



# Tourism Development Perspectives of Bosnia and Herzegovina: Possibilities and Limitations

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**Abstract:** *Tourism plays an important role and contributes to the overall economic growth and development of the country. As a dynamic industry, tourism contributes to the strengthening of many activities, such as transportation, services, and trade. Statistical data on tourist traffic in Bosnia and Herzegovina were constantly increasing until the outbreak of COVID-19. Intact natural, cultural and historical treasures, multicultural tradition and customs are attractive factors that draw tourists to visit Bosnia and Herzegovina. Other factors affect the development of tourism. This paper analyzes the natural, cultural and historical resources, legislation and organization of institutions as fundamental settings of tourism development in Bosnia and Herzegovina. Through primary research, the paper identifies possibilities and limitations for the faster development of tourism. The test methods used are the chi-square test and Cronbach's alpha.*

## 1. INTRODUCTION

Tourism is an economic activity framing cultural-historical (Tsartas 2000; Ismagilova, Safiullin & Gafurov, 2015; Luo & Chiou 2021); technological (Ali & Frew, 2010; Trunfio & Campana, 2019; Gosling, 2020), and natural resources (Gios, Gio, Notaro & Raffaelli, 2006; Ruban 2021). It is one of the main sources of income and development pillars of advanced and developing countries (Brida et al. 2011; Turner & Freiermuth; Costa 2017; Naseem, 2021), considered a significant part of international services exchange and a source of job creation (Thomandru et al. 2021). Numerous studies have examined the relationship between tourism development and economic growth. In countries where the tourism sector is not dominant relative to other major economic activities, this link is weaker (Shahzad et al. 2017). Studies supporting the tourism-led growth hypothesis showed a positive relationship between tourism and economic growth (Jackman & Lorde, 2010; Meyer & Meyer 2015; Wang & Ma, 2015; Brida et al. 2016; Ohlan 2017; Li et al., 2018; Badulescu et al. 2020).

That is why policymakers need to prioritize sustainable tourism development within economic development. The institutional framework also plays an important role in enhancing the tourism sector by creating a supportive environment that accelerates the processes related to tourism development. The private sector primarily sustains the tourism activity, but the role of the government is crucial in the development of the tourism industry at the policy level (Nawaz, & Hassan, 2016). Numerous research papers on tourism, deal with different subject areas (Daoudi & Mihalić, 1999; Vrdoljak-Salamon & Corak, 2012; Brumen, Gorenak, Rosi & Rangus, 2016; Wengel, 2017; Mihailovic & Popovic, 2018; Wiweka & Arcana, 2019; Khan, Bibi, Lorenzo, Lyu & Babar, 2020) one can conclude that it is a complex industry that requires a strategic approach in all segments of its activities to obtain the desired effects.

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This chapter explores the possibilities and limitations in the development of tourism in Bosnia and Herzegovina. First, it provides an overview of the literature on this subject, resource opportunities, tourist traffic, and legislation in Bosnia and Herzegovina. The research section examines the attitudes of service providers towards factors influencing tourism development in Bosnia and Herzegovina. The final section provides recommendations for future research and overcoming limitations.

## 2. LITERATURE REVIEW

Tourism involves an ecosystem of various stakeholders who need to design and promote travel experiences. The tourism value chain is complex, and tourists expect an integrated offer and experience (Mariani, 2016). That includes the integration of marketing activities, public-private partnerships, strategic planning, and branding, all intending to promote the tourist experience (Wang et al 2013; Gursoy et al 2015). From the Destination Management Organization perspective, well-integrated tourism resources contribute to better placement of the tourism experience (Karayilan & Cetin, 2016) thus enhancing the local economy.

The starting point for tourism development are natural and other resources, well incorporated into the tourist offer and promoted in the market. Tourism resources and attractions can be a key factor in making a travel decision (Stabler, Papatheodoru & Sinclair; 2010; Blasco et al., 2014; Manhas, Manrai&Manrai, 2016). Their characteristics attract and motivate tourists to visit a particular destination (Krešić, 2007, p 46). Willson and McIntosh (2007) consider landscapes as a kind of experience space, from which the tourist returns enriched with emotions portrayed as a visual attraction and new thinking. It means that there is the uniqueness of the destination as a key to its desired positioning, making the brand distinguishable to tourists (Mirabent, 2019). According to Burns and Holden (1995), for tourism resources to become attractive and sought after by tourists, they must be carefully selected and packaged to become a brand and a sphere of interest for tourists. Brand preference is a customer's choice through which he places a brand into a specific category of products and services he uses (Jaganjac & Obhodaš, 2019, p 54). Promoting a brand through a wealth of attractions is not enough to ensure the prosperity of the location. Attractions cannot compensate for deficiencies, such as poor infrastructure (Kotler, Haider & Rain, 2012, p 49) or inadequate institutional support.

Having renowned potentials and being one of the most rural areas in Europe, with more than 60% of inhabitants living in rural areas, Bosnia and Herzegovina can, among other types of tourism, develop rural tourism. Motivations of tourists for rural tourism refer to traveling to discover new cultures, explore new natural spaces and gastronomy, be in contact with the local population and contact with nature (Chai, Liu & Huang, 2008; Buffa, 2015; Han et al, 2017).

But, obstacles faced by affirmative stakeholders in this area are the undefined legal framework for the development of rural tourism, poor promotion and information (Kovačević, 2017; Šehić-Kršlak, 2018). The major obstacle to the development of tourism, in the context of the unique tourist destination of Bosnia and Herzegovina, is the complex institutional system, as well as the jurisdictions within the system. According to Vukadinović (2016), reorganization of the social system is one of the problems that causes social instability and is especially reflected in times of social crises. The fact is that the development goals of the entire country are not obligatory in the entities and Brcko District authorities. The complex structure of the state and absence of laws on tourism at the state level, allows the entities and Brcko District to create their own tourism policies, which often mislead potential tourists that it is about more states.

The development of tourism resources of Bosnia and Herzegovina should be based on cooperation in spatial planning, nature conservation, valorization of tourist potentials, to place a regional product, and should not be hindered by Bosnian legislation (Hodžić, 2008). Looking at the relationship between the economic policy and the economy of Bosnia and Herzegovina, the mismatch of relations results in stagnation in the development of tourism. This is the result of ignorance of the issue by the economic policy creators at the entity level, and not just a lack of strategy at the state level (Vukonić, B. 2016).

Bosnia and Herzegovina is abundant in various resources and attractions, based on which a tourist offer could be created, and thus mitigate the seasonality of tourism. Tourists' affinities towards travel and vacation change and are often not tied to the season and famous destinations but are geared towards more frequent travel and discovery of new tourist destinations. This contributes to the creation of products based on year-round supply in combination with various selective forms of tourism (Geić, 2011). According to the results of empirical research (Aljić, 2016) in Bosnia and Herzegovina, a revision of the Law on Tourism is required to increase economic efficiency. According to Kurtović (2007), affirmation of tourism in Bosnia and Herzegovina must be approached professionally and thoroughly based on a combination of attractive features, natural and anthropogenic resources, while respecting the principles of sustainable development.

### **3. TOURISM OF BOSNIA AND HERZEGOVINA THROUGH THE PRISM OF RESOURCE OPPORTUNITIES, TOURIST TRAFFIC AND LAW**

Bosnia and Herzegovina is a state with a complex administrative structure consisting of two entities (Federation of Bosnia and Herzegovina and Republika Srpska) and the Brčko District. Throughout its historical past, it has been marked by a wealth of influences from different cultures, nations, customs and traditions making it unique. All three territorial units of Bosnia and Herzegovina are specific destinations with a wealth of natural and anthropogenic resources.

#### **3.1. Natural and cultural-historical resources of Bosnia and Herzegovina as a prerequisite for tourism development**

Tourist resources are natural and anthropogenic goods available in the tourist area in the form of a tourist destination. Kušen E. (2001) divides tourist resources into *basic tourist attractions* that can be potential and realistic; *other direct tourist resources*, such as tourist places, destinations, education of the population, tourist information, tourist catering facilities, etc. and *indirect tourist resources*, which consist of communal infrastructure, a preserved environment, transport connections, etc.

Favorable geographical position in relation to emitting markets, and orderly urban units, are more reasons to emphasize a serious approach to tourism development. Bosnia and Herzegovina is a predominantly mountainous country with different soil characteristics. The diversity of the terrain is reflected in the hilly-mountainous-upland parts, inter-mountainous and pre-mountainous depressions, formed in the youngest geological epochs. Bosnia and Herzegovina consists of two geographical and historical units: the Bosnian part in the north and the Herzegovinian part in the south.

Bosnian-Herzegovinian river flows belong to the Black and Adriatic Sea basins. The Black Sea basin covers an area of 35,700 km<sup>2</sup>, or 70% of the territory of Bosnia and Herzegovina, while

the Adriatic basin covers an area of 12,410 km<sup>2</sup>, or 30% of the territory of Bosnia and Herzegovina. Bosnia and Herzegovina has fresh and salt waters as well as thermo-mineral springs. The abundance of mineral water springs, of which the most famous springs are in Kiseljak, Kakanj, Srednji, Busovača, Srebrenica, Žepa, Tešanj, Maglaj, Žepče, Gračanica, etc., create a good predisposition for the development of health and spa tourism. The warmest thermal spring is the spa Ilidža, where the temperature is 58° C. In terms of composition, the thermal water of this spa is rich in sulfur and is used to treat many diseases. Thermal springs are also located in Fojnica, Olovo, Tuzla, Gradačac, Gračanica, Živinice, Teslić, Banja Luka.

The mountains occupy four-fifths of the country and belong to the Dinaric chain that stretches northwest-southeast. Sixty mountains in Bosnia and Herzegovina have peaks above 1.500 m above sea level, while eleven mountains have peaks above 2.000 m above sea level. The highest peak in Bosnia and Herzegovina is Maglić at 2.386 m above sea level. Forestry legislation is aligned with the Forestry Information System (FAO, 2004), which implies sustainable forest management for present and future generations. The variety of mountains with diverse biodiversity and forest stands provides ideal conditions for the development of sports, recreational, and health tourism in the Federation of BiH.

Although it abounds in natural resources, the specificity of terrain forms, a good climate with clearly limited seasons, and water resources, tourism in Bosnia and Herzegovina is still at an early stage of development in regard to life cycle of the destination. According to Natek & Natek (2000), the combination of Mediterranean and continental climate is a prerequisite for the development of a specific cultural and tourist offer. There are 23 areas of natural resources officially protected. According to the report of the Federal Ministry of Tourism and Environment (FMOIT, 2016), the resources are protected following the laws and institutional jurisdictions of Bosnia and Herzegovina and the IUCN categorization. The least resources (2) are protected in the category of Strict Reserves and Nature, as well as the Resource Management Areas, and the most in the category of protection of Nature Monuments.

Thanks to its rich history, Bosnia and Herzegovina has for centuries been a place of meeting and coexistence of different nations, which has contributed to the creation of a unique space in which different nations live together. Different religious affiliations opened the possibility of developing religious tourism. The most famous shrines are Medjugorje, the place of Our Lady's apparitions, located 25 km from Mostar; Ajvatovica Prusac - the largest Muslim pilgrimage site in Europe, where believers have been gathering for 500 years. The tekke at the source of the Buna in Blagaj was founded after the fall of Herzegovina under Turkish rule in the 15th century. Tvrdoš Monastery is a famous spiritual place, dedicated to the Mother of God, located near Trebinje. The Old Town of Srebrenik is first mentioned in history in 1333. There are also Gradačac tower, Gradina, Tower of Husein-Captain Gradašćević and Fortress of The Old Town of Travnik.

According to the Commission to Preserve National Monuments of Bosnia and Herzegovina (KONS, 2019), the UNESCO World Heritage List includes the Mehmed-pasha Sokolović Bridge in Višegrad and the area of Old Bridge in Old Town of Mostar. In addition to the listed goods on the potential list - Tentative list KNOS, there are the following goods: Sarajevo - a unique symbol of universal multiculturalism - permanently open city (1997), Vjetrenica Cave (2004), Natural architectural ensemble of Jajce (2006), Historical urban area Pocitelj (2007), Natural and urban area Blagaj (2007), Natural and historical area Blidinje (2007), Natural and historical area Stolac (2007), Rainforest Perućica (2017), Jewish cemetery in Sarajevo (2018).

### 3.2. Traffic in Bosnia and Herzegovina

An important factor for the development of tourism is the traffic connection that enables accessibility to tourist destinations. Bosnia and Herzegovina has four international airports: Banja Luka, Mostar, Sarajevo and Tuzla, but they are insufficiently used for the development of domestic tourism. The main airport of Bosnia and Herzegovina is Sarajevo and has good connections with most European destinations.

Road transport in Bosnia and Herzegovina has a very important role in the economic, and tourist contexts. The current situation, when it comes to the traffic in Bosnia and Herzegovina, is one of the limiting factors, due to the poor quality of road communications and their rank. With the construction of the Vc corridor (Budapest - Osijek - Sarajevo - Ploče), Bosnia and Herzegovina will be included in the main European transport network.

### 3.3. Tourist traffic in Bosnia and Herzegovina

According to the World Economic Forum (WEF, 2019) and the parameters of competitiveness in tourism, Bosnia and Herzegovina ranks 105<sup>th</sup> out of 140 countries. Key indicators show that revenue from international tourism amounted to \$ 826.2 million, accounting for 2.8% of total GDP, while employment in the tourism industry was 25.700 workplaces. According to the competitiveness index, based on a scale from one to seven, Bosnia and Herzegovina received the highest score for health and hygiene, price competitiveness, and safety and insurance, while the lowest-rated are natural and cultural resources and business travel.

In the Year 2019, 1.640.717 arrivals were realized in Bosnia and Herzegovina, which is 12% more than in the Year 2018, while the number of realized overnight stays for the same period increased by 11%. That tourism is an extremely sensitive branch to various influences can be concluded from the statistical data of tourist traffic from the Year 2020, where there was a rapid decline in tourist traffic caused by the COVID-19, where compared to the previous year there was a total decline in tourist arrivals by 69.65%, and the number of overnight stays by 63.34%. The decrease in realized arrivals of foreign tourists is 83.64% and in overnight stays 80%.

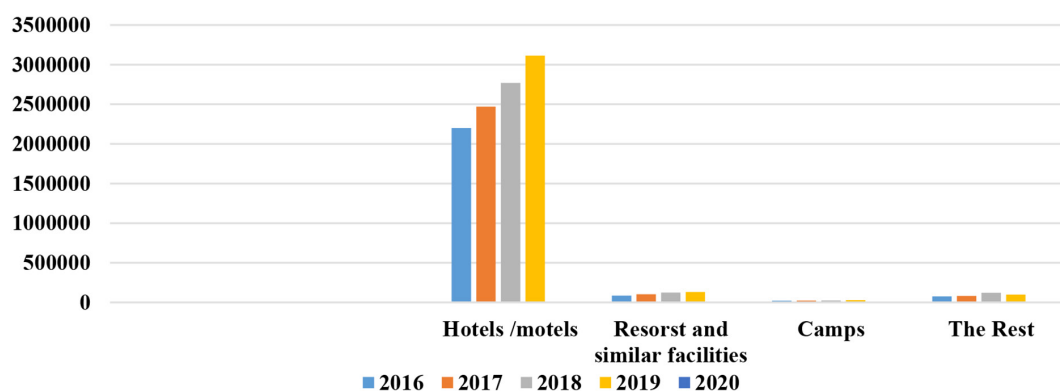
**Table 1.** Tourist traffic in Bosnia and Herzegovina

	2016	2017	2018	2019	2020	Index 19/16
<b>Arrivals</b>						
<b>Total</b>	<b>1.150 039</b>	<b>1.307 319</b>	1.465 412	1.640 717	498 090	<b>142,67</b>
Domestic	371 911	384 269	412 514	442 658	302 033	119,02
Foreign	778 128	923 050	1.052 898	1.198 059	196 057	153,97
<b>Overnight stays</b>						
<b>Total</b>	<b>2.383 056</b>	<b>2.677 125</b>	3.040 190	3.371 322	1. 235 971	141,47
Domestic	735 781	763 681	874 786	952 217	748 370	129,42
Foreign	1.647 275	1.913 444	2.165 404	2.419 105	487 601	146,85

**Source:** Agency for Statistics of Bosnia and Herzegovina. (2017-2021). Announcement-Tourism Statistics

Accommodation is an integral part of the tourist offer. Catering facilities, as a receptive element of the offer, can be viewed in a narrower and broader sense (Petrić, 2007). When it comes to the receptive element in the service of receiving guests in the narrow sense, most overnight stays are in catering facilities in the group of hotels and motels. Categorization is defined by laws and entity regulations.



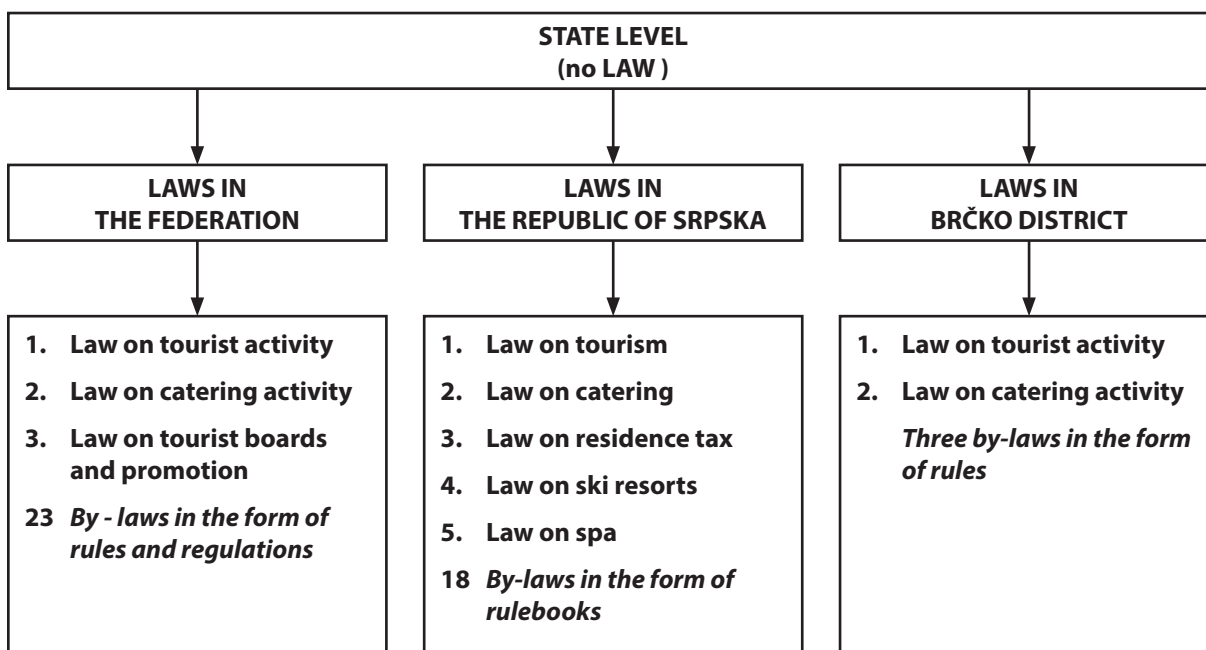


**Figure 1.** Achieved overnight stays by accommodation capacity

Source: Authors based on data from the Agency for Statistics of Bosnia and Herzegovina

### 3.4. Tourism legislation

The Constitution of the state of Bosnia and Herzegovina regulates the field of tourism as a shared jurisdiction between the entities of the Federation of Bosnia and Herzegovina and Republika Srpska, while the Brčko District has a separate jurisdiction. Ministry of Foreign Trade and Economic Relations, as a state institution, is responsible for tourism, but the adoption of tourism policy takes place with the consent of both entities. Within the Ministry of Foreign Trade and Economic Relations, there is a task force for coordination of activities, adoption of conclusions and drafting of proposals for solutions in the tourism sector of BiH. Tourism and hospitality in Bosnia and Herzegovina is regulated by 10 laws and 44 bylaws (see Figure 2), (Aljić, 2016).



**Figure 2.** Legislation in the field of tourism in Bosnia and Herzegovina

Source: Aljić, 2016.

The complex and layered structure with the divided jurisdictions, where each of the entities and cantons can create their laws in the field of tourism, represent an obstacle to the faster development of tourism.

## 4. RESEARCH METHODOLOGY

A survey questionnaire consisting of 14 questions examined the attitudes of tourism service providers towards the possibilities and limitations of tourism development in Bosnia and Herzegovina. The answers to the questions about possibilities and limitations are on the Likert scale, from 5 (Strongly agree) to 1 (Strongly disagree). Responses were received from 72 service providers. MS Excel package is used for analysis. Testing methods are chi-square test, Cronbach alpha. Chi-square test is used for nominal data type (age, gender, qualifications). For internal consistency reliability Cronbach alpha is used. All tests are conducted at 5% level of significance.

By examining attitudes following hypotheses are tested:

**H<sub>0</sub>:** B&H tourism is an important industry with great opportunities, but also limitations that slow down its development.

**H<sub>1</sub>:** B&H has resources that enable the affirmation of various forms of tourism

**H<sub>2</sub>:** The main factors limiting the development of tourism are infrastructure and legislative

**Table 2.** Sample structure

Description		Number	Percent
Gender	Male	36	50,00
	Female	36	50,00
Age	18-25	9	12,50
	26-35	10	13,89
	36-45	16	22,22
	45-55	24	33,33
	Over 55	13	18,06
Qualification	High school	21	29,17
	Bachelor 180 ECTS	13	18,06
	Bachelor 240 ECTS	30	41,67
	Master / PhD	8	11,11
Activity	Tourist agency	9	12,50
	Hotel/Motel	16	22,22
	Tourist organization	9	12,50
	Landlord (suite, room, camp)	8	11,11
	Restaurant/cafe bar	18	25,00
	Transport	6	8,33
	Other	6	8,33

Source: Authors

Data show that over 74% of participants are older than 35 years, and about 51% are older than 45 years. This implies the need to pay more attention to age structure in tourism. Data show that the most of participants (70.8%) have a high school education and a bachelor's degree.

## 5. RESULTS AND FINDINGS

### 5.1. Descriptive statistics

The following is an analysis of the general data of the participants.

Chi-square test ( $p=0.96254$ ) shows that there is no statistically significant difference in distribution based on gender and age. There is a significant degree of uniformity in the number of respondents by gender. A total of 37 respondents (51.4%) are over 45 years old.

**Table 3.** Data recapitulation by gender and age

Group		Male	Female	Total
1	18-25 years	4	5	9
2	26-35	5	5	10
3	36-45	7	9	16
4	45-55	13	11	24
5	Over 55	7	6	13
	<b>Total</b>	<b>36</b>	<b>36</b>	<b>72</b>

**Source:** Authors

Chi-square test ( $p=0.01536$ ) shows that there is a statistically significant difference in distribution based on gender and qualification. There are more female respondents in the group with high school education. On the other hand, there are more male respondents with a bachelor's degree and master's/PhD degree.

**Table 4.** Data recapitulation by gender and qualification

	Qualification	Male	Female	Total
1	High school	6	15	21
2	Bachelor 180 ECTS	9	4	13
3	Bachelor 240 ECTS	14	16	30
4	Master/PhD	7	1	8
		<b>36</b>	<b>36</b>	<b>72</b>

**Source:** Authors

Chi-square ( $p=0.01081$ ) shows that there is a statistically significant difference in the distribution of age and qualification. Most of the respondents are in groups of 45-55 years (14, 20%) and 36-45 years (7, 10%) with bachelor's degrees. In total, most of the respondents have bachelor's degrees (30, 40%).

**Table 5.** Data recapitulation based on age and qualification

Group	Description	High school	Bachelor 180 ECTS	Bachelor 240 ECTS	Master/PhD	Total
1	18-25	6	3	0	0	<b>9</b>
2	26-35	2	2	5	1	<b>10</b>
3	36-45	2	6	7	1	<b>16</b>
4	45-55	7	1	14	2	<b>24</b>
5	Over 55	4	1	4	4	<b>13</b>
	<b>Total</b>	<b>21</b>	<b>13</b>	<b>30</b>	<b>8</b>	<b>72</b>

**Source:** Authors

**Table 6.** Data recapitulation by activity

Nº		Number	Percent
1	Tourist agency	9	12,50
2	Hotel/Motel	16	22,22
3	Tourist organization	9	12,50
4	Landlord (suite, room, camp)	8	11,11
5	Restaurant/cafe bar	18	25,00
6	Transport	6	8,33
7	Other	6	8,33
	<b>Total</b>	<b>72</b>	<b>100,00</b>

**Source:** Authors

Data show that 18 respondents (25 %) work in restaurants and 16 respondents (22.22%) work in hotels. The least response was in the categories of transport and other.



## 5.2. Analysis of responses

The data show that most respondents gave a score of 4 (I mostly agree) and 5 (I completely agree).

**Table 7.** Recapitulation of responses to questions

Aspect	P	Question	Values					Average	StDev
			1	2	3	4	5		
Possibilities	1	B&H has natural resources suitable for tourism development	0	0	1	7	64	4,88	0,37
	2	B&H has cultural and historical resources that might be a part of the tourist offer	0	0	1	13	58	4,79	0,44
	3	B&H has possibilities to develop different forms of tourism (health, cultural, gastronomic, etc.)	0	0	2	18	52	4,69	0,52
	4	B&H has rich and diverse traditional valuables (customs, culture, gastronomy)	0	0	1	20	51	4,69	0,49
	5	Public/private partnership is a good model to promote tourism in B&H	1	1	23	30	17	3,85	0,85
		Sums of ratings	1	1	28	88	242		
Limitations	1	Road communications of B&H are insufficiently developed and of poor quality	0	1	1	10	60	4,79	0,53
	2	Air traffic in BiH is insufficiently used for touristic purposes	0	1	6	26	39	4,43	0,71
	3	Legislation in the field of tourism is inadequate and not affirmative for businessmen	0	1	7	16	48	4,54	0,73
	4	Institutional frame in tourism is complex and unharmonized at the state level	0	0	5	19	48	4,60	0,62
	5	B&H as a tourist destination is insufficiently visible and not adequately promoted on international tourism market	0	0	3	20	49	4,64	0,56
		Sums of ratings	0	3	22	91	244		

Source: Authors

*Possibilities* - There were no responses with values 2 or 1 to a total of 4 out of 5 questions. The frequency of value 3 (I cannot decide) to question 5 is high. It is higher than the total value of 3 in the group Limitations. This had the effect of a low average and a high standard deviation for the same question. This may indicate several causes (distrust of the concept, negative experiences, insufficient knowledge, etc.), and thus the need for a deeper analysis of the causes of this attitude.

*Limitations* - There were no values 2 or 1 to a total of 2 out of 5 questions. There is a total of 22 answers with a value of 3 (I can't decide) with an almost even distribution on 3 out of 5 questions. The highest frequency is in question 3, followed by question 2. It is indicative that three questions from the Limitation group were answered with a value of 2 (I generally disagree). In this group, the second-lowest average is on question 2, related to air traffic, as a consequence of the distribution of answers of values 4 and 5.

Overall, the highest averages are for questions 1 and 2 from Possibilities and question 1 from Limitations. Excluding the lowest average for question 5 from Possibilities, low averages are observed for questions 2 to 5 in Limitations. Those are lower than the lowest average for

questions 2, 3, and 4 from Possibilities. This may indicate the need for additional analysis (e.g. consistent application of the law, use of available resources, etc.).

*Statistical analysis of answers* - involves the calculation of Cronbach alpha to measure the consistency of the responses given by the Likert scale.

**Table 8.** Recapitulation of Cronbach-alpha calculation

Aspect	Question	Cronbach	Cronbach
(1)	(2)	(3)	(4)
Possibilities	1 B&H has natural resources suitable for tourism development	0,71085	0,75224
	2 B&H has cultural and historical resources that might be part of the tourist offer	0,65842	
	3 B&H has possibilities to develop different forms of tourism (health, cultural, gastronomic, etc.)	0,68486	
	4 B&H has rich and diverse traditional valuables (customs, culture, gastronomy)	0,66376	
	5 Public/private partnership is a good model to promote tourism in B&H	0,84238	
Limitations	1 Road communications of B&H are insufficiently developed and of poor quality	0,78071	0,81087
	2 Air traffic in BiH is insufficiently used for touristic purposes	0,77609	
	3 Legislation in the field of tourism is inadequate and not affirmative for businessmen	0,70525	
	4 Institutional frame in tourism is complex and unharmonized at the state level	0,77149	
	5 B&H as a tourist destination is insufficiently visible and not adequately promoted in international tourism market	0,81843	

Source: Authors

Column (4) gives the Cronbach's alpha value for all answers. Column (3) gives the value of Cronbach's alpha if the answers to the given questions are omitted, thus measuring the impact of that item on the total score.

*Possibilities* - Cronbach's alpha (0.75224) shows a high degree of consistency in the response structure. The value is significantly higher (0.84238) if answers to question 5 are omitted. This complies with the conclusion that answers to this question significantly deviate from others. Omitting the answers 2 and 4, and partly 3, result in lower Cronbach alpha values. This implies the attitude of respondents on the high importance of these aspects for tourism.

Results confirm hypothesis H<sub>1</sub>: B&H has resources that enable the affirmation of various forms of tourism.

*Limitations* - Cronbach alpha (0.81087) indicates that there is a high degree of consistency in the response structure. The omission of any answer does not result in an increase of Cronbach alpha value above the one that applies to the whole sample. The omission of the answer to question 5 slightly increase Cronbach alpha. Omission of question 3 results in a decrease of Cronbach alpha. This is a consequence of the higher fluctuation in answers to other questions. This may indicate the attitude of the respondents about the impact of this aspect on tourism.

Results confirm hypothesis H<sub>2</sub>: The main factors limiting the development of tourism are infrastructure and legislation.

In the accordance with the above, it can be concluded that analysis confirms hypothesis  $H_0$ : B&H tourism is an important industry with great opportunities, but also limitations that slow down its development. There are possibilities concerning natural, cultural, and historical resources. On the other hand, limitations mostly relate to infrastructure and legislation.

## 6. FUTURE RESEARCH DIRECTIONS AND CONCLUSION

Bosnia and Herzegovina is still a new and insufficiently researched tourist destination that must invest a lot of effort to become recognizable in world tourism flows. The abundance of natural and cultural-historical resources is indisputable, but they must be valorized in order to serve the development of tourism. This opens up opportunities for the development of various forms of tourism, enabling a stronger contribution to the Bosnian-Herzegovinian economy, which was confirmed by Hypothesis  $H_0$ . The continuous increase in tourist traffic, except for the COVID-19 pandemic, indicates that Bosnia and Herzegovina is an interesting destination. But, work should also be done on the protection of natural and cultural resources, both within the state list of protection of resources and the UNESCO list. The slow development of the tourism industry is conditioned by the complex institutional structure and massive legislation, which slows down the faster growth and development of tourism.

To undertake activities to improve the tourism environment special emphasis should be on a few aspects. There is a need to enhance the promotion of tourism and other development content, which can help the overall development and improvement of tourism, as an important industry. The public-private partnership should be considered a good model of tourist destination management. This model would involve all relevant stakeholders to define the direction of development and affirmation of the tourist destination. If we take into account that the respondents from conducted research are from the private sector, it can be assumed that they are dissatisfied with the support of government institutions and the public sector, so they were rigid in supporting this model.

The normative (legal) framework is hindering the affirmation of tourism and catering, which is confirmed by the answers of the respondents to whom these regulations apply. Institutions should, as soon as possible, start amending legal regulations. Both constructive and objective suggestions of all economic entities to which the regulation applies should be taken into account during the procedures of passing laws. The human resource structure of the respondents indicates the need to strengthen the interest of young people to work in this industry. Cooperation with higher education institutions can help not only in terms of higher education but also long-life learning concepts so that employees can cope with the demands of a competitive market. Road communications are insufficiently developed and of poor quality and their revitalization depends on government institutions as decision-makers. Interest in overcoming limitations should be recognized by policymakers, making tourism the source of economic development.

The research results indicate that tourism is an important industry with numerous possibilities for further development. In order to conduct in-depth research on possibilities and limitations for the development of tourism in Bosnia and Herzegovina, additional research, that would involve other stakeholders, not just service providers, is recommended. The results also indicate the need for additional research in order to analyze the content of obtained answers.

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