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TRANSFORMATION PROCESS OF SPAS AND LOCAL ECONOMIC DEVELOPMENT IN THE REPUBLIC OF SERBIA

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Abstract

Transformation process of traditional spas into integrated tourist destinations represents a major structural transformation in the contemporary tourism development. Most of the spas in the Republic of Serbia have gone through this process. The aim of the paper is systematisation of transformed spa and climatic resorts and examination of the connection between the process of their transformation and local economic development. Comparative and correlation analysis are applied in the paper. The research results show that the transformation process of spa and climatic resorts is not related to the current development level of the local self-government units which they belong to. Given that tourism can undoubtedly be considered as a driver of economic development, the creators of regional and local development policies in the Republic of Serbia should take advantage of the completed transformation processes of a significant number of spa and climatic resorts. It should be put to the function of balanced development and the reduction of local and regional development disparities.

Key Words: spa, tourism, transformation, development

JEL classification: Z30, Z32

Introduction

The wealth of thermal-mineral springs in the territory of the Republic of Serbia represents the optimal basis for their use for recreational and

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tourist purposes, in accordance with the global trends of the growing spa tourism industry. A large number of spa and climate resorts on the territory of the Republic of Serbia have a long tradition as health centers. The integration of their medical with recreational and tourist functions is imposed as a necessity, in order to respond to the contemporary trends in tourist demand. In this sense, it can be talked about the need and importance of the transformation process of spa and climate resorts in the Republic of Serbia into tourist destinations with a diversified offer. The visitors of the spa and climate resorts are extremely active in other activities, both outdoor activities, i.e. activities in the natural environment, as well as cultural and entertainment activities, often much more than other types of tourists (Joppe, 2010). These characteristics of the key market segment represent the potential on which the future tourism development of the spa and climate resorts of the Republic of Serbia should be based and directed towards.

The subject of the paper is the analysis of the transformation process of spas in the Republic of Serbia. The aim is to evaluate the transformation process of individual spas and examine the relationship between the transformation process of spas and the economic development level of the local self-government units to which they belong. The intention is to make an attempt to eliminate the perceived gap in the literature by realizing this aim. Namely, numerous studies confirm the impact of the transformation process of spas and their tourist affirmation on regional and local development, but those that deal with the conditioning of the transformation process by the current economic development level of the area where the spa is located are rare. In this sense, the research question is whether there is a relationship between the transformation process of spas in the Republic of Serbia and the current development level of the local self-government units which the spas belong to.

Literature review

Traditionally, spa and climatic resorts have been regarded as specialized healthcare institutions focused on the treatment and rehabilitation of patients. However, contemporary trends in tourism have led to a significant transformation of these destinations (Szromek & Polok, 2022). Over the past decades, there has been a transformation from the “health resorts” to integrated tourism and health destinations. This process entails changes in market structure, the tourism product, and management. Spa destinations are increasingly adopting a diversified and integrated service

portfolio, incorporating medical, wellness, cultural, recreational, and entertainment components, thereby significantly expanding their target market base (Perić et al., 2017). One of the key drivers of this transformation is the development of wellness tourism, which is oriented toward prevention, the enhancement of life quality, and balance between physical and mental health (Arsić et al., 2024). In this context, spa destinations are evolving into multifunctional environments offering a wide range of services, such as spa treatments, fitness programs, relaxation activities, and cultural content, thus moving beyond an exclusively medical orientation. This transformation exerts a direct influence on the economic structure of the destination, particularly with regard to income generation, the regulation of seasonal fluctuations and long-term business sustainability.

The impact of tourism on economic development has been a widely discussed topic in academic literature for years, and numerous studies confirm the positive relationship between the mentioned variables (Alcalá-Ordóñez & Segarra, 2025; Frederick, 1993; Sinclair, 1998; Skerrett & Huybers, 2005). Analogous to this, it can be talked about the impact of spa tourism on regional and local economic development. Moreover, as thermal-mineral springs and spas are often generically located in economically less developed inland municipalities and regions, spa tourism appears as a driver of other complementary economic activities and regional or local economic development (da Costa Guerra et al., 2022). The positive impact of the spa tourism development in a certain area on regional and local development has been confirmed in the literature. Kurek et al. (2020) explore the impact of tourism valorization of thermo-mineral sources on local economic development and come to a conclusion about the positive impact of tourism based on this resource on the socio-economic development of local municipalities. At the same time, they empirically confirm that the impact on local development is more pronounced in those municipalities that do not have a clear economic profile. Cristian-Constantin et al. (2015), following indicators such as the growth of the number of companies and their profits, as well as the growth of the number of employees, also confirm the contribution of spa tourism to the local economic development. As the development of spa or health and wellness tourism in a certain area contributes to the quality of life of local communities, its potential can be said to encourage sustainable local and regional development (Quintela et al., 2017). One of the few studies that focus on the reverse direction of impact is the research by the authors Qian and Shang (2022), who prove that the level

of economic growth of municipalities and regions has a positive influence on the convergence of the health tourism industry, i.e. the integration of the tourism and health industries.

Methodological framework

In order to answer the research question, spas in the Republic of Serbia are systematized in accordance with secondary legislation of the Law on spas (“Official Gazette of the Republic of Serbia”, No. 80/92 and 67/93 – other law and 95/2018 – other law), i.e. relevant regulations on the designation of the spa area. The transformation process of the 29 identified spa and climatic resorts was subsequently evaluated by analysing the availability of key supplementary amenities, including spa and wellness facilities, higher-category accommodation, and relevant cultural, recreational, and commercial offer. Their classification according to belonging to regions and local self-government units is also carried out. Finally, the categories of the local self-government units are given in accordance with the “Regulation on Establishing the Single List of the Level of Development of Regions and the Local Territorial Units” (“Official Gazette of the Republic of Serbia”, No. 104/2014). According to this Regulation, local self-government units in the Republic of Serbia are classified into four categories: “1) local self-government units whose level of development is above the national average; 2) local self-government units whose level of development is in the range of 80% to 100% of the national average; 3) local self-government units whose level of development is in the range of 60% to 80% of the national average and 4) extremely underdeveloped local self-government units whose level of development is below 60% of the national average and devastated areas whose level of development is below 50% of the national average”. The assessment of the relationship between the transformation process of the spa and climatic resorts and the development level of the local self-government units which they belong to is carried out by a combination of comparative and correlation analysis.

Research results and discussions

Table 1 shows the evaluation of the transformation process of spas in the Republic of Serbia, their affiliation to a specific region and a local self-government unit, as well as the categories of development of local self-government units. Based on the data shown in the Table, it can be concluded that one spa belongs to the Belgrade region, five spas belong to the

Vojvodina region, 14 spas belong to the region of Šumadija and Western Serbia, while 9 spas belong to the region of Southern and Eastern Serbia.

Table 1: *The transformation process of spas and the development level of local self-government units*

Spa	Transformation process (Yes/No)	Region	Local self-government unit	Development level of the local self-government unit
Banja Bečej	No	Vojvodina	Bečej	2
Banja Koviljača	Yes	Šumadija and Western Serbia	Loznica	3
Banja Ljig	Yes	Šumadija and Western Serbia	Ljig	4
Banja Vrujci	Yes	Šumadija and Western Serbia	Mionica	4
Banja Zlatar	No	Šumadija and Western Serbia	Nova Varoš	4
Brestovačka Banja	Yes	Southern and Eastern Serbia	Bor	1
Bujanovačka Banja	No	Southern and Eastern Serbia	Bujanovac	4 (devastated area)
Bukovička Banja	Yes	Šumadija and Western Serbia	Arandjelovac	2
Gamzigradska Banja	Yes	Southern and Eastern Serbia	Zaječar	2
Gornja Trepča	No	Šumadija and Western Serbia	Čačak	1
Ivanjica	No	Šumadija and Western Serbia	Ivanjica	3
Jošanička Banja	No	Šumadija and Western Serbia	Raška	4
Kanjiža	Yes	Vojvodina	Kanjiža	1
Lukovska Banja	Yes	Southern and Eastern Serbia	Kuršumlija	4 (devastated area)
Mataruška Banja	Yes	Šumadija and Western Serbia	Kraljevo	3
Niška Banja	Yes	Southern and Eastern Serbia	Niš	1
Novopazarska Banja	No	Šumadija and Western Serbia	Novi Pazar	3

Ovčar Banja	Yes	Šumadija and Western Serbia	Lučani	3
Palanački kiseljak	No	Southern and Eastern Serbia	Smederevska Palanka	3
Banja Palić	Yes	Vojvodina	Subotica	1
Pribojska Banja	Yes	Šumadija and Western Serbia	Priboj	4
Ribarska Banja	Yes	Šumadija and Western Serbia	Kruševac	2
Rusanda Melenci	Yes	Vojvodina	Zrenjanin	2
Selters Banja	No	Belgrade	Mladenovac (Beograd)	1
Sijarinska Banja	Yes	Southern and Eastern Serbia	Medveđa	4
Sokobanja	Yes	Southern and Eastern Serbia	Sokobanja	3
Vranjska Banja	No	Southern and Eastern Serbia	Vranje	2
Vrdnik	Yes	Vojvodina	Irig	3
Vrnjačka Banja	Yes	Šumadija and Western Serbia	Vrnjačka Banja	2

Source: *Law on spas; Regulation on Establishing the Single List of the Level of Development of Regions and the Local Territorial Units*

Based on the data shown in Table 1, it can be concluded that 19 out of 29 analysed spas have gone through the transformation process. The first category of local self-government units includes 6 spas, 4 of which have gone through the transformation process. A total of 7 spas belong to the second category of local self-government units, 5 of which have gone through the transformation process, while 8 spas belong to the third category of local self-government units, and 5 of them have gone through the transformation process. A total of 8 spas belong to the fourth category of local self-government units (including devastated areas), 5 of which have gone through the transformation process. This comparative analysis of the transformation process of spas by local self-government units shows that the smallest number of spas in total, as well as the smallest number of transformed spas, belong to the first category of local self-government units. An identical number of spas that have gone through the transformation process is recorded in the second, third and fourth categories of local self-government units, with a slightly higher total number of spas in the third and fourth categories. This represents a good

basis for concluding that there is no obvious connection between the transformation process of spas in the Republic of Serbia and the development level of the local self-government units which they belong to. In support of this, it should be emphasized that one of the two spas belonging to devastated areas has gone through a transformation process (Lukovska Banja).

In order to further confirm this conclusion, the correlation coefficient between the mentioned variables (evaluation of the spa transformation process and development level of the local self-government unit which the spa belongs to) is calculated. For the purposes of calculating the correlation coefficient, the spas are classified into two groups: 1) spas that have undergone the transformation process and 2) spas that have not undergone the transformation process. The same is done with local self-government units, and they are also divided into two groups: 1) local self-government units that belong to the first and second category according to the development level and 2) local self-government units that belong to the third and fourth category according to the development level. Kendall's tau-b correlation coefficient (τ) was applied as a non-parametric measure of correlation between two ordinal variables, particularly suitable in situations where the data have a small number of categories and when there are a large number of related ranks. It is also more reliable than other measures of correlation for small samples. The calculated value of Kendall's tau-b correlation coefficient ($\tau = 0.070$; $p = 0.709$) indicates the existence of a very weak positive correlation between the observed variables that is not statistically significant. Therefore, no conclusion can be drawn about the existence of relationship between the transformation process of spas in the Republic of Serbia and the development level of the local self-government units which they belong to.

The development and transformation of spas into modern tourist centers can be conditioned by factors that are not directly dependent on regional or local economic development. The historical development of the spa, tourist tradition, natural resources and heritage from the past, and especially public and private investments can be mentioned as potential factors that caused the transformation process. The process of transformation of certain spas in the Republic of Serbia was made possible by state investments, while private investments were important for some others. In the context of state support for the development of spa centers in less developed and underdeveloped areas, Gnjatović & Stanišić

(2019) emphasize the potential of the then valid “Regulation on conditions and mode of attracting direct investments” (“Official Gazette of the Republic of Serbia”, No. 37/2018), according to which the amount of non-returnable incentives that could be given to the investor depended on the level of development of the local self-government unit that is the place of realization of the investment. Larger amount of funds could be allocated to less developed local self-government units. As 16 of the 29 analyzed spas belong to underdeveloped or extremely underdeveloped local self-government units, the authors saw the proposed conditions for granting direct investments as a potential way to develop spa tourism and, consequently, more even regional development. Ljubisavljević & Gnjatović (2020) analyse the role of the “Regulation on determining the criteria for awarding incentives in order to attract direct investments in the sector of hotel accommodation services” (“Official Gazette of the Republic of Serbia”, No. 33/2019), emphasizing that “the scope of the incentive is inversely dependent on the level of development of the spa areas” (p. 215). The contribution of such regulatory solutions needs to be evaluated from a certain time distance. On the other hand, the previously mentioned Lukovska Banja, as an example of a spa in a devastated area which has gone through the process of transformation into a modern tourist center, is transformed thanks to private capital and management.

Conclusion

The transformation of spas from traditional health centers into modern tourist destinations and the diversification of their offer have significant positive effects. The integration of health, wellness and recreational tourism expands the visitor structure, improves the quality of services, and enhances the spa positioning on the market. A review of earlier research confirmed the positive impact of the spa transformation process on regional and local development. In this paper, the evaluation of the transformation process of spas in the Republic of Serbia was carried out and the development level of the local self-government units the spas belong to was reviewed. After that, the relationship between these two variables was evaluated. The results of the research showed that there is no connection between the process of transformation of spas in the Republic of Serbia and the current level of local development and that the drivers of the transformation process should be looked for in other factors. The limitation of the research is reflected in a relatively small sample, so the results cannot be generalized, and they are only valid for the territory of the Republic of Serbia. Future research can be aimed at a

more detailed look at the causes, drivers and models of the transformation process of spas and the effects that the transformation process has on regional and local development.

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