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HOTEL INNOVATION AND INTER-CLUSTER DIFFERENCES

Ana Jovičić[1]; Snježana Gagić[2];

Abstract

The Republic of Serbia is divided into four tourism clusters: Vojvodina, Belgrade, Southwest and Southeast Serbia. Tourism clusters are natural regions and are important in terms of identifying potential for tourism development, connecting stakeholders in tourism and the promotion of Serbia as a tourist destination in the international market. Hotel sector constitutes the material basis of tourism development, and hotel innovation largely determines the quality of the tourist product clusters and Serbia as a whole. The paper aims to empiricaly examines hotel innovation depending on which tourism cluster the hotel is part of. The sample consisted of 512 employees in 57 first, second and third-category hotels in four tourism clusters. The results of the research suggest that there are statistically significant differences in terms of hotel innovation, wherein hotels within the Southeast Serbia tourism cluster proved to be the most innovative.

Keywords: *innovation, hospitality, tourism clusters, Serbia*

Introduction

In order to identify the most significant potential for tourism development and their intelligent use, Serbia as a tourist destination is divided into four clusters: Vojvodina, Belgrade, Southwest Serbia and Southeast Serbia (Strategy of tourism development in Serbia, 2006). The identified clusters are natural regions, but also regions which have the potential and strength to grow and develop what would ensure international competitiveness.

1 Ana Jovičić, PhD, Assistant Professor, Modern Business School Belgrade, Terazije 27, Belgrade, Serbia, tel: 0641478824, e-mail: ana.jovicic@fondmt.rs

2 Snježana Gagić, PhD, Assistant Professor, High School of Management and Business Communication Sremski Karlovci, Mitropolita Stratimirovića 110, Sremski Karlovci, Serbia, tel:0606565543 e-mail: gagicsnjeza@yahoo.com

The main objective of clustering in tourism is to link the public sector, technology, product and service suppliers and sales channels, tourist operators, accommodation and other important stakeholders in order to ensure growth and the development of tourism in Serbia in line with the reality and the capacity of the local industry, along with the synergy of public and private sectors. Clustering also promotes horizontal cooperation and strategic partnerships in tourism and brings coherence and coordination of different programs and funding at different levels. It enables innovation, achieving high business standards and increasing competitiveness of the destination as a whole (Đurašević, 2009).

Innovation in the hotel industry is the critical factor of the quality of the accommodation offer which affects the quality of the tourism product clusters, but also the quality of tourism product of Serbia in general. The hypothesis has been defined accordingly: "There are statistically significant differences between hotel innovation depending on the cluster the hotel belongs to."

An insight into the current state of hotel innovation in Serbia may be an important basis for the improvement of hotel and tourist product clusters, as well as for defining further directions of development of some regions and Serbia as a tourist destination.

Characteristics of tourism clusters in the Republic of Serbia

Draft Strategy for the Development of Tourism of the Republic of Serbia for the period from 2016 to 2025 stipulates that experiential structuring of Serbia remains relevant for the next planning period.

The strategy for each cluster defined development vision, the dominant products, investment, competitiveness plan and marketing plan, which is synthesized / integrated into a comprehensive plan for the development of tourism of the Republic of Serbia (Strategy of development of tourism in Serbia, 2006). Resource and attraction base consists of natural and cultural resources, events, gastronomy and special activities. The following is a brief overview of tourism clusters in Serbia.

Cluster Vojvodina is strategically positioned as "experience of water" and "Pannonian pleasure". The most important natural resources in this region are the rivers the Danube and the Tisa, but also canals, lakes (Palić, Ludas and Carska bara), thermal and mineral springs with spas,

Fruška Gora and Deliblatska peščara. The most important cultural resources are cities and city centers (Novi Sad, Subotica, Sombor), monasteries of Fruška Gora, the Petrovaradin fortress, museums, galleries and ancient sites. Events of special importance for the development of tourism are the EXIT Festival, the International Film Festival in Palić, summer theater performances, horse races and other events. Local food and drinks are a special attraction, as well as the activities such as hunting and fishing. Key products of Vojvodina cluster are events, nautical, spa, rural and eco-tourism and also tourism of special interests.

Cluster Belgrade is strategically positioned as a exciting, creative and innovative metropolis and as a cosmopolitan city of good vibrations. Compared to other clusters in Serbia, Belgrade is a cluster with a higher level of potential to compete better globally. Belgrade has accumulated attractions, resources, infrastructure, equipment, services and other activities to support, which are important for the production of the expected experience and as such can be a leader in the tourist offer of Southeast Europe. The key natural resources are the Danube and the Sava, Avala and Kosmaj, river islands, Iron Gate, lakes and caves. The most important cultural attractions are Kalemegdan and Skadarlija, the archaeological site Vinča, Trajan's Bridge, numerous museums, galleries and theaters. Tourist come to Belgrade for events, gastronomy, activities in the focus of the hunting, fishing, numerous sporting activities, and nightlife. Key products of the cluster are business tourism and MICE, city tourism, event tourism, nautical tourism and tourism of special interests.

Cluster Southwest Serbia is positioned as a blend of history and tradition with the pleasures of nature. The construction of the Ibar highway is of particular importance for the development of the region as it ensures the availability of tourist attractions. The most important attractions are the mountains of Tara, Kopaonik, Zlatibor, Divčibare, Golija, thermal and mineral springs (Vrnjačka Banja, Banja Koviljača), cultural monasteries, and Guča trumpet festival. Cluster Southwest Serbia has the largest potential for growth, but only if infrastructure and issues of destination management are solved. Key products of the Cluster are event tourism, tourism of special interests, mountains and lakes tourism, health tourism and rural tourism.

Cluster Southeast Serbia is positioned as a yet undiscovered destination. This cluster has exceptional attractiveness, in particular for special interests, but also has significant infrastructure and other problems for the

development of competitive products. The most important natural attractiveness are lakes (Vlasinsko, Bovansko, Jovačka), thermal and mineral springs with spas, mountains (Stara, Suva, Ozren, Rtanj) and caves. The most important cultural resources are archaeological sites, monasteries, Ćele kula and Traiana. Extreme sports are very popular in this cluster. The city of Niš stands out as a tourist center of the cluster. The main tourism products of the region are touring, special interest tourism, mountains and lakes tourism, health and rural tourism.

By analyzing the structure of the accommodation offer in all four tourism clusters it was found that a higher proportion of accommodation facilities is located in clusters of Belgrade and Southwest Serbia, who participate with two-thirds, while Southeast Serbia and Vojvodina make up about a third. However, in terms of qualitative structure, clusters of Vojvodina and Belgrade have a noticeably higher standard, while the accommodation capacities at the level of international standards in clusters of Southwest and Southeast Serbia are limited to major destinations (Kopaonik, Zlatibor, Stara planina, the Danube). It is observed that the numerous hotels of higher categories are in urban centers, while the facilities of lower categories and types are typical of smaller towns, mountain and spa destinations (Nacrt Strategije razvoja turizma Republike Srbije za period od 2016. do 2025. godine, 2015).

The concept and importance of innovation

Oslo Manual (OECD, 2005) defined innovation as an "implementation of a new or significantly improved product (goods or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations."

European Commission defined innovations as "successful production, assimilation and exploitation of novelty in the economic and social spheres. It offers new solutions to problems and thus makes it possible to meet the needs of both the individual and society" (Green Paper on Innovation, 1995). All definitions of innovation are agreed in one – innovation means to do something new or different.

Koc and Ceylan (2007) defined innovative capacity as that which "relates to the firm's capacity to engage in innovation, that is the introduction of new processes, products or ideas in the organization."

Innovations are the basis for the success of the organizations in the hospitality because they provide organizations efficiency, improvement of product quality, reduction of costs, greater customer satisfaction, increased sales and profits, increased market share and differentiation in relation to competitors (Ottenbacher et al., 2006; Chang et al., 2011).

Ansoff and Stewart (1967) distinguish four levels of organisations innovation:

- inventiveness – the organization struggles for the leading position based on the product and market positioning;
- adaptability – the organization lets others take the leading position and applies the "follow the leader" strategy. It quickly adapts or modifies the products - the so-called ''Innovative imitation''.
- economy – the organisation bases its advantage on the production of what others have produced, only more economically - with lower costs;
- innovative applications – the organisation uses the available technology, but applies it creatively in new areas, or uses old technology in a new way.

Innovations in tourism and hospitality sector are determined by specific characteristics of tourism product:

- tourism product is an intangible experience,
- tourism product is highly perishable and it cannot be stored
- the consumption of tourism products involves the active participation of the customer,
- tourism product is the combination of different products and many providers contribute to tourism experience
- tourism production/marketing may involve large capital assets
- knowledge, skills and motivation of employees in tourism are essential for the creation of user experience.

Innovations can be present in different forms, which is why we can talk about different divisions of innovations. Hjalager (2010), in accordance with Schumpeter's contribution provides a typology of innovations applicable to the servicing sector and divides innovations into five categories:

- product innovations,
- process innovations,
- managerial innovations,

- innovations in logistics and
- institutional innovations.

By innovations organizations tend to gain and retain competitive advantage, and they are essential for all industries, especially for the hotel industry (Pikkemaat & Peters, 2006). Studies have shown a relationship between age, size of organization, category and connectivity of hotels into hotel chain (Orfila-Sintes et al., 2005). Hotels that are bigger in their capacity proved to be more innovative (Pikkemaat& Peters, 2006; Martinez-Ros & Orfila-Sintes, 2009; Orfila-Sintes & Mattsson, 2009). Especially significant contribution to innovations in the field of hospitality is given by international hotel companies, that is, hotel chains, the main motive of which is guest satisfaction. Hotel chains more quickly adapt to changes, and also the rate of innovation is higher in hotels that are operating under some of the contractual arrangements (Darr et al. 1995). The reason for this is the involvement of these organizations in research and development and training of employees (Tisdell, 2000).

The impact of innovation on the organizations in tourism and hospitality industry is still insufficiently explored. Studies indicate that the most common consequences of innovation is the competitiveness of organizations (Victorino et al, 2005) and the possibility of survival (Hall & Williams, 2008). Blake et al. (2006) found the increasing importance of marketing and product innovation than is the case for organizational and managerial innovations which have less impact on productivity. Martin (2004) emphasizes the importance of technological innovation for better interaction of organizations from the tourism industry and tourists (Hjalager et al, 2008).

Research Methodology

The study included 57 hotels in Serbia, which represents 19.2% of the total number of hotels in Serbia, including garni and apartment hotels. The study included the first, the second and the third category of hotels. The study included 36.3% of the objects of the first category, 35.2% of the second category and 30.2% of the third category of the total number of objects within the category, or 32.5% of the objects of 175 hotels belonging to these categories. Sampling method was convenient (voluntary) sampling.

The study included a questionnaire which consisted of two parts. The socio-demographic variables of respondents were measured in the first part. The second part of the questionnaire consisted of instrument that measured the attitude of employees towards innovations. The questionnaire contained statements that were taken from the previous research and translated from English into Serbian. All statements are adapted to the respondents whose native language is Serbian. When translating, an attempt was made to keep the same sense of the statements. The final version of the questionnaire in Serbian language was given university professors and doctoral students for review, in order to remove any ambiguities arising when translating.

The questionnaire was distributed in person and by mail; the survey was classical - "paper-pencil". The questionnaire took around 10 minutes. Respondents were expected to express their level of agreement with statements on a five-point scale Likert scale, where 1 signified total disagreement, and 5 signified full agreement with the items.

Instrument for measuring innovations included 28 items divided into six dimensions:

- Innovations of products / services (five items) - include new products and services offered by the organization in order to meet users' requirements (Damanpour, 1991; Nasution et al. 2011);
- Process innovations (five items) - include new elements that are introduced in production / providing services, such as new materials, specification of tasks, the mechanisms of information flow and new equipment used to produce goods or provide services, that is, represent changes in the method of production or services (Damanpour, 1991; Nasution et al. 2011);
- Management innovations (five items) include changes in business methods, changes in organizational structure, policy, work methods and procedures and are important for change in management practice (Hine & Ryan, 1999, Nasution et al. 2011);
- Innovations in relation with clients (five items) - represent the organization's ability to offer products and services that will provide unique benefits to customers and the ability of the organization to solve customers' problems in innovative ways (Hogan et al., 2011);
- Innovations of marketing (four items) - represent the ability of the organization to develop and implement new ways of promotion and innovative marketing programs (Hogan et al., 2011);

- Technological innovations (four items) include the ability of the organization to adopt the use of new software, integrated systems and technology (Hogan et al., 2011).

Table 1: *Socio-demographic variables of respondents*

Variable	Category	Number of respondents	Percentage of respondents (%)
Gender	Male	229	44.7
	Female	283	55.3
Age	≤ 20	7	1.4
	21 - 30	221	43.2
	31 – 40	128	25.0
	41 – 50	91	17.8
	51 – 60	62	12.1
	≥ 61	1	0.2
	Lacking	2	0.4
Education	Secondary school	253	49.4
	College/Faculty	224	43.8
	Master	31	6.1
	Lacking	4	0.77
Hierarchical level of work	Top management	47	9.2
	Middle management	93	18.2
	Lower management	51	10.0
	Non-management staff	321	62.7

The sample consisted of employees at all hierarchical levels in the organization, different educational levels. The average number of respondents was 8.98 per hotel. The frequencies of respondents range from one employee (0.2%) to 33 employees (6.4%) per object.

A total of 702 questionnaires were distributed, of which 596 questionnaires were returned, but the study included 512 valid completed questionnaires. The percentage of returned questionnaires out of distributed questionnaires is 84.9%, which represents a high rate of implementation and provides the necessary reliability and validity of the results of the data analysis. The socio-demographic characteristics of the respondents are given in the Table 1.

Table 2 presents the number of hotels and subjects, depending on the category of the hotel. Most of the buildings belong to the third category (50.9%) and the least are first-category hotels (7.0%), which was

expected given that Serbia has a relatively small number of first-category hotels. In terms of the number of respondents, second-category hotels take the largest share (44.5%).

Table 2: *Overview of the sample depending on category of hotel*

Hotel category	Number of respondents	Percentage (%)	Number of hotels	Percentage (%)
First category (5*)	78	15.2	4	7.0
Second category (4*)	228	44.5	24	42.1
Third category (3*)	206	40.3	29	50.9
Total	512	100.0	57	100.0

The study involved hotels from all four tourism clusters. The largest number of hotels was surveyed in Southwest Serbia cluster, where most hotels are located, while proportionally with the number of objects, the smallest number of hotels where the research was conducted is in Southeast Serbia. Most respondents were interviewed in the cluster Vojvodina, and the least in the cluster Southeast Serbia (Table 3).

Table 3: *Overview of the sample in relation to the cluster*

Cluster	Number of respondents	Percentage (%)	Number of hotels	Percentage (%)
Vojvodina	174	34.0	18	31.6
Belgrade	125	24.4	12	21.1
Southwest Serbia	142	27.7	19	33.3
Southeast Serbia	71	13.9	8	14.0
Total	512	100,0	57	100.0

Data were prepared and analyzed using statistical software IBM SPSS 20.0. Statistical data processing methods used in this paper are descriptive statistics, the reliability of the instrument and regression analysis. Preliminary analyses have shown that the assumptions of normality, linearity, multicollinearity and homogeneity of variance were not disturbed. Cronbach's alpha coefficient of the internal consistency of the scales showed values greater then 0.7 which represents good reliability of tests (Nunnally, 1978).

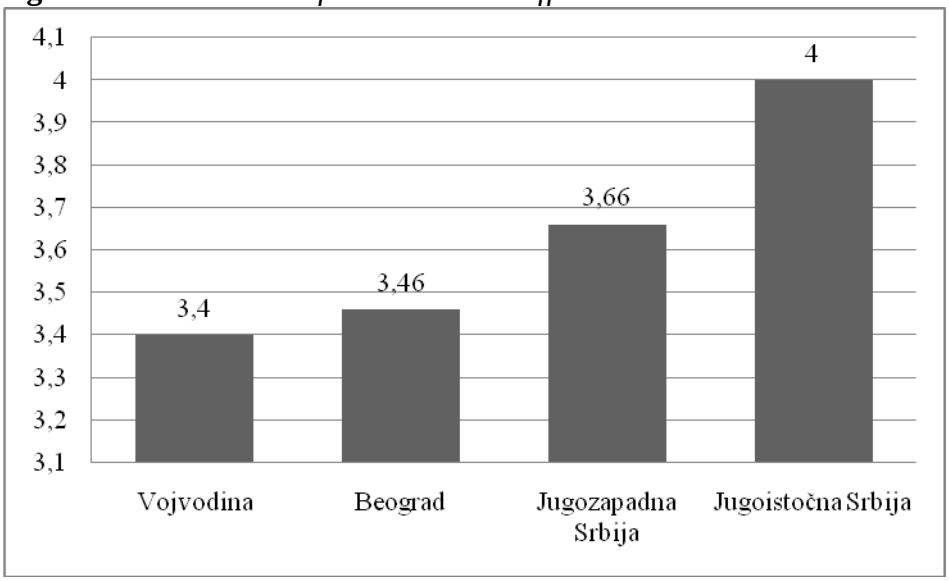
Results

Results of descriptive statistics s showed moderately positive mean value. in terms of innovativeness of hotels (M=3.57),in four tourism clusters Belgrade and its surrounding, Vojvodina, Southeast Serbia and Southwest Serbia (Chart 1). This is relatively modest result, where there are significant opportunities for improvement.

The results indicate that the perceived degree of innovation is rated the lowest in Vojvodina (M=3.4), while the results showed that the highest mean value was determined in the cluster of Southeast Serbia (M=4). To determine whether this is a statistically significant difference, the factor analysis of variance ANOVA was conducted (Table 4).

Prior to performing the one-way analysis of variance of different groups, the equality of variances was tested in the results of each group. Considering that the Levene's test did not show significance p> 0.05, the assumption of homogeneity of variance is not violated.

Figure 1: *Mean values of innovation in different tourism clusters*



The ANOVA analysis also showed that there are statistically significant differences in terms of innovation, depending on the cluster F(3,477)=11,200; p=0.000.

Table 4: *ANOVA test - differences in innovation by clusters*

	Cluster	N	M	SD	F	Sig.
Innovations	Vojvodina	165	3.40	0.628	11,200	0,000
	Belgrade	119	3.46	0.780		
	Southwest Serbia	130	3.66	0.797		
	Southeast Serbia	64	4.00	0.859		
	Total	478	3.57	0.771		

The impact was measured by Eta square, commonly used means of indicators of the size of the impact:

Eta^2=18,790:283,867=0,07

Since the Eta squared 0.07, it is a moderate influence.

Table 5: *Differences in terms of innovation, depending on the cluster*

(I) Cluster	(J) Cluster	Mean Difference (I-J)	Std. Error	Sig.
Vojvodina	Belgrade	-.057	.090	.527
	Southwest Serbia	-.254*	.088	.004
	Southeast Serbia	-.596*	.110	.000
Belgrade	Vojvodina	.057	.090	.527
	Southwest Serbia	-.197*	.095	.039
	Southeast Serbia	-.539*	.116	.000
Southwest Serbia	Vojvodina	.254*	.088	.004
	Belgrade	.197*	.095	.039
	Southeast Serbia	-.342*	.114	.003
Southeast Serbia	Vojvodina	.596*	.110	.000
	Belgrade	.539*	.116	.000
	Southwest Serbia	.342*	.114	.003

** statistically significant as < 0.05*

Additional LSD test showed among which tourism clusters there are statistically significant differences. The results shown in Table 5 show that hotel innovation in clusters of Vojvodina and Belgrade are statistically significantly different from the tourism clusters Southwest and Southeast Serbia, while there are no statistically significant differences between the two. Innovation in the hotel and tourism cluster of Southwest Serbia and Southeast Serbia tourism cluster was significantly different from other hotel innovation clusters. The largest

statistically significant difference was found between innovation in hotels in Vojvodina and in Southeast Serbia.

Based on the results of ANOVA, the hypothesis "There are statistically significant differences in hotel innovation depending on which tourism cluster the hotel belongs to" was confirmed.

Discussion and conclusion

The analysis of the accommodation offers in the four tourism clusters indicates that the larger share of accommodation facilities is located in clusters of Belgrade and Southwest Serbia, where two-thirds of accommodation are located, while in the Southeast Serbia and Vojvodina there is one-third. In terms of the qualitative structure, it is a fact that clusters of Belgrade and Vojvodina have a noticeably higher standard, greater presence of higher categories and facilities which bear the name of international hotel chains.

Given the above, as well as the impression that the author has gotten during the field research, research on the Internet, through interviews and free conversations with the employees, but also the analysis of different activities carried out by the analyzed hotels, the research results are contrary to expectations.

Respondents rated the innovation lowest in Vojvodina (M=3.40), followed by a cluster Belgrade (M=3.46), Southwestern Serbia (M=3.66), followed by a cluster Southeast Serbia (M=4.00) within which the hotel facilities are more innovative compared to other clusters.

The reason for this result might be the desire of the employees in the facilities in Southeast Serbia to make their facilities appear better than they really are.

Furthermore, it is possible to explain such result by the fact that the Tourism Cluster Serbia is at a lower level of economic and tourism development in comparison to other tourism clusters, and that the implementation of innovative solutions which have already become standard in other clusters, have been belatedly implemented in facilities operating in the tourism cluster of Southeastern Serbia.

Innovations are the challenges and the necessity of all future actions of hotel organizations in Serbia. To generate innovations in business it is necessary for the hotels primarily to guess their guests' wishes and needs and develop a specific offer that will satisfy the already set and increasingly more selective demands of guests. Apart from that, the hotels can develop innovations in their offer only with respect to regional and its own limitations in terms of financial, personnel, technology and other resources. The success of innovation in hotels is conditioned by defining innovation which will satisfy the guest by establishing a balance between quality and price, fast placing on the market and by placing the right distribution channels.

In addition, the role of tourism clusters is also very important since the local economic structure with numerous organizations in the same industry are the basis for the creation of knowledge and innovation. Although the efforts of individual facilities to improve their products, services and processes are significant and contribute to raising the competitiveness of Serbian hospitality, as an important segment of the tourism industry, such actions by individual hotels are still localized, which is often not enough for a regional success. Therefore, in the coming period it is necessary to provide a higher level of interaction and cooperation between organizations at the level of tourism clusters, but also between hotels belonging to different tourism clusters to ensure the transfer of knowledge and ideas.

Also, the opening of first and second-category hotels, attracting international hotel chains, fostering entrepreneurship and ensuring a favorable investment environment, as well as the provision of formal and informal flows of knowledge are essential for the improvement of hotel offerings, but also offers of a specific destination, a specific region and Serbia as a tourist destination.

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