

2nd

**International
Scientific
Conference**

1-3 June, 2017
Vrnjačka Banja, Serbia

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

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



**THEMATIC
PROCEEDINGS**

II



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



INTELLECTUAL CAPITAL IN VOJVODINA TOURISM

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Abstract

Tourism potentials of Vojvodina, the northern province of Serbia, are underutilised and present an economic development challenge. The prerequisites for the realisation of these potentials are investment in tourism industry and adequate and well-planned promotion, which should be addressed by the intellectual capital in tourism industry. Tourism professionals with entrepreneurial spirit may help raise the tourism system on a higher level, by finding sources of funding and planning how to allocate funds.

Key Words: *intellectual capital, tourism, Vojvodina, knowledge, improvement, potential*

JEL classification: 034, Z32

Introduction

Though faced with numerous challenges in the previous period, the Republic of Serbia invested efforts in tourism development. However, these efforts were rather haphazard and tourism was not based on clearly defined strategic directions, though the country has numerous potentials such as favourable geographic position, cultural-historical heritage, diverse flora and fauna, rivers, lakes, mountains, spas, farms and preserved natural areas.

Global changes in economic and political spheres in the last years of the twentieth century and beginning of the twenty-first century made a significant impact on tourism and its transformation. Tourism incorporates all segments of a socio-economic system and puts to use all

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segments of the secondary product of other industries in creating a high quality tourism product. Regional tourism development of each country is an integral part of global tourism regions.

Tourism is becoming increasingly important for countries' social and economic development and Serbia is no exception. The adoption of the *Tourism Development Strategy* of the Republic of Serbia 2016 –2025 and passing of the Tourism Law created the preconditions for a more serious approach to tourism development in the Republic of Serbia. Tourism is becoming a development chance of the Republic of Serbia and one of its regions, the Autonomous Province of Vojvodina, which will be discussed in this paper.

The essence, characteristics and importance of services in tourism

The passing of the Tourism Law (RS Official Gazette, Nos 36/09; 88/10; 99/11; 93/12 and 84/5) and Law on Government (RS Official Gazette, Nos 55/05; 71/05; 101/07; 65/08; 16/11; 68/12; US, 72/12; 7/14 CC and 44/14) provided a more sound basis for tourism development. The adoption of the *Tourism Development Strategy* of the Republic of Serbia 2016 – 2025 (Government of the Republic of Serbia) laid the groundwork for a planned approach to tourism development in the Republic of Serbia. In the period so far, budgetary constraints and more pressing development priorities prevented Government from implementing a more adequate tourism policy that would make a significant competitiveness breakthrough. However, in a situation where the Republic of Serbia "increases its negotiating strength in relation to both closer and farther global markets, it is realistic to expect more favourable conditions for a significant development in the country's tourism" (Development Strategy 2016 – 2025, p. 1). The adoption of the Strategy marked the beginning of a systematic approach to tourism, as underlined by the Strategy objective Tourism (Development Strategy 2016 – 2025, p. 1):

1. "Sustainable economic, ecological and social development of tourism in the Republic of Serbia;
2. Strengthening the competitiveness of tourism economy;
3. Increasing direct and total share of tourism in gross domestic product of the Republic of Serbia and increasing direct and total number of employees in tourism industry; and
4. Improving the Republic of Serbia's overall image in the region, Europe-wide and on a global scale."

Tourism is an important segment of tertiary activity, i.e. service economy. High product variability and inseparability of production and consumption are the problems faced by this industry. Standardisation of service quality is made much more difficult by the intensive involvement of human factor in many tourism activities. The problems become even more challenging due to the inseparability of producers and consumers from the tourism product. Tourism product involves both space and human factor.

Tourism product is a set of diverse products and services owned by numerous and diverse parties. A multitude of factors impacts business result in tourism, such as the global economic crisis, attacks by terrorist organizations, war threats in turbulent areas, economic development, political system etc.

“Tourism is a very complex, multi-sectoral industry where no single organisation provides or controls the full service product. Obviously, a successful delivery of tourism product depends on close business relationships, interdependency and interaction between numerous stakeholders, which enable a tourist organisation to ensure a memorable experience for its buyers.” ... “Dependency of success of many tourism organisations, such as tour operators, transporters and organisations providing accommodation on public goods such as beaches and areas of natural beauty is so large, that each segment of the tourism system is dependent on others in order to ensure system functionality” (Semić & Senić, 2016, p. 38-39).

Distinctive aspects of tourism are related to supply and demand, though some are shared with other service sectors. This makes quality assurance much more challenging. Some tourism services have numerous qualities, such as spontaneity. Intangible aspects of a service account for its quality of spontaneity. Quality assurance is difficult because tourists are hosted and served differently, and the effect is never the same, i.e. each individual guest has a different experience, which cannot be exactly measured.

A tourist organisation cannot be successful if its employees are unsatisfied. You cannot order kindness and hospitality, but it will come spontaneously if employees find pleasure in their work and if it makes them happy. All guests have daily contacts with employees: with the operator (when they wake up in the morning), laundry and ironing staff,

room cleaning staff, room service staff, with waiters during meals, with the receptionist when they leave or take the key at the reception or consult about the reservation of theatre seats etc. Already early in the day, the guest interacts with a bulk of people. One hundred employees in a hotel will interact with around 1,000 guests. It is of course impossible to fully control service quality in all these interactions. The employees are expected to assume their share of responsibility, to adhere to the dress code and to display competence and consistency, high degree of responsibility and quality in their contacts with guests, with sufficient hospitality.

Tourism is related to memories, because it actually enriches people's lives. Travels and vacations remain in people's memory and those are actually some of the happiest and most cherished memories. Tourism makes dreams come true, offers immersion into fantasies and escape from reality. People with good earnings and enough free time on their hands are able to use many of tourism advantages. A successful tourism product is created based on historical monuments, rich cultural heritage, favourable climate, cities, villages, mountains, forests, rivers, beaches etc. All this represents tourist heritage.

The availability of acceptable capacities is extremely important. Intensive tourism development increases pressure on tourist destinations. While tourism product remains in large part the same, some destinations may change. New facilities and new hotels are established, new jobs created, new workforce engaged, which may transform a destination after a while (e.g. mountain Zlatibor). In time, competition arises over space when it comes to building hotels and other facilities, bus stations, shops, sport terrains etc. "In many countries tourism is called '*industry without chimneys*', whereby its contribution to a clean environment is underlined" (Senić & Senić, 2016, p. 40).

Seasonality is very much present in tourism and hospitality industry. Majority of tourists use their vacations between June and September and that is when the capacities are 90 to 100% utilized. In the remaining part of the year utilization rate is 20 to 30%. The same applies to the utilisation rate for means of transport– at certain hours, utilization is 100%, while the rest of time they may be underused.

Majority of countries suffered from seasonal volatility of tourism demand, which is reflected in business discontinuity. Managers should

therefore try to alleviate this discontinuity. For example, rather low prices in winter period persuaded many elderly tourists from Northern Europe to spend at least one short part of their vacation in the Mediterranean, as a brief escape from fierce winter and cold weather.

Service sector, i.e. hospitality and tourism industry are characterized by high fixed costs and relatively low variable costs at a fixed level of capacities. Fixed costs remain to be paid regardless of the hotel occupancy rate, i.e. regardless of whether 10 or 100 beds are actually used. Also, fixed costs are the same at 30% or 95% aircraft utilization.

Interdependency of tourism products is becoming increasingly prominent. When buying a vacation package, a great majority of tourists expect a combination of several products, i.e. travel and accommodation, food, excursions etc. Tourism is a purchase entailing high engagement and high risk. For consumers, a tourist trip is a product of extreme importance. Tourists often choose destinations they consider safe. It may be said that tourism product is highly affected by both negative and positive tourist perceptions and extremely vulnerable to external influences out of its control. Successful operation of tourist organizations to a large extent depends on clean and orderly operation "behind the curtains" and employee kindness. "The invisible part of the system of services accounts for technical quality while the visible part accounts for functional quality of the service offered" (Senić & Senić, 2016, p. 43).

Intellectual capital as a fundamental factor in tourism development

A knowledge economy is increasingly endorsed as a development direction in contemporary economies, where the economic interests are more and more clustered around knowledge and human factor as the knowledge creator. It is more and more recognised that the fundamental prerequisite for the development of a country's economy is knowledge and development of the human factor. Human capital, human potentials and human factor are all synonyms encountered in the literature.

Alfred Sauvy was one of the pioneer researchers in quantifying human factor. He developed a method for calculating the value of human factor. The method basically adds up, i.e. accumulates the costs of man's development and education until his working age. Alfred Marshall pointed out that the most valuable of all capital is that invested in human

beings and underlined the importance of industrial training, work organisation and business management in production (Marshall, 1956).

The Nobel prize laureate Theodore Schultz, a representative of Chicago school, based the measurement of human capital on the accumulation of investment into integral segments of quality, i.e. their improvement (through forms of education, professional development and health care), adding also the lost wages of those who pursued education and many other losses, for example as a result of death (Schultz, 1985). Human factor is the value invested in employees, from education to health care, aimed at creating knowledge and working skills. As can be seen today, the most educated population is found in the richest countries and the least educated in the poorest ones.

"*Natural wealth and resources* used to be considered the key factors of company competitiveness. Today the focus is placed on intangible resources, i.e. intellectual knowledge-based capital as the key factor of competitiveness. Actually, key factors in the new economy are: knowledge, ideas, creations, creativity, insightfulness, i.e. intangible resources. An imperative of the twenty-first century is to increase the productivity of knowledge, not of physical labour. Knowledge built into products is the result of intellectual capital invested by the management and employees "(Dmitrović et al. 2013, p. 49).

In contemporary conditions, instead of traditional indicators of business success (productivity, cost-effectiveness and profitability), new indicators are used, such as flexibility and adaptability. Economic strength is not reflected in the disposal of wealth, but in the ability to change, i.e. flexibility and adaptability. Apart from these new indicators, it is deemed that survival in the global market requires that organisations are able to produce, manage and continually increase their intellectual capital, which gives them competitive advantage.

Globalisation and the third technological revolution marked a transition from a primarily material resource-based economy toward knowledge economy (Powell & Snellman, 2004, p. 199-220). Organisational management includes two interconnected cycles:³ business management cycle and human resource management cycle. The business management

3 Such management process is compatible with the well-known model of PDCA – cycle from the series of standards ISO 9001:2000.

cycle has several phases: planning, organization and management phase (control of activities), while the human resource management cycle has phases of leadership, motivation and communication.

The human resource management concept is based on valuation of employees' personal performance in terms of their competence to implement the policy, the value system and best practices. The focus is placed on advising employees, equal chances environment, valuation, upgrading of performance, training and development of employee competences.⁴ In order to successfully perform all his tasks, the manager needs to possess communication skills and be familiar with methods and techniques for improving employee performance and motivation, as well as for monitoring the effectiveness of undertaken measures. While applicable to managers of all organisations, this particularly holds true for tourist organisations.

"Systematic efforts to set the rules guiding human behaviour and values to be aspired to, in order to imbue meaning into individual and social moral experience is what ethics is about. Ethics is a basic rule on good behaviour. It is one of the foundations of the modern society and therefrom it derives a broader social importance" (Žarkić Joksimović et al., 2009, p. 208).

Intellectual capital is an extremely important business category. Though it cannot be adequately presented within financial statements, it nevertheless contributes to the creation of value added. In theory, it is suggested that this capital be presented in a separate statement, but in practice such examples are rarely found, and only since 1990s. Therefore, it is necessary to get the picture of the intellectual capital of tourist organisations, because the hidden strength actually lies in human knowledge and skills. Given the variety of funds, financial resources could be raised, provided that the adequate objectives are prioritized and political situation and personal interests are pushed to the background, i.e. on condition that ethical principles are adhered to. At the risk of sounding a bit socialist-oriented, we must emphasise that it is necessary to put common interest before personal ones. A situation in which decision-makers in tourism apply ethical and common-sense approach and in

⁴Employee competence includes development of skills and abilities, development of knowledge and professional approach (focusing on ethical behaviour, i.e. adherence to the code of behaviour).

which plans reflect general wellbeing may also be a source of personal satisfaction.

"In order to motivate employees to improve their competences over time, some companies use personal development planning. A personal development plan can help an employee achieve his/her objectives. By applying such plans the organisation may establish whether the employee's objectives comply with those of the company. The organisation can benefit from such compliance" (Latinović et al., 2013, p. 126).

Therefore, all organisations that wish to survive and grow, including those in the tourist industry, need to change the principles of their operation in order to become competitive in contemporary market conditions. Competitive advantage based on human capital is strategically important for an organisation, because it creates added value. Mere availability of intellectual capital in itself does not create new value and competitive advantage, unless the synergy is created between its integral segments: human capital, structural (organisational) and relational (client) capital. The most important role in achieving competitive advantage is played by the human capital, the driver and creator of intellectual capital.

"Human capital is at the same time the most mobile element of intellectual capital, and it is important to keep it at the company as long as possible. The risks to competitive advantage associated with human capital mobility can be mitigated if the company integrates human capital with other elements of intellectual capital (organisational and relational capital), because in that case the leaving of one or two individuals does not entail losing competitive advantage. High quality human capital knows how to set the right objectives at the right time and is capable of *understanding the signals* coming from external environment. Human capital is the only capital capable of accepting and applying new knowledge in everyday practice and transforming it into new concepts through a creative process: innovation, imitation, adaptation and materialisation" (Karaman Aksentijević, 2012, p. 99-100).

An exceptional value of human capital lies in tacit knowledge in the minds of individuals (knowledge workers). Each organisation should transform this tacit knowledge into explicit (materialised, codified) knowledge, owned by the organisation which is thus transformed into structural capital which the organisation may exploit, protect, lease or

potentially sell. Structural capital is infrastructural support to human capital. Closely related to human capital is customer (or relational capital). The ultimate objective of every contemporary organisation, including tourist organisation, is to achieve synergy between all three components of intellectual capital, which results from knowledge use and enables the achievement of sustainable competitive advantage by creating new added value, as shown in the figure below.

Figure 1: *Synergy between structural segments of intellectual capital in tourism*



Source: *Stewart, T. A (1997).*

In literature, intellectual capital is divided into three basic segments and it usually complements the generally accepted balance sheet in financial reporting. The first part is human capital, which in tourism consists of professional experience of tourism managers who can contribute to the development, their formal education and skills, talents, work experience. Their task is to share knowledge, solve problems in crisis situations and provide firm leadership. Human capital is exclusively related to employees.

The second element is structural (organisational) capital owned by tourist agencies and organisations. This group of elements may include formal processes and procedures, information systems and databases, market name and even brand, if the organisation is widely known, as well as its reputation, recognitions and rewards, in other words – everything the organisation owns.

The third structural element is relational (customer) capital. Tourist organisations and especially tourist agencies are there for customers, i.e. it is customers who they do their business with and generate profit from. That is why this part of intellectual capital is very important. The focus of tourist organisations is on sale and distribution channels. Quality and number of customers by all means determine the volume and success of operations.

Unlike traditional resources, knowledge has no limitations, which makes it a unique resource. Rather than being spent like economic resources, the value of knowledge for user increases with time. As already mentioned, by putting knowledge to use in an organisation a newly added value is increased, and continuous growth in profit is ensured. The key activity for acquisition, development and sustainability of intellectual capital in an organisation and thus for ensuring sustainable competitive advantage is adequate knowledge management and that is why maximum investment in knowledge, education and development of employees is necessary.

"Serbia's significant competitive advantages lie in the primary health care infrastructure and to some extent, in the quality of primary education, one segment of communications infrastructure, owing to the number of phone lines and computers and the quality of mathematic and scientific education" (Savić, 2010). However, these elements alone cannot ensure a significant productivity increase, because other indices are rather unfavourable, such as rule of law, brain drain, political interference in decision making, poor anti-monopoly policy, poor relations between employer and employees, unwillingness to rely on professional management. It is also discouraging that organisations are unwilling to earmark funds for training of employees (Albijanić, 2011).

According to Savić (2011), recommendations for improvement of Serbia's competitiveness are related to:

- Improvement of infrastructure, institutions and education,
- Creating preconditions for development of a market economy and free competition, and
- Development of management.

Vojvodina and characteristics of its tourism

The Autonomous Province of Vojvodina spreads in the south-east part of Pannonian Plain, i.e. the lowest part of the *Pannonian* Basin. It has a

population of almost two million and covers the area of 21,506 km². Its geographic position is very favourable, linking Central Europe with the Middle East.

Vojvodina lies on plains, with two mountains – Fruška Gora and Vršачke mountains. Apart from these two mountains, the plain is intersected by rivers, lakes, swamps and sandy terrains. The only deserts in Europe are actually found in Vojvodina – Subotica and Deliblato sands. Vojvodina also abounds in thermal, mineral and thermal-mineral springs. It is interesting that in the former Socialist Federative Republic of Yugoslavia, until 1970s, it was deemed that Vojvodina had no tourist potentials, maybe because it was unfavourably compared to the Adriatic Sea and formidable mountains of the former Yugoslavia. Although this view has long been proven incorrect, Vojvodina's tourism capacities still remain underutilized.

Generally, Vojvodina offers tourism related to two mountains, spa tourism, congress tourism, farms (with restaurants and accommodation capacities), motorcycle tours, rural tourism, urban tourism etc. An excellent food may also be a motive, because various cultures and interesting cuisines meet in this region. There are 27 tourist agencies and 44 tourist organisations operating in Vojvodina.

The capital of Vojvodina, Novi Sad is well known for its Petrovaradin fortress; Subotica, which until late 1950s used to be the second largest Serbia's municipality (next in size after Belgrade), has been included in the list of Europe's Vienna Secession cities; and Zrenjanin, green Sombor and Sremska Mitrovica (Sirmium) are also convenient for urban tourism.

Mountain tourism is definitely not developed in Vojvodina, because there are only two smaller mountains and the climate is not adequate for a ski resort. In 1960, Fruška gora was awarded the status of a national park, thus becoming the first national park in Serbia. Fruška gora is an island mountain; its highest peak is Crveni čot at 539 meters above sea elevation. Vršачke mountains spread on the south-east of Banat, and their highest peak at 641 m above the sea level is at the same time the highest spot in Vojvodina. Third highest is Titelski breg at 152 meters above the sea level.

The main rivers flowing through Vojvodina are Dunav, Sava and Tisa⁵, followed by medium ones - Bošut, Begej, Tamiš. Smaller rivers include Karaš, Zlatica, Nera, Krivaja, Čik, Mostonga and Plazović. Vojvodina lakes are Palić, Ludaško lake, Ledinačko lake, Belo lake, Zobnatičko lake and other lakes, as well as Imperial Pond and Obedska pond. Vojvodina has around 64,000 hectares of fishing waters and is therefore attractive to fishermen. Hunters may choose among numerous hunting areas near Subotica, Sombor, Bačka Palanka, Bač, Novi Bečej, Perlez, in forests alongside the Danube and Sava rivers and on Fruška gora, Vršački breg and in Deliblato sands.

Vojvodina is also widely known for wine growing and fruit growing in general. As for its wine card, the most popular wines are those from Fruška gora, South Banat and Subotica wine regions. Vojvodina has a good geographic position, as it links Central Europe with the Middle East. Some of its specificities are old crafts, folk costumes, hackney carriages, preserved windmills, draw-well sweeps for cattle watering and irrigation.

Spa tourism is generally underdeveloped, a mixture of rudimentary and modern elements. This type of tourism is developed in Kanjiža spa, Junaković spa near Apatin, Palić spa, Vrdnik spa. An unexplored thermal water resource became recently available with the opening of Pačir spa, while Rusanda and Slankamen belong to insufficiently developed spas.

Kanjiža spa is located near river Tisa in Northern Vojvodina and was officially established in 1913. It abounds in thermal-mineral springs and healing treatments also include curative mud. It has a history of treatment of rheumatic diseases, bone injuries, post-operational orthopaedic treatment etc. Apart from health treatment, it offers a variety of events, sports activities, festivals and may also be interesting to hunters.

Banja Junaković near Apatin is considered one of the remarkable potentials of Vojvodina. This spa has water springs with exquisite healing properties. Apart from offering traditional sport activities, this spa may also be interesting to fishermen, owing to the vicinity of the Danube.

Another spa centre is Vrdnik on Fruška gora, with the spa under the same name. Vrdnik is an air spa, rich in ozone, which can boast a great number of sunshine hours during the year. Thermal waters in this spa cure

⁵ A "blooming" river.

rheumatism, bone deformities, gynaecological diseases, respiratory diseases etc. Apart from spa healing properties, tourist attractions include also the Vrdnik Tower dating from the Roman period, which is considered an archaeological site, and also the Monastery of Ravanica.

Palić spa is located in the northernmost part of Vojvodina. Though curative mud from Palić lake is no longer available, the spa is known for its air quality and a zoo which in the 1980s ranked among the most beautiful European zoos. It has great potentials for development of congress tourism. The place also has remarkable architectural masterpieces built in the nineteenth and beginning of twentieth century, in Secession style. In the nineteenth century, Palić spa was among the leading European spas.

Stari Slankamen is located at the slopes of Fruška gora, alongside the Danube. It is well known for the freshness of its air and mineral bathing springs. It alleviates neurological diseases and posttraumatic conditions.

Rusanda spa is located near Zrenjanin, at the banks of Rusanda lake. It is known for curative mud, which ranks among those of highest quality. Curative water and thermal-mineral mud cure rheumatism, sciatica, lumbago, gynaecological diseases and dermatological diseases.

Banja Pačir is the youngest spa in Vojvodina. The well for spa water was completed in 2010 and it is important to note that it has been built based on the local contributions and municipal financing. Curative water springs at some 1,400 meters below ground and reach the temperature of 73 degrees Celsius, while the temperature of the artificial lake is around 30 degrees. It is recommended for treating dermatological and respiratory diseases.

There are 28 monasteries in Vojvodina, 16 of which are on Fruška gora: Bođani, Saint Arhidakon Stefan, Vojlovica, Središte, Monastery of Saint Melanija the Roman, Kovilj, Krušedol, Hopovo, Jazak, Beočin, Šišatovac, Velika Remeta, Petkovic, Staro Hopovo, Ravanica – Vrdnik, Mala Remeta, Grgeteg, old Krušedol monastery, Kuveždin, Privina glava, Bešenovo, Divša, Berkasovo, Holy Trinity Monastery, Mesić, Bavanište, Kać and Rakovac. The monastery Fenek near Jakovo is also sometimes considered a Fruška gora monastery, though it belongs to the central Serbia region.

Rural tourism is also being developed and there are offers in the areas of Bačka Topola, Bačka Palanka, Inđija, Irig, Kikinda, Kovačica, Kovin, Mali Idoš, Novi Sad, Senta, Sombor, Stara Pazova and Subotica.

Motorcycle tours usually start in Vovodina plains, go alongside rivers in the direction of inner Serbia, including the sightseeing of lakes, mountains and caves.

Analysis of Vojvodina tourism and importance of intellectual capital

Tourism supply and demand are more and more affected by global demographic changes. Population growth has led to the expansion of specific groups of customers with specific characteristics and purchasing power. Rapid scientific development is reflected also in vertiginous changes in methods, structure and quality of tourism product worldwide. Contemporary tourist wishes also change rapidly, having also a regional impact. Very fast technical and technological development brings about quick changes in the tourist offer. Prompt changes in the development of information technologies open room for non-competitive behaviour in gathering and presentation of information, which may suffocate less developed destinations.

A more significant investment in development of human factor in tourism industry creates new systems for human resource management which will be translated, via modern information technologies, into unique requirements of future tourism trends. Therefore, in the future, tourist organizations will not only manage overall resources and development, but the management focus will shift to trends.

It is very important to precisely establish tourism potentials of each destination, taking into account the physical characteristics of the original natural environment in each destination, economic and social impacts of tourism on the specific area and its environmental stability. "In order to achieve certain cost-benefits in tourism development, the industry has to resolve its conflicts via alternative development strategies, ensure coexistence through optimization of costs and benefits and symbiosis so that attractive elements in the natural environment are used as drivers of tourism development. This also calls for decentralized concentration of tourist capacities, in order to achieve full synergy between the future tourism development and natural environment" (Milenković, 2007, p. 16). Coupled with the educated human factor, these measures will enable faster growth and development of the country's tourism. This will lead to

an increase in tourist numbers, create new added value in tourism organizations and also boost the new added value, i.e. the wealth of the Serbian economy. Since the subject of this paper is Vojvodina, SWOT matrix of Vojvodina tourism is shown in the table.

Figure 2: *SWOT analysis of Vojvodina tourism*

Strength – Internal - Helpful	Weaknesses– Internal - Harmful
Spa tourism Educated and kind staff Solid proficiency in foreign languages (English and German) Languages of national minorities A variety of cultures in a single area – region's diversity and attractiveness Tradition Thermal springs, curative mud, natural medical resources Production of healthy and organic food Investment into marketing Underused potentials	Economic situation Budgetary constraints Low purchasing power of the population Unsatisfactory infrastructure Outdated medical equipment Inadequate planning Undeveloped marketing Lack of interest among employees and insufficient efforts toward change
Opportunities – External - Helpful	Threats– External - Harmful
Low service prices Unexplored terrain Increased interest in spa and health tourism Congress tourism, education Sport tourism Eco-tourism	Development of tourism in the region Spas in Hungary, Slovenia Political situation

Source: *authors*.

Nowadays, tourism is seen as an economic sector exhibiting the fastest growth on a global scale. Therefore, it is necessary to focus on improvements on the local level, since the global picture provides a model of success. Perceiving SWOT analysis Vojvodina has touristic potential, and the next step is expected of the intellectual capital – to highlight the advantages and attract potential customers.

Conclusion

In the twenty-first century, people, i.e. intellectual capital, may create comparative advantage, because knowledge is what drives processes forward. The pace of information age is such that imitation promptly catches up with innovations, so success clearly requires know-how, i.e. tourism professionals must devise the right solutions, which definitely exist, given the potential. Knowledge is what takes to arrive at the final product – the offer of a tourist service and finally, profit making.

The twenty-first century has been marked by robust institutional, legislative and other systemic reforms. The Tourism Development Strategy of the Republic of Serbia identified needs for improvement by all tourism indicators. The emphasis should be placed on faster development of tourism of the Autonomous Province of Vojvodina, which abounds in natural and cultural resources. Thermal water resources should be exploited through development of new spa and wellness centres and refurbishment of the existing ones. In the future, tourism organisations will not only manage resources and development, but also place strong management focus on trends. In the initial stage the key factor affecting tourism development was transport. In the future, tourism development will be crucially determined by technical and technological development, development of information systems, investment, adequate management by modern human potentials and personal qualities of tourists.

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