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

Tourism product as a factor of competitiveness of
the Serbian economy and experiences of other countries



**THEMATIC
PROCEEDINGS**

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



DEVELOPMENT OF INNOVATIVE TOURISM PRODUCT IN RURAL AREAS: CHALLENGES AND SECURITY ISSUES

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Abstract

This paper is the result of research into the relationship between the current state in Serbian rural areas and the position of tourism, economy of agriculture, culture and safety. Over the last decade stakeholders have promoted a few development projects in rural areas. Hence, there is a need to understand how the existing risks can affect these innovative actions. Having in mind the regional inequalities, rural tourism may not be suitable for every location. The extent to which some adopted strategies in rural areas were realized remains the subject of much debate. Security issues are one of these subjects. In rural areas, tourist engaged in various types of tourism can be jeopardized: from eco, gastro, adventure to culture, and others. The results address the need that tourism product must be created in a way to attract and keep tourists safe. The conclusion is that rural communities that consider offering a safe innovative tourism product will have more opportunities for development.

Key Words: *tourism product, rural areas, risks, environment*

JEL classification: *O18; Z32*

Introduction

New positioning of Serbia in the tourism market has to be based on professional considerations of factors that have a crucial impact on the overall success of the Republic Serbia as a tourist destination. The perspectives and financing of different forms of tourism in rural areas, for example winter tourism is very challenging in the RS (Vojinović et al.,

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2016). European Union (EU) established rural development policy to help rural areas to meet the wide range of economic, environmental and social challenges. The complex process of rural development promotes six common EU priorities, but for the purpose of this paper, the authors consider a few of them. Those are: fostering knowledge transfer and innovation in agriculture, forestry and rural areas; promoting food chain organization, animal welfare and risk management in agriculture, and promoting social inclusion, poverty reduction and economic development in rural areas (European Commission, 2014). The EU's rural development policy is funded through European Agricultural Fund for Rural Development (EAFRD) worth € 100 billion from 2014 – 2020. Multiannual financial framework (MFF) devoted to the second pillar (rural development in defined period) counts 23% of the overall amount.

The Republic of Serbia on its path to full membership in EU follows the adopted policy in this area. Serbian rural population in 2015 counted 44, 4% of total population (Central Intelligence Agency-CIA, 2015). Serbia is a country highly exposed to the threats and risks of global climate change, natural disasters and extreme weather events (Radović & Arabska, 2015; Vojinović et al., 2015). The risk management is needed in every area, but especially in the area of financial sectors service that has to handle all mitigation actions during and after a disaster (Vojinović et al., 2016a). Rural communities suffered from insufficient capacity in the emergency management in numerous emergencies that hit those areas (Radović & Petrović, 2012). Because agriculture is still the predominant activity and the major economic contributor in terms of food, incomes, public goods and services in rural areas of Serbia, it is obvious that its weather dependence is the most serious problem, which jeopardizes the sustainable development in rural areas (Cvijanović et al., 2016; Radović et al., 2012).

In 2005 the national legislations were created, such as the First Agriculture and the Rural Development Strategy of the Republic of Serbia, which defined the general strategic policy framework which should ensure the support for sustainable rural development (The Law on Agriculture and Rural Development, 2009). Rural Development Network of Serbia (RDNS) has been established aiming to lead to improving the quality of life in rural areas through engaging, building and enhancing capacities of local communities and building a partnership between civil and the public sector. RDNS defined a specific Action Plan for the period 2011-2015 in which its role and numerous activities are explained,

especially those regarding the launches of new initiatives for the adoption, amendments of laws and other regulations and measures important for the development of rural areas (RDNS, 2011). In addition, the Law on incentives in agriculture and rural development was adopted (Serbian Parliament, 2015). The Ministry of Agriculture and Environmental Protection adopted the Strategy of Agriculture and Rural Development 2014-2020 whose basic goal is to define the specifics of rural areas through a rural development policy and ensure possibilities for the growth of small family farms. It is needed to highlight that Serbian Government adopted the Strategy of tourism development in period 2016-2025 in which rural tourism is recognized as potential business opportunity for entrepreneurs and companies (Serbian Government, 2016).

In 1994 the Organization for Economic Cooperation and Development (OECD) posted in its document important issues regarding tourism strategies and rural development, and created rural indicators for shaping territorial policy. OECD created very simple definition of rural tourism as `tourism which takes place in the countryside` (OECD, 1994). There are many definitions of rural tourism and one defines it as the `country experience` that encompasses a wide range of attractions and activities that take place in agricultural or non-urban areas. Its essential characteristics include wide -open spaces, low levels of tourism development, and opportunities for visitors to experience agricultural and/or natural environments. A major form of rural tourism is agro tourism, which refers to `the act of visiting a working farm or any agricultural, horticultural or agribusiness operation for the purpose of enjoyment, education, or active involvement in the activities of the farm or operation` (Government of Alberta, 2010).

In the 21st century in almost all documents in international community, as well as in national, which tackled the complex issue of rural development, tourism and agriculture were addressed as highly important for rural population wellbeing. That relationship was stressed due to the fact that traditionally agriculture and forestry are central to rural life. There is a wide and innovative set of rural/ agro tourism products and services available to the tourists in Serbia. It includes agricultural events, the celebration of village history sites, farm markets, and agricultural travel routes and themes features. Policy makers in all levels, from the national to the local, are devoted to supporting rural tourism development in joint actions with other interested parties.

Tourism provides multiple services and products associated with a series of collaborated suppliers for tourists. A more explicit way of describing tourism is to consider it as "... the sum of those industrial and commercial activities producing goods and services wholly or mainly consumed by foreign visitors or by domestic tourists" (Ritchie & Goeldner, 1994). According to the marketing theory, the term "product" is defined as "anything that can be offered to a market for attention, acquisitions, use of consumption that might satisfy a need or want" (Kotler & Turner, 1989). Even though the services and tourism industry have become very mature markets requiring innovation and new tourism products, the actual situation of the tourism industry is to be rather characterized by minor, almost only cosmetic, changes in the product offerings interceded by an ever increasing numbers of crises (in the world and in Serbia, too). The plans regarding rural development could be more holistic having in mind the specific security circumstances in those areas. In Serbia, emergency management in rural area is not appropriate, and therefore there is an urgent need to follow the positive practice from numerous developed countries to strengthen rural communities and promote economic growth (White House, 2011).

Despite all improvements and tourism growth in Serbia, some important questions still need to be answered. One of them is how to improve the current state of rural tourism in Serbia based on fact that the most common and obvious benefit of innovation in the tourism industry happens in the area of product development. Therefore, the authors presented the results which are helpful in the process of creation an innovative tourism product in rural areas. This product has to be safer than those presented at market based on widely accepted concept of five areas in which a company (tourist firm) can introduce innovation (Schumpeter, 1997).

Security and safety in tourism is also a part of this paper as a complex and multidimensional notion considering various components as political security, public safety, health and sanitation, personal data safety, legal protection of tourists, consumers protection, safety in communication, disaster protection, environmental security, getting authentic information, quality assurance of services etc. (Kôvári & Zimányi, 2011)

The methodology used in this article is characteristic for social researches: historical analysis, comparative analysis and data analysis. It allows authors to use various documents from electronic databases,

books, scientific journals, official documents and positive practices from various, developed and undeveloped countries. After a careful analysis of the data, all facts confirm that the activities of policy makers in the area of strengthening the capacity of rural communities in the process of creation innovation tourist product which includes safety components as many others.

The article is divided in a few sections. After the introduction, there is a section with several insights into the improvement of sustainable rural development and rural tourism as its part. The third section presents the importance of innovation aspects in a process of development tourism product in current circumstances. The next section discusses how stakeholders could make a tourism product more safe having in mind security issues in country and in the region. The last part is devoted to the conclusion remarks and a list of references used in the article's preparation. Presented facts show that safety issues have to be recognized in the future in every aspect of creating policy regarding rural development and rural tourism in the Republic of Serbia. Having in mind all the facts, it is obvious that stakeholders in Serbia have to be more engaged in the actions to improve the life condition in the rural areas and development of adequate and safe tourism product.

Rural tourism as a part of sustainable development

Rural tourism is identified as the key sector that can drive the diversification of the rural economy and improved quality of life in rural population. Many projects were carried out in the last decade with the main aim to improve the rural tourism as a part of rural development concept. One of the well-known among interested parties was UN Joint Programme, which worked towards diversification of rural economy in Serbia. The key activities of this program were among others those linked with strengthening the capacities of rural development entrepreneurs, tourism organizations, and supporting local projects through the Join UN Fund for Sustainable Rural Tourism. All activities were implemented in four areas: South Banat on the Danube, in the lower Danube, in Central and East Serbia. The rural tourism is linked with different selective types of tourism like culture, adventure, ethno, gastronomy and wine tourism, ecotourism, farm tourism (agro tourism), and etc.

Consequently, rural tourism in Serbia in its purest form should be considered:

- Located in rural areas;
- Functionally rural-built upon the rural world special features of small-scale enterprise, open space, contact with nature and the natural world, heritage, ``traditional`` societies and `` traditional practices``;
- Rural in scale –both in terms of buildings and settlements-and, therefore, usually small--scale, and
- Traditional in character, growing slowly and organically, and connected with local families. It has to be control locally, and developed for the long term good of the area (Lane, 1994).

Competent authorities support development of rural tourism with an aim of diversification of economic activities and improving the quality of life in rural population. The analysis of the financial means devoted for this purpose pointed out interesting data which should be born in mind while planning future activities. Based on the available internal data of the ministry in charge, the Department for Rural Development in period 2006-2008, the amount of money devoted to rural tourism and diversity of economic activity in rural area significantly increased. The total amount counted 91 580 215 Serbian dinars (RSD) and it was used by 173 applicants. The number of applicants permanently rose in this period. This statement is evident from Table 1.

Table 1: *Number of applicant and amount of budget financial means in a period 2006-2008*

Year	Number of applicant	Number of user	Budget financial means (amount in RSD)	Realized financial means (amount in RSD)
2006	/	22	/	27.827.116
2007	298	41	40.000.000	27.028.686
2008	608	110	40.000.000	36.724.413
Total	/	173	/	91.580.215

Source: <http://www.ruralinfosrbia.rs/dokumenta/ruralni%20turizam-analiza%20budzetske%20podrske.pdf>

The greatest interest for using this support was recorded in the area of West Serbia, which has a long tradition of rural tourism, favorable conditions for eco-tourism, and remarkable natural potential (54, 2%). It was followed by applicants from Vojvodina region (13, 3 %), Central (12, 6%), and East part of Serbia (12, 4%). Another important observation is

that financial means are mostly spent for rebuilding facilities in rural households (91%), since only 9% were devoted to the promotional and educational activities. Having in mind these data, it could be easily understood in which direction future activities have to be conducted. Therefore, policy makers have planned numerous activities in a recent Strategy of Tourism Development in Serbia for the period 2016-2025.

The contribution of academic science in the area of rural development and rural tourism were enormous in the last decade. The publishing house announced numerous articles and books in Serbia, as well as in international community regarding the issue of rural development, tourism in general and its various types. The media also covered this theme from various angles and on different occasions.

Although the interest has increased significantly in scientific and wider community and despite all improvements, Serbian rural tourism still lags behind the level of other countries and is faced with numerous obstacles. Therefore, some authors recognized this deficiency in their articles. The authors randomly selected a few of them available in public:

- In the paper titled: Suva Planina as a development area of rural tourism, the authors addressed serious obstacles and concerns in the development of rural tourism in this destination (eight of them) (Randjelović et al., 2012);
- In the paper: Rural tourism in Serbia-opportunity and perspectives, the author stated that even `Serbia has remarkable natural resources and other needed potential for development of all varieties of rural tourism, it is still inappropriate organized, and it takes place inadequately to the current opportunity. `` (Čomić, 2002).
- In the paper: Resources for the development of the Rača municipality as a rural tourism destination, the authors pointed out that it will be reached only if stakeholders in municipality ``create a positive climate and increasing interest of local people and business is engaged in the development of this form of tourism.`` (Milićević et al., 2015).
- In the paper `` Concept of risk management of natural disasters in Serbian tourism industry ``, the author recommended the urgent need for creation and implementation of specific concept of risk management in tourism industry following the actions of countries which faced horrible consequences after natural disasters (New Orleans, Phuket, etc.). (Radović, 2010).
- In the specific review titled: Risk management in rural development, it is pointed the importance to manage the important new risks with

which rural communities and individual resident must deal in the risky world. (Anderson, 2001).

The sustainable development of the Republic of Serbia is a challenge with numerous risk and obstacles. If the overall concept of sustainable development is jeopardized, it is logical that there are no expectations for the improvement of sustainability in other areas in society, for example in the area of sustainable tourism in rural development. There are some figures which stated that in Serbian rural areas there are 10 000 beds, and in 2009 it was 2.5 million of tourist nights, or 27% of the total tourist nights in that year in Serbia.

The Sustainable Development Strategy in Serbia identifies a need for an action plan for the adaptation of various economic sectors to climate changes (Serbian Government, 2009). Hence, there are urgent needs to consider the research results on the capacities of every municipality to implement the concept of sustainable development and their capacity to respond to multidimensional security threats promptly and efficiently. Unfortunately, the gap between policy makers and a scientific community is still significant and expert recommendations did not follow. Based on its capability for sustainable development, the municipalities are classified in three groups. The number of municipalities in every group is presented in Table 2.

Table 2: *Number of municipalities in every group*

Group	Number of municipalities	Number of municipalities (in percentages)
Very capable -1	1	1.65%
Capable – 2	31	17.75%
Less capable – 3	133	80.60%
Total	165	100%

Source: *Radović et al., 2015*

Rural tourism, although still minor at Serbian tourist market, is making a valuable economic contribution. Its contribution can be expressed only in financial terms; it could be seen as a right way to decrease the regional disparities and inject of a new vitality into wakened local economies. It is also useful as a way to protect cultural-historic heritage which exists in rural areas.

The potential rural tourism promises some of the following benefits to rural development:

- Job creation and job retention;
- New business opportunities;
- Opportunities for youth;
- Service retention;
- Community diversification;
- Rural tourism enhance and revitalizes community pride;
- Preservation of rural culture and heritage;
- Increase in arts and craft sale,
- Provided landscape conservation;
- Environmental improvements, and
- Protected the historic built environment (new purpose, add new value).

In Serbian society, there is an ongoing discussion about returning traditional values. Rural tourism could be a great opportunity to contribute in this regard. In Serbian rural households, it was noted a trend that people who had lost their jobs in a process of privatization were forced to go back to their birthplaces. Some of them started to work on a farm and invest in agribusiness. In current budget shortfalls, they faced with numerous farm risks, market failures and insufficient government intervention. In Serbia in 2016, were more than 900 of households devoted to rural tourism performance are registered. In 84 municipalities there is one or more agricultural households. For example in Gornji Milanovac there are more than 50 active and 89 registered households in the rural tourism area. Serbian rural tourism and agriculture is bond in an action to enhance development and competitiveness. Since most neighboring countries have been promoting the development of their tourism industry, this has led to the increased competition to attract tourists and increase tourism revenues.

The theme of competitiveness in the economy in the global community has become a priority, although following many unknowns. It was measured in different ways, but the most acceptable in the science and practice is the Global Competitiveness Report published by the World Economic Forum and the World Bank reports on the ease of doing business (Doing Business).

Measuring the level of a country's competitiveness is based on using a large number of indicators for assessment of factors that determine the economic success and improve the quality of life (Penev, 2015). According to the World Economic Forum for 2015, Serbia was on 94th position on the list, which includes 140 countries, based on the recorded value of the Global Competitiveness Index (GCI) of 3.9. However, it should be noted that the value of the IGK range in the interval from 1 to 7, and the worst value is recorded to the subindex C innovation and sophistication factors in eleventh pillar: business sophistication 3.1 and twelfth pillar (innovation) 2.9.

Having in mind all of the above-mentioned and the facts on the state of infrastructure and increasing poverty rate in Serbia, it is clear that rural tourism has to be developed in very complex surroundings. The infrastructure, regardless of the constant highlighting its importance, remained neglected and we see that its deterioration and damage is an important limiting factor for economic development, and rural tourism as well. In the Report on the freedom of the global trade, transport infrastructure was recognized as the worst point of Serbia (Radović&Domazet, 2016). Another additional complex issue, which tackled rural tourism, is the poverty rate in Serbia. In 2014 it was 8, 9%, which means that the 628 000 population is considered poor. In comparison to previous 2013, poverty rate was increased from 8, 6% to 8.9%. Of concern is that in the territory of the Autonomous Province (APV), the number of poor growth significantly higher compared with the previous year 2013 in which the amount of 5, 6%. In 2014, this percentage was 7, 8% (Serbian Government, 2014).

The interested parties for the development of rural tourism in Serbia with the objective of creating sustainable income generating opportunities as supplemental income source to reduce the level of rural poverty will also contribute to equal territorial development and the protection of natural and cultural and natural resources needed for rural development. Rural tourism has to be developed having in mind some recent events which brought significant environmental damage in some specific rural areas. First there was an accident in "Stolice" where land was contaminated, and a few other events jeopardized rivers and streams and affected biodiversity. It is unreasonable to believe that foreign direct investment in so called "dirty technologies" could gain any benefit in rural, as well as in the urban area having in mind current state in all environmental components (air, soil and water) (Radović, 2017).

Planning sustainable integrating rural tourism assets has to be identified, assessed and prioritized for the future development by preliminary expert assessments and participatory planning mechanism, which will outline the vision and strategy for the rural tourism development in the community through wide consultation and participation of local and national stakeholders based of positive experience in international community.

Embrace innovation in the process of tourism product creation

In Serbian Strategy for Tourism Development numerous actions regarding improvement and development of tourism product are addressed. The main strategic documents which have to be created are the Program of tourism product development and Marketing plan for tourism product. Serbian tourism industry is faced with numerous risks and there is a need for a prompt and efficient response which will lead to the better recognition in the global tourist market. Since innovation process in Serbia is an Achill heel in many other areas in society, tourism is not an exception. Therefore, stakeholders must decide which factors for innovation in tourism will be successful, and decide which dimensions of innovation can be distinguished. The development of rural tourism product needs to provide the new or innovative products to meet the demand of the tourism market by analyzing the market well. There are two aspects included in the product development. First, to redesign the current rural tourism product, and the second to create new rural tourism products. Anyhow, that new rural tourism product has to facilitate the need satisfaction in order to meet the change of tourist needs. Successful innovation is also profitable for tourist firms in a competitive market as it increases the value of the product or tourism experience.

In the process of the development of an innovative tourist product those in charge have also to provide common features of the tourist product. Some of those features are:

- Make the asset come alive because e-tourist will be more willing to consume such product at a deeper level if they have satisfied experience and spend more time at the destination;
- Make it a participatory experience;
- Make it relevant to the tourists and
- Focus on quality and authenticity on the rural tourism product because this is a determined factor to attract and satisfy them.

Tourism firms should work as any other company and introduce innovation in five areas:

- Generation of new improved products;
- Introduction of new production processes;
- Development of new sales markets;
- Develop of new supply market, and
- Reorganization and/or restructuring of the company (Schumpeter, 1997).

Numerous weakness of Serbian tourist industry is carefully explained in various national documents. Tourism in rural area needs local infrastructure, local population with a positive thinking about tourism, local industry that acts as supplier for tourism business and shopping facilities. It is important to understand that no one wants to spend his holiday in a destination and consume a product of only one supplier. Tourists need a bundle of service suppliers participate in creating tourism experience (Kasper, 1991). Policy makers have to consider three factors which determine the level and pace of innovation actively in tourism: supply and supply related determinants; demand drivers and the level and pace of competition. Any of this factor, as well as all of them, is changed based on new circumstances in the global arena.

Serbian tourism industry in the last decade faced with numerous challenges and changes. Numerous destinations are recognized at the regional market as well in European tourist market. A lot of efforts was put into the promotion and there is an ongoing campaign to increase the interest of foreign tourists in visiting some the most popular tourist destinations. What was not conducted in the past is the development of tourist product that is based in serious multidisciplinary cooperation of all interested parties.

Finally, in the future Serbian Government plans to highlight the urgent need to add value in a tourism destination by the specialization through the creation of products targeted toward specific market segments. The creation of tourism product encompasses a series of activities and has to follow a few steps. First there is the initial phase in which all destination elements are taken into account, afterwards the product is created, and at the end communicated to the market so that product can be consumed by a part of tourism demands. In the process of the evaluation of real success potential of the different products there is an obvious need to consider various criteria. These criteria can be also economic, social, cultural,

environmental or political among others. Human security for example is not considered in any part of the documents on power regarding the development of rural tourism product. No one can develop a successful product in the rural municipality if any kind of the security of the municipality itself is compromised.

The authors created Table 3 to show the key elements in which the tourism product creation process is divided. There are 5 different areas and the result is the stimulation of tourist consumption in a selected destination. The initial stage is the existence of the motivation to travel. The basis is resources and attractions at a destination. The creation process requires not only the existence or creation of infrastructure, facilities and services, but also the development of specific activities or experiences. The results of the process can be seen as the tourism supply of a destination. The values provided by the product should also be communicated and promoted to stimulate the consumption of tourism product in a destination.

Table 3: *Key elements in the product creation process*

Initial stage	Motivation to travel		
	Management organization		
<i>Basis</i>	<i>Destination`s resources & attraction</i>		
<u>CREATION PROCESS</u>	<u>INFRASTRUCTURE</u>	<u>FACILITIES</u>	<u>SERVICES</u>
	+		
	<u>ACTIVITIES & EXPERIENCES</u>		
	↓		
	<u>TOURISM SUPPLY</u>		
Communication	Image & positioning	Communication & promotion	Sales & commercialization
		↓	
<i>Results</i>	<i>Tourist consumptions or exchange</i>		

Source: *Jordi, 2006*

New technological achievements change the daily work in tourism industry, and there is no future neither profit for those who do not know or do not like to adapt to the new era of tourism in global arena. The capacity for firms to innovate and adapt to market developments is crucial

to their success, but research-based knowledge on innovation strategies in tourism remains scarce. Hence, firms must cooperate to position themselves, to develop a brand and become attractive through interesting total products, extra-ordinary experience product and functionally infrastructure (Alsos et al., 2014). In the process assessment success of innovation in tourism industry stakeholders must be sure that they chose the most appropriate type of innovation and how to measure innovation levels in tourism (Hjalager, 2002).

The results obtained from the study conducted by Centre for Tourism and Service Management, University of Innsbruck, Austria in 2004 are very useful because of some important proposals. They stated that there is a negative correlation between the size of tourism firm and innovative activity. Small firms are usually imitators. Private sector in tourism only undertakes innovations if they promise to be profitable (an exceptional profitability is the biggest driving factor for innovation).

The Government's role in a process of leading innovative activities regarding the development of rural tourism product, as any other, is also very questionable for some economists and tourism experts. They insist to let the market to do as much as possible, and only intervene when there is a market failure. Another issue is that policy makers try to let the innovating firms in question achieve economies of scope and seek innovation through cooperation alliances and other form of networking. They insist on reducing the government's role as a facilitator, coach or incubation partner, who turns prototype development over to the private sector as soon as innovation activities have been carried out. Policy makers also have to provide well functioning, regulation –free market. That way it will be possible to avoid some innovation barriers, and bureaucratization which can affect the firms.

Safety is a key for successful rural tourism

Nowadays security is an active element of tourism based on the obligatory condition to protect both tourists and industry and the challenges of globalization finding expressions in studies and discussions on risk management in tourism. The increasing frequencies and severity of security crises in last several decades, the feelings and perceptions of safety and security are changing, too, which are the processes that impact tourists' decisions and travels (Radović & Arabska, 2016). In Serbian policy, the terms risk and risk management in tourism industry do not

exists and this has been changed promptly. The consequences of numerous risks in rural area had a great impact on the planned implementation of sustainable rural development and rural tourism, too. Stakeholders have to seek how to bring within rural communities a feeling of partnership in emergency management business, and the articulation of a joint vision.

Neglecting numerous risks in tourism industry could be catastrophic because it is clear that the risk in Serbian tourist industry existed, are still there, and could be even more enormous in the future. The significant economic burden to the Serbian society was noted after the great flood in 2014. The assessment revealed that the total impact of this flood in the 24 affected municipalities' amounts to 1,525 million €. In the tourism sector, damages and losses were estimated at approximately 2.19 €. It was about 75% corresponding to losses, and 25 % to the destruction of physical assets. Post-disaster need for tourism recovery is 0.5 €, and for reconstruction of 0.7 € which is total of 1.2 million € (Serbian Government, 2014).

Risk management is a keystone factor in the area of the innovative tourism product developed. The one among numerous examples is "Passages to Innovation" program, implemented by the Canadian Tourism Commission that identified four quadrants of product development. In Serbian tourism industry, this could be useful to apply in practice. The explanation about this practice is as follow:

1. Quadrant 1: Existing customers-existing products. This quadrant represents the lowest risk strategy. In this instance, the organization is catering to its current market segments, with its existing product range. This quadrant is the safe bet for many organizations. However, the face of the tourism consumer is changing and organizations must not only react to new trends, but also be proactive in order to be ready for the new market/s.
2. Quadrant 2: New customers - existing products which represent a slightly higher risk strategy. An organization entering this quadrant is wise to also keep a portion of efforts in quadrant 1. As an organization develops a new market segment, research must be conducted to evaluate the potential of those market segments for the existing products. Often, in this instance, the product may be modified to reflect the needs of the new market best. However, this does not constitute a new product.

3. Quadrant 3: New customers--new products. This quadrant represents the highest risk category. New businesses all start in this category. It is very delicate and must be executed with caution.
4. Quadrant 4: Existing customers/ new products. This quadrant offers a potential high-risk strategy. When presenting new products to existing customers, you want to ensure that these products will cater for their needs and not alienate them. Existing customers will, however, be more willing to try new products coming from an organization they trust (Tourism Excellency, 2014).

In the future Serbian policy makers have intention to develop more regional tourist product believing that it could lead to the better position in regional market. Anyhow, stakeholders must consider some security implications in this process. It should be conducted in a very sensitive way because of the history of ethnical conflicts in nineties, and reorganization of all regions as a very fragile area. Tourism is important contributor of economic development of post conflict area to re-develop tourism post conflict area have to meet few additional requirements which are:

- Restore safety image
- Invest in infrastructure
- Focus on risk management
- Emphasize new experiences (www.cbi.eu)

In the future, Serbian tourism industry will be faced with numerous issues on the path to increase its impact on economy and contribute to the sustainable development in rural areas and country in a whole. In that task, therefore there is an urgent need to be innovative and look for reliable partners because risks can be very high in this process.

Conclusions

Sustainable development is now a broadly accepted ideal. In the 21st century in almost all documents in international and national level, is addressed the complex issue of sustainable development, rural development, tourism and agriculture. Tourism as an important driving force provides multiple services and products associated with a series of collaborated suppliers for tourists. Rural tourism is identified as the key sector, which can drive diversification of the rural economy and improved the quality of life in rural population. Serbian policy makers faced a lot of obstacles in their effort and made new plans for the future improvement

and did not obtain adequate risk management measures. Competent authorities have the intention to maintain the population base, improve farm job opportunities, provide public services and strengthen human and institutional capacities and regulatory policies in rural areas. Their effort should include bridging the gap between knowledge and action, embrace use of innovation of a safe tourism product, and provide needed condition to the free market and sufficient capacities of rural communities.

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