

TOURISM AS A CATALYST FOR LOCAL ECONOMIC DEVELOPMENT IN THE MUNICIPALITY OF VRNJAČKA BANJA

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Abstract

In this paper we present local economic development as a process and leader of the overall development of the economy, as a form of directing the local community through cooperation between public, business and civil sector in order to provide economic development for the local community, which means growth of economy and an increase of employment of the local population. This paper also intends to present strengths of tourist municipalities and the role of their natural predispositions for qualitative growth and development by exploitation of natural, cultural and human resources. The results and effects of the study are not related only to theoretical consideration, as we also provide practical recommendations for the local government of Vrnjačka Banja and which can be a useful example for other tourist municipalities.

Key Words: *tourism, Vrnjačka Banja, tourist destination, local economic development, local population*

JEL classification: *F63, Z32*

Introduction

Promotion of tourism has been identified as a key strategy which can lead to economic development, community development, and reduction of poverty in developing countries (Binns & Nell, 2002). Today, tourism has grown from one small activity to an activity that is crucial for the economic growth and development of a country (Lakićević & Durkalić, 2018). Tourism is a specific branch of industry which includes numerous

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activities from providing various services to production and preparation of food. In the sense of providing services, they are diverse in contemporary tourism, and cater to the tourists needs. Aside from basic services of providing food and accommodation tourists' stay almost cannot be possibly imagined without spa and wellness services, visits to various tourist attractions, seeing cultural and historical places, having lunch in nature and ecological environment, adventure offers, sports and recreational contents, etc. Lately, numerous studies have been working on exploring thematic routes as potential starters of local economic development (Lourens, 2007).

In that sense it is necessary to engage human and natural resources and investment capital. In fact, it is necessary to include the local community, manpower, domestic and foreign investors. The local government creates strategic development documents and manages the destination development, i.e. makes capital investments - builds adequate traffic and communal infrastructure in accordance with its strategic development priorities and investors' needs. The citizens are educated for providing adequate tourist services in accordance with contemporary requests of hoteliers, tourist agencies and tourists themselves. Private investors invest their capital into building hotels, restaurants aqua parks, spa and wellness centers and other objects for tourists from whose business they expect the realization of profits. In this paper, we will focus on the influence and significance of tourism for the development of a local community.

Local economic development

According to the World Bank's definition, local economic development is a group of activities whose goal is to build the capacity of a local community in order for advancing its economic future and the quality of life of its citizens (Swinburn, et.al. 2006). Local economic development is a process in which local economy has a main role in creating values on the level of the local community. The implementation of local economic development is connected to decentralization of the state which gradually transfers its specific inherences to local governments. In that sense, future local governments will develop in accordance with available resources from their own territories, natural and human ones.

Local economic development is a process in which local authorities collaborate with actors from public, private and civil sector. These three sectors, constantly collaborating, keep the dynamic entrepreneur culture

and create new business climate, improving the quality of life of every individual within a community. In other words, the priority is on the local economy to increase competition, to reach sustainable levels of economic growth and to reduce unemployment. From this we can conclude the basic characteristics of local economic growth:

- collaboration between public, private and civil sectors;
- prioritizing local economy and implementing activities to create a suitable business climate, in order to create sustainable economic development within a local community;
- focusing the local economy to increase competition, reaching and increasing the sustainable level of economic growth and reducing unemployment.

The factors of local economic development in tourist municipalities are specific in relation to general factors which determine local economic development. First of all, natural and cultural predisposition are the most important factors for the development of this specific economic activity and they strategically differentiate their local economic development. One of these basic factors which influence the local economic development of tourist municipalities is *the location of the municipality*, based on which the tourist municipality is determined as less or more attractive for tourists' stay and investments of potential investors. Regardless of attractiveness, it is not the same whether the tourist place is located close to large centers, next to the sea, a lake, or whether it is in an inaccessible place in mountains, out of reach of a road network (Vasljević, 2012).

Further relevant factors for local economic growth of tourist places are *natural wealth and cultural heritage*. Namely, waters, lakes, seas, mineral sources, forests, attractive mountain areas, natural parks and other natural riches contribute to a specific tourist location's attractiveness. Almost all tourist places are built especially thanks to these factors, and they still attract new investments. In the area of natural environments, considering the improved awareness for preserving natural resources, on the tourism market the new 'authentic destinations' are starting to dominate, in which the 'green destinations' or completely new attractions called 'Theme parks' can be categorized (Bakić, 2005). However, during decision making, local authorities need to take care of the balance between economic and ecological goals. The specifics of a cultural heritage of each place, its characteristic architecture and cultural monuments are one of the factors which attract numerous tourists and investors. It should be taken into consideration that sustainable development is oriented to

building models which, in a quality way, satisfy social and economic needs and interests of citizens, while at the same time reducing the influences which pose a threat to the environment and natural resources. In other words, sustainable tourism in its purest sense means a branch of economy which has a minimal influence on the environment and local culture, while making a profit and opening new work places (Pavlović, et.al, 2009).

The next factor on which local economic development depends is *infrastructure development*, i.e. the availability of the tourist destination. We are talking about the development of traffic (road network, railroad, sea or river network, airports) and communal infrastructure (water supply, sewer system, heating, public surfaces maintenance, availability and operation of energetic systems, telecommunication network and other infrastructural systems).

The population structure (demographic and educational) is a very important factor for the local economic development of every local community, and especially of a tourist one because it mostly has the service sector. People are the beginning and the end of everything. In tourism, it is especially important for manpower to have, aside from its expertise, good communication skills, relations with guests, to be pleasant, to constantly adapt their behavior to the needs of target groups, to speak foreign languages and possess abundant information. There are two determiners of total satisfaction of employees - their economic status and their non-economic status - both of which can be presented as motivation factors and, implicitly, as factors of manpower productivity (Žarevac Bošković, 2017).

Local management is a factor which creates the general policy and division of budget. The proactive relations and developmental orientation in which the tourist destination is, as well as its openness to attract the private capital largely contribute to realization of economic growth and opening new work places. Basically, the role of a municipality in local economic development is essential it needs business to survive, while on the other hand private business could not function without the public sector. The municipality is simply a wheel which makes private businesses possible. (Buds, 2007).

The inherited state of a local economy (inherited private systems, capital, technology) differs between units of local governments. Regardless of the

facts whether the municipalities have inherited companies - giants with a large 'dead' capital, it is necessary for them to orient in a timely manner towards creating a suitable business infrastructure. With that, they will attract strategic investments, i.e. revitalize and put into function the legacy from the previous period by investing private capital (especially large social hotels which were destroyed during a transition and economic crisis periods). Also, tourist local governments should develop the sector of small and middle companies even more, which would adapt and invest their capital into smaller accommodation capacities, restaurants and additional tourists' contents more easily.

Relations between public and private sectors are also a very important factor in local economic development. A well organized municipality government, which gives fast and quality services to its citizens and investors, may be the most important link for success during the establishment of collaboration between the private and public sectors. The municipality's interest for collaboration with the private sector appears in during the process of planning of development of local government and entrusting public services to private businesses with public-private partnerships. In some tourist municipalities, due to the tourism seasonality, there is a problem of large amounts of garbage during summer seasons. During this period, public communal companies lack the capacity for removal and selection of waste. Local government can entrust a private company which has experience and capacity to manage waste and solve the congestion.

The presence of proactive public sector with an entrepreneur spirit in local government means a local government which participates in creating adequate business conditions by giving a number of incentives and benefits, and forms business incubators, industrial zones, enters into common investments with businessmen with various forms of public-private partnerships and promotes investment potential (Vasiljević, 2012).

Managing a local community is a very complex process. Due to specifics of each local community, there is no universal 'recipe', and each municipality needs to find their own unique way of management. Freedom and independence which a local government has, in the sense of transferred inferences from the national levels of authority (the ability to manage its own public income and expenses, i.e. to independently collect and direct finances), enables each local government to personally makes decisions for realizing its economic development as well. In order to

realize local economic development, the local community first needs to determine its policy of local economic development, to determine its strategic goals, priorities, that is the development directions. This means that local government needs to create a long term strategic plan document - The Strategy of Sustainable Development or The Strategy of Local Economic Development.

Long term strategic planning has a large significance for economic development in municipalities where tourism dominates as a branch of economy. Strategic planning is a process of creating goals and methodologies for management of a local community, organizing, coordinating and directing local activities in order to reach maximum results or effects in the development of the local community. During the planning process, it is very important to include businessmen and citizens along with experts and political representatives. During the Strategy construction in tourist municipalities, it is necessary to actively include into working bodies representatives of the tourist organization, cultural establishments, tourist agencies, and as many businessmen whose business is hotel management, catering, tourism, as well as citizen associations in areas of ecology and culture. During planning, a long term vision, mission and strategic priorities are defined. It is necessary to consider and estimate the potentials, i.e. resources which the tourist location has, and possible changes in the environment, and the nature of the market itself. The potentials which the tourist municipality has, ranging from attractive, communication and receptive factors, are the base for its differential advantage in satisfying the needs of tourists' demands in relation to the competition in general (Swinburn, et.al. 2006). By defining the mission there is a concrete specific orientation of a type of tourism, according to which the local economic development of a tourist location will be focused and directed. That will direct not only which tourist companies will develop, which tourist objects will be built, but also which additional services will develop and be provided and which workforce will be employed. It is necessary to transfer the mission into the criteria of rentability and focus on all areas which enable the increase of profits in order for all subjects related to the product/market search and find the relation which will give the most favorable income from investments (Bakić, 2005).

Today, tourism is one of the most profitable economic activities. During its planning, the key question is to determine development goals. Priority goals of tourism development are, foremost: stimulating local economic

and regional development, increase in employment, increase in foreign currency income, but also the protection of environment, protection of cultural and historical heritage, improvement of the quality of life of populace, incitement of development of underdeveloped areas and creation of a favorable general image of the country.

In this context, a lot of tourist destinations can be mentioned which, thanks to their quality strategic approach, have reached multiple economic growths and populace employment. The new concept of developing spas in Hungary, Bulgaria, Slovenia, Croatia and Turkey, found in their strategies, have defined them as tourist locations which have offers for other target groups aside from the health one. This choice has attracted domestic and foreign investors to build high category hotels with additional contents, SPA and ‘wellness’, and have contributed to the local economic development of spa tourist locations, employment and increase of general living standard of local populace.

The influence of tourism on the local economic development of Vrnjačka Banja

The concept of local economic development in Serbia started to be implemented in the beginning of XXI century, however, a large number of municipalities, due to the recent centralized implementation of national decisions, were unable to adjust to the new concept.

The municipality of Vrnjačka Banja saw the significance of independent engagement for the advancement of its resources and has started the initiative of local economic development. For that goal, the municipality of Vrnjačka Banja applied to foreign investors to solve local problems in 2004. Also, significant efforts were made to realize the plan development of Vrnjačka Banja municipality for the period of 2005–2015, in which the framework and directions of local economic development were determined. After that, the Strategy of sustainable development of Vrnjačka Banja municipality from 2013-2023 was created, which contains six basic priorities and numerous measures, projects and activities for their realization. The data in Table 1 show that the number of guests in 2018 has increased by 77.9%. Also, the number of overnight stays in 2018 has increased for 59.69% compared to 2012. All of these indicators show that Vrnjačka Banja is on the right track. Being very aware of its comparative advantages in tourism (natural riches and a long tradition of quality spa tourism), its strategic directions are pointed to

health, spa, and wellness tourism, sport and manifestation tourism, with a focus on the protection of environment and spatial expansion of contents to the wider region of mountain Goč and the West Morava river.

Table 1: *Tourist traffic in Vrnjačka Banja for the period between 2012 - 2018*

Year	Number of guests	Chain index %	Number of guests	Chain index %	Average stay of guests in days
2012	139,842		503,134		3,600
2013	158,146	113.1	599,411	119.14	3,790
2014	147,555	93.3	483,104	80.6	3,274
2015	174,053	117.96	567,985	112.89	3,630
2016	206,499	118.64	684,245	120.47	3,314
2017	212,546	102.93	688,442	100.6	3,239
2018	248,786	17.1	803,467	116.71	3,230
2012/18		177.9		159.69	

Source: *Authors, based on official data of Vrnjačka Banja municipality, Economy Department, tourism referent (all data is published every year in January issues of Vrnjačka Banja newspaper)*

The special significance of natural resources and cultural heritage for sustainability of tourism and local economic development

As it is already known, tourism is largely based on natural resources and cultural heritage, as well as preserving, nurturing and improving resources which contributed to its development. That is the basic and continuous starter of local economic growth of a tourist location.

For the presence of green areas which represent one of the basic resources for proclamation and exploitation of this area for a spa health resort, in order to preserve and improve natural conditions of the environment, protection of all elements of natural structures is imposed. That primarily means valorization and selection of individual and group species and their protection, improvement of all green areas in categories and purposes and their regular arrangement and maintenance (Local ecologic action plan of Vrnjačka Banja municipality, 2010).

Aside from the existing infrastructure for the maintenance of green areas (hydrant network), there is a plan to acquire new equipment to constantly

attend to all parts of Central spa park and other public green areas. In order to provide better tourism services which use parks for rest and recreation, there is a plan to additionally arrange parks, i.e. to set up the accompanying equipment (benches, trash cans, swing sets and props for children). Greening and planting flowerbeds in circles which are characteristic for Vrnjačka Banja are mostly done with autochthonous species of plant material. Planned contemporary fountains in the Central park have already been build and they represent a special attraction during evening hours when tourists enjoy and rest while watching their changing colors.

Vrnjačka Banja has six springs of healing mineral waters which are traditionally used for drinking and application of other calming procedures for treating different ailments. They are situated in the central core of the spa park: Snežnik, Slatina, Jezero, Beli izvor and Borjak are cold springs, while Topla voda is a spring of acidic hot water with the temperature of a human body (36,5°C). With its healing properties, it is suitable for treating digestive tract conditions and for physical therapy, and according to stories and findings of old metal coins, this spring was found and used by Ancient Romans. The spa bath, wellness center and the medical block are situated right in the characteristic object located next to the Topla voda spring (Strategy of sustainable development of Vrnjačka Banja municipality, 2013).

All other springs are situated in the attractive objects which are located in pleasant park environment. Tourists can use mineral water here and enjoy the incredible park environment. The municipality has entrusted the responsibility of park and green area maintenance to the Public Company "Borjak", while the usage and maintenance of mineral water springs are the responsibility of the Special hospital "Mercur". Cultural inheritance also has a special meaning for the sustainability of tourism, and for the local economic development of the touristic municipalities. Cultural inheritance, both material and immaterial, presents a resource which is safeguarded and maintained in Vrnjačka Banja for fifteen decades.

The cultural and entertainment program in Vrnjačka Banja started to develop at the end of the fifties. However, the real boom occurred in the last thirty years of the past century, starting with the establishment of a complex cultural event, Vrnjci Cultural Ceremonies (Žarevac et al., 2013a). Cultural, material inheritance consists of monuments of culture, construction site of castles, monasteries, churches, their iconography and

carpentry, excavations of various figures, weapons and tools from the more recent or from times long gone, which are exposed in museums as well as remnants of entire cities, viaducts, aqueducts, etc. Cultural inheritance is registered in the state's office for protection of cultural monuments, and they are under the protection of the state. This protection includes the proper care for this inheritance, dedication of funds for their restoration and conservation, etc. Apart from the state, local community, particularly the touristic one, must invest means and efforts to preserve their cultural inheritance, that is, to safeguard it from deterioration.

Local tourist municipality devotes, for these purposes, planned funds for the protection of the cultural inheritance. According to the data provided by the office for the protection of the cultural monuments of Kraljevo, following objects are placed under the protection: (Office for the protection of the monuments of culture, 2015): Castle Belimarković Vrnjačka Banja – a cultural good of high significance (I/91, 72/70, 28/83); Lađariste, Neolithic settlement III/29, 633-2231/97-030; Čajkino brdo, Vrnjačka Banja, cultural good– spatial cultural entity of high significance II/5, 350-317/85-01; Church of St. Sava, Gračac, I/233, a monument of culture 633-4703/99; Belimarković Chapel, Vrnjačka Banja, a monument of culture, I/248, 4/2009; Villa Avala, Vrnjačka Banja, a monument of culture, I/258, 84/2014; Villa Mi La, Vrnjačka Banja, a monument of culture, I/259, 84/2014; Villa Palas, Vrnjačka Banja, a monument of culture, I/260,05 no. 633-13804/2014, 122/2014; Urban center of Vrnjačka Banja with a park as a protected environment.

Immaterial cultural inheritance can, in a great measure, contribute to the development of the local community. Certain traditional cultural manifestations can sometimes be valuable touristic destinations - Traditional manner of singing, "kolo" dancing, custom-themed wedding ceremonies, marking and celebration of the religious holidays, etc. Events can be an important tool in creating a positive image of a tourist destination (Panfiluk, 2015). Attention should be paid on individual studies as they indicate that these manifestations have high potential and that they can contribute to the local economic development, but that such opportunities remain unused, quite often. (O'Sullivan & Jackson, 2010).

Vrnjačka Banja has implemented several manifestations into its immaterial cultural inheritance, that is, into its touristic offer: "*International carnival of Vrnjačka Banja*" which is held every year in the second week of the month of July and lasts for eight days; a youth

festival of electronic music known as "The Love Fest", which is held every year in the first week of August and lasts for four days, and "The International Festival of Classic Music" which is held every year in the last quarter of July and lasts for ten days.

Apart from these three great manifestations in Vrnjačka Banja, concerts of folk and popular music are also held, as well as the performances of folk ensembles, both local and from the other parts of the country. Of folk manifestations, a very good organized and well visited one is the manifestation of folk games, songs and oration "The Golden Threads" which is held every year by the end of the March and lasts for three days. During the course of all manifestations, Vrnjačka Banja makes significant income, a number of commercial sectors are hired, restaurants fare better, sales of souvenirs and gifts increase, market and shops achieve several times higher revenue, and when they are leaving, tourists often shop for authentic domestic products (juices, cheese, kajmak, jams, brandy, etc.), in order to prolong their "experience" upon their return home.

Table 2: *Analysis of the local incomes of the Vrnjačka Banja municipality from the property and income taxes*

Year	Property tax	Chain index %	Tax on capital transactions (transfer of absolute rights tax)	Chain index %	Income tax	Chain index %
2013	89,440,000	100	35,000,000	100	191,500,000	100
2014	86,970,786	97.18	32,950,280	94.14	184,427,125	96.31
2015	119,067,635	136.91	32,197,343	97.71	193,093,513	104.70
2016	120,891,785	101.53	38,425,382	119.34	193,022,974	99.96
2017	132,036,721	109.22	49,328,401	128.37	220,720,703	114.35

Source: *Authors, based on the data from the department of finances and budget of the Vrnjačka Banja municipality <http://vrnjackabanja.gov.rs/dokumenta/sluzbeni-listovi>*

Vrnjačka Banja is located at the very top of the Serbian tourism. With a long-standing tradition as a healing center, with top-of-the line medical institutions and cadres and modern accommodation capacities, it represents a leading center of spa, climate and welfare tourism in Serbia (Pavlović, et.al., 2008). According to the data from the Republican statistics office (Statistical Yearbook of the Republic of Serbia, 2018) the

leading tourist destinations by the income achieved are Belgrade, Novi Sad, Vrnjačka Banja, Zlatibor and Kopaonik. These destinations have recognized the important components for their development as a touristic destination in the past years and constantly improve them – they care about the needs of tourists and attract investments.

Based on the data gained from the Department of finances and budget of the municipality of Vrnjačka Banja, we have conducted an analysis of municipal incomes from the taxes on property, transfer of the absolute rights and from income tax. Analysis has been conducted for the period of five years (2013-2017) while data was not available for the year 2018 as the decision on the balance execution was still in preparation. By observing the property tax as an indicator of the growth of commerce, we can conclude, from the chain index, that there was a trend of growth from year to year, apart from the year 2014 marking an insignificant fall of 2.82%. By observing the year 2017 in comparison to year 2013 used as the initial year, we can observe a growth of 47.63%.

The tax on capital transactions (on the transfer of the absolute rights) is also an indicator of the commercial growth as it can be determined through the transactions of the immobile property which occurs in Vrnjačka Banja. The attractiveness of the tourist destinations and the will to own an object or land is one of the reasons for this tax income increase. The small reduction in the tax based income in 2014 and 2015 in comparison to 2013 is almost ignorable, when we take into the account the fact that in these years, tax constituted of almost one third of the property tax. Then, a significant increase came, in 2016, for 19.34%, followed by 28.37% in 2017. In comparison to the base of year 2013, it shows an increase of 40.94%. From a nominal view, it can be concluded that Vrnjačka Banja has significant revenue from the property and capital transaction taxes which indicated the growth of commerce in this period.

Regarding the evaluation of other factors of the economical development, that is, its effect on the reduction of unemployment, we can make conclusions based on the income tax. There are no large oscillations of income in comparison to 2013. The growth of employment is registered only in 2017, which can be linked to the large investments which started at that time. Observing 2017 in comparison to the year 2013 used as a base, income tax increased by 15.26%. It is expected that in 2018, the income tax will be significantly higher.

Vrnjačka Banja has, as a touristic location, devoted itself for the development of tourism, but while still encouraging the development of all other branches of commerce which are complimentary to the tourism. In all its decisions and plans it has determined a path of development of the welfare tourism as its primary branch and development of other forms of tourism like sport, recreation, congress, manifestational, cultural, student, youth and eco tourism. More and more possibilities open up for specific target groups (extreme sports, hunting, fishing, etc). However, only with an integrated approach and with an integrated offer of quality accommodation, authentic food and touristic tours can higher incomes be achieved, both from tourism and from the economic development of the local community. An integrated offer would provide for a continuity of the economic development by achieving additional values – a tendency for the satisfied tourists to come back, ones who decided to spend a holiday in Vrnjačka Banja – again.

It should also be highlighted that the villages of Vrnjačka Banja, Trstenik and Kraljevo municipalities produce healthy agricultural goods and sufficient amounts for the hotels and accommodation objects which operate in Vrnjačka Banja.³ It is necessary to set up a market for the agricultural products, in order to allow the tourist demand of Vrnjačka Banja to absorb the entire variety of agricultural products from the village production and from other capacities, that is, from the entrepreneurs who produce food and beverages on this territory. That would not only reduce the transportation costs, but it would allow for the hotel and restaurant owners to use the products from this area of standard quality which would achieve the realization of the work costs. Vrnjačka Banja would, apart from other advantages, highlight its new brand image "A spa with eco food". In truth, rural tourism does include a variety of activities, services and additional contents which are organized by rural community in order to attract tourists and to achieve additional income (Žarevac & Lakićević, 2013b).

A period of transition has devalued the touristic offer of Vrnjačka Banja. Best Hotels and touristic agencies (HTC "Fontana") has exploited its resources without the opportunity to invest into objects, equipment and

³ A research done by the Faculty for hotels and tourism in Vrnjačka Banja, in the scope of the project "Empowering the entrepreneurs in agriculture and tourism through the analysis of the agricultural goods consumer habits and the needs of the touristic market on the territory of Kraljevo, Vrnjačka Banja and Trstenik, with recommendations."

human resources. Service level has fallen below any touristic criteria, thus reducing the income from tourism to a minimum. The only thing which kept tourism alive in that period were the private apartment renters which tried to adapt their accommodation capacities to the demands of the tourists. Then, a gradual construction of new apartments and hotels of smaller scope started. In the period from 2005 to 2014, the specialized hospital "Merkur" improved its offer and adapted to the demands not only to its target group of patients, but to the tourists as well, who come for vacations and relaxation. Thus, in 2006, a Wellness center "Fons Romanus", has been opened and a pool has been reconstructed and expanded with SPA contents.

A new apartment complex "Solaris Resort" with various contents (Wellness, SPA, closed pools, conference and meeting halls) has been built, which constantly updates its offer in response to the tourist demands. Also, private entrepreneurs invest in the apartment forms of hotels. New hotels are being built and old hotels reconstructed (hotel and aqua center on the "Beli izvor" location and exclusive hotel "Tonanti" and "Merkur Palace") in Vrnjačka Banja. All the hotels are of a high category which means that the target tourist group will be "big-spender" guests. With this, new work places will be opened, such as: hotel and restaurant managers, receptionists, tourismologists, economists and lawyers to work in marketing and the financial sector, cooks, waiters, maids, technical staff, guards and others. During the investment phase of the object construction, an inflow of investment capital in the local community shall occur, as well as the inflow of means allowing for construction permits, as well as income coming from the employment income tax. The municipality shall have a constant inflow of funds from the investors, as well as from the property and income tax from all employed.

In order to respond to the growing requests of modern tourists, the local government of Vrnjačka Banja initiated numerous projects for improving the touristic offer. With financial help from the country part of the central park of the spa has been landscaped as well as the promenades, fountains were built, the culture Square in which many musical manifestations are held was reconstructed, the Summer stage in which, traditionally, the cultural manifestations "The Days of Danilo Bata Stojković" and the Festival of movie scenarios are held annually. Also, within the sports complex "Vlade Divac" the construction of a large indoor pool is planned - a Water Polo center in which national and international tournaments and preparations will be held.

The local management is quite aware of the fact that it is necessary to follow the needs of investors so that they would, apart from economic interest and profit, find support and acceptance from the residents. With that goal in mind, the management designated locations, that is the land in public ownership which it offers to private investors in order for them to build tourist capacities. The municipality also plans incentives aimed at the private sector for building foot-paths and bicycle tracks, carting tracks, horse-racing tracks, sports fields and other content.

Conclusion

Based on a detailed analysis of the Vrnjačka Banja municipality, we can conclude that the local economic development started late and that it unfolded as a relatively slow process. The situation has been different for the last few years, that is to say, the economic development intensified thanks to the authority that the local government receives from the state, i.e. central government. In that sense, political structures realize in which direction they should work and cooperate with the entrepreneurs.

The strategic direction of development of Vrnjačka Banja is clear and leads to the improvement of the development of tourism which will contribute to the development of other commercial (trade, agriculture, food and other industries) and non-commercial branches (culture, sports, entertainment) while opening up new work places and lowering the unemployment rate. The obligation to develop sustainable tourism, that is that the natural and cultural resources be used rationally, that they be protected and preserved for future generations that will base their economic development on tourism as well. It is worth taking care and further improving the tourist offer, as well as the constant education of those employed in tourism with the inclusion of professional institutions.

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