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THE COMPETITIVENESS OF TOURISM IN SERBIA AND THE ROLE OF INSURANCE IN TOURISM

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Abstract

In developing countries, tourism is one of the potential generators of economic growth and development. Multiple factors that make a tourist destination competitive also affect the development of tourism and a multidisciplinary approach to tourism management. The competitiveness of tourism in Serbia and other countries of the world is defined by the aggregate Travel and Tourism Competitiveness Index (TTCI) of the World Economic Forum, whose relevance is also the subject of research. The paper presents various models of competitiveness of a tourist destination and a quantitative analysis of the competitiveness index of Serbia and selected countries with corresponding key indicators of tourism activity. The aim is to examine the correlation between indicators of the competitiveness of tourist destination and the indicators of the actual tourist demand. Also, a special review was made on the business analysis of tourist organizations in Serbia and the role of insurance and risk management in tourism.

Key Words: *competitiveness, tourist destination, insurance in tourism*
JEL classification: *G21*

Introduction

Competitiveness is a subject traditionally related to industry and national economy. Many reputable economic theorists have elaborated the subject and concept of competitiveness taking into account different perspectives. Michael Porter (1990) established a new approach in defining crucial factors of competitive advantage of the nations that are sublimated in a

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model symbolically called the “diamond of national competitiveness”. The model identifies four groups of determinants for national competitive advantage: factor conditions, demand conditions, firm strategy, structure and rivalry and related and supporting industries. Porter stated that national prosperity is created, not inherited (Porter, 1990). National competitiveness relies on productivity, innovations, technology and knowledge with the ability of companies to apply a strategic approach to maximizing profits. With the growing importance of tourism and tourist activity, the topic of competitiveness of tourist destination has emerged. Tourism’s contribution to national wealth has a great potential, considering the fact that tourism is a principal export for 83% of developing countries (Richardson, 2010). Developing countries’ share of international tourist arrivals more than doubled from 1973 to 2000 (UNWTO, 2002). Different interpretations and models of competitiveness of the tourist destination have been developed, and many of them are based or derived from Porter's theory of national competitiveness. What can be concluded is that there is no generally accepted interpretation of (tourist) destination competitiveness and factors which determinates it. Ritchie & Crouch defined destination competitiveness as the ability of one country to create additional values and thus increase the national wealth by managing assets and processes, attractiveness, aggressiveness and proximity and by integrating these relationships within an economic and social model that takes into account a destination’s natural capital and its preservation for future generations (Ritchie & Crouch, 2003). On the other hand, Heath focuses on specific indicators of destination competitiveness and points out that they include objectively measured variables such as visitor numbers, market share, tourist expenditure, employment, value added by the tourism industry, as well as subjectively measured variables such as ‘richness of culture and heritage’ and ‘quality of the tourism experience’ (Heath, 2003). The practical importance of defining factors and indicators of destination competitiveness lies in the establishment of tourist benchmarking, the improvement of tourism management tools and the creation of best practice in tourism development. Applying measurable indicators of tourism development enables efficient and comprehensive decision-making in the process of defining incentive tourism policies. According to the methodology of Organization for Economic Co-operation and Development (Dupeyras, A. & N. MacCallum, 2013), indicators of tourism performance represent one of the core tourist development indicators, which include: tourism contribution to GDP, level of inbound tourism, contribution of tourism to exports and employment in tourism. The most used indicator for

benchmarking and comparison of national tourism competitiveness is the aggregate Travel and Tourism Competitiveness Index (TTCI), published for more than 130 countries in Travel and Tourism Competitiveness Report, starting from 2007. Developed by the World Economic Forum (WEF), it measures the set of factors and policies that enable the sustainable development of the travel and tourism sector, which in turn, contributes to the development and competitiveness of a country (WEF, 2017). The Travel and Tourism Competitiveness Index (TTCI) combine four sub-indexes that are explained and measured within 14 methodologically identified pillars, and the index value ranges from 1 to 7. One of the main disadvantages is that it always uses the simple arithmetic mean, which is why all the individual indicators (pillars) take part with the same weighting in the production of the sub-index, and all the sub-indexes with the same weighting in the construction of the index (Pablo – Romero et al, 2016). Also, it is considered that a major shortcoming of TTCI is that it allows a country to be considered competitive for tourism, although it has some very poorly valued indicators (Paulido-Fernandez, Rodriguez-Diaz, 2016). Croes and Kubickova address their critique on TTCI and state that it "seems more a systematic collection (comprehensive notwithstanding) of data than a model that reveals clear testable association among variables thereby facilitating inferential analysis" (Croes & Kubickova, 2013). Considering different point of views in the interpretation of TTCI, authors have conducted an analysis in order to determine the correlation between the TTCI and the actual indicators of tourist demand and the performance of tourism activities in Serbia and selected countries. The aim of this paper is to examine whether the values of aggregated TTCI correspond to the following tourism performance indicators: participation of inbound tourism, foreign exchange inflows from tourism, participation of tourism in GDP and share of tourism in total employment. A correlation analysis was conducted in order to prove the following hypotheses - values of travel and tourism competitiveness index are not in line with the performance indicators of the tourist destination.

In Serbia, tourism has a growing potential, with a great performance in the growth of inbound tourism and corresponding foreign exchange inflow (more than 50%, from 2009 to 2017). According to SWOT analysis of Serbian tourism, in The Strategy of tourism development of Republic of Serbia for period 2016 – 2025, the greatest weakness of Serbian tourism is "failure to recognize the importance of tourism as essential factor of economic growth, more uniform regional development

and employment growth" (Ministry of Trade, Tourism and Telecommunication, 2016). Despite of inefficient tourism policies, different areas of tourism have been identified as a source of tourism and economic development of Serbia: rural tourism, spa and wellness tourism (Dimitrovski & Todorović, 2015), mountain tourism (Stankov et al, 2011), wine tourism (Sekulić et al, 2016). In Travel and Tourism Competitiveness Report for 2017, Serbia was ranked at 95th place among 136 countries with total score 3.38 out of 7. In this paper, a special review was made on the state and potential of Serbian tourism and the role of insurance in tourist organizations and tourism management.

Models of tourism destination competitiveness

As mentioned in the introduction section, many authors of tourism destination competitiveness literature have developed models that are based on Porter's theory of national competitiveness. The model which represents one of the most important frameworks in tourism destination management and adopts Porters concept of comparative advantage is Ritchies and Crouch's Conceptual Model of Destination Competitiveness. Complexity of Ritchies and Crouch's model is based not only on identifying the indicators and factors of competitiveness of the destination, but also on determining the mutual relations between these variables. Conceptual model of destination competitiveness consists out of the following components: competitive (micro) environment, global (macro) environment, core resources and attractors, supporting factors and resources, destination management and qualifying determinants (Ritchie & Crouch, 2003). Groups of global forces are categorized in levels according to the criterion of stability and predictability of anticipation and forecast. In the model, groups of global forces are identified, which are so pervasive that their influence extends well beyond tourism into all aspects of the economy and society (Ritchie and Crouch, 2003). Mazurek argues that ''despite the complexity and content richness, the model seems to be too complicated and not easily understood by some tourism policy representatives'' (Mazurek, 2014). According to Dwyer and Kim, model focuses only on the supply side and provides an incomplete picture of the competitiveness of tourist destinations (Dwyer and Kim, 2003). This critique is based on the fact that model doesn't take into account indicators of tourism performance and demand in evaluating destination competitiveness.

Dwyer and Kim created the Integrated model of destination competitiveness, which included a major part of Ritchie's and Crouch model components and summarizes following main determinants of destination competitiveness: inherited resources, supporting resources, created resources, situational conditions, destination management and demand condition (Dwyer and Kim, 2003). Tsai and associates argue ''that the model explicitly recognizes demand conditions as an important determinant of destination competitiveness, which was not mentioned by Crouch and Ritchie'' (Tsai et al, 2009). Integrated model distinguishes factors that are influenced by or have influence on the destinations competitiveness, with underlined importance of contribution of tourism activity on socioeconomic prosperity. Dwyer and Kim's model has a major impact on the inclusion of indicators of tourism demand and performance in the destination competitiveness theory. In addition to the above-mentioned conceptual frameworks for destination competitiveness, numerous researches have been conducted with focus on emphasizing the importance of different factors such as tourist preferences and satisfaction (Vavra, 1997), ecology (Poon, 1993), prices (Dwyer et al, 2000), government policies and strategies (Gooroochurn & Sugiyarto, 2005). Gooroochum and Sugiyarto identified eight indicators of tourism destination competitiveness in their model: price competitiveness, infrastructure, technology, environmental conditions, openness for tourism, social development, human resources (Gooroochurn and Sugiyarto, 2005). All indicators are presented in a form of aggregate index published within Competitiveness Monitor of World Travel and Tourism Council. This model is also derived from Ritchie and Crouch's framework and enables the comparison and benchmarking within the tourist destinations. In general, two disadvantages are attributed to it: 1) the index does not use all the indicators available due to the deficit of statistical information on them, many countries being excluded from the global calculation; and 2), each index is obtained as a simple sum of the standardized indicators, without the indicators having been weighted in the calculation of the aggregate indices (Pablo-Romero et al, 2016). TTCI is also an internationally accepted indicator of tourism destination competitiveness, based on the methodology that consists out of 14 pillars aggregated under four sub-indexes. Index totally includes 90 individual indicators that can be divided into hard data - official statistical data from different international organizations and soft data - results of Executive Opinion Survey of travel and tourism experts. According to World Economic Forum TTCI "takes a global approach through the analysis of industry trends and offers the unique perspectives of global leaders from

industry, international organizations and government on critical issues to address to ensure the long term travel & tourism competitiveness" (WEF, 2017). In spite of the large number of variables that are taken into account, TTCI is characterized by its simplicity and giving an equal importance to all indicators, regardless of the individual conditions and competitiveness factors characteristic of each of the observed countries. Also, it is a useful tool in comparing different aspects of the tourist competitiveness of countries.

Table 1: *The best and worst-ranked aspects of the competitiveness of the tourist destination for the top ten most competitive countries in 2017*

Country	Rank	Score	Pillar with the lowest value		Pillar with the highest value	
			Value (1-7)	Pillar	Value (1-7)	Pillar
Spain	1	5,43	3,90	International Openness	6,90	Cultural Resources and Business Travel
France	2	5,32	4,10	Price competitiveness	6,70	Cultural Resources and Business Travel
Germany	3	5,28	4,00	Natural Resources	6,90	Health and Hygiene
Japan	4	5,26	4,31	Natural Resources	6,53	Cultural Resources and Business Travel
United Kingdom	5	5,20	2,80	Price competitiveness	6,20	Tourist Service Infrastructure
United States	6	5,12	3,65	Environmental Sustainability	6,59	Tourist Service Infrastructure
Australia	7	5,10	3,57	Ground and port infrastructure	6,14	Health and Hygiene
Italy	8	4,99	3,90	Business Environment	6,50	Cultural Resources and Business Travel
Canada	9	4,97	3,32	International Openness	6,79	Air Transport Infrastructure
Switzerland	10	4,94	2,80	Price competitiveness	6,50	Health and Hygiene

Source: *WEF (2017)*

In Table 1 are presented top 10 most competitive tourist destinations, according to Travel and Tourism Competitiveness Report for 2017, with related minimum and maximum values of 14 pillars. Four out of ten most competitive destinations (Spain, France, Japan and Italy) have maximum values for 14th pillar – Cultural Resources and Business Travel, which is calculated from UNESCO World Heritage List data and includes number of World Heritage cultural sites, oral and intangible cultural heritage expressions, number of large sports stadiums, number of international association meetings and number of online searches index. Cultural resources play an incentive for the competitiveness of the tourist destination, since they could result in the number of tourist visits and better performance of the tourist destination. However, this relationship cannot be adopted globally for all the countries observed and measured by TTCI. According to research conducted by Dugulan and associates (2010) on contribution of cultural resources to the competitiveness and tourist performance for selected Central and Eastern European countries, it has been concluded that "cultural resources contribute, surprisingly, in a very poor measure to the overall competitiveness of the considered countries" (Dugulan et al, 2010). The most prominent pillars, observing the minimum index values for the 10 most competitive destinations, are price competitiveness and international openness. These indicators also affect the performance of the tourist destination and "considering the price sensitivity of the demand for travel, destinations need to monitor their price competitiveness relative to alternate locations" (Dwyer et al, 2001).

Competitiveness of tourism in Serbia

Serbia has significant potential in improving tourism and tourism competitiveness, with a special focus on the contribution of tourism to the national economy. Exceptional geolocation, natural resources, rich cultural and historical heritage make Serbia a great tourist potential, despite the great political and economic constraints that have contributed to the performance of Serbian tourism not reaching its maximum. In the transition process, privatization of a large number of hotels and resorts was carried out, which resulted in the termination of facilities with more than 2,700 beds. Also, the limiting factor for the monitoring and development of tourism is the representation of the grey economy, which is estimated to account for 69% of tourist inflows (Ministry of trade, tourism and telecommunication, 2016). The incidence of grey economy and employees, and undeclared workers, endangers the potential effects of all activities envisioned by national strategies and official statistics that

represent a platform for their implementation (Vojinović et al, 2016). Also, the grey economy directly affects the illegal cash flows (Vojinović et al, 2017), which consequently leads to difficulties in applying any systematic incentive for tourist activity. As mentioned in the introduction section, many authors have emphasized the importance of following areas of tourism as a potential for fostering tourism performance: rural tourism, spa and wellness tourism, mountain tourism, wine tourism. The overall contribution of tourism amounts in total 6,5% of GDP in 2015, and direct contribution of tourism in 2017 makes up for 2,2% of GDP. Number of employees in tourism and related activities accounts for 3,7% of total employment in Serbia. Taking into account that the world average of tourism participation in GDP is 10.2% and employment of 9.6% in total employment, it can be concluded that Serbia does not follow the pace of tourism development in the world. In Table 2 the main performance indicators in Serbian tourism are shown. In the observed period, positive trends were registered in the number of foreign tourist arrivals and related revenues, with the number of hotels increased by 38%. On the other hand, the participation of employees in tourism in total employment in Serbia was reduced by 0.7%. TTCI score shows that, despite these positive trends in tourism performance, the competitiveness of Serbian tourism has decreased from 3.9 score in 2011 to 3.34 in 2017. The notable inconsistency of the performance indicators of Serbian tourism with the TTCI indicator is the subject of the analysis in the continuation of the research.

Table 2. *Performance indicators in Serbian tourism and TTCI values*

Year	Domestic tourist arrivals (in 000)	Foreign tourist arrivals (in 000)	Income of tourism (mil EUR)	Number of hotels	% of employees in tourism	TTCI
2009.	1376	645	617	246	4,8%	3,70
2010.	1318	683	605	251	4,6%	-
2011.	1304	764	710	262	4,5%	3,90
2012.	1270	810	708	297	4,3%	-
2013.	1271	922	792	301	4,8%	3,78
2014.	1160	1029	863	328	4,1%	-
2015.	1305	1132	945	339	3,7%	3,34

Source: *WEF (2017) & Statistical Office of the Republic of Serbia (2018)*

Much research has been conducted on the topic of competitiveness of Serbia as a tourist destination. Armenski and associates applied Integrated

model of destination competitiveness by Dwyer and established that Serbia is more competitive in its natural, cultural and created resources than in destination management and is less competitive in demand conditions (Armenski et al, 2011). Popesku and Pavlović applied the same model and identified destination management as the least competitive factor in Serbian tourism (Popesku & Pavlović, 2015). They also noted deviations in the results of applying the Integrated Model in relation to results - indexes of identical factors expressed through TTCI. Spasić & Pavlović emphasize the role of destination management and argue that activities of destination management contribute to the quality of the products offered in the destination and to the destination competitiveness at the international market (Spasić & Pavlović, 2015).

The role of insurance in tourism destination management

Different aspects and participants are covered by the methodological framework of risk in tourism - tourists and their behavior, tourist organizations and their business, as well as the countries - tourist destination whose competitiveness are impacted by security and safety, and the ability to provide tourist adequate insurance protection. The last area of research includes the impact of perceptions of the risk of tourists on the choice of a tourist destination. These circumstances imply the necessity of implementing risk management in tourism organizations, especially at the macro level of governments, associations of tourist organizations and other institutional participants. Effective and efficient risk management in the tourism industry is based on adequate identification and risks analysis, planning and implementation process – all aiming at preventing or mitigating the occurrence of risks (Stojanović & Ilić, 2016). Risk management in tourism should be conducted unified at the international level, given the international character of the tourist activity. World Tourism Organization (UNWTO) is a key international authority in improving tourism competitiveness in the area of risk and crisis management in tourism. Through various programs, UNWTO includes tourist stakeholders at all levels in the activities of creating plans for identification and risk mitigation and communication in cases of risk occurrence (natural disasters, terrorist attacks, etc). Tourism organizations are the essential participants in the risk management in tourism. One of the most comprehensive conceptual frameworks in risk management and insurance in tourism is Robertson Guide to Managing crises in Tourism (Robertson et al, 2006). Framework represents a process in risk management in tourism and includes following stages: establish the

context, identify the risks, risk analysis, risk evaluation, treatment of risks (Robertson et al, 2006). Tourism stakeholders, especially tourist organizations and operators, should focus on implementing on-going activities of communication and consultation and monitoring and review, in comprehensive process of risk management of tourism destination. The application of risk management framework in tourism destination management process enables tourism policymakers and stakeholders in anticipating and mitigating risks that can affect the competitiveness of a tourist destination. Different risk frameworks are empirically investigated in the area of tourism destination management, including the Integrated Risk Management approach (IRM), developed by COSO (COSO, 2004). Mikulić and associates (Mikulić et al, 2016) have applied IRM framework in assessing short-term risks of Croatian tourism. The IRM approach consists out of following activities: defining destination objectives, analysis of external and internal environment, risk identification, risk assessment, risk mapping, risk management decisions, continuous monitoring and reviewing (Mikulić et al, 2016). The advantage of applying these theoretical frameworks is the opportunity for defining the specific risks that are immanent to a particular tourist destination. On the other hand, many authors have defined the overall types of risk which are correlated to tourism destination and tourist activity, such as: health, political instability and terrorism (Sonmez & Graefe, 1998); war and political instability, health, crime and terrorism (Poon & Adams, 2000); internal business risk, environmental risk, competitiveness risk, economic risk, political factors, infrastructure, circumstantial risk, business insufficiencies, specific (local) risk (Oroian & Gheres, 2012). Taking into account the identified threats in SWOT analysis of Serbian tourism, the following risks can be highlighted in particular: economic risks, terrorism and safety risk and political risks. Unfortunately, there is no developed and regulated institutional approach to risk management in Serbian tourism. The Law on Tourism stipulates that tourist organizations perform advocacy activities in insurance of passengers and luggage in accordance with the law regulating insurance. In 2018, 3 legal entities and 9.638 personal entities were registered for representation in the sale of insurance of drivers and passengers from the consequences of an accident. The accident insurance premium, which includes, inter alia, compulsory insurance (such as insurance of passengers in public transport and insurance of employees from occupational injuries and occupational diseases), in 2017 has a share of 3.8%. In Table 3 are presented performance indicators in business of 27 tourist organizations in Serbia. The premium is the price in the direct dependence on the insurance

amount that is paid by the insured, and which should be sufficient to cover the risk in a certain period of time and on a large enough number of insured to diversify risk (Birovljev et al, 2015). The average participation of insurance premiums in total expenditures of included entities amounts only 0.25%. These figures indicate the need to attach greater importance to insurance in the business of tourism organizations and to regulate the protection of tourists from all potential risks. This approach will consequently lead to a larger volume of business in the tourism industry and greater competitiveness of Serbia as a tourist destination.

Table 3: *Indicators of Serbian tourist organization business in 2016*

Average capital funds (in 000 RSD)	Average total income (in 000 RSD)	Average total expenditures (in 000 RSD)	Average net profits (in 000 RSD)	Average participation of insurance premiums in total expenditures
10.299	77.434	75.123	1.122	0,25%

Source: *The authors, based on research*

Methodology, data and hypothesis of the research

In order to test the credibility of the TTCI index, a correlation analysis was carried out using the Pearson coefficient in relation to the data on tourist activity performance and demand for the period from 2009 to 2017 for the following countries: Serbia, Bosnia & Herzegovina, Macedonia, Croatia, Montenegro, Hungary, Romania, Slovak Republic, Slovenia and Bulgaria. The following indicators of tourism demand for the observed countries have been taken into account: share of inbound tourism, foreign exchange inflow from inbound tourism, contribution of tourism in GDP, participation of tourism employment. Statistical processing was conducted using IBM SPSS 23.0 software and TIBCO Statistica 13.0 software in order to perform following statistical methods: descriptive statistics (mean, median, mode, standard deviation) and Pearson's correlation coefficient. The values of the Pearson's coefficient are calculated in relation to the significance level of 0.01. The data from The Travel & Tourism Competitiveness Report and official statistical publications of the observed countries were used. Data used for analysis of Serbian tourism performance indicators are presented in Table 2. The analysis was carried out in order to prove the hypothesis of the research: there is no statistically significant correlation between the TTCI index and the variables that represent the indicators of tourist demand.

Results and discussion

Taking into account the hypothesis of the research, a descriptive analysis and analysis of the Pearson coefficient of correlation of the rank was performed and presented in following tables. Table 4 shows the descriptive analysis of data for Serbia. The data collected correspond to the application of the correlation analysis and the two tailed Pearson's correlation coefficient, which is presented in Table 5, for data of Serbian tourism. With a value of Pearson's r correlation coefficient at level of -0.751, a negative moderate correlation between the TTCI index and the indicators of the participation of inbound tourism in the total number of tourists can be identified. Also, there is a negative insignificant correlation in the movement of the TTCI index and the share of tourism in GDP. On the other hand, there is a positive statistically significant correlation between the TTCI index and the participation of employees in tourism in total employment – the value of Pearson's r coefficient is 0.875. If the correlation between tourists demand indicators is observed, a positive and statistically significant correlation between share of inbound tourism and foreign exchange inflow of inbound tourism can be identified, considering the value of *r* correlation coefficient at level of 0.974.

Table 4: *Descriptive statistics for Serbia*

Indicator	TTCI	% of inbound tourism	FE inflow - inbound tourism	% of tourism in GDP	% of tourism employment
Mean	3.62	0.4120	930.600	0.0176	0.0428
Median	3.70	0.4200	992.000	0.0190	0.0450
Mode	3.34	0.32	696.	0.01	0.05
Std. Deviation	0.248	0.06760	151.353	0.00462	0.00589
Minimum	3.34	0.32	696	0.01	0.04
Maximum	3.90	0.48	1.052	0.02	0.05

Source: *The authors, based on research*

The analysis of the correlation of the rank was also conducted for the data of other countries involved in the research. Table 6 shows the Pearson correlation coefficients of the TTCI index of the observed countries and the indicators of tourist demand for the period from 2009 to 2017. The obtained values indicate the lack of statistically significant correlation of the TTCI index and indicators of tourist demand, with a confidence level

of 0.01. The exceptions are in cases of Slovenia and Bulgaria, where the results imply that there is negative significant correlation between their TTCI index and share of inbound tourism and foreign exchange inflows from inbound tourism, respectively.

Table 5: *Correlation analysis of TTCI values and tourist demand indicators for Serbia*

Pearson Correlation Sig. (2 – tailed)	TTCI	% of inbound tourism	FE inflow - inbound tourism	% of tourism in GDP	% of tourism employment
TTCI	1	-.751 .143	-.596 .289	-.323 .596	.875 .052
% of inbound tourism		1	.974** .005	.780 .119	-.834 .079
FE inflow-inbound tourism			1	.814 .093	-.714 .175
% of tourism in GDP				1	-.693 .194
% of tourism employment					1

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *The authors, based on research*

Table 6: *Summary of the results for Pearson's correlation coefficient analysis*

TTCI for observed countries	Indicators of tourist demand			
	% of inbound tourism	FE inflow - inbound tourism	% of tourism in GDP	% of tourism employment
Serbia	-.751	-.596	-.323	.875
Bosnia & Herzegovina	-.785	-.257	.086	-.448
Macedonia	-.585	-.635	.010	-.863
Croatia	-.308	.255	-.029	.159
Montenegro	-.514	-.480	-.355	-.607
Hungary	-.875	.008	-.648	-.701
Romania	.372	-.967**	.556	.621
Slovak Republic	-.829	-.513	-.715	-.701
Slovenia	-.886**	-.119	-.641	-.655
Bulgaria	.409	.005	-.593	.366

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *The authors, based on research*

On the basis of the obtained results, it can be concluded that the hypothesis is conditionally confirmed, taking into account the identified exceptions. The conditionality of confirming the hypothesis of the research stems from the fact that the values of tourist demand indicators are influenced by a large number of factors that are not covered by the TTCI index methodology. On the other hand, a positive trend in the movement of total traffic of tourists, GDP and total employment in the observed countries suggests that a higher contribution of tourism to the overall economy is not the result of an absolute decrease in the value of these indicators.

Conclusion and implications

Tourist activity is achieving outstanding performance in recent years. Tourism and its performance contribute to economic growth and development, employment growth, infrastructure development and traffic, growth in investment and incentive effects on the overall performance of national economies. Tourist destinations, based on market demand indicators (number of tourists, foreign exchange inflows based on tourism, contribution to GDP), determine their competitiveness relative to other countries. In relative determining of competitiveness, factors such as price competitiveness, tourist preferences, safety and security, hygiene and other short-term factors are taken into account. Absolute competitiveness of the tourist destination implies its performance in relation to its potential, viewed by different long-term criteria of destination competitiveness (prioritization of travel and tourism, environmental sustainability, natural and cultural resources). Absolute competitiveness is a model and a long-term management tool in tourism, especially from the point of view of policymakers and market leaders in tourism business (travel agencies, hotel companies, carriers, insurance companies and other related participants). It is absolutely necessary to clearly understand the core activities of the company and the values it creates for its consumers (Piuković Babičković et al, 2016), especially in the area of tourism destination management. Observing those factors that are identified in a long-term - cultural, natural or business potential and resources, also presents a precondition in creating an efficient and targeted strategy in building destination competitiveness, which is a primary goal of tourism management. The models of competitiveness of the tourist destination, which were mostly based on determinants of the long-term character (Dwyer, Ritchie and Crouch), represent a tool in defining absolute concurrency and those factors that have the greatest

potential for further strategic development. Recent models such as Gooroochum and Sugiyarto's Competitiveness Monitor or Travel and Tourism Competitiveness Index that focus on factors that define competitiveness in the short term, enable the definition of relative competitiveness. Considering that TTCI includes, in part, factors of a long-term character, the consistency of its movement with the performance indicators of the tourist destination cannot be expected. This hypothesis is set out in this paper, and conditionally confirmed by the quantitative analysis of the correlation between the trends in the TTC index and indicators of the performance of the tourist destination (share of foreign tourists, foreign exchange inflows based on tourism, number of employees in tourism, participation of tourism in GDP). A particularly important factor of destination competitiveness is insurance and risk management in tourism, which is becoming increasingly important field of management in tourism. The application of the appropriate competitiveness model and the methodology for determining the significance of factors is a prerequisite for the application of an appropriate development strategy in tourism.

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