opportunities and employment opportunities. As agriculture is still one of the leading branches of the economy in rural areas, a developed transport infrastructure would particularly positively contribute to the reduction of costs of production and transportation of products in the economy, especially in agriculture. All investments must be preceded by investment modeling, assessment of the real situation and development plan design (Božić, 2011; Stanković & Marčetić, 2021), to consolidate and analyze all available information to implement an optimal rural development plan. Only then can decisions be made on the implementation of the rural development process.

The development of the previously mentioned elements of rural areas represents a good foundation for the development of rural tourism - rural areas that can offer various benefits for external visitors can expect long-term income from rural tourism, which would further contribute to their further development. In the example of Northern Serbia, the diversification of activities, to which rural tourism contributed, led to the opening of new jobs (e.g. in the service sector) and thus to new opportunities for the rural population, who now have the opportunity to stay and survive in the villages (Papić & Bogdanov, 2015). This could reduce migration from villages to cities, which would also retain rural capital in villages and serve their further development, without diminishing the importance of the transport system for development at the national level.

8. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Starting from the basic hypothetical framework, which we can present with the general view that the basis of progress in economic operations is the improvement of the technical basis of work, and therefore the traffic system becomes the basis of rural development, it can be assumed a high cohesiveness between research in the field of traffic and solving rural problems. Unfortunately, academic reality indicates the opposite. Analyzing the research on the map presented in the paper shows a clear correlation between urban development and the traffic system at the expense of rural areas. On the margins of projects of a sporadic nature, the presence of the problem of the development of agricultural activity is more noticeable, while traffic remains at the level of the subsystem or within the system of agricultural activity for its own needs. There is no clear emphasis on the model and direct interdependence and conditionality as factors of development in everyday life, except, for example, the establishment of a new methodology of EU enlargement and transition from the regime of existing chapters to the so-called Clusters where we dedicate a special place to Cluster 4 - "Green Agenda and Sustainable Connectivity" originally composed of four previously defined negotiation chapters - Transport Policy (Chapter 14), Energy (Chapter 15), Trans-European Networks (Chapter 21), and Environment and Climate Change (Chapter 27). At this point, the positions we are studying are in the closest place, and any further analysis of these positions is opportune.

Conflict of Interests

The authors declare no conflict of interest.

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