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TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA

Tourism as a Generator of Employment

THEMATIC PROCEEDINGS I

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FACULTY OF HOTEL MANAGEMENT AND TOURISM IN VRNJAČKA BANJA

The Fourth International Scientific Conference

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Thematic Proceedings

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FOREWORD

The Faculty of Hotel Management and Tourism in Vrnjačka Banja organized the fourth International Scientific Conference *"Tourism in Function of the Development of the Republic of Serbia – Tourism as a Generator of Employment"* that was held in Vrnjačka Banja from May 30th to June 1st, 2019. For the purpose of this year's Conference, 85 scientific papers were presented by 156 participants coming from India, Portugal, Russia, Tanzania, Romania, Bulgaria, North Macedonia, Bosnia and Herzegovina, Montenegro, Croatia and Serbia.

The Conference is organized in the function of exchanging ideas and experience of the participants coming from Serbia and abroad for the purpose of future tourism development, with the special emphasis given to the role and importance of tourism in generating new jobs, reducing the unemployment and increasing the living standard of the population of the Republic of Serbia and other countries.

The Thematic Proceedings, as a result of the Conference, are published in two volumes, and will be available to a wider audience, scientifically and practically focused on tourism-related multidisciplinary issues.

Publishing of Thematic Proceedings was financially supported by the Ministry of Education, Science and Technological Development of the Republic of Serbia.

Vrnjačka Banja,
June, 2019

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EMPLOYMENT AS THE GREATEST CHALLENGE OF LONG TERM TOURISM DEVELOPMENT

Renata Pindžo[1]; Dejan M. Radulović[2];

Abstract

Tourism is becoming an increasingly important sector in the economies of many countries. Its impact on economic growth and the balance of payments through GDP growth, employment and investment is evident. According to UNWTO forecasts, it is expected that this impact will be even stronger. Furthermore, it is quite clear that the focus of this labour-intensive activity is on human capital which has a decisive influence on the satisfaction level of the users of tourist services.
Considering the complexity and fragmentation of tourism, it is very difficult to determine which jobs are the result of the tourism development as well as the exact number of employees who are directly and indirectly employed in tourism and tourism-related activities. In order to understand the specificity of tourism employment, it is necessary to analyze characteristics of tourism that determine the structure and quality of the workforce, as well as to develop modern systems and concepts of labour and tourism impact measurement.

Key Words: *tourism development, employment, economic growth, measurement*
JEL classification: *E24, J21, O10, O11, Z30, Z32*

Introduction

The results of global tourism in 2018: 1.403 billion international arrivals, representing an increase of 6% compared to the previous year, as well as the fact that tourism represents 10% of global GDP, 7% of world`s exports and 30% of world`s exports of services (UNWTO; 2019),

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reaffirm the thesis that tourism is one of the most important economic and social global phenomena nowdays bearing in mind that globalization represents the final stage of market integration (Radulović & Pindžo, 2017), which additionally gives the favorable winds in the back of future tourism development. It is unequivocal that there is a strong link between tourism and economic development and, at a time of stronger influence of non-production sectors, tourism represents a significant area of new economic growth (Petković et. al. 2010). The authors of this study sought to draw attention to the strong link between the tourism development, overall economic development and employment. Furthermore, the research subject of this paper is understanding the essential characteristics of tourism as a global economic, and above all, social phenomenon that has strong implications in both direct and indirect employment. Futhermore, the paper deals with the research of the one of the biggest issues in the field of employment in tourism, the determination of the number directly and indirectly employed in tourism that have strong impact on tourism as a labour-intensive activity as well as with major international tourism measurement frameworks. Special attention will be paid to the analysis of employment in the tourism sector in the Republic of Serbia, the potentials and challenges that Serbia is facing and which must be solved if Serbia wants to continue strong tourism growth in the long-term period. Research are based on data and research provided by the United Nations World Tourism Organization (UNWTO), International Labour Organization (ILO), the United Nations (UN), World Economic Forum (WEF), World Bank (WB), the Ministry of Trade, Tourism and Telecommunications (MTTT) of the Republic of Serbia, Serbian Business Registers Agency (SBRA), bussinesassociationsand relevant scientific papers in the field of tourism and hospitality. Recognizing the object and purpose of research, this paper is conceived in five parts. The introduction defines the object, aim and expected contributions of the research. In the second part, global trends, results and predictions will be presented. In the third part of the paper, one of the main challenges of the employment in tourism today and its characteristics and impact - its measurement will be discussed. The fourth part deals with the current situation, trends and potentials for employment in tourism sector in the Republic of Serbia. The study will be completed with concluding remarks.

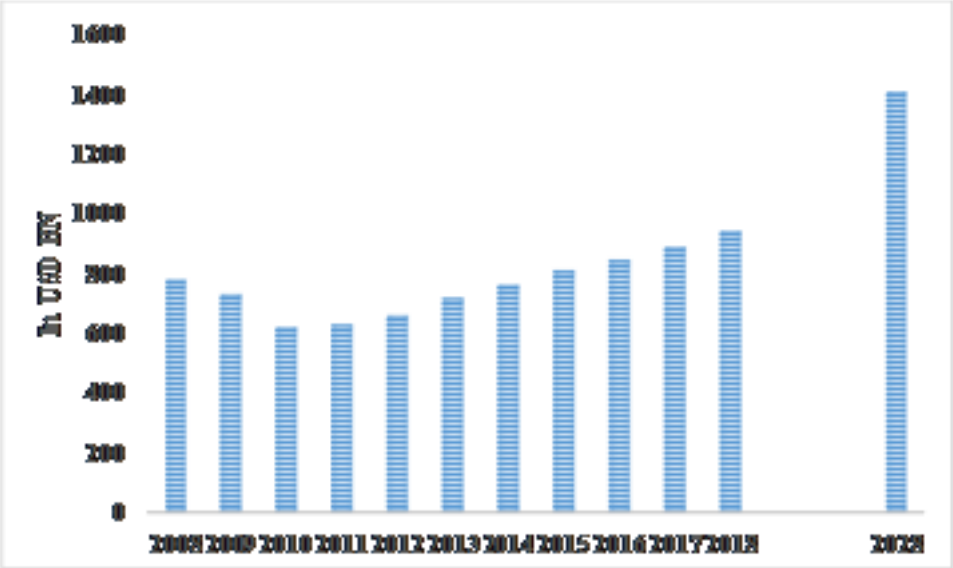
Characteristics, global trends and forecasts

The strong influence of tourism on the national economy is most often seen through the foreign exchange inflows, tax and other state and local

benefits and through employment as well. Although, at first glance, it may not be the case, tourists are generators of economic impact for the country, region, city or simpler for the destination: directly through their consumption and indirectly through the effect of tourism multipliers. It should be noted that the inbound tourism consumption is export, while the outbound tourism consumption represents import.

Economic impact of tourism is measured in terms of its effect on (UNWTO & ILO, 2015): income, employment, investment and development and balance of payment. Trade, travel and investment are closely interconnected. The benefits that business travel brings to international trade also foster investment by domestic firms and by foreign direct investors. Direct foreign investments that result from business travel introduce capital, technology, skills, people, know-how, demand for local supplies to the domestic economy, and bring improvements in trade balances (Aviation, 2011).

Figure 1: *Global Capital Investment in Travel & Tourism in 2018 in USD BN*



Source: *WTTC (2018)*

Besides those who have chosen tourism as their professional choice, tourism as a labour intensive sector offers opportunities for employment for people entering the labour market for the first time or having difficulties in finding employment elsewhere. Precisely because of the

fact that even under-educated and non-skilled people, as well as vulnerable groups such as young people, people with special needs (disabled), women with family responsibilities who can take only part-time jobs, can relatively easily find a job in tourism sector, so tourism role is even more significant for national economy. Also, these types of job opportunities are an important supplemental income component for retired people and others who are experiencing work transitions. Because of all above mentioned, there is a strong intensive link and mutual influence between tourism, economic development and employment.

Tourism positively influences and stimulates the entrepreneurship and entrepreneurial spirit of individuals. Numerous studies have shown that many people find jobs in tourism sector leaving other industries. Mobility, work orientation and self-evaluation are the characteristics of successful tourism employees. In particular, the opportunities for rapid advancement, as well as incentives for entrepreneurship and self-employment in small- and medium-size income generating activities, lead to a high level of satisfaction of those who successfully stay in tourism.

The impact of tourism on employment is reflected in the domain of: a) direct employment; b) indirect employment in the sectors that supply the tourism industry; c) induced effect on employment as a result of multiple consumption cycles and d) total employment effect reflected on the multiplier of employment, assuming that a high multiplier of employment would indicate that the country faces a high level of unemployment and tourism could be as a possible efficient way of absorption of workforce surplus.

UNWTO distinguishes two basic categories when it comes to tourism contribution to employment:

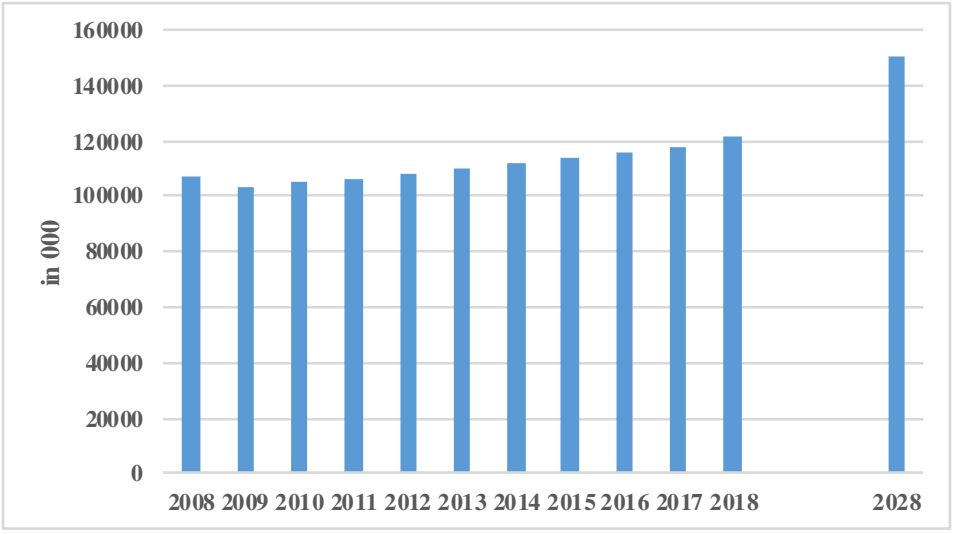
- Direct - refers to all employees who overturn activities from activities that are directly related to tourists - for example, employees in tourist agencies, hotels, restaurants, amusement parks, etc.
- Indirect - refers to suppliers of tourism industry (hotels, restaurants etc.), construction companies that build and maintain tourist facilities, as well as necessary infrastructure, aircraft manufacturers, various handicrafts producers, marketing agencies etc.

According to the Economic Impact of Global Travel & Tourism Report 2018 issued by the World Travel & Tourism Council (WTTC), total contribution of Travel & Tourism to employment (including wider effects

from investment, the supply chain and induced income) was 118,454,000 jobs directly in 2017 (3.8% of total employment). For 2018, WTTC forecast that number of employees would grow by 2.4%, ie. to 121,356,000 jobs. This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services) and other activities directly supported by tourists.

The total contribution of Travel & Tourism to overall employment (including wider effects from investment, the supply chain and induced income) was 313,221,000 jobs in 2017 (9.9% of total employment). For 2018, WTTC forecast that number of employees would grow by 3%, toie. 322,666,000 jobs (10.1% of total employment).

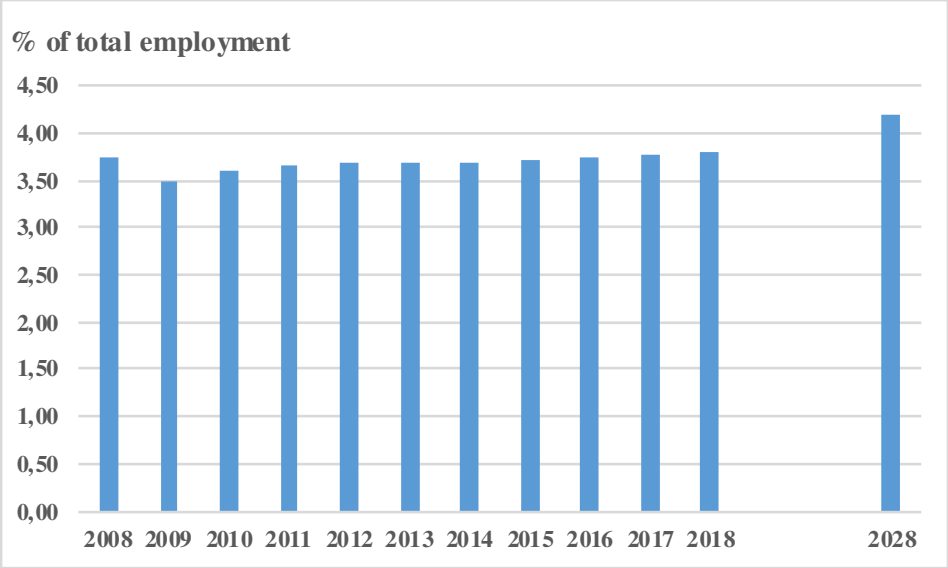
Figure 2: *Tourism Direct Employment 2008 – 2018 with Forecasts for 2028.*



Source: *WTTC (2018)*

According to the same source, by 2028, Travel & Tourism will account for 150,139,000 jobs directly (an increase of 2.2% pa over the next ten years) and will support around 413,556,000 jobs in total (or 11.6% of total employment), that will represent an increase of 2.5% pa over the period. Tourism &Travel sector generates around 100 ml jobs in Europe, compared with less than 20 ml in auto industry or around 20 ml in chemical industry (Lovreta et. al. 2016).

Figure 3: *Tourism Contribution to Total Employment 2008-2018 with Forecasts for 2028.*



Source: *WTTC (2018)*

Measurement of tourism employment

Detailed information on the labour force is important for every industry, including tourism, especially in terms of its basic characteristics as an exceptionally labour-intensive sector. The reasons lie in the seasonality of the workforce, part-time and/or excessive hours of work; low-paid (or unpaid) family labour and informal or sometimes illegal labour where the measurement is significantly more difficult. Also, large fluctuations of labourforce are a feature of the tourism industry, primarily due to underestimation in terms of wages, unpopular working hours (weekends, holidays, nights) and the presence of stress, small opportunities for professional promotion and other working conditions. Consequently, it is very difficult to determine the number of employees in this sector and therefore their position and status, and adopt the right policies in order to improve their position and their perspective.

Currently, there are three major international methodological frameworks for integrating or reconciling data from different sources which provide for measuring various dimensions of tourism-related employment (UNWTO&ILO, 2015):

- The Tourism Satellite Account;

- The OECD Employment Module; and
- The International Recommendations for Tourism Statistics 2008.

Tourism Satellite Accounts

Tourism Satellite Accounts (TSAs) as an integral part of national accounts (that are defined and measured in the System of National Accounts - SNA), that began to develop in the 80s and 90s of the last century, and that had been initially set up in 2000, represent a set of concepts, classifications, definitions, tables and aggregates. TSAs allow measuring the economic effects of tourism based on comparison of tourism generated demand for products and services and their offer. TSAs' intention is to analyze in detail all aspects of demand for products and services related to the activities of the visitors, to examine the operational connection with the offer of these products and services in the economy and describe the relationship of supply with other economic aspects. TSAs are international statistical standards prepared by the UN World Tourism Organization (UNWTO) in cooperation with the OECD (Organization for Economic Cooperation and Development), Eurostat (EU Statistical Office) and UNSD (United Nations Statistics Division).

The TSAs comprise 10 tables, of which Table 1 to 3 cover categories of tourism expenditure, while Table 4 contains an estimate of total domestic tourism consumption. Table 5 represents a table of offers, and Table 6 harmonises domestic tourism consumption with domestic offer and this table represents the core of TSAs. TSAs' table 7 shows employment by the tourism industries cross-classified by such categorical variables as number of jobs, full-time equivalents, hours worked etc. (UNWTO&ILO, 2015). It is important to emphasize that this table does not include the indirect effects of tourism on total employment. In other words, it does not include data relating to employment in activities that indirectly affect tourism consumption.

TSAs enables the calculation of the basic aggregates:
- Domestic tourist expenditure and domestic tourism consumption,
- Tourism gross value added,
- Tourism direct gross value added,
- Tourism direct gross domestic product.

Within domestic tourist expenditures and domestic tourist consumption, there are tourist expenditures of incoming and domestic tourists, consumption as the widest coverage of expenditures and other types of consumption of foreign and domestic tourists. The tourism gross value added (TGVA) is the sum of the total added value (at basic prices) of all economic entities that perform tourism activities regardless of the extent to which the production or added value of these activities are generated by tourism consumption. The tourism direct gross value added (TDGVA) encompasses a part of the tourism added value and other activities generated by tourism demand and measured by the direct contribution of tourism to the economy. This aggregate does not cover the effects of other components of domestic tourism demand (such as the impact of gross investment or collective consumption). The tourism direct gross domestic product (TDGDP) equals the sum of the value of tourism and other activities generated by internal tourism demand and net product tax (the difference between taxes and subsidies) included in the value of tourist expenditure at purchase prices. GDP measures only the direct effects of tourism consumption, and only internal, and not entire tourism demand. It does not take into account the indirect and induced effects of tourism.

The OECD Employment Module (OECD EM)

The OECD went a step further and in 2000, based on the TSAs concept, developed an Employment Module (EM) that provides a statistical framework and methodological guidelines for defining and measuring tourism related employment. Furthermore, EM represents in some way an extended and more detailed version of TSAs because it includes data that are classified into 14 key tables (divided into 6 blocks) in order to improve the existing measurement system and analyze important information related to employment in tourism. Precisely, the additional data should provide an even clearer picture of the contribution of tourism not only to overall employment, but also to the overall economic development of national economies.

The EM as an integration framework that connects basic employment data with TSAs, is based on the following indicators: level of employment (expressed in jobs and people employed), number of jobs per employee, jobs by working scheme (full or part time jobs), average yearly working hours, average gross wages (per job and per gender), average seniority of job; average permanency of jobs, data on gender, ages, occupations, nationality and education level of the employees, data on

collective agreements and labour conditions, empoloyment agencies (job mediations), unpaid labour, strikes, seasonal workforce etc.

The accounting coverage of data on employees is carried out in four phases (OECD, 2000): harmonization, completion, minimization of measurement errors and balancing.

International Recommendations for Tourism Statistics 2008 (IRTS 2008)

IRTS 2008 presents a comprehensive methodological framework for collection and compilation statistical data from tourism in all countries regardless of the degree of development of their statistical systems.

This framework contains an extremely large number of different types of tourism data that enable users to better understand certain phenomena and legalities that occur in tourism. This conceptual framework in its chapter 7 includes data on all jobs (or engaged persons) in tourism directly or indirectly. Furthermore, the chapter describes the concepts, definitions, basic categories and indicators of employment in tourism "from the perspective of general statistical rather than specific national accounts" (UNWTO & ILO, 2015).

Table 1: *Differences between TSA and IRTS 2008*

	TSA	**IRTS 2008**
Characteristics of travels and visitors	No	Yes
Visitor consumption and its various scopes	Total consumption made by visitor in the destination	Two concepts: tourism expenditures and tourism consumption
	Visitor consumption in cash	Similar to tourism expenditure
	Visitor consumption in cash and in kind	Similar to tourism consumption
Difference between tourism as an activity and as an industry	No	Yes
Characteristic products	One unique list for all countries.	Two different subset: • globaly

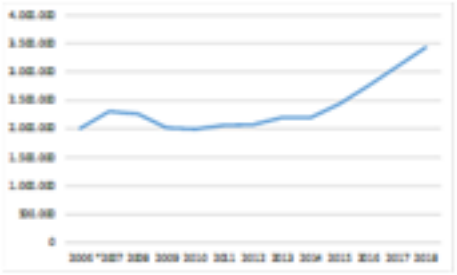
		comparable (A1) • country specific (A2).
Characteristic activities	One unique list for all countries	Two different subset: A1 and A2
Conected industries	Seoarately defined: country specific	Excluded
Valuables	Excluded	Included
Time-sharing arrangements	Not mentioned	Recognized
MICE industry	Not mentioned	Recognized
Tretman of goods and margins of goods	Ambiguity	Clearly recognized Value added in the production of goods is not a part of direct gross value but indirect effects
Outbound tourism	Narrow definition	Wider definition
Employment in tourism	Includes jobs by the status of employment	Icludes jobs, status of the work, working hours, number of jobs etc.
Gross fixed capital formation	Tourism infrastructure mainly not included	Tourism infrastructure is included
Tourism collecive consumption	Is presented ambiguously according to the function Classification of the functions of the goverment	Tourism collecive consumption is only part of the government expenditures
Usefulness of TSA for tourism economic impact measurement	Ambiguity on the relationship between TSA and impact analysis	TSA measures direct tourism contribution to the economy in response to tourism internal consumption

Source: *ILO (2004)*

Serbian case: Do we have adequate labour force to handle tourist growth?

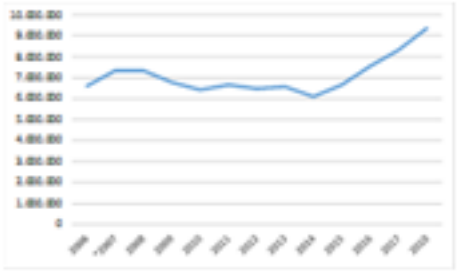
The total number of arrivals and tourist overnights in 2018 in the Republic of Serbia reached a new record: 3.4 million arrivals (of which 1.7 million foreign tourists) and 9.34 million overnight stays (of which 3.7 foreign overnights). Foreign exchange inflows from tourism amounted to 1.547USD bn, while the total inflow from tourism is estimated around 3 USD bn.

Figure 4: *Total Tourist Arrivals 2008-2018 in the Republic of Serbia*



Source: *WTTC (2018a)*

Figure 5: *Total Tourist Overnights 2008-2018 in the Republic of Serbia*



Source: WTTC (2018a)

It can be said that Serbia is on a good way to realize the goals (in the term of arrivals and overnights) outlined in the Tourism Development Strategy 2016-2025 (Strategy) almost two years earlier. Serbia, as a country that traditionally has not been oriented towards tourism, has recognized the numerous opportunities and advantages that tourism development brings, above all, in the domain of the economy. Naturally, the growth of the number of tourists, and especially overnight stays, and the general development of tourism in the recent years in Serbia opened many questions, and certainly one of the most important issues of employment, but also the issue of human resources in tourism and related activities.

In addition, the goals of tourism development and the growth model presented in the Strategy in the mentioned period is based on a significant increase in the number of legal entities that perform activities directly or indirectly in tourism sector, opening new jobs and increasing the number of employees. In the period from 2016 to 2025, the Strategy foresees approximately 30,000 newly employed people in the tourism sector directly, and the total of 157,000 employees in tourism and related

activities with a large number of newly established micro and small enterprises in the tourism and hospitality industry and related activities. However, there is a significant difference in the number of employees in the tourism sector that serves as the basis for forecasts in the Strategy. That is precisely one of the main issues when it comes to tourism in Serbia in general, especially when it comes to human capital. Serbia still has not standardized activities and content of statistical monitoring and harmonizedthe methodology with EUROSTAT and UNWTO methodologies. Statistical coverage and the system of statistical monitoring of tourism sector performance in the Republic of Serbia failed to follow the changes and trends in the methodology of relevant international institutions, meaning that the data officially published by the Statistical Office of the Republic of Serbia (e.g. the direct and total share of the tourism sector in the GDP of the Republic of Serbia, the direct and total share of employees of the tourism sector in the overall employment in the Republic of Serbia etc.) do not reflect the real contribution of the tourism sector to the Serbian economy and that data are not comparable to the data published by WTTC and UNWTO for other countries. Furthermore, Serbia has failed to implement the methodology for drafting TSAs and, based on such accounts, to publish comparable analyses and reports.

In support of this, the data on the number of employees was published by the Serbian Business Registers Agency (SBRA) in the Financial Statements Annual Bulletin for the period from 2014 to 2017, where the number of employees in Serbian tourism is several times lower than the one that represents the baseline in the projections in the Strategy for the period from 2016 to 2025.

Table 2: *Economic Effects of Growth Model for the period 2016-2025.*

		FORECASTS		**AVERAGE ANNUAL GROWTH RATES (In %)**		
	2015	**2020**	**2025**	**2020/2015**	**2025/2020**	**2025/2015**
Total arrivals (domestic and foreign)*	2,437,165	3,689,000	4,713,179	8.6	5.0	6.8
Total overnights (domestic and foreign)*	6,651,852	9,607,926	14,840,134	7.6	9.1	8.4
Arrivals - domestic *	1,304,944	1,975,221	2,373,449	8.6	3.7	6.1
Arrivals – foreign*	1,132,221	1,713,780	2,339,730	8.6	6.4	7.5
Overnights - domestic*	4,242,172	5,200,000	6,600,000	4.1	4.8	4.5
Overnights - foreign*	2,409,680	4,300,000	8,100,000	12.3	13.5	12.9
Registered foreign currency revenue*** (in $)	1,048,000,000	2,500,000,000	5,000,000,000	19.0	14.9	16.9

The share of foreign currency revenue from tourism in the total value of exports of goods and services (in %)	6.04	9.01	12.00			
The share of foreign currency revenue from the tourism in the total value of exports of services (In %)	22.11	32.05	41.60			
The share of registered foreign currency revenue from tourism in GDP (in %)	2.82	5.18	7.58			
Investments**** (in $)	320,000,000	770,000,000	1,440,000,000			
Employees - direct**	81,000	95,580	111,829	3.4	3.2	3.3
Employees - total**	115,020	133,812	156,560	3.1	3.3	6.3
The estimated contribution of tourism (total) in GDP (in %)	6.57	9.61	12.15			

Source: *Tourism Development Strategy of the RS 2016-2025.*

According to officially published statistical data, the number of direct employees in tourism sector in Serbia in 2014 was 24,257 (companies and entrepreneurs), 26,467 in 2015; 28,953 in 2016, and 31,191 in 2017. For a four-year period, the growth of officially directly employed persons grew by 22.2%, which certainly coincides with the growth of all tourism indicators in the observed period and its impact on the overall economic performance of the Serbian economy. Entrepreneurship and MSMEs' development are essential to building a strong and sustainable tourism sector and for new jobs cretion. More than 90% of companies operating in tourism sector in Serbia belong to the group of MSMEs that mostly relies on its own financial sources which significantly limits the ability of its rapid growth and further development (Radulović & Pindžo, 2016).

Table 3: *Number of Companies and Number of Employees in Tourism Sector in Serbia 2014-2017.*

	Number of Companies	Index	Number of Employees
2014	2.949	106.4	20.351
2015	3.138	107.8	22,157
2016	3.455	103.6	24.175
2017	3.689	N/A	25.903

Source: *SBRA, Financial Statements Annual Bulletin 2014-2018*

Table 4: *Number of Entrepreneurs and Number of Employees in Tourism Sector in Serbia 2014-2017.*

	Number of Entrepreneurs	Index	Number of Employees
2014	1.648	91.6	3.906
2015	1.510	101	4.310
2016	1.551	99.5	4.778
2017	1.572	N/A	5.288

Source: *SBRA, Financial Statements Annual Bulletin 2014-2018*

However, NALED states in the Report on the Informal "Grey" Economy in Serbia (February 2018), that according to the type of activity, the largest percentage of economic entities engaged in the activities of the informal ("grey") economy is in agriculture (20.8%) and tourism and hospitality (19.6%). Furthermore, according to the same research, 15.1% of business entities in the tourism and hospitality industry have informal employees, while 15.7% of the VAT payers are performing "shadow" transactions. After agriculture, the largest percentage of business entities that engaged employees without contract is in tourism and hospitality industry. Also, in tourism and hospitality, 7.4% of business entities have employees for whom they pay taxes and social and pension contributions only partially, while 13% of business entities hire employees without any contract. It is obvious that there is an urgent need for employees in the tourism and hospitality sector to be encompassed by the new Law on Simplification of Working Engagement on Seasonal jobs, right after the employees in the agriculture. This law provides that an employer may hire a seasonal worker for a maximum of 180 days during the calendar year, or no more than 120 working days per year in total. The working hours of the seasonal worker should not be longer than 12 hours a day, and those who work eight hours a day or longer will have the right to rest during the day for at least 30 minutes. Part of the legal solution is the electronic system that started with in January 2019(firstly, for seasonal workers in agriculture). Analyzes have shown that the application of this law on tourism and hospitality sector would greatly solve the burning problem of informal work.

It is noticeable that in the observed period (2014-2017), the value of the total assets of registered tourist companies and entrepreneurs is increasing (from 163.6 RSD bn to 184.3 RSD bn, or 11.2%), as well as the value of

registered equity, (from 76.5 RSD bn to 82.9 RSD bn or 7.7%).This growth coincides with the increase of all tourist indicators in that period.

Table 5: *Selected Financial Data of Tourism Companies in 000 RSD*

	Assets	Equity
2014	160.487.886	75.660.815
2015	171.506.095	81.048.574
2016	168.727.133	79.494.292
2017	180.094.718	81.857.903

Source: *SBRA, Financial Statements Annual Bulletin 2014-2018*

Table 6: *Selected Financial Data of Tourism Entrepreneurs in 000 RSD*

	Assets	Equity
2014	3.181.147	791.062
2015	4.122.925	1.528.166
2016	3.740.771	1.056.847
2017	4.203.442	1.084.680

Source: *SBRA, Financial Statements Annual Bulletin 2014-2018*

The tourism growth in Serbia has stimulated the construction industry and the true expansion of hotel and other accommodation and tourist facilities. According to MTTT data, in the last five years, that is, since 2014, 132 new high quality hotels have been opened (out of 372 in total), more than one billion USD has been invested in the hotel industry, and about 600 million USD in restaurants. Soon, Serbia should get a few more new luxury hotels, in order to respond to the market needs, but the question is who will work in them, considering that, according to the data of the Hotel and Restaurant Association of Serbia (HORES), in the last three to four years more than 20,000 tourist workers left the country due to financial reasons.An additional problem for hoteliers is the fact that the growth of tourism from year to year and the expansion of accommodation capacities are not accompanied by changes in the education programs, since there are only three tourism related colleges (vocational studies) in Serbia and some colleges with separate departments for tourism.

On the other hand, data from the National Employment Office (NEO) indicate thatnot all educational profiles in the field of tourism and hospitality are equally required. According to the records of this institution for the period from January 2017 to March 2018, employers from the tourist industry mostly sought for tourist arrangements sellers,

receptionists, tourist technicians, tourist animators, senior tourism experts, tourist managers, marketing managers, promoters, tourist agency managers etc. According to the same Report of the National Employment Office - NEO (2018), it can be seen that in spite of the noticeably growing interest in tourism industry, the demand still lags behind the number of the unemployed who are recorded inthe NEO. Although this gap is smaller than in many other sectors, it is noticeable in the most required touristic professions. For example, in the first two months of 2018, employers submitted requested 54 receptionists and one organizer of hotel business from the NEO, and in the NEO record there were 70 receptionists and 51 organizers of hotel business without a job. At the end of December 2018, 18,656 unemployed people in tourism sector were registered (out of which 10.232 are women), and by that time about 1,306 people (out of which 815 are women)were employed by the NEO.

Conclusion

Tourism as a labour-intensive activity is focused on the human factor. The long-term definition and establishment of a clear conceptual framework of the labour force demand is a great challenge that all countries, which seriously count on tourism development in order to improve the macroeconomic aggregates of the national economies, are facing. Consequently, it is extremely important to deal strategically with the issues of education, establishment of educational programs in tourism that are adapted to real market needs, the issues of minimizing "grey" economy and informal work, seasonal employment issues, as well as establishment of a measurement system of direct and indirect tourism employment as well as monitoring of all other indicators that are important for the labour market in tourism industry.

It is already quite evident that the implementation of tourism growth model in the Republic of Serbia by 2025, defined by the Tourism Development Strategy can achieve exceptional economic effects on the entire national economy, especially in the field of employment. Although the country is still burdened with a relatively high unemployment rate, the question arises whether Serbia will have enough trained and skilled labour force who will be able to follow the projected growth of tourism. Already there is a discrepancybetween the tourism industry representatives‘ demand for workers and the records of unemployed persons in the tourism sector within the NEO, pointing to the challenges that apply to many other industries. The first is uneven and unequal

regional development, which also affects the unevenness of investment, so in some municipalities and cities with a large number of investors the labour force is lacking, while in those without a developed economy there is more labour force than needed. In addition, labour mobility within Serbia is minimal, in contrast to the trend of going abroad. However, the most skilled workers are moving to more developed countries, so the second problem connected withthe offer and the demand of human capital is the question of how much labour force is available and appropriate, in terms of quality and structure, in order to meet expectations of hoteliers and other business entities in Serbian tourism.

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A COMPARATIVE ANALYSIS OF EMPLOYMENT STABILITY IN TOURISM – EU, HUNGARY AND ROMANIA

Alexandru Manole[1]; Dragoş Răducan[2];

Abstract

The authors aim to measure the cross-country correlations in the area of stable employment in tourism. One item of interest for the analysis is the link, presumably non-existent, between stable jobs (people characterized by the average seniority of work in tourism). Upon testing the unit root for the data, we have resorted to differentiate them on the first order, a measure which indicates the acceleration, from one period to the next, of the indicator behind the data series. Our goal, thus, is to measure if labor force might shift from stable jobs in one analyzed country, to others. Then, multiple regression was applied on the data, including also two lags of the independent variables. The equations were commented from the viewpoint of their tests and characteristic, also we have used graphical representation to illustrate some points in the presentation.

Key Words: *tourism, job, seniority, difference, acceleration, correlation*
JEL classification: *L83, C51, C52*

Introduction

Job seniority with the same employer is an indicator of the stability of the job. By ensuring stable jobs, the employers can expect more dedicated employees, able to deliver a higher level of quality and more dedicated to the organizational values of the company. Global and international influences pose a great impact on tourism. "The tourism scene is influenced by a number of trends. However, the global outlook is decisive, also for those who will never make a career beyond the national or regional border" (Hjalager, 2003). Chen & Lee (2013) have studied the

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relationship between employee commitment and service quality in tourism, their conclusion is "job attitude and employee commitment are the basis for delivering quality service". We have chosen to analyze the average seniority of work in Romania, EU28 and Hungary, by regression method.

Răducan (2008, 2011) has studied the possibilities of tourism development in Romania, under various facets. Păunică et al. (2018) have approached the application of regression in analysis of economic variables. Anica-Popa & Manole (2011) considered various facets of globalization.

Research methodology and data

One way if measuring job stability is the job seniority with the same employer. The aspects studied pursue the analysis of job seniority. The data were extracted from the EUROSTAT online database, indicator *Average seniority of work with the same employer and NACE Rev. 2 activity [tour_lfsq5r2]*, quarterly data. The value is measured as percentage from total (that is, both 2 years and above and less than two years), calculated for the seniority of at least two years. This value would contribute, in our opinion, to the dissipation of the "walk together" between the series, as Romania and Hungary are included in the EU28 dataset. All data reveal a higher percentage of seniority above two years, with a much lesser percentage of seniority below this barrier.

The research hypothesis particular to this item is:
H1. There is no correlation between the evolution of job seniority status (measured as percentage of the total) recorded in the selected geographic areas.
Such hypothesis could postulate the fact that there are no shifts, on short term, between the respective sections (tourism) of the labor markets.

The instrument that was chosen to study H1 is the multiple linear regression, considering each country dataset as an independent variable and the other three sets as dependent variables.

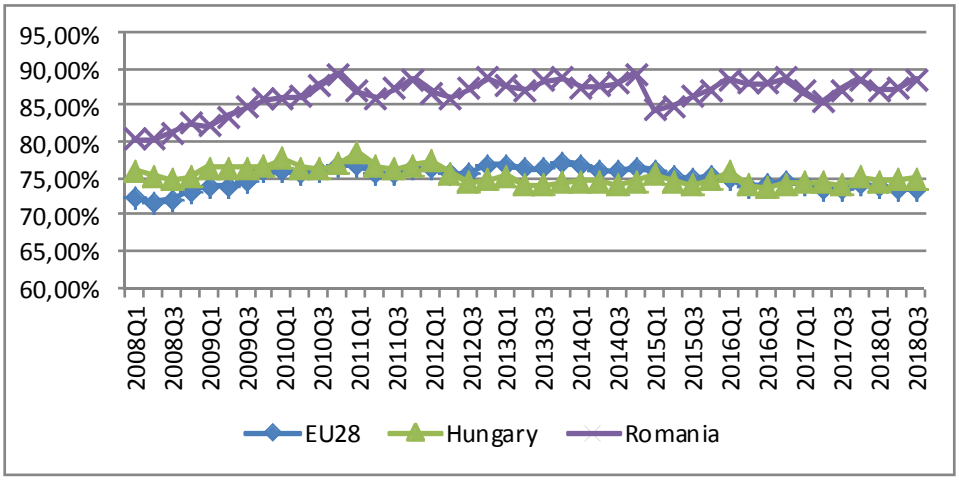
As the original data display non-stationarity, the variables were considered as their first differences, which can be interpreted as acceleration of the indicator rather than actual evolution.

Data processing was performed in *gretl (http://gretl.sourceforge.net/)*. All regression models were tested against the criteria specified by the linear model hypotheses.

Analysis of job seniority – both groups

The object of our analysis is the study of the average seniority of work with the same employer. The dataset chosen breaks the data into two categories, the border being represented by the two years landmark.
the comparative analysis of the indicator in Romania is presented in the following graph.

Figure 1: *The percentage of senior employed in EU28 and selected countries (2 years or over)*



Source: *Data processing by the authors, based on EUROSTAT data, indicator Average seniority of work with the same employer and NACE Rev. 2 activity [tour_lfsq5r2]*

The comparative chart displays a higher level of stability (seniority) which favors the Romanian tourism dataset, which also displays a slightly upward trend, at a minimum percentage value of 80.47% and a maximum 89.54%.

The increasing trend (at a gap of 9.07 percentage points between minimum and maxim values) had the following evolution: an increase at the beginning of the interval, then an oscillatory trend until the end of the interval.

It should be noted that Romania is placed above the European average, also characterized by a growing trend, with a minimum of 74.88% and a maximum of 83%. In both cases, there is an increasing trend during the final periods for which data are available.

In the case of Hungary, the evolution of the two lines is intermingled, as they move one above/below the other repeatedly. Both minimum and maximum values are placed below Romania.

As we refer to data regarding people who work for the same employer for more than two years, we do not take into account the potential seasonality of the data.

Taking into account the globalization of the labor market, including the tourism sector, we consider analyzing the correlations between Romania, Eu28 and Hungarian sectors, to see if there is some kind of causality between the data.

The instrument chosen for the analysis was the simple regression model, which tests the influence of one factor on the other.

First, the data were studied against the non-stationarity hypothesis, with the help of the ADF-GLS test implemented in *gretl*. The following results were achieved:

Table 1a: *ADF-GLS test on seniority above two years, levels*

S2_EU28	S2_HUN	S2_ROM
-3.21073	-1.66319	-1.54835

Source: *data processing by authors, in gretl. The tests were applied for a maximum of 1 lag. All the tests were performed with trend.*

Since the levels were found to be non-stationary, the first differences were tested. The first differences were tested again, with the same instrument, and the results are presented in Table 1b.

Table 1b: *ADF-GLS test on seniority above two years, first differences*

S2_EU28	S2_HUN	S2_ROM
-5.50716	-6.84487	-6.62087

Source: *data processing by authors, in gretl. The tests were applied for a maximum of 1 lag. All the tests were performed with trend.*

We accept the premise that differencing to stationary avoids spurious regression, as defined by Granger (2003), who also refers Yule (1926). The regression between differences would allow, if properly specified, measuring the short-term correlation between the variables. Considering also Granger (2003), we have added two lags for each variable, which would be used only in the context when they are exogenous. The endogenous variable shall remain the current one.

Thus, the equation for the European Union can be written as:

$$d_S2_EU28 = \alpha + \beta_1 * d_S2_HUN + \beta_2 * d_S2_HUN_1 + \beta_3 * d_S2_HUN_2 + \beta_4 * d_S2_ROM + \beta_5 * d_S2_ROM_1 + \beta_6 * d_S2_ROM_2 + \varepsilon. \quad (1)$$

where

α: the free term, that is the slope of the regression line;
β_i: the regression quotients;
ε: the error term;
d_S2_EU28: first difference of the variable for EU28;
d_S2_HUN: first difference of the variable for Hungary;
d_ S2_ROM: first difference of the variable for Romania;
d_S2_Country_code_i: i^{th} lag of the first difference of the variable for the country specified by the code.

The estimation of the regression model via the OLS method is presented in the table below:

Table 2: *Model 1. OLS, using observations 2008:4-2018:3 (T = 40)*
Dependent variable: d_S2_EU28

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
const	−0.000539619	0.000569923	−0.9468	0.3506	
d_S2_HUN	0.0609166	0.0884806	0.6885	0.4960	
d_S2_HUN_1	−0.229957	0.0866294	−2.654	0.0121	**
d_S2_HUN_2	−0.214059	0.0819171	−2.613	0.0134	**
d_S2_ROM	0.183137	0.0466082	3.929	0.0004	***
d_S2_ROM_1	0.177057	0.0494839	3.578	0.0011	***
d_S2_ROM_2	0.0738243	0.0501478	1.472	0.1505	

Mean dependent var	0.000348		S.D. dependent var	0.006052
Sum squared resid	0.000391		S.E. of regression	0.003443
R-squared	0.726173		Adjusted R-squared	0.676387
F(6, 33)	14.58570		P-value(F)	4.66e-08
Log-likelihood	173.9494		Akaike criterion	−333.8987
Schwarz criterion	−322.0766		Hannan-Quinn	−329.6242
rho	0.364994		Durbin-Watson	1.190530

Source: *data processing by authors, in gretl.*

The parameters for model one allow the following conclusions to be stated:

- according to Ramsey's RESET test (squares and cubes), *Test statistic: F = 1.463840, with p-value = P(F(2,31) > 1.46384) = 0.247*. Therefore, at any level of significance, the null hypothesis of correct specification cannot be rejected, that is, we have correct functional form. However, the *p-value* is very high. This is an incentive to pursue another specification of the model, by eliminating the values that proven to be non-significant from the statistical viewpoint;
- if we observe the *Breusch-Pagan test for heteroskedasticity*, as the larger value of the LM test statistic is higher than the table value, and the *p-value* is 0.001878, the *heteroskedasticity* is present in the model. However, the *White test* displays no heteroskedasticity;
- all the normality tests fail to reject the null hypothesis, therefore the dataset provides normal distribution;
- the evolution (acceleration) of the number of jobs at the level of the European Union is in a weight of 67% explained by the regressors;
- the p-value of the mode is very low, which means a high degree of reliability for the model;
- the F-statistic (table value), is 3.6990 at 99% level of confidence, and the level achieved following model estimation is 14.58570. Thus, the potential of a model in which all β are 0 can be rejected;
- the only two parameters that are not statistically significant are *d_S2_HUN* and *d_S2_ROM_2*;
- the Durbin-Watson statistics suggests evidence of positive autocorrelation between the variables; however, it is between the critical values from the statistic table, thus there is no correlation in errors;
- the lags of the Hungarian first difference are not statistically significant either, because the *t-ratio* is smaller than the table value,

which does not allow the rejection of the null hypothesis, and the coefficients are not different from zero;
- this means that our *H1* hypothesis is invalidated in this case, as we have a correlation between the Romanian employment indicator and the EU one; however, the sub-unit value means that not all employees would apply then for similar jobs in the European Union;
- the Romanian main indicator and the first lag are statistically significant at 99%, where t-ratio is above the reference value, with their influence being positive. It can be said that there is a much higher probability of labor force changing between Romania and rest of the EU;
- the free term is not statistically significant.

The next step in our analysis is to replicate the aforementioned test, but omitting the two variables which are not statistically significant, by attempting to estimate the following equation:

$$D_S2_EU28 = \alpha + \beta_1 * d_S2_HUN_1 + \beta_2 * d_S2_HUN_2 + \beta_3 * d_S2_ROM + \beta_4 * d_S2_ROM_1 + \varepsilon. \quad (2)$$

The results of the new tests are presented in the table below:

Table 3: *Model 2. OLS, using observations 2008:4-2018:3 (T = 40) Dependent variable: d_S2_EU28*

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
const	−0.000386873	0.000563644	−0.6864	0.4970	
d_S2_HUN_1	−0.190710	0.0771469	−2.472	0.0184	**
d_S2_HUN_2	−0.241472	0.0767034	−3.148	0.0034	***
d_S2_ROM	0.158190	0.0450496	3.511	0.0012	***
d_S2_ROM_1	0.185921	0.0462393	4.021	0.0003	***

Mean dependent var	0.000348		S.D. dependent var	0.006052
Sum squared resid	0.000428		S.E. of regression	0.003496
R-squared	0.700521		Adjusted R-squared	0.666295
F(4, 35)	20.46739		P-value(F)	9.10e-09
Log-likelihood	172.1584		Akaike criterion	−334.3167
Schwarz criterion	−325.8723		Hannan-Quinn	−331.2635
rho	0.355407		Durbin-Watson	1.207985

Source: *data processing by authors, in gretl.*

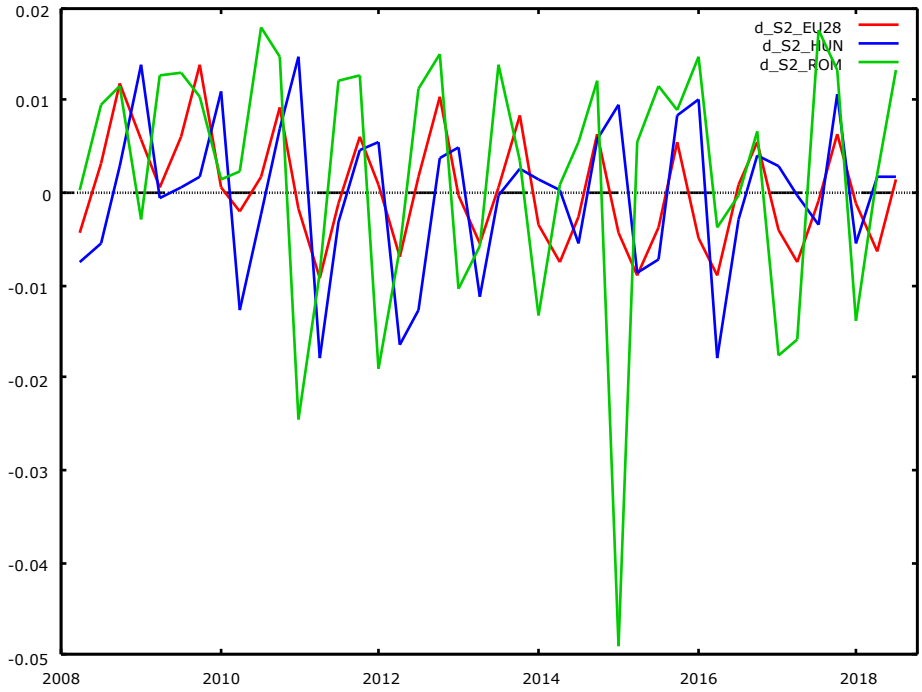
The regression hypotheses tests applied to the model provided for the following results:

- *Ramsey's RESET test*. The software calculated a test statistics $F = 1.443926$, *with p-value* $= P(F(2,33) > 1.44393) = 0.251$. The test parameters are very similar to the first model. The functional form stands, but *p-value* remains very close to the initial value;
- *Breusch-Pagan test for heteroskedasticity*. We have a similar *p-value* (compared to the previous model), which testifies for heteroskedasticity;
- *White test*: again, no heteroskedasticity is present, so we can accept the model in his form.
- *Normality tests*. We accept the normal hypothesis that all values of residuals are normally distributed. The mean of the residuals is 0, as calculated by *gretl*;
- The parameters β are very similar to the previous model and keep the same trend, a negative influence of variables for Hungary and a positive one in the Romanian case. However, the second lag of the Hungarian variable is now significant at a higher level of confidence;
- The DW statistics is also close to model no 1. Autocorrelation between the variables might be also revealed, at a later stage, by the switching between regression dependent/independent variables;
- What can be a surprise is the fact that the Adjusted R-Square for the model is little lower than in the previous case. We expected the model to be better specified;
- Again, a high *F(4, 35)* test, combined with a very low p-value, should testify for the accuracy of the model;
- Observing the information criteria, this model is better specified, although only by a small margin.

After analyzing both models, we can conclude that, in the case of the European Union, the acceleration of the number of positions with more than 2 years in the same company is positively influenced by the acceleration recorded in Romania, for the same period and the previous one (lag 1) and negatively influenced by Hungarian acceleration (for lags 1 and 2), as the current period is not statistically significant.

The graphical representation of all values in a time series plot displays that the series (first differences) follow, more or less, the same pattern, with Romania, which had the highest values of the level indicators, presenting the widest amplitude on the vertical axis.

Figure 2: *The percentage of senior employed in EU28 and selected countries (2 years or over), first difference, time series plot.*



Source: *data processing by authors, in gretl.*

Next, we shall estimate the model for Romania. This time, the following multiple regression equation is proposed:

$$D_S2_ROM = \alpha + \beta_1 * d_S2_EU28 + \beta_2 * d_S2_EU28_1 + \beta_3 * d_S2_EU28_2 + \beta_4 * d_S2_HUN + \beta_5 * d_S2_HUN_1 + \beta_6 * d_S2_HUN_2 + \varepsilon. \quad (3)$$

The results of the model estimation are presented in Table 4.

Table 4: *Model 3: OLS, using observations 2008:4-2018:3 (T = 40)*
Dependent variable: d_S2_ROM

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
const	0.00154484	0.00170375	0.9067	0.3711	
d_S2_EU28	1.61932	0.412240	3.928	0.0004	***
d_S2_EU28_1	−1.49067	0.497157	−2.998	0.0051	***
d_S2_EU28_2	0.688370	0.517455	1.330	0.1925	
d_S2_HUN	0.0970256	0.324869	0.2987	0.7671	

d_S2_HUN_1	−0.0126830	0.338683	−0.03745	0.9704	
d_S2_HUN_2	−0.00812632	0.330642	−0.02458	0.9805	

Mean dependent var	0.001834		S.D. dependent var	0.014087
Sum squared resid	0.003694		S.E. of regression	0.010580
R-squared	0.522668		Adjusted R-squared	0.435880
F(6, 33)	6.022373		P-value(F)	0.000246
Log-likelihood	129.0399		Akaike criterion	−244.0797
Schwarz criterion	−232.2576		Hannan-Quinn	−239.8052
rho	−0.208745		Durbin-Watson	2.416389

Source: *data processing by authors, in gretl.*

As seen from Table 4, the EU28 current is the only statistically significant regressors, at the level of confidence 99%, with a *t-ratio* above the critical. The first lag is characterized by a negative *t.*

- *Ramsey's RESET test* was measured by *gretl* as following: *Test statistic: F = 1.598644, with p-value = P(F(2,31) > 1.59864) = 0.218*, which indicates the null hypothesis, again, cannot be rejected and we are in the case of a linear model;
- *White test for heteroskedasticity*. The tests' values indicate that the errors are heteroskedastic, which is contrary to the homoscedasticity hypothesis of the linear regression model;
- The test for normal distribution does not offer valid results. The distribution of the errors is not normal (*Chi-square(2) = 27.186 with p-value 0.00000*);
- The mean is very close to 0, confirming the normality of the residuals;
- The *F-statistic* of the model is greater than the reference value, sustaining the idea of a statistically significant d_*S2_EU28* regressor.

The model does not respect all the assumptions of the multiple regression. Furthermore, only a parameter is statistically significant. Thus, the authors will pursue other econometric techniques to measure the impact designed in this model.

There is no need to remove the non-statistically significant variables from the model, as the only ones which remain are those indicated above.
The model for Hungary is based on the following equation:

$$D_S2_HUN = \alpha + \beta_1 * d_S2_EU28 + \beta_2 * d_S2_ EU28_1 + \beta_3 * d_S2_ EU28_2 + \beta_4 * d_ S2_ROM + \beta_5 * d_ S2_ ROM _1 + \beta_6 * d_ S2_ ROM _2 + \varepsilon. \quad (4)$$

The results of the estimation are presented in the following table:

Table 5: *Model 4: OLS, using observations 2008:4-2018:3 (T = 40)*
Dependent variable: d_S2_HUN
HAC standard errors, bandwidth 2 (Bartlett kernel)

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
const	−4.42666e-05	0.000806581	−0.05488	0.9562	
d_S2_EU28	0.0869795	0.161335	0.5391	0.5898	
d_S2_EU28_1	0.888608	0.188887	4.704	<0.0001	***
d_S2_EU28_2	−0.680487	0.177442	−3.835	0.0001	***
d_S2_ROM	0.0240456	0.0663165	0.3626	0.7169	
d_S2_ROM_1	0.00530588	0.0942515	0.05629	0.9551	
d_S2_ROM_2	−0.0354169	0.0724940	−0.4885	0.6252	

Mean dependent var	0.000027	S.D. dependent var	0.008328
Sum squared resid	0.001105	S.E. of regression	0.005787
R-squared	0.591457	Adjusted R-squared	0.517176
F(6, 33)	7.254945	P-value(F)	0.000054
Log-likelihood	153.1761	Akaike criterion	−292.3521
Schwarz criterion	−280.5300	Hannan-Quinn	−288.0776
rho	−0.203510	Durbin-Watson	2.351798

Source: *data processing by authors, in gretl.*

The characteristics of the model are the following:

- *Ramsey's RESET test.* The software displays a test statistic $F = 0.107619$, while p-value = $P(F(2,31) > 0.107619) = 0.898$. The model is correctly specified;
- White test for heteroskedasticity. We have a *LM = 28.9519 with p-value = P(Chi-square(27) > 28.9519) = 0.363234*. The H0 hypothesis is accepted, the errors are not heteroskedastic;
- Normality tests. As the mean of residuals is 0, the normal hypothesis that all values of residuals are normally distributed holds. Also, the Jarque-Bera test produced similar results (skewness and kurtosis are close to 0);

- The only regressor that is statistically significant is the first lag for the European Union,
- *F-statistic* confirms the fact that there is at least one significant coefficient;
- We have a DW statistics of 2.351798, which suggests negative autocorrelation. Since only one parameter can be considered as a factor of influence, actually, the autocorrelation can be ignored;
- *Adjusted R-Squared* is higher than 50%.

Again, the authors will pursue further methods to measure the correlations between the selected variables.

Next, we shall proceed to the analysis of the less than stable jobs (considering, in our care, the 2 yrs. Barrier). The variables have been appended to the dataset and, first, the stationarity test ADF-GLS was applied.

Table 6: *ADF-GLS test on seniority below two years, levels*

EU28_b2	HUN_b2	ROM_b2
-1.40247	-3.16772	-2.48646

Source: *data processing by authors, in gretl. The tests were applied for a maximum of 1 lag. All the tests were performed with trend.*

All the level variables are non-stationary, at 5% significance. We have added the first differences, tested also with ADF-GLS. The results are presented in the following table.

Table 7: *ADF-GLS test on seniority below two years, first differences*

EU28_b2	HUN_b2	ROM_b2
-5.49322	-6.84859	-6.84859

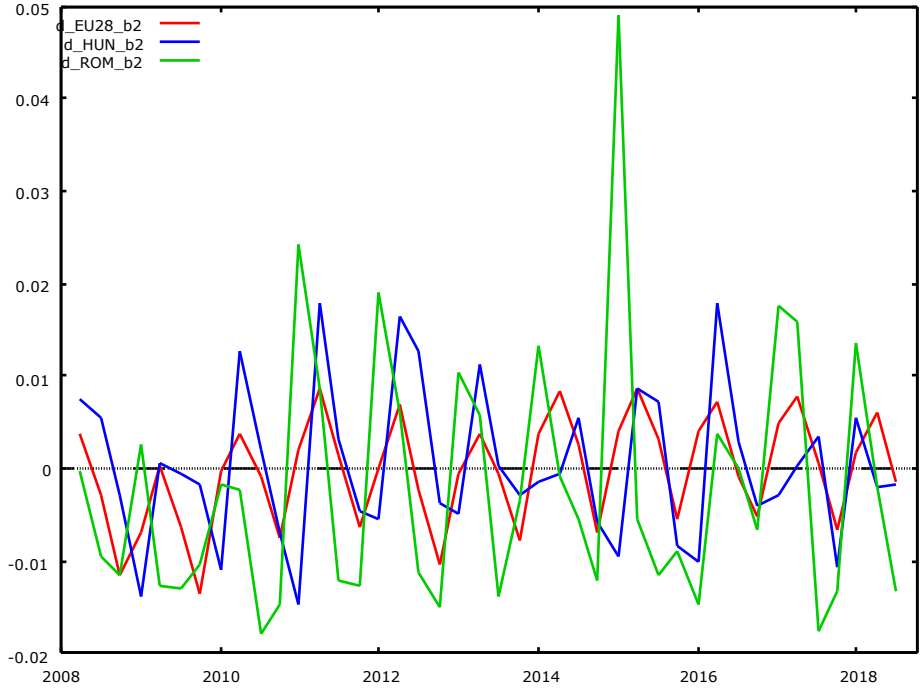
Source: *data processing by authors, in gretl. The tests were applied for a maximum of 1 lag. All the tests were performed with trend.*

Thus, all differenced variables are stationary at a level of confidence of 99%. The evolution of the acceleration for the three variables is given in the following chart.

For the regression analysis, we state again, the models shall measure the impact of acceleration for independent variables on the acceleration of the dependent one. In our opinion, in short term, this proves no bias for statistic relevance of the results. Furthermore, as in the case of the

previous regressions, we have included two lags for the independent variables.

Figure 3: *The percentage of senior employed in EU28 and selected countries (less than 2 years), first difference, time series plot.*



Source: *data processing by authors, in gretl.*

We can observe, again, that the amplitude of the Romanian variable is far greater than the other two.

The first model is built for the European Union. The standard equation is the following:

$$D_EU28_b2 = \beta_1 * d_S2_ROM_b2 + \beta_2 * d_ROM_b2_1 + \beta_3 * d_ROM_b2_2 + \beta_4 * d_HUN_b2 + \beta_5 * d_HUN_b2_1 + \beta_6 * d_HUN_b2_2 + \varepsilon. \quad (5)$$

The model's characteristics are presented in the table below:

Table 8: Model 4: OLS, using observations 2008:4-2018:3 (T = 40)
Dependent variable: d_EU28_b2
HAC standard errors, bandwidth 2 (Bartlett kernel)

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
d_ROM_b2	0.169986	0.0565123	3.008	0.0026	***
d_ROM_b2_1	0.167095	0.0546308	3.059	0.0022	***
d_ROM_b2_2	0.0590019	0.0427615	1.380	0.1677	
d_HUN_b2	0.0598025	0.0566808	1.055	0.2914	
d_HUN_b2_1	−0.222970	0.0658126	−3.388	0.0007	***
d_HUN_b2_2	−0.210261	0.0698754	−3.009	0.0026	***

Mean dependent var	−0.000280	S.D. dependent var	0.005931
Sum squared resid	0.000389	S.E. of regression	0.003382
R-squared	0.717151	Adjusted R-squared	0.675555
F(6, 34)	30.62772	P-value(F)	2.42e-12
Log-likelihood	174.0653	Akaike criterion	−336.1305
Schwarz criterion	−325.9973	Hannan-Quinn	−332.4667
Rho	0.390690	Durbin-Watson	1.152530

Source: *data processing by authors, in gretl.*

- Only the Romanian main variable and its first lag are statistically significant, at 99% confidence;
- *Ramsey's RESET test.* The value of the test statistics is below the table one; also, we have a *p* that is greater than any level of significance we can work with. Thus, the model is properly specified as linear (also, *p* for the square and cube estimates are higher than 0.1 breakeven of significance);
- White test for heteroskedasticity. We have a *LM =25.091474, with p-value = P(Chi-square(27) > 25.091474) = 0.569336.* The H0 cannot be rejected in this case, the errors are not heteroskedastic, and this characteristic of the regression model complies with the rules;
- The normality tests fail to produce a proper result. Both skewness and kurtosis are far from 0, it is consistent with the Jarque-Bera test at a level of significance of 90%;
- The only regressors that are statistically significant are the Romanian level and its first lag. For all other variables, the *t-ratio* is below the table value.
- *F-statistic*'s level is higher than the critical one, while the *p-value* is very low; thus, we have at least one significant coefficient;

- *Adjusted R-Squared* is higher than 77%, therefore over 67.55% of the EU independent indicator is explained by the model;
- Both regressors have value close to 0.17, meaning a below unit impact on EU's acceleration when the Romanian data increases by one unit, both in the current and previous (lag 1) period.

Due to the lack of normality in the regressors, the model cannot be fully trusted. This case makes an incentive for us to use, in our future research, other types of solutions, able to better describe the impact between the three countries.

The second model will be estimated for Romania. The regression equation is the following:

$$d_ROM_b2 = \beta_1 * d_EU28_b2 + \beta_2 * d_EU28_b2_1 + \beta_3 * d_EU28_b2_2 + \beta_4 * d_HUN_b2 + \beta_5 * d_HUN_b2_1 + \beta_6 * d_HUN_b2_2 + \varepsilon. \quad (6)$$

The OLS regression output is presented in Table 9.

Table 9: *Model 5: OLS, using observations 2008:4-2018:3 (T = 40)*
Dependent variable: d_ROM_b2
HAC standard errors, bandwidth 2 (Bartlett kernel)

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
d_EU28_b2	1.72683	0.430568	4.011	<0.0001	***
d_EU28_b2_1	−1.60651	0.411723	−3.902	<0.0001	***
d_EU28_b2_2	0.879675	0.457003	1.925	0.0542	*
d_HUN_b2	0.126138	0.205332	0.6143	0.5390	
d_HUN_b2_1	−0.0327912	0.261607	−0.1253	0.9003	
d_HUN_b2_2	−0.0672876	0.165249	−0.4072	0.6839	

Mean dependent var	−0.001834	S.D. dependent var	0.014081
Sum squared resid	0.003664	S.E. of regression	0.010381
R-squared	0.534258	Adjusted R-squared	0.465767
F(6, 34)	20.50860	P-value(F)	5.46e-10
Log-likelihood	129.2024	Akaike criterion	−246.4047
Schwarz criterion	−236.2714	Hannan-Quinn	−242.7408
Rho	−0.178861	Durbin-Watson	2.355245

Source: *data processing by authors, in gretl.*

The model was tested against inconsistency, and its characteristics are the following:

- Only the EU28 main variable is statistically significant, at over 99% confidence, as testified by the *t-ratio* and *p-value*;
- The value of the *Ramsey's RESET test* is lower than the critical one, with a *p* that is greater than 0.1 barrier. We consider, under those assumptions, that the model is properly specified (the *p* for the square and cube estimates are above 0.7, which gives no choices for significance);
- White test for heteroskedasticity. The *gretl* software computed a *LM 32.285586, with p-value = P(Chi-square(27) > 32.285586) = 0.221672*. The null hypothesis of the test is accepted, the errors are 60homoscedastic;
- The model does not comply with the normality test. Skewness is close to 0 (0.16), but kurtosis is greater than 3. The Jarque-Bera test, at a level of significance of 99%, testifies in the same manner;
- *F-statistic*'s level is much higher than the table value, at a *p-value* that is low, thus there is at least one coefficient which is different from zero;
- *Adjusted R-Squared* is higher than 46%, therefore more than 46.57% of the Romanian independent indicator's acceleration is explained by the model;
- The significant regressor is characterized by a quotient of 1.17, which means an increase in Romania's acceleration by 1.17 units when the EU indicator accelerates by one unit.

The model for Hungary was estimated according to the following equation:

$$D_HUN_b2 = \alpha + \beta_1 * d_S2_ROM_b2 + \beta_2 * d_ROM_b2_1 + \beta_3 * d_ ROM_b2_2 + \beta_4 * d_EU28_b2 + \beta_5 * d_ EU28_b2_1 + \beta_6 * d_ EU28_b2_2 + \varepsilon. \quad (7)$$

The results of the model estimation are presented in the table below:

Table 10: *Model 6: OLS, using observations 2008:4-2018:3 (T = 40)*
Dependent variable: d_HUN_b2
HAC standard errors, bandwidth 2 (Bartlett kernel)

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
d_EU28_b2	0.0239757	0.169030	0.1418	0.8872	
d_EU28_b2_1	0.907221	0.214618	4.227	<0.0001	***

d_EU28_b2_2	−0.728438	0.193585	−3.763	0.0002	***
d_ROM_b2	0.0374962	0.0572553	0.6549	0.5125	
d_ROM_b2_1	0.0154753	0.101481	0.1525	0.8788	
d_ROM_b2_2	−0.0268646	0.0731061	−0.3675	0.7133	

Mean dependent var	−0.000027		S.D. dependent var	0.008333
Sum squared resid	0.001133		S.E. of regression	0.005773
R-squared	0.581608		Adjusted R-squared	0.520080
F(6, 34)	6.700941		P-value(F)	0.000095
Log-likelihood	152.6786		Akaike criterion	−293.3572
Schwarz criterion	−283.2239		Hannan-Quinn	−289.6933
Rho	−0.208996		Durbin-Watson	2.378492

Source: *data processing by authors*

Only the 1st lag of the European Union is statistically significant, at a level of over 99%. The tests and characteristics of the model are presented below:

- The value of the *Ramsey's RESET test* is lower than the critical one, with a *p* that is greater than 0.1 barrier.
- White test for heteroskedasticity. The *gretl* software computed a *LM 32.839547, with p-value = P(Chi-square(27) > 32.839547) = 0.202417*. The errors are homoscedastic, thus the model validates this check;
- The model complies reasonably with the normality test. Skewness and kurtosis are close to 0;
- *F-statistic* at the level of the model is higher than the critical value, paired with a *p-value* that is low. At least one coefficient is non-null;
- *Adjusted R-Squared* is slightly higher than 52%.
- The quotient associated with the valid regressor (d_EU28_b2_1) is 0.90, an increase by unit of this variable leads to the increase by 0.90 of the Hungarian variable (in acceleration terms).

The model is compliant with all statistic tests.

Conclusion

The research hypothesis is not validated, as there are some inter-geographic correlations at the level of the studied indicator. The European Union average influences the other countries, as level (without lag variable). Romania positively influences the European Union indicator.

This means that a shift in job seniority (a form of stability) in one part determinates a shift in the other. The values are not collinear (regressors are not coupled with unit quotients). However, not all models satisfied the regression assumptions tests, therefore the authors shall, in their future research efforts, study the correlations between these variables with the assistance of other methods.

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TOURISM AS A GENERATOR OF INCOME AND EMPLOYMENT IN THE ECONOMY OF ISTRIA

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Abstract

In this paper, the authors explore the tourism industry and its role in increasing income and employment in the Istrian economy. The research in this paper is based on tourism that generates production growth in all branches and activities of the general economy that directly or indirectly meet the tourist needs, thus contributing to the growth of income and employment in the same. The purpose of this paper is to investigate the correlation and effects of tourism in generating income and employment. The research will confirm the hypothesis that tourism generates revenue and employment in all activities of the economy. The survey is conducted on the example of Istria.

Key Words: *tourism, Istrian economy, income, employment, tourist needs*
JEL classification: *Z32*

Introduction

From an economic point of view, tourism represents a highly sophisticated integral system within a national economy that consists of interconnected, heterogeneous, dependent and complementary fragments of different economic branches and activities that together form a logical, functional and balanced unit. It is a set of complementary products and services of various industries. The economic effects of tourism are the result of a series of market interactions (Frechtling, 1999) and interdependent on a direct and indirect basis. The economic effects of tourism are the changes that arise in the structure of the economy (Lee, Chang, 2008, Oh 2005) of tourist-emitting, transitory and tourist-

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receptive areas because of tourism trends and tourist consumption and ultimately tourism development.

Tourism spending is the basis of all the economic effects of tourism that are attained by its development (Kim et al., 2006, Kesar, 2008, Ashley, 2006, Brida et al., 2008, De Agostini et al 2005, Singh et al., 2006, Zhang et al.), and is realized in three stages:

- in the place of permanent residence in the emitting tourist country (before and after the trip),
- on the way in a transit country (by destination and on return),
- in a tourist destination in a receptive tourist country (or more if it is a season)

Tourism through tourism consumption generates general economic growth and development at all levels of the economy.

The purpose of this paper is to evaluate tourism consumption and then analyze its effects on increasing income and employment in branches and activities and in total in the economy of Istria (Šutalo et al., 2011). This research proves the assumption that tourism generates income and employment in the branches and activities and economics of Istria as a whole. The hypothesis is based on a theoretical basis explaining how tourism contributes to increasing income and employment in the economy, particularly in those industries where products and services are directly or indirectly met by the needs of tourists. These effects are realized in the regional or national economy, in emitting, transitory, receptive regions and countries (Kesar, 2006).

Research methodology

Research in this paper is based on primary and secondary sources, and approaches and methods based on the attitudes of domestic and foreign authors. The paper sets out the basic objective of assessing the contribution that Istria's tourism has achieved in the pursuit of increasing income and employment in branches and industries and in general in the entire economy. The effects of tourism in the economy will be explored by means of a coefficient of yield-receiving from input-output analysis (Dwyer et al., 2005, Zhang et al., 2008, Singh et al., 2006, De Agostini et al. Brida et al., 2008, Kesar, 2008, Ružić, Amidžić, 2017).

In this paper for determining the influence of tourism in the Istrian economy, the income-yield coefficients for the Croatian economy were used from the input-output analysis (Šutalo, et al., 2011). By adjusting and linking the earnings data by activities, the basis for the estimation of contributions was created using Leontief's inverse (I-A -1), whose coefficients were adjusted for the Istrian economy and taken from work (Šutalo et al., 2011).

For this research, data on visitors and nights spent and financial indicators on the trends of income and employment in certain activities and for the economy of Istria were used. The data for this survey are taken from four sources: a) from the income statement (GFI-POD 2014, 2015, 2016 and 2017. HGK ŽK Pula processing), b) a number of tourists and overnight stays from the publication (Press release, D) Leontief's inversion was taken from the input-output analysis for Croatia in 2005, which was produced and published in the work (Šutalo et al., 2011).

Research goals and hypotheses

The basic objectives of the research are to detect the contribution of tourism to the increase of income and employment in the economy of Istria. The specific goals are to determine the scale and structure of the economy and how tourism affects the increase in income and employment in individual businesses and the economy. In this regard, a hypothesis is claimed that tourism generates revenue and increases employment in all branches and activities of the economy of Istria, and those directly or indirectly with their products or services satisfying the needs of tourists.

The hypothesis is tested on the example of Istria (the Istrian County), based on the usual approach and methods known to domestic and foreign scientists.

Restrictions on precise calculation of tourism effects

Tourism has an important role and influence on the economy. But its importance and impact cannot be accurately assessed for several reasons. Difficulties arise to a large extent because tourism in national accounts is not expressed as a separate sector (Šutalo et al., 2011). Tourism cannot be reduced to one economic activity, but it must be a set of different activities. The additional difficulty in measuring the effects of tourism as stated (Hara, 2008) derives from the characteristics of tourist products

which are in part inexhaustible and are not easy to measure either by physical or financial indicators.

Furthermore, difficulties are evident in the process of creating and maintaining the tourism statistics system, in particular, there are several critical aspects to be taken into account and directly affect the inconsistency of the indicators, namely: the coverage of tourism in the national economy, with no inclusion or non-inclusion of individual effects activity and ultimately the problem is the treatment of the grey economy, as the difference between aversion and legal activity.

Results

The research in this paper is carried out in the Istrian County. As the economic effects of tourism in the Istrian economy are explored, tourism development has been included within the framework of the survey, and the results achieved by visitors, nights and tourist consumption are measured. Then an estimate of the contribution of tourism to the increase of income and employment in the economy of Istria was carried out.

Development of Istria tourism

Tourism statistics in Istria date back to the end of the 19th century (Blažević, 1987), however, considering the total tourist achievements, primarily the number of tourists and accommodation units, it is possible to allocate six development periods (Blažević, 1987; Ružić & Demonja, 2015):

1. Beginnings of tourism in Istria (until the beginning of World War I)
2. Tourism in Istria during and between the two world wars (1914-1945)
3. Reconstruction of the economy and intensive growth of tourist capacities (1946 - 1980)
4. Promotion of tourist offer with amenities (1980-1990)
5. Improvement and increase in the quality of the tourist offer (1990 - 2000)
6. Focus on special forms of tourism (2000 to present).

The initial development of tourism before the First World War, recorded on the Brijuni Islands and in the towns of Poreč, Rovinj and elsewhere, is quite disturbing in the period between the two world wars (Blažević, 1987).

Table 1: *Accommodation capacities and tourist traffic in 1912*

Area of Istria with Opatija	Number of tourist destinations	Number of tourist facilities	Number of tourist beds	Total number of tourists	Share of Opatija in terms of tourists arrivals
Istra	19	343	12.822	114.162	54.696 -48%

Source: *Blažević, 1987*

By the late 60s of the 20th century, tourism gained a significant economic and social role in Istria, and then became the dominant economic and social reality of Istria (Table 2).

Table 2: *Movement of visitors and overnight stays in Istria and Croatia (1953-1968)*

Year	Istria without Opatija		Croatia		% share of Istria in Croatia	
	Visits	Nights	Visits	Nights	Visits	Nights
1953	29.629	122.720	862.443	3.552.482	3,4	3,4
1960	147.127	1.176.510	1.772.442	9.546.809	8,3	12,3
1968	529.082	4.504.017	3.812.384	22.290.650	13,9	20,2
Indeks 1968/1953.	1785	3670	442	627	-	-

Source: *Racan, 1969,*

During this period there is an intense growth in tourism, which is reflected in the increase in the number of visitors as well as in the increase of tourism in Istria compared to Croatia.

In the period from 1970 to 1980, there is an intensive development of accommodation, catering and entertainment facilities for tourists. The basic feature of this period is the construction of large accommodation facilities with a capacity of 400 to 1500 beds of elementary technical and technological equipment.

Table 3: *Tourism Development Indicators of Istria from 1970 to 2015*

Year	Total accommodation capacity	Place in campsites	Total	
			Visits in 1000s	Nights in 1000s
1970	111.400	46.120	744	6.556
1980	198.300	102.332	1.708	16.237
2000	217.924	106.067	2.080	14.284
2010	230.122	113.525	2.737	19.041
2015	266.491	124.930	3.570	23.668

Source: *Institute for statistics – Rijeka, 1986; Akilić (2012); Chamber of tourism – Istria (2010, 2015); Statistical almanac of Republic of Croatia (2016)*

After the extremely rapid growth of tourist capacities and the number of tourists, in the period from 1980 to 1990 there was a slowdown in the intensity of new facilities and capacity building. In this period, tourism was focused on improving the supply of new amenities to meet the ever-increasing demands and needs of tourists (Ružić and Demonja 2015; Ružić, Amidžić, 2018.) and pay more attention to the tourists, their needs for entertainment, sports and recreation, as well as the equipment of the hotel with additional amenities. Also, the first marinas for nautical tourism were built in this period, and parcels were built in the camps and built up additional entertainment, sports and recreational facilities for tourists.

From 1990 to the beginning of 2000, all efforts are focused primarily on raising the quality of accommodation and food service delivery. The introduction of computerization in business processes also begins. These guidelines continue to this day. It is improving its business and management by introducing into the business of modern information systems for monitoring and managing processes in accommodation units and destinations. At the beginning of 2000, the direction of tourism development in Istria, along with existing quality-building efforts, moved in the direction of orientation to selective forms of tourist offer. This is to some extent envisaged by the Master Plan of Tourism of Istria (Istarska County, 2003) which places the emphasis on culture and natural attractions, gastronomy, etc. besides the classic "sun and sea" offer.

Changes occur in different forms of accommodation offerings. From the beginning of the 1990s to the present day, hotels are being refurbished by connecting two rooms to one with complete equipment (air-conditioning,

television, video, etc.), swimming pools, wellness facilities and the like to satisfy every wish and needs of the tourists. In camps, apart from parcels, new accommodation forms (mobile homes) are introduced, swimming pools and other facilities are preferred to tourists. In the second half of the 1990s, tourism started to develop in rural areas as well. Small accommodation facilities are becoming increasingly popular and are noticed in the structure of accommodation capacities. In this development period, it is starting to think about sustainable development, and in the development of tourism in Istria, start to apply and monitor sustainability indicators.

Thus, Istria has become one of the most developed tourist destinations in Croatia.

From 1990 to the beginning of 2000, all efforts are primarily aimed at raising the quality of accommodation and food service delivery. The introduction of IT in business processes also begins. These guidelines continue to this day. It is improving its business and management by introducing into the business of modern information systems for monitoring and managing processes in accommodation units and destinations. At the beginning of 2000, the direction of tourism development in Istria, along with existing quality-building efforts, moved in the direction of orientation to selective forms of tourist offer. This is to some extent envisaged by the Master Plan of Istria Tourism (Istrian County, 2003) which places the emphasis on culture and natural attractions, gastronomy, etc. besides the classic "sun and sea" offer.

Changes occur in various forms of accommodation offerings. From the beginning of the 1990s to the present day, hotels are being refurbished by connecting two rooms to one with complete equipment (air-conditioning, television, video, etc.), swimming pools, wellness facilities and the like to meet every wish and needs of tourists. In camps, apart from parcels, new forms of accommodation (mobile homes) are introduced, swimming pools and other facilities are preferred to tourists. In the second half of the 1990s, tourism started to develop in rural areas as well. Small accommodation facilities are becoming increasingly popular and are noticed in the structure of accommodation capacities. In this development period, we are beginning to think about sustainable development, and in the development of tourism in Istria we start to apply and monitor the indicators of sustainability.

Today, in Istria, great importance is attached to the sustainable development of tourism. Actors in the tourism development of Istria become aware that this is the right alternative for the future of tourism, which are the key factors:

- Multidisciplinary approach (economic, ecological and sociocultural analysis),
- Constant consultations with stakeholders, private and public companies, households renters of rooms, tourism organizations, nature protection associations, cultural heritage, and population and tourists,
- Openness to development (organizing public hearings, engaging media, communicating strategic development stakeholders and the local community), and
- Development that becomes a long-term and flexible project, open to complement depending on changes in the environment.

Istria tourism in Croatia occupies a significant place, as evidenced by the data in Table 4.

Table 4: *Istrian tourism in Croatian 2016.*

Indicator type	**Istria**	**Croatia**	**Tourism in Istria as a share of Croatia (%)**
Capacity	294.339	1.133.751	25,9
Achieved visits	3.851.405	15.463.160	24,9
Achieved nights	25.003.197	77.918.855	32,0
Average stay	6.5	5,0	-

Source: *Chamber of tourism – Istria (2016); Statistical almanac of Republic of Croatia (2016)*

In 2016 Istria has available to tourists the total accommodation capacity of 294,339 accommodation units (beds and places in camps). With the total capacity of Istria, it participates 25.9% in the total capacity of Croatia.

In 2016, there were over 3.8 million arrivals in Istria, representing 24.9% of total Croatian arrivals, and over 25.0 million overnights or 32.0% of the realized in Croatia. The average stay of tourists in Istria is 6.5 days and is higher than the Croatian average, which is 5.0 days.

Revenues of the Istrian economy by activities and employees

Tourism and its effects are recognized in all parts of the GDP. Most of the expense of tourists belongs to personal consumption. These expenditures are going through the entire economy and so tourism affects almost all sectors of business and economy. Table 5 shows revenues and employees in the economy of Istria for 2015 and 2016. Revenues are as evident from the table aggregated in 10 activities, with "market services" according to National Classification of Activities NN 52/03, cover areas (J) Financial Operations and (K) Real estate, renting and business services. While "non-market services" include areas (L) Public Administration and Defense, Mandatory Social Security, (M) Education, (N) Health Care and Social Welfare, (O) Other Social, Social and Personal Services Without Culture, Sport and Recreation and (P) household activities.

Table 5: *Income and Employees in the economy of Istria (2015, 2016)*

Occupation	2015		2016	
	Income per occupation	**Employees**	**Income per occupation**	**Employed**
Agriculture forestry and fishing	260	539	258	515
Mining and Instrustry	7.359	11.767	8.188	12.428
Electricitty and water supply	1.329	1.668	1.305	1.676
Construction	1.957	4.219	2.197	4.338
Wholesale and retail	5.704	6.328	6.218	6.415
Hotels and restaurants	5.061	8.606	5541	10.175
Transportation	615	1.171	666	1.176
Market services	5.301	5.259	3.95	5.272
Sport and Recreation	334	675	384	731
Non-market services	1.474	3.017	1.711	3.272
Total	**29.399**	**43.249**	**30.418**	**45.998**

Source: *GFI-POD 2015, 2016, HGK ZK Pula, Turistička zajednica Istra (2010). Dolasci i noćenja turista po turističkim zajednicama, dostupno na: http://www.istra.hr/.app/upl_files/TZIZ_2010.pdf and Turistička zajednica Istra (2016). Dolasci i noćenja turista po turističkim zajednicama, dostupno na: http://www.istra.hr/.app/upl_files/ TZ_2015_01-12.pdf*

In the economy of Istria, over 29.3 billion kuna revenue was realized in 2015 and 30.4 billion in 2016. In the structure of the income of the Istrian

economy, in absolute terms, the largest share has revenues from industry and mining, trade, third place is revenue from market services and in fourth place is the income of catering. Following are the revenues from construction, non-market services, transportation, etc. In the economy of Istria, in 2015, there were 43,249 employees employed, while in 2016 there were 45,998 employees. Most employees by industry are employed in industry and mining and in the second place by a number they are employed in the catering industry.

Direct and indirect generated income from tourism in the economy of Istria

Table 6 below shows the estimated total income from tourism in the Istrian economy. These revenues were generated by direct and indirect tourist consumption and were estimated based on the matrix multiplier coefficient and column vector calculated for Croatian 2005 (Institute for Tourism, 2008).

Table 6: *Generated value added from tourism in Istrian economy in 2015, 2016 (in millions of HRK)*

Occupation	Income per occupation		% of tourism consumption	Income generated	
	2015	2016		2015	2016
Agriculture forestry and fishing	260	258	0,155	40	40
Mining and Instrustry	7.359	8.188	0,124	917	1.015
Electricity and water supply	1.329	1.305	0,179	238	234
Construction	1.957	2.197	0,053	104	116
Wholesale and retail	5.704	6.218	0,122	696	759
Hotels and restaurants	5.061	5541	0,946	4.788	5.242
Transportation	615	666	0,220	135	147
Market services	5.301	3.95	0,108	573	427
Sport and Recreation	334	384	0,267	89	103
Non-market services	1.474	1.711	0,051	75	87
Total	29.399	30.418		7.635	8.170

Source: *the calculation is based on the percentage of matrix multipliers and vector of Croatian tourist consumption for 2005 (Institute for tourism, 2008)*

From the table it is noticeable that the economy of Istria realized over HRK 29.3 billion in revenues in 2015, and in 2016 it is over HRK 30.4 billion. In this revenue, the revenue generated by tourist consumption is over HRK 7.6 billion or 25.9% in 2015 and in 2016 it is more than 8.1 billion or 26.8%.

It is inescapable for tourism to contribute to GDP, but there are certain problems that arise when trying to calculate it specifically. As stated (Koncul, 2009), tourism is "particularly difficult to estimate because of the unclear definition of services that are its component.

Under direct observation of expenditure, it is thought to monitor tourists during their spending, but this is not possible, and this is the only alternative offered by finding a group of tourists who will follow and record their expenses. Furthermore, direct observation of receipts implies collecting data on receipts from sales to tourism, such data can be obtained from state institutions or through reported revenue / tax. "Analyzes have shown that the value of sales of travel or transportation is fairly accurate, while the values, relating to entertainment, rest, accommodation and the like, less accurate (Koncul, 2009). "This may be due to the sale of services to tourists or because of non-payment of taxes or work on" blacks ". Contrary to direct observation is a survey which, when conducted with tourists, speaks of the value of tourism and in certain situations (by ejecting bias) is very reliable. They are mainly conducted at the entrance and exit of tourists from the destination or country they visit. Households can also be surveyed in which tourism expenditure is estimated at their starting point and are distinguished from total expenditures. It is highly probable that using this method will collect the correct and reliable data. Each of the above methods has its advantages and disadvantages, (Koncul, 2009), therefore it is necessary to carefully approach the tourism research and use more than one method of research to increase the ability to make the right conclusions.

Some of the positive and negative items that are the reason for the difficulty in the calculation are (Koncul, 2009):

1. Non-subscriber services - those services that do not have an economic transaction related to a specific payment but are implemented in other ways such as reciprocal or barter payments. An example of this may be mutual donation between foreign tourists and hosts

2. Unrecognized services - are those services for which payment has been made but never formally calculated. This is mainly the case when tax evasion is to be avoided and is called a black or sometimes gray economy.
3. Abstraction Costs - Costs that fall under one activity and are calculated in the second. For example, if a tourist buys a real estate and uses it as a vacation home, he does not pay the accommodation costs as an owner, but can be said to pay an abstract rent to himself which is equal to the market price he paid for the property.
4. Distribution of public and private income - the difference between revenue generated by the private sector in one activity and the public sector costs in other activities may cause problems with double taxation.
5. Imbalances in the balance of payments - the problems of calculating investments in tourism and tourism revenues expressed in the fluctuating currency
6. Social Costs and Benefits - There are positive and negative externalities of tourism's impact on a particular environment. For example, the benefits that tourism can bring to a destination can cause major losses to some other activity in the same destination, and there are problems related to the calculation of real incomes or the loss of tourism in the destination or country
7. Public goods - the value of public goods (especially public goods) is growing with tourism, but this value cannot be specifically stated because free use to all of them and the only way of calculating the value of these goods could be based on imaginative prices that tourists would volunteer to pay.

Table 7: *Tourism affects the increase in income and employment in the economy of Istria*

Year	**Nights achieved (in 000s)**	**Total revenue**	**Employees**	**Index 2016/14**	**Index 2016/14**	**Index 2016/14**
2014	22.274	27.244	42.020	-	-	-
2015	23.668	29.399	43.249	106	108	103
2016	25.003	30.418	45.998	106	103	106
2017	27.509	33.365	50.667	110	110	110

Source: *Authors*

Table 7 shows the trends of realized overnight stays, total income and employment in the Istrian economy. This presentation will try to respond to the hypothesis that tourism affects the increase in income and employment in the economy of Istria.

The growth of overnight stays corresponds to the growth of total income and employment. The average increase in overnight stays of 7% corresponds to an average increase of 7% of total income and an average growth of 6% employment. This proves the assumption that tourism in Istria creates conditions for earning additional income and new employees, both in certain sectors and in the economy.

Conclusion

Tourism, which from the economic point of view completes the complex of branches and activities through tourism consumption, causes direct and indirect effects on the economy.

In the first step of this research, the development of tourism in Istria was analyzed to determine the achieved volume of visitors, nights of income and employment. The development of Istrian tourism has been analyzed since its beginnings by 2016. In 2016, there were over 3.8 million arrivals in Istria, representing 24.9% of total Croatian arrivals, and over 25.0 million overnights or 32.0% of the realized in Croatia.

In the second step, the impact of tourism development in Istria was explored to increase income and employment. Compared to the increase in the realized overnight stays with realized income and employment, it was established that the average increase of 7% overnight stays corresponds to an average increase of 7% of total income and an average growth of 6% employment. This proves the assumption that tourism in Istria creates conditions for earning additional income and new employees, both in certain sectors and in the economy.

The research carried out has established that the Istrian economy is structured from several activities that directly or indirectly support the tourist offer (catering, trade, agriculture, industry etc.). From this point of view, the Istrian economy is advantageous because in its structure, in a large percentage of its activities, restaurants, which directly support the tourist offer and consumption, ultimately allow for additional income and employment.

The research carried out in this paper has shown that tourism generates effects in all branches and activities of the economy, and that the effects are higher because the activities are directed towards the direct support of the realization of a quality tourist offer.

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CONTRIBUTION OF TOURIST INDUSTRY TO REDUCING UNEMPLOYMENT IN THE REPUBLIC OF SERBIA

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Abstract

Unemployment is one of the key macroeconomic problems facing the economy of the Republic of Serbia. Since it has direct negative implications on the quality of life and the average living standard of the population, minimizing the unemployment problem is one of the most important tasks of the modern era. The aim of the paper is to examine the role and significance of the tourist activity in reducing the unemployment problem in the Republic of Serbia. The research concluded that despite the achieved growth and development, tourism activity still relatively modestly contributes to the total employment and activity of the national economy. However, if the trend of growth in the contribution of tourism activity to the formation of gross domestic product and employment continues, it is expected that in the near future this activity deserves to be claimed as the generator of employment in the Republic of Serbia.

Key Words: *tertiary sector, tourist industry, unemployment, the Republic of Serbia*
JEL classification: *E24, Z32*

Introduction

Unemployment is a negative macroeconomic phenomenon being a characteristic of all economies of the world. The problem of unemployment is more pronounced in underdeveloped countries with lower levels of economic activity, but the developed economies of the world face also this problem. With the economic development of the country, the level of economic activity and utilization of production

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capacities is rising, while the unemployment rate decreases (Obradović et al., 2014). However, a high level of economic activity and full utilization of production capacities are not a guarantee of the absence of unemployment. Unemployment inevitably occurs even in the full utilization of production capacities. This type of unemployment is known in economic literature as natural unemployment.

Considering its multiple negative effects on the national economy, unemployment is justifiably considered one of the key macroeconomic problems. High unemployment indicates a low level of economic activity in the country, insufficient utilization of human resources and a lower average quality of life in the country. It causes social instability, a decline in the standard of living of the population, and the growth of property inequalities in society, while encouraging the development of the informal economy in which the unemployed are trying to secure their existence.

Over the past decades, a key contribution to reducing the global unemployment problem is provided by the tertiary sector, which in the structure of the world economy has recorded faster growth than the primary and secondary sectors. The growth of employment in the tertiary sector is the consequence of the activities of the third and fourth industrial revolution and the transformation of modern societies from industrial societies into so called service societies. A special place among service activities belongs to the tourist industry as one of the most dynamic industries in the world, and therefore, one of the most important factors in reducing global unemployment.

The unemployment problem in the Republic of Serbia

Unemployment has been a long-standing limiting factor for the growth and development of the Serbian economy. The unemployment problem in the Republic of Serbia is primarily a consequence of a relatively low level of economic activity resulting in a low level of demand for labor. In addition to the surplus of supply over demand for labor on the labor market, unemployment in the Republic of Serbia is at the same time a consequence of structural changes, that is, the mismatch between supply and demand for labor and, in general, the consequence of a transitional process that has been going on for an unexpectedly long time, almost two decades (Gnjatović, 2007).

The significant increase in unemployment occurred especially at the beginning of the transition period. The causes of the increase in the number of unemployed are numerous. In the transition period, subsidies granted by the state to state-owned and socially-owned enterprises were reduced. Under conditions of reduced state aid and support, many state and social enterprises were forced to declare bankruptcy, and then end the economic activity, leaving the workers without work and income. At the same time, the process of privatization of these enterprises was carried out, which meant the dismissal of a large number of workers, due to their insufficient and inadequate qualifications, the introduction of modern techniques and technology that replaced the workforce. Also, new owners had to cope with the excessive number of employed in enterprises under state control.

The unemployment rate rose from 13.3% in 2002 to 20.9% in 2006, due to the previously explained reasons, despite the fact that the economy of the Republic of Serbia in the same period recorded growth in the real gross domestic product (GDP). During 2005 and 2006, one fifth of the working population of the Republic of Serbia was unemployed. Real GDP growth continued in 2007 and 2008 when unemployment was finally reduced to 18.1%, or 13.6%, respectively (Table 1).

Table 1: *Unemployment in the Republic of Serbia, 2002-2017. (in %)*

Year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Unemployment Rate	13.3	14.6	18.5	20.8	20.9	18.1	13.6	16.1
Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Unemployment Rate	19.2	23.0	23.9	22.1	19.2	17.7	15.3	13.5

Source: *Statistical Office of the Republic of Serbia, 2018a*

There was a decline in economic activity, that is, the fall in real GDP and the entry of the economy into the recession phase that lasted until 2014. As a result of the decline in economic activity, unemployment grew at a rate of as much as 23.9% in 2012, when almost every fourth working-age citizen of the Republic of Serbia was out of work. In 2014, as the last year of the recession, unemployment was 19.2%.

Thanks to real GDP growth, that is, economic growth and the entry of the economy into the expansion phase, the unemployment rate dropped to 17.7% in 2015, 15.3% in 2016 and 13.5% in 2017. In addition to the

unemployment rate, the period of unemployment is also important for the economy and the inhabitants of each country. The majority of unemployed persons in the Republic of Serbia (263.3 thousand or 60.5%) are unemployed persons looking for work for 12 months or more. The remaining 171.8 thousand unemployed or 39.5% are seeking employment for less than 12 months (Statistical Office of the Republic of Serbia, 2018a). Based on the above, it has been concluded that the Republic of Serbia is characterized by long-lasting and persistent unemployment.

In addition to the long-term character, unemployment in the Republic of Serbia is characterized by an unfavorable educational and qualification structure of the unemployed. The majority of the unemployed in the Republic of Serbia (336.3 thousand or 77.3%) have secondary or lower education, or they are not educated at all (Statistical Office of the Republic of Serbia, 2018a). A concern is also that 44 thousand or 10.1% of unemployed persons are older than 54 years old, with each subsequent year reducing the likelihood of their employment. For the most part, persons with traditional knowledge and qualifications who are have been proclaimed a technological surplus. in the process of privatization.

The aforementioned unambiguously points to the need to retrain the unemployed in the Republic of Serbia and the simultaneous need to reform and innovate the education system in a way that ensures the emergence of new occupations, knowledge and skills that can meet the needs of the modern era.

The above data on the state of affairs, the movement and duration of unemployment, and the educational and age structure of the unemployed do not provide a complete insight into the situation and trends in the labor market of the Republic of Serbia. Thus, Table 2 presents, in addition to the unemployment rate, the following indicators: activity rate, youth unemployment rate, NEET rate, employment rate and the informal employment rate in the Republic of Serbia for the period 2009-2017.

The data from Table 2 undoubtedly show that in the period 2009-2013, most of the adults aged 15 and more belonged to the economically inactive population. The share of labor force in the adult population surpassed for the first time the share of the inactive population in 2014 and has been ever since showing a tendency for growth. In the analyzed period, the share of labor force increased from 49.1% in 2009 to 54.0% in

2017, while the share of inactive population declined from 50.9% to 46.0% respectively.

Table 2: *Indicators of Labor Market Trends in the Republic of Serbia 2009-2017 (in %)*

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Activity Rate	49.1	46.9	46.4	46.7	48.4	51.9	51.6	53.3	54.0
Inactivity Rate	50.9	53.1	53.6	53.3	51.6	48.1	48.4	46.7	46.0
Unemployment Rate	16.1	19.2	23	23.9	22.1	19.2	17.7	15.3	13.5
Youth Unemployment Rate (15-24)	41.6	46.2	50.9	51.1	49.4	47.5	43.2	34.9	31.9
NEET Rate	-	-	-	-	-	20.4	19.9	17.7	17.2
Employment Rate	41.2	37.9	35.8	35.5	37.7	42.0	42.5	45.2	46.7
Informal Employment Rate	-	-	-	-	-	21.2	20.4	22.0	20.7

Source: *The authors, based on: Statistical Office of the Republic of Serbia, 2018a*

A special problem in the Republic of Serbia is the high unemployment rate of young people aged 15-24 years. With the entry of the economy into the recession phase and the fall in the general level of economic activity in 2009, unemployment among young people grew, reaching a rate of 51.1% in 2012 (Table 2). In the period 2011-2013, every second young person in the Republic of Serbia was out of work. In 2014, which was the last year of the recession, the youth unemployment rate was 47.5%. Thanks to the growth of economic activity in the following three-year period, the youth unemployment rate was reduced to 43.2% in 2015, 34.9% in 2016 and 31.9% in 2017. The latest information indicates that in the Republic of Serbia, at the moment, every third young person is unemployed.

An additional problem is reflected in the fact that among young people more and more of them are not only unemployed but they are not even in the educational system, nor they are professionally trained. The

proportion of passive and discouraged young people is measured and expressed through the NEET (Not in Education, Employment, or Training) rates, which amounted to 18.8% on average in the 2014-2017 period.

In addition to the above mentioned and explained indicators, an important indicator of the labor market trends in the Republic of Serbia is the employment rate. The employment rate, following the downward trend in the period of economic downturn, has grown at times of the expansion of economic activity. Overall, the share of employed persons in the adult population increased from 41.2% in 2009 to 46.7% in 2017.

However, despite the employment rate growth, a large number of persons work in so called gray economy. The rate of informal employment, which shows the share of persons working without an employment contract in the total number of employed, amounted to 21.1% on average in the period 2014-2017. It means that every fifth employed person in the Republic of Serbia worked in the sector of informal economy.

Based on the above, it can be concluded that unemployment is a serious macroeconomic problem of the Serbian economy, whose resolution should be one of the priorities of the Government of the Republic of Serbia.

The role of the tertiary sector in reducing the unemployment in the Republic of Serbia

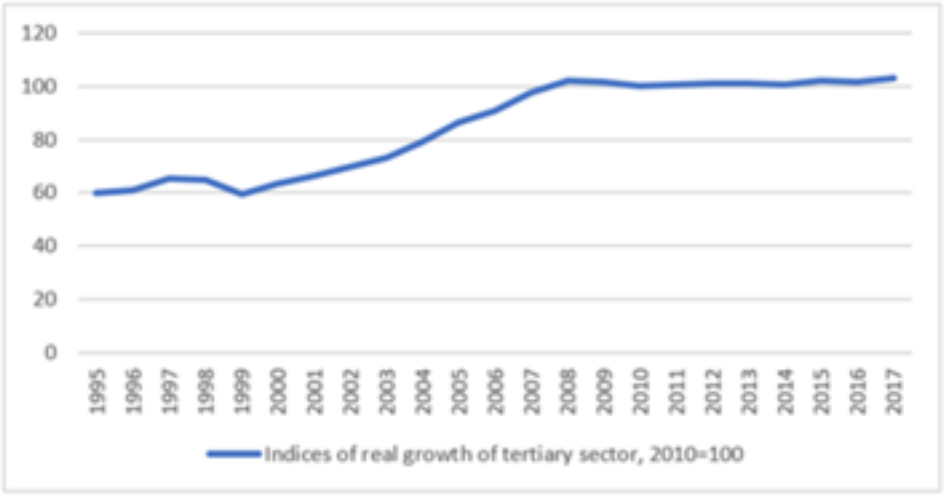
One of the basic characteristics of most national economies at the beginning of the new millennium is their transformation from industrial societies into societies of tertiary, service activities (Buera & Kaboski, 2012). According to the World Bank, the gross value added (GVA) of the tertiary sector occupies a dominant position in the GDP structure of both high-income countries and most middle- and low-income countries. This structure is the result of a year-on-year faster absolute growth of the GVA of the tertiary sector than GVA of the primary and secondary sector. Over the past two decades, between 1997 and 2017, the share of the service sector in the GDP of high-income countries has increased from 69% to 74% on average, while the share of GVA of this sector in the GDP of middle-income and low-income countries on average increased from 48% to 57% (World Bank, 2018a).

The growth of the tertiary sector in the world has brought about significant changes in the structure of employment. Observed on a global scale, those employed in service activities participated in 1997 with 31%, and in 2017 with 51% in total world employment (World Bank, 2018b).

Employment growth in service activities is the result of the transformation of modern economies in the conditions of the third technological and fourth informatics revolution. Firstly, with the automation and robotization of production processes during the last decades of the 20th century and at the beginning of the new millennium, the labour force demand in the industry has been significantly reduced. Therefore, employment in service activities has gained a specific weight. Namely, the economic growth stimulated by industrial development based on the benefits of the third technological revolution has enabled the increase of the living standard of the population, and consequently the increase in demand for diverse services. Thanks to this, the services sector has grown to absorb labour that can no longer find employment in industrial activity. It is especially important that in the traditional, labour-intensive activities of the tertiary sector, such as transport, trade, catering and tourism, jobs of lower qualifications can also be found. Secondly, the generator of GDP growth in national economies over the past several decades has been providing services related to the development of information technologies. The growth of the information technology sector (IT sector) was accompanied by the growth in demand for the workforce of relevant knowledge, which is a key factor of the employment opportunities for technically educated, highly qualified experts.

The tertiary sector takes a dominant position in the structure of the economy of the Republic of Serbia. The share of the GVA of the tertiary sector in the GDP of the Republic of Serbia increased from 1995 to 2017 from 41.2% to 52.9%. This increase in the share of GVA of the tertiary sector in the GDP of the Republic of Serbia was due to the faster absolute growth of the tertiary sector from the absolute growth of the primary and secondary sectors. The biggest changes in the structure of the economy of the Republic of Serbia occurred in the first decade of the 21st century. Then, stagnant or even negative rates of real growth in both agricultural and industrial production were recorded. At the same time, service activities recorded constant real growth (Figure 1).

Figure 1: *GVA of tertiary sector of the economy of the Republic of Serbia, 1995-2017, constant prices 2010*



Source: *The authors, based on: Statistical Yearbook of the Republic of Serbia, 2014, 2016, 2017, 2018*

The tendencies of faster absolute growth of service activities from agricultural and industrial production, which led to radical changes in the structure of national economies, are also characteristic of the countries in the Region.

Table 3 shows the dominant position of the tertiary sector in the structure of the economy of all analysed countries. According to the data for 2017, the contribution of the GVA of the tertiary sector to the GDP of these countries ranges from 47.3% to 68.9%. Observed by individual countries, there are significant differences in the contribution of GVA of the primary and secondary sectors to the GDP. However, when it comes to the tertiary sector, there is a predominant share of the GVA of this sector in the GDP structure of all the observed countries.

The increase in the importance of the tertiary sector for employment in the Republic of Serbia is indicated by data on the increase in the number of employed in this sector, as well as data on the increase in the participation of employed in this sector in total employment. The number of employed in the tertiary sector increased from 864.967 to 1.188.100 from 2001 to 2017. While in 2001. 49.4% of the total number of workers was employed in this sector, until 2017 this share increased to 57.5% (Statistical Yearbook of the Republic of Serbia, 2004, 2018).

Table 3: *The share of GVA of economic sectors in the GDP of the Republic of Serbia and the countries in the Region 2017, in %*

Country	Primary	Secondary	Tertiary
Slovenia	1.8	28.8	56.4
Greece	3.5	14.8	68.9
Hungary	3.3	26.4	54.9
Croatia	3.3	21.8	58.5
Romania	4.4	30.1	56.2
Bulgaria	3.7	24.5	58.3
Monte Negro	7.6	17.4	54.5
Serbia	6.0	26.1	52.9
North Macedonia	9.4	23.1	54.2
Bosnia and Herzegovina	5.8	23.4	55.8
Albania	19.0	21.1	47.3

Source: *Statistical Yearbook of the Republic of Serbia, 2018; World Bank, 2018c, 2018d, 2018e*

As in the Republic of Serbia, in the surrounding countries, too, the tertiary sector absorbs a predominant number of employed. Table 4 just points to the dominance of the employment in the tertiary sector in total employment by sectors of economies in all analyzed countries. According to data for 2017, the contribution of employment in the tertiary sector to the total employment ranges from 41% to 74%.

Table 4: *Employment by sectors in overall employment of the Republic of Serbia and the countries in the Region 2017., in %*

Country	Primary	Secondary	Tertiary
Slovenia	5	33	62
Greece	12	15	73
Hungary	5	30	65
Croatia	8	27	65
Romania	23	29	48
Bulgaria	6	29	65
Monte Negro	8	18	74
Serbia	19	24	57
North Macedonia	16	30	54
Bosna and Herzegovina	19	32	49
Albania	40	19	41

Source: *World Bank, 2018f, 2018g*

Observed by individual countries, there are significant differences in the contribution of employment in the primary and secondary sector to total employment. However, when it comes to the tertiary sector, most of the employed participate in this sector in all observed countries. The rapid growth of the tertiary sector in global terms is also expected in the future. which will affect the further growth of demand for labor in service activities.

The role of the tourist industry in reducing the unemployment in the Republic of Serbia

Tourism is one of the most dynamic activities in the world (Gnjatović & Leković, 2016). World Bank data show that the number of arrivals in international tourism increased from 1995 to 2017 from 523.9 million to 1.3 billion visitors (World Bank, 2018h). Considering the impact of tourism on global development, data show that GVA of tourism amounts to 10% of world GDP and to 30% in total exports of services in the world. The only two activities that have a relatively higher share in world exports are chemical products and fossil fuels. Also, tourism is a labour-intensive activity that employs workers of all qualifications and therefore has a favourable effect on alleviating the problem of unemployment in the broadest sense of the word. According to the World Bank Group, 292 million people are employed in the tourist industry in the world, that is, every tenth of the world's number of employed work in tourism industry (The World Bank Group, 2017, 8, 15).

In addition to the effects on overall GDP growth and employment, tourism has a multiplier effect on specific segments of the economy, social and cultural life of countries where the progress of this service activity is one of the strategic priorities. In order for such a multiplier effect to have positive effects on overall development, tourism must satisfy the sustainability component (Ristić et al., 2016). The World Tourism Organization defines sustainable tourism as "an activity that fully takes into account the current and future impact of its development on the economy, society and the human environment, while respecting the needs of visitors, the sector to which it belongs, environments and host communities" (UNWTO, 2005).

The World Bank has identified 20 benefits that a country can have for the development of sustainable tourism. Thereby, the benefits are classified into five components of sustainable development (Table 5). If these

benefits are analysed from the point of view of the development of sustainable tourism, it can be concluded that it would be difficult to find any other activity that could have a more comprehensive impact on the overall development of the national economy.

Table 5: *Benefits from the development of sustainable tourism*

Sustainable economic growth	
1.	GDP growth
2.	International trade growth
3.	Attracting foreign investments
4.	Infrastructure growth incentives
5.	Development aid to underdeveloped countries
Social inclusion, employment and poverty reduction	
6.	New job vacancies
7.	Promotion of inclusive growth
8.	Strengthening of rural communities
9.	Revitalization of urban areas
10.	Promoting ICT utilization for travelling
11.	Jobs for female labour force
12.	Crafts development incentives
Effective use of resources, ecological protection, climate	
13.	Preserving natural resources
14.	Awareness of climate changes
15.	Incentives for the use of clean energy
Cultural values, differences and inheritance	
16.	Protection of material culture
17.	Preservation of intangible culture
Mutual understanding, peace and security	
18.	Broadening philanthropy
19.	Fostering intercultural values
20.	Post conflict reconstruction assistance

Source: *The World Bank Group, 2017, 7*

Taking into consideration multiple benefits from the development of sustainable tourism, this service activity has been identified as strategically important for overall development of the economy of the Republic of Serbia (Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025). However, despite the diverse natural and cultural potentials of the Republic of Serbia (Krejić et al., 2017), tourism activity is still relatively modest comparing to the overall activity of the national economy. Yet, it is encouraging that in the past

period the contribution of tourism to GDP and employment has an upward trend (Table 6).

Table 6: *The importance of tourist industry for the economy of the Republic of Serbia, 2011-2017*

Year	The share of GVA of the tourism industry in GDP	Number of employed in tourist industry (in 000)	Share in the employment in services	Share in overall employment
2011	1.0%	20.4	2.4%	1.5%
2012	1.2%	20.3	2.3%	1.5%
2013	1.1%	19.9	2.3%	1.5%
2014	1.1%	19.8	2.3%	1.5%
2015	1.3%	65.4	5.0%	3.3%
2016	1.3%	67.9	5.2%	3.4%
2017	1.4%	71.7	5.3%	3.5%

Source: *Authors, based on: Statistical Yearbook of the Republic of Serbia, 2014, 2015, 2016, 2017, 2018*

As shown in Table 6, in the period from 2011 to 2017, the share of GVA of the tourist industry in GDP increased from 1.0% to 1.4%, while the share of employed in this service activity in the total employment rose from 1.5% to 3.5%. The growth in the number of employed in tourism industry in total employment in the observed period is the result of an absolute increase in the number of employed from 20.4 thousand to 71.7 thousand. Additionally, the participation of employed in tourist industry in the employment of the service sector increased from 2.4% to 5.3%. These numbers speak about the growing importance of the tourism industry for the entire tertiary sector of the national economy.

The growth of tourism activity has been favourably affected by the growth in the arrivals and overnights of the tourists (Table 7). Thereby, tourist is any person who spent at least one night in a collective or individual accommodation in the place of visit.

If data are analysed for the period from 2011 to 2017, it can be noted that in the beginning years of the observed period there was a trend of increase in the number of arrivals and overnights of foreign tourists and the downward trend in the number of arrivals and overnights of domestic tourists. So, the main problem in the tourist visit in that period was the

decline in the number of domestic tourists, which indirectly points to the then decline in the purchasing power of the population.

Table 7: *Tourist arrivals and overnights in the Republic of Serbia 2011-2017, in thousands*

Year	Tourist Arrivals			Tourist Overnights			Average days of stay
	Total	Domestic	Foreign	Total	Domestic	Foreign	
2011	2,069	1,304	765	6,645	5,001	1,644	3.2
2012	2,080	1,270	810	6,485	4,688	1,797	3.1
2013	2,192	1,271	921	6,567	4,579	1,988	3.0
2014	2,192	1,163	1,029	6,086	3,925	2,161	2.8
2015	2,437	1,304	1,133	6,652	4,242	2,410	2.7
2016	2,764	1,472	1,292	7,534	4,295	3,239	2.7
2017	3,086	1,589	1,497	8,235	5,150	3,085	2.7

Source: *Statistical Yearbook of the Republic of Serbia, 2014, 2018*

On the contrary, in the last few years of the observed period, in the Republic of Serbia there is a trend of increasing number of arrivals and overnight stays of domestic as well as foreign tourists. This favourable trend indirectly speaks about strengthening the purchasing power of the population. However, as the number of tourist overnights has grown relatively slower than the growth of tourist arrivals, the average length of stay of all tourists has decreased and during the last three years of the observed period it has maintained at the level of 2.7 nights.

Although indicators of developments in tourism have shown positive trends over the last few years of the observed period, this service activity is significantly less developed in the Republic of Serbia than in most of the surrounding countries. One indicator of the comparative analysis of the development of tourism is the number of foreign tourist arrivals (Table 8).

By comparing the number of foreign tourist arrivals to the Republic of Serbia and the countries in the Region in 2011 and 2017, it can be noted that during the observed period, the number of foreign tourists has been growing in all analysed countries. However, the Republic of Serbia lags behind all analysed countries, except for Macedonia and Bosnia and Herzegovina.

Table 8: *Number of foreign tourist arrivals in the Republic of Serbia and the countries in the Region 2011 and 2017, in thousands*

Country	2011	2017	Index 2011=100
Slovenia	2,037	3,586	176
Greece	16,427	27,194	165
Hungary	3,822	5,650	148
Croatia	9,927	15,593	157
Romania	7,611	10,296	135
Bulgaria	6,328	8,883	140
Monte Negro	1,201	1,877	156
Serbia	765	1,497	196
North Macedonia	327	631	192
Bosnia and Hercegovina	392	923	235
Albania	2,469	4,643	188

Source: *Author, based on: World Bank, 2018h*

More foreign tourists are coming to Slovenia, Greece, Hungary, Croatia, Romania, Bulgaria, Montenegro and Albania than to the Republic of Serbia. What is encouraging is the fact that the Republic of Serbia is among the countries where the growth of foreign tourist arrivals was most rapid in the period from 2011 to 2017. Only Bosnia and Herzegovina had more rapid growth in foreign tourist arrivals in this period. Yet, the conclusion could be drawn that the results of attracting foreign tourists in the Republic of Serbia in comparison to the results achieved by the countries in the Region are relatively modest and that these results are still far from the opportunities provided by the natural and cultural potential of the country.

Conclusion

Human resources are the true wealth of every country and the driver of its development. Therefore, the concern about reducing unemployment and improving the quality of people's lives is one of the most important tasks of governments around the world. The Republic of Serbia is not an exception. For decades, the Republic of Serbia has been facing the serious problem of unemployment and the imperative of minimizing it.

Based on the analysis of the contribution of certain sectors of the economy to total employment, it could be concluded that the tertiary sector occupies a dominant position in the number of employed in the Republic of Serbia. The number of employed in the tertiary sector has

been continuously growing for years, as opposed to oscillatory movements in the number of employed in the primary and secondary sectors. The fact the tertiary sector absorbs a predominant number of all employed, speaks for itself about the extraordinary vitality of services and their importance for the further progress of the economy of the Republic of Serbia.

In the Republic of Serbia, a large development potential could be found in tourism. In the coming years, tourism can become the generator of new job vacancies. A relatively modest share of GVA of tourism in GDP is predominantly the result of the insufficient attraction of foreign tourists. The Republic of Serbia is among the countries in the region where a relatively small number of foreign tourist arrivals have been registered. Yet, it is precisely those countries that achieved relatively highest rates of growth in the number of foreign tourist arrivals in the period from 2011 to 2017. If this trend continues in the Republic of Serbia, it is realistic to expect that tourism industry will continue to contribute to the reduction of unemployment in the country.

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DEVELOPMENT OF TOURISM IN THE FUNCTION OF REDUCING UNEMPLOYMENT IN SERBIA

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Abstract

Tourism has grown steadily over the last decades and has become one of the fastest growing economies in the world. It is a key driver of the overall socio-economic development, and in this respect it also significantly affects the issue of unemployment. The contribution of tourism to economic development is reflected in its impact on investment, income, balance of payments, and employment, causing their growth. However, economic growth alone is not sufficient to reduce the unemployment rate, but appropriate economic policy measures are needed. Tourism is the fastest growing sector in highly developed countries, which generates more jobs than any other industry. Tourism activity is continually growing and it directly creates new jobs in tourism, but also in other sectors. Also, incentive measures in certain areas can have a favorable impact on employment in these areas. Positive experiences from the countries of the European Union can serve as examples of good practice for successfully solving the problem of unemployment in the Republic of Serbia through tourism.

Key Words: *tourism, unemployment, economic development, economic policy*
JEL classification: *J68, O52, Z3*

Introduction

During the past decade, tourism has had continuous growth and has become one of the fastest growing economic sectors in the world. Modern tourism is closely linked with economic development and includes a growing number of new destinations, which has the effect that tourism is

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a key driver of socio-economic progress. Today, the business volume of tourism equals or even exceeds the oil exports, food products or automobiles. Tourism has become a major player in international trade and at the same time is one of the main sources of income for many developing countries. This growth goes hand in hand with the increasing diversification and competition among destinations (UNWTO, 2019). The increase in the volume of business tourism in developed countries has led to new economic activity and employment benefits in many related sectors, from construction, infrastructure to agriculture and telecommunications.

Tourism's contribution to the economic well-being depends on the quality and the existence of the tourist offer, so that developing countries can benefit from the development of tourism and they need to work on it.

In this paper, the authors will first consider the economic effects that tourism has on economic growth and development. New jobs now come mainly from the service sector, so tourism in this sense has its own chance. Special attention will be paid to the issue of unemployment in Serbia and how tourism can contribute to its reduction. There are positive assessments that support the fact that tourism can contribute to a certain extent to its reduction. Tourism can become one of the drivers of economic development in Serbia, and therefore the carrier of business activities that would allow for greater access to employment in this sector, but it is necessary to create a certain business environment and work on its improvement, which will be discussed below.

Economic effects of tourism

"Every day, there are more than 3 million tourists crossing national borders. Each year, nearly 1.2 billion people are traveling abroad. Tourism has become a pillar of the economy, passport to prosperity and transformative power of improving millions of lives. The Council can and must harness the power of tourism as we strive to implement the Agenda for sustainable development by 2030. "(Guterres, Secretary General UNWTO).

In the strategy of reducing unemployment, EU Member States define priority targets of their economic development, with a special emphasis on growth and employment. It is confirmed that knowledge, innovation and optimization of human capital are key to development.

Previously set ambitious quantitative targets have been reduced to two:

- Stop employment 70%, with the higher percentage of women employed,
- Investment in research and development of 3% of GDP (2020).

There is a consensus among economists that most of the unemployment in the EU is structural in nature and not due to cyclical movements. In this regard, one can notice that economic growth is not sufficient to reduce unemployment, but also with the economic growth adequate measures of national economic policy are necessary. Trouble shooting the labor market is one of the biggest challenges faced by the EU, but also by our domestic national economy. New jobs are created today, mostly in the service sector, which has become the dominant sector at the end of the last century. The service sector is the fastest growing sector in the overall global economic environment, and, as such, it generates, in most developed countries, more jobs than any other economic sector (Blažević & Vuković, 2001).

At present, nearly 25 percent of young people in the countries of South East Europe (SEE6) are inactive or are not employed or included in education or any form of training. Unemployment is not slowing down and is still as high as 38.8 percent in Montenegro and 54.3 percent in Bosnia and Herzegovina. These problems partly reflect the difficulties that these countries faced in recovering from the global financial crisis of 2008, which dramatically increased the already high unemployment rate among young people.

Economic growth affects the employment opportunities of young people more than those of adults and the chances of finding a job. Although the crisis has disproportionately hit young people, it is less required to create jobs for young people in the period of expansion than the volume of economic development for employability. Negative trends in the labor market also point to deeper structural problems in neighboring countries, where the problem is not only the high unemployment in the region, but labor force participation, especially when it comes to young women and members of minorities.

Strict labor regulations limit the opportunities for those who are just entering the labor market, while taxes on wages are relatively higher for employees who are paid less and part-time. In both these groups young people are disproportionately over-represented - which in turn deters

potential employees of this kind of work. Members of the workforce for the first time entering the labor market in the countries of the Western Balkans, including Serbia, lack the skills that employers require. Inadequate access to production inputs and lack of professional relationships make it difficult for young people to enter the entrepreneurship and employment. Finally, some cultural norms can limit job opportunities for young people, especially women and ethnic minorities.

In this sense, the policies that can help overcome these difficulties have improved access to quality, affordable care for children and invest in long-term effort to change the norms for greater equality of opportunity for all. Solving challenges that unemployed young people encounter cyclically and structurally requires a custom policy answer. It is essential to keep young people in the labor market during the recession and build their human capital until the labor market recovers. When it comes to structural youth unemployment, policy objectives are far-reaching: here it is necessary to remove negative incentives for labor and youth employment as a consequence of exclusionary labor laws and labor taxation; enable individuals entering the labor market for the first time to acquire the skills that are necessary for the market; and improve their access to production inputs, such as land, finance and professional relationships (World Bank, 2016).

The National sustainable development strategy of the Republic of Serbia defines the growth of competitive market economy and balanced economic growth, infrastructure development and balanced regional development, as well as environmental protection and rational exploitation of natural resources. Based on European experiences, environmental protection does not contradict economic growth and development, since healthy environment is impossible without a healthy economy, and vice versa (Aničić & Aničić, 2019).

Economic integration strengthens competitive pressure across borders of the national economy, which contributes to the realization of consumers' interests by lowering prices, improving the quality of services and increasing consumer choice (Nestorović & Petrović, 2019).

Strategy Serbia 2020 announces changes to the Labor Law, which will improve flexicurity policies, and thus the competitiveness of the economy. It also provides for increased spending on active labor market

measures and possible revision of the current tax burden on earnings. One of the main focuses of Strategy Serbia in 2020 in the field of employment is the employment of vulnerable and less employable categories with the help of active measures. Appropriations for active labor market measures almost doubled already in 2011 and amounted to 55.5 million euros, or 0.17% of GDP, which is a positive example of the implementation of some plans introduced in Serbia. 2020 Strategy also has optimistic estimates that the objective of employment of 66 % in 2020 is possible to achieve with proper effort among the population aged between 20 and 64 years. The strategy points out that, on the one hand, the demographic aging of the population has positive impact on the overall employment rate; while by 2020, young people with new skills, which will be easier employable, will leave the education system. It is estimated that due to depopulation, the population of working age (between 15 and 64 years of age) in Serbia will drop by about 420,000 persons between 2010 and 2020, which will, ceteris paribus, contribute to increasing their employment rate for about 4 to 5 percentage points (MAT & FREN, 2010).

Tourism is a service industry, which in recent decades has recorded a significant growth, contributed by the globalization of markets, the opening of borders, increase in leisure time, developing technology and other. It is clear that tourism has the potential for solving problems in the labor market. It is only necessary to create a business environment and take appropriate measures to ensure full utilization of this potential (Tribe, 1999).

Tourism is a sector in Serbia, which can significantly contribute to a faster economic growth. In our country there is a great potential for increasing tourism activities which will consequently generate a greater number of jobs in tourism and related industries. In order to successfully solve the problem of unemployment through tourism, Serbia can make use of positive experiences of the EU countries, but it is also important to improve their potential and constantly work to improve them. Tourism and economic development of tourism has a very important place in the economic and social development, because of its complexity and the emergence of relationships that intertwine other economic activities as well. Indicators confirm the increase in international travel and the continuity of growth recorded in recent years, and it therefore contributes to the growth and impact of tourism on economic growth.

According to the World Tourism Organization (UNWTO, 2017), as many as 10% of world GDP in 2017 was generated from tourism. Every tenth of tourism, both directly or indirectly, generates jobs, and thereby contributes to 7% of world exports, and as much as 4.6% of the global ratio. Tourism has seen his progress, as evidenced by data on total arrivals of tourists worldwide. The world in 1960 recorded 25 million tourist arrivals, while in 2017 only in Europe 631 million arrivals were recorded and 1.322 million arrivals in the world. (UNWTO, 2017). This continued growth initiates questions about the role of tourism in the economy. The contribution of tourism to economic development is reflected in its impact on employment and income, thus encouraging their development, and the living standard of the individual or the community in which it takes place. It affects the improvement of the balance of payments and development of underdeveloped areas. These contributions of tourism can be defined as the development goals of economic development.

Figure 1: *Total tourist arrivals in the world from 2004 to 2016.*

Source: *World Bank Group*

Chart 1 shows the movement of total tourist arrivals in the world in the period 2004-2016. It can be noticed that this growth was quite extreme, and that it recorded a tendency for further growth.

Economic activities related to tourism included slightly more than 12 million people in the European Union. Nearly 7 million of these people work in the food and beverage industry, while 2 million employees are

employed in transport. Accommodation sector (not including real estate) makes 2.4 million jobs in the EU; travel agencies and tour operators account for almost half a million. Three industries that are almost entirely reliant on tourism (accommodation, travel agencies/tour operators, air transportation) employ 3.3 million people in the EU. These three industries will now be called "selected tourism industries". Tourism industry makes up 22% of the people employed in the service sector. When we look at the total non-financial business economy, the tourism industry makes up 9% of employees. Among Member States for which data are available, Malta has recorded the highest share (16.6%, or one of six persons employed). In absolute terms, the UK and Germany had the highest employment in the tourism industry (by 2.1 million), followed by Italy (1.4 million), Spain and France (1.3 million). These five Member States make 68.5% of employment in the tourism industries across the EU (Eurostat, 2019).

In selected tourism industries, 22% of people are working in micro-enterprises employing less than 10 people, which is significantly lower than the 29% observed for the total non-financial business economy. Looking in particular the three selected tourism industries, more than one third of employment in tourist agencies and tour operators into microfuge enterprises (34%); in the accommodation sector this figure is 23%. Not surprisingly, small and medium-sized enterprises (<250 employees) are of minor importance in air transport, with 89% of employees in the sector working in companies employing 250 people or more.

The participation of tourism in the GDP of individual countries in the world in 2017 is as follows: Maldives 76.6%, Seychelles 65.3%, Bahamas 47.8%, Barbados 40.6%, Malta 27.1%, Albania 26.2%, Croatia 25%, Mauritius 23.8%. In these countries, we notice that tourism is a very important economic branch that contributes significantly to economic growth. (World Bank Group, 2018).

The most developed countries of the world have a smaller share of tourism in GDP, that is, with tourism they increasingly develop other economic activities, which is positive because it does not rely on tourism as a major economic industry whose revenues are unstable and unpredictable.

Studies have shown that there is a larger share of foreign investment in the secondary sector, increasing their impact on economic growth, which

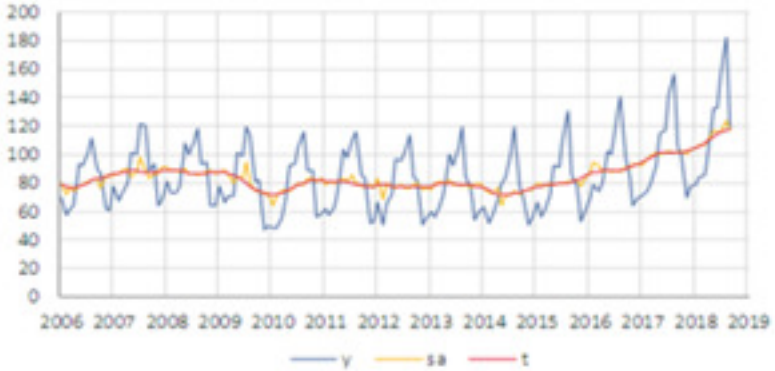
can monitor the impact on productivity at the enterprise level as well. The workforce as an indicator also proved to be significant and it contributes positively to economic growth. As for corruption, the high level of corruption is negatively associated with the influx of foreign direct investment. Inflation in this case can be seen as a measure of the level of macroeconomic stability, and if there is a low rate of inflation then positive effect to the inflow of foreign direct investment can be expected, and if it is high, we expect a negative impact on FDI inflows. Gross savings are also shown as positive, and they contribute to the inflow of foreign direct investment (Nestorović, 2015).

Also, the stronger level of integration of the transition countries in the global market, financial market development and higher levels of investment in education promoting quality of human capital contribute to productivity growth as well.

Tourism and employment in Serbia

Travel activity in Serbia recorded a positive trend since mid-2014. In the period January-September 2018, 7.5 million overnight stays were registered, which is 12.9% more than in the same period of 2017. Growth has been stable since mid-2014; however, good results are expected in the future. Number of foreign tourists recorded a stronger growth of 16.0% compared to the first three quarters of 2017, i.e. 2.9 million overnight stays in this period. The growth trend has existed since the beginning of 2000 and has been ever stronger, indicating that, in future, foreign tourists will have an increasing impact on the overall performance of tourism in Serbia.

Figure 2: *Components of time series of total overnight stays, indices*



y- original series, with a - series with the component including seasonal, t - trend cycle component
Source: *http://publikacije.stat.gov.rs/G2018/Pdf/G20188005.pdf (03 February 2019)*

By comparison, the proportion of overnight stays of foreign tourists in the total number of overnight stays in the first three quarters of 2008 was 18.8% compared to the same period in 2018, when it increased to 38.0% (RSO, 2019).

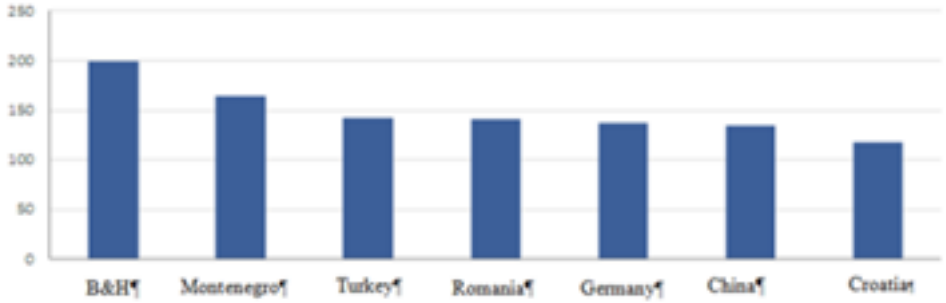
Table 1: *Overnight stays, quarterly indices (%)*

	2016				2017				2018		
	Q1	Q2	Q1	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	120,6	110,7	110,7	113,8	101,6	115,0	111,5	112,0	110,7	113,9	113,4
Domestic tourists	118,9	113,0	109,2	109,4	99,4	110,8	107,5	111,3	109,2	113,6	110,2
Foreign tourists	124,0	106,6	113,5	120,5	105,8	123,1	118,6	113,0	113,5	114,5	118,6

Source: *http://publikacije.stat.gov.rs/G2018/Pdf/G20188005.pdf (03 February 2019).*

In the first three quarters of 2018, Serbia was visited by foreign tourists from around fifty different countries. Most over-night stays have been made by the visitors from the following countries - Bosnia and Herzegovina, Montenegro, Turkey, Romania, Germany, China and Croatia. Visitors from these countries accounted for 36% of the total number of overnight stays of foreign tourists in the first nine months of 2018 (including visitors from the former Yugoslavia 16.7%).

Figure 3: *Overnight stays by foreign countries they come from (Q1 + Q2 + Q3) - In thousands*



Source: *http://publikacije.stat.gov.rs/G2018/Pdf/G20188005.pdf (03 February 2019).*

Based on the above shown chart, we can see a positive trend of development of tourism, which is highly encouraging. The number of tourists is increasing every year. They are predominantly tourists from neighboring countries, while in the forthcoming period a number of tourists from Turkey, China, Russia and other European countries is also expected. This is also an incentive to other economic activities to improve their business, increase their functionality and consequently increase employment as well.

In order to ensure adequate valorization of the resources available, for faster economic development and better positioning of Serbia as a tourist destination, key directions of further development should be highlighted: encouraging overall economic development through a fuller utilization of existing tourism resources and existing tangible basic positioning of Serbia as a tourist destination on the international tourist market so as to opt for one of modern concepts in marketing and management, and profiling of those products that are of interest to foreign buyers (ecotourism, health, recreation, culture, river activities, etc.) with their aggressive promotion.

Tourism in Serbia, given the high quality resource base, can become one of the generators of the total economic development, and thus the carrier of business, which would allow greater access to employment in the sector, if it establishes favorable conditions, improves the environment in a business system and policy, encourages the development of tourism. It is also necessary to enhance and improve the organization at all levels of government representatives and decision-makers, thus achieving better cooperation between public-private sectors, ensure better organization of tourist economy and its linkages with other sectors.

Economic policy during the transition period did not solve two major macroeconomic imbalances:

- Higher growth of public and private spending in relation to GDP, and
- Over-reliance on growth sectors in the creation of non-negotiable assets in the creation of GDP, which increased foreign trade deficit and current account deficit of the States.

The new model of growth for the period 2011-2020 provided an average GDP growth of 5.8% per year and industrial production at the rate of 6.9% per annum (FREN, 2010). This reasonably raises the question of how to achieve such results, especially if one takes into account the state

of the real sector of the economy of Serbia. One of the possibilities is to reach the global competitiveness (Vukotić et al., 2013). According to the New Global Competitiveness Index (NGCI), not all countries are identical with regards to their initial positions in international competition, and therefore have a different starting point in achieving competitiveness. According to this parameter, the level of competitiveness of a country is determined by the operation of three factors (Savić, 2010), namely: succession, macroeconomic and microeconomic competitiveness. There is a relatively solid natural resource potential in Serbia that can be a good basis for economic development in the future. (Aničić et al., 2018).

In this context it should provide a solid basis for the development of the tertiary sector in the economy of Serbia, where special emphasis would be placed on the tourism industry and its specificities in terms of increased employment of young people and other vulnerable population. According to the Labor Force Survey for the second quarter of 2018, the number of employees amounts to nearly 2.9 million, while the number of unemployed to 391.6 thousand. The employment rate of the population aged 15 and over is 48.6 percent, and the unemployment rate is up to 11.9 percent (in the first quarter it amounted to 14.9 percent), (PKS, 2019).

The tendency of decrease in the unemployment rate is due to the growth rate of gross domestic product, which recorded a slight growth in 2015 and had a positive impact on reducing unemployment, but also noted a slight increase in consumption.

Informal employment rate is the percentage of persons working without a formal contract in the total number of employees. This category includes employees in unregistered companies, employees in registered companies, but without a formal contract and without social and pension insurance, and unpaid family workers. And in the Serbian economy, the service sector is dominant with 57%, one of which is the tourism, when viewed overall employment.

However, the primacy of informal employment is in agriculture by 48% compared to the services sector, which accounts for 39%, and that includes tourism. Due to inconsistencies in the formulation and implementation of the concept of development and neglecting the private sector in economic policy, leads to slower development in the agricultural sector. The importance of agriculture in the foreign trade balance of

Serbia in total employment should not be neglected due to the problems of indebtedness and high unemployment. (Aničić et al., 2016).

This should be viewed in the context of overall economic development and positively correlated with the tourism industry. Tourism contribution to overall employment in Serbia: when looking at the contribution of travel and tourism employment in Serbia, it can be noted that the direct contribution of 1.9%, and the total contribution of travel and tourism to total employment, therefore, more broadly, is 4.9% which is far below the average in Europe (6.5%) (WTTC, 2018).

The tourism sector as a means for solving the problem of employment has great potential. Tourism is a labor intensive sector and therefore increasing the tourist activities directly creates new jobs. This sector also encourages the creation of new jobs in other sectors (construction, infrastructure, trade, catering and other activities in the service sector). It is particularly interesting for the young population for the first time entering the labor market and for the reintegration of the unemployed and women in the labor market, including tourism playing a significant social role.

Tourism offers a number of jobs with flexible working hours, such as "part time" and temporary employment. In today's conditions of life, these flexible forms are very popular. They allow a combination of work and training, which is very attractive to young people (15-24 years). In Denmark and the Netherlands the ability of this combination significantly increased the rate of employment, but it can serve as an example of good practice for other countries. In relation to that tourism has a significant potential to increase employment among young people. Jobs with flexible working hours also allow the combination of work and family. It is believed that it is these forms of employment that may provide a springboard to permanent employment.

On the other hand, these forms are not suitable for those who are looking for full-time, permanent job. The huge importance of tourism in the creation of employment is that tourist activity does not only create employment in the tourism industry, but very intense impact on job creation in other economic sectors related to tourism activity. Tourism as a service industry is very complex, so when purchasing a tourism product there are no clear transactions like when buying cars for example, or a mobile phone.

The tourism industry is a large number of possible combinations of products and services for the transportation, accommodation, meals, tickets, souvenirs. Shopping tourism product or services takes place before, during and after the trip, as well as in different places. It is obvious that tourism has considerable potential in terms of solving problems in the labor market. However, it is also necessary to create a business environment and atmosphere that will enable full utilization of this potential.

In this sense, it is necessary to provide the following assumptions:

- Ensure a stable macroeconomic growth
- Increase the competitiveness of destinations
- Reduce administrative barriers for companies
- Organize specific training and improve the quality of services
- Facilitate greater mobility of people
- Respect the principles of sustainable development (Blažević & Vuković, 2001).

The competition in this sector of the economy becomes stronger, the competition for getting customers is becoming more intense, so that the hospitality industry is facing increasing pressure to find new approaches to create and deliver value for customers through the practice of supply chain management. Over the past decade there has been a growing and significant contribution to the management of procurement and supply which may have an effect on the organization. The strategic purchase in this case is positively related to the relationship with the supplier, communication, quality of service, financial performance (FINP) and customer satisfaction. In this context, it is undoubtedly a contribution to a management structure in this comprehensive approach to providing services to the end customer (Fantazy, et al., 2010).

Conclusion

There is a noticeable improvement in the labor markets, such as the EU countries, and the countries in the region. The situation is similar in Serbia. In Serbia, the unemployment rate fell to just over 11%, which is very positive, but we need to continue to create more favorable business opportunities for the employment of the most vulnerable categories, especially young people and women. They are in most cases involved in the activities of the tourism industry. Tourist activity is continuously

increasing, which implies direct job creation. Tourism is not given the same importance in all the countries under study. However, what they all have in common is that tourism can accelerate the employment of vulnerable groups such as women, youth, long term unemployed, ethnic minorities, and the like. Part-time and temporary jobs, as CESD forms of tourism can have a particular significance in stimulating women and youth. Also, encouraging tourism in certain areas may reflect positively on employment in those areas. Tourism in Serbia can significantly contribute to faster and greater economic development. In our country there is a potential for increasing tourism activities that will generate a greater number of jobs in tourism or in related industries. Serbia can effectively solve the problem of unemployment through tourism, using the examples of good practice from EU countries.

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IMPACT OF TOURISM ON EMPLOYMENT IN SERBIA AND ITS MAIN COMPETITORS

Sonja Milutinović[1]*; Tanja Stanišić* [2]*;*

Abstract

Over the last twenty years, tourism has played a very important role in the economic development of many countries. Moreover, travel and tourism industry is one of the leading job creators in the world which employs 118 million people directly, or 3.8% of total employment. When indirect and induced employment are included, travel and tourism industry employs more than 313 million people, or 9.9% of total employment. The aim of this paper is to present the contribution of tourism to the overall employment in Serbia and its main competitors in the tourism market, namely Bulgaria, Croatia, Hungary, Montenegro, Romania and Slovenia. Albania is excluded from the analysis due to the lack of data. The research results show increase in the number of employees in tourism in all observed countries and increase in the share of tourism in total employment in all countries except Hungary whose share was the same in the last as in the first observed year.

Key Words: *tourism, travel and tourism industry, employment, Serbia*
JEL classification: *L83, J21*

Introduction

Tourism is considered to be one of the largest and fast growing industries in the world. The growth of the tourism sector is relevant for the 'health' of national economies (Krstić et al., 2016a). The travel and tourism industry can play an important role as a driving force of economic development by generating income, creating employment, providing foreign exchange, enhancing technology and improving living standards

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in different countries. The tourism industry is a crucial part of the economy of each country, regarding its significant financial, political and social effects (Milutinović & Vasović, 2017). Over the last few decades, tourism industry continues to grow into one of the most dynamic economic sectors as it acts as a reliable tool for sustainable job creation. The development of tourism in the country leads to an increase in income for the population employed in tourism industry, as well as for a part of the population that is not employed in tourism industry directly but is employed in companies whose economic survival depends on tourism (Dimitrovski & Milutinović, 2014).

The contribution of tourism is very beneficial for the country`s economy due to its impact on employment, expansion of industrial and agricultural production in order to fulfil the needs of tourists, the total income of the country, improvement in the standard of living of the population and significant progress in cultural content and activities, public economy, especially at the local level (Dritsakis, 2004). It can be said that the role of tourism in the creation of employment and participation in the overall economic activity is considerable (Milovanović & Milićević, 2014). That is why the fact that tourism is the primary economic activity in many countries is recognized in all countries in the world (Milutinović & Stanišić, 2016). The development of countries in the future and progress at the achieved level of competitiveness should be based on all factors and resources that lead to the tourism sector development (Krstić & Stanišić, 2015).

The travel and tourism sector plays a very important role in the value creation of countries (Krstić et al., 2016b). According to the World Travel and Tourism Council (WTTC), tourism is one of the world's largest economic sectors. The direct contribution of travel and tourism industry in 2017 was 3.2% of global gross domestic product (GDP) and 118 million jobs, or 3.8% of total employment. In the same year, the total contribution of travel and tourism industry accounted for 10.4% of global GDP and 313 million jobs, or 9.9% of total employment (WTTC, 2018). For instance in 2010, travel and tourism industry generated 9.2% of GDP, 236 million jobs, or 8.1% of total employment (WTTC, 2011). Comparing these results, it is evident that in only eight years total tourism and travel contribution to GDP rose by about 15% and about 25% when it comes to employment. Predictions of WTTC are very optimistic. Namely, direct contribution of travel and tourism industry to GDP is forecast to rise by 4% in 2018, and by 2028 by 3.8% per annum. Direct contribution

of travel and tourism industry to employment is expected to rise by 2.4% in 2018, and by 2.2% per annum, reaching 4,2% of total employment in 2028. The total contribution of travel and tourism to GDP is forecast to rise by 4% in 2018, and to rise by 3.8% per annum to 11.7% of GDP in 2028. The total contribution of travel and tourism to employment is expected to rise by 3% in 2018, making it 323 million jobs. Also, this contribution is forecast to rise by 2.5% per annum, or to 414 million jobs in 2028 (11.6% of total employment).

The paper is structured as follows. After the introduction, the second part of the paper shows the ways in which tourism contributes to employment, and some basic characteristic of tourism employment. Comparative analysis of number of employees in tourism as well as the share of tourism employment in Serbia and its main competitors is given in the third part. The fourth part analyzes number of employees within tourism sectors. Fifth part concludes.

The impact of tourism on employment

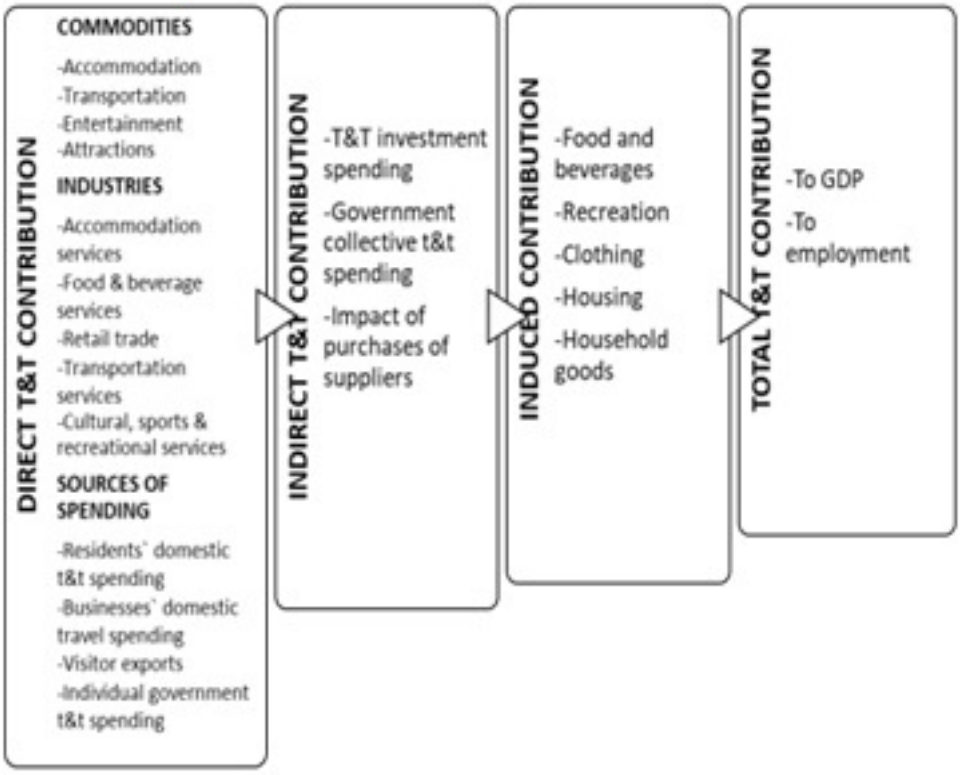
The impact of tourism on economic development is measured through its effect on income, employment, investment and balance of payment. Figure 1 shows direct, indirect and induced contribution of travel and tourism industry to GDP and employment. Induced contribution represents spending of direct and indirect employees in tourism.

In terms of income level in tourism, Aynalem et al. (2016) claim that income will be higher in tourist destinations which attract large numbers of visitors. Also, income level will be higher in destinations where visitors stay longer and spend a larger amount of money. Since tourism is a labour intensive industry, it is likely that the greater proportion of income will be obtained from wages of those working either in direct contact with tourists or those that benefit indirectly from tourists' spending.

Employment in tourism has certain characteristics. First, tourism, as any other service activity, is labour intensive sector. Employees in tourism mainly have direct contact with the customers while providing the services. That is why it is impossible, as in some other sectors, to implement a significant amount of automatization (Marčetić & Mušikić, 2017). Second, tourism has very seasonal feature, and because of that the need to hire additional, i.e. seasonal, workforce which are employed only

during an active season, for instance – in the summer period. Third, tourism provides workers an opportunity to travel abroad and to learn foreign languages. Also, as a highly fragmented economic activity, tourism offers a variety of direct and indirect employment opportunities in almost all sectors of the national economy. It offers employment opportunities for a wide range of population with different expertise level. Tourism jobs are among the most attractive available to both men and women – both in terms of salary and job satisfaction (Obadić & Marić, 2009).

Figure 1: *Direct, indirect and induces contribution of travel and tourism (T&T) industry*



Source: *WTTC (2018)*

Based on the involvement or contribution tourism supply side, tourism employment can be categorized into three separate levels:

- direct,
- indirect, and
- induced.

Direct employment represents the total number of jobs that implies direct contact with tourists. For example, employees at the front offices in hotels, restaurants, travel agencies, tourism information offices, aircrafts or shopping outlets, souvenirs, photography, sightseeing tours, farmhouses, bed and breakfast, rural inns, protected areas such as national parks, palaces, religious sites, monuments, cruise lines, resorts. Besides direct, tourism also supports indirect employment in activities such as restaurant suppliers, construction companies that build and maintain tourist facilities as well as necessary infrastructure, aircraft manufacturers, various handicrafts producers, marketing agencies, accounting services, which are more or less dependent on the companies providing direct employment for their revenues (Obadić & Marić, 2009). The induced employment (or ancillary employment) represents jobs supported by the spending of those who are directly or indirectly employed by the travel and tourism industry (WTTC, 2018). The induced employment occurs as a result of the positive effect of tourism development at specific destination. This development of tourism stimulates growth of employment in other areas, such as schools, medical institutions, police and security officers, municipal authorities, etc.

When taken into consideration the job division between genders in tourism and hotel industry, in most countries, more women are employed in this sector than men (European foundation for the improvement of living and working conditions, 2004). Tourism is often characterised by its employment seasonality, so it creates an attractive opportunity for women to combine paid employment with family responsibilities and other duties. This is why women are more often employed part time, casual and seasonal, often on the basis of temporary employment arrangements. Also, one of the reasons why female labor is more prevalent in hotel and tourism industry is that tourism is seen as being a "female-friendly" industry because of the nature of the work involved.

Despite some positive opportunities for women in hotel and tourism sector, research shows that unskilled or semi-skilled women tend to work in the most vulnerable jobs, where they are more likely to experience poor working conditions, inequality of opportunity and treatment, stress, exploitation, violence and sexual harassment (UNWTO, 2011).

Aynalem et al. (2016) indicate that there are some constraints of employment in travel and tourism industry like unstable employment due to tourism` seasonality characteristic, low job status, long working hours

and low wages. For instance, the average salary in the hotels and restaurants is lower than average wages in almost all EU member states (European foundation for the improvement of living and working conditions, 2004). As a consequence, employers face a difficulty of recruiting suitable staff and high staff turnover, which are costly to the success of the industry.

Comparative analysis of tourism employment in Serbia and its main competitors

In this section, a comparative analysis of total employment and tourism employment of Serbia and its main competitors will be carried out. The Tourism Development Strategy of the Republic of Serbia (2016) listed Albania, Bulgaria, Croatia, Hungary, Montenegro, Romania and Slovenia as the main competitors of Serbia as a tourist destination. All of these countries will be taken into analysis except Albania, which will be excluded from analysis due to the lack of data.

Table 1 shows number of employees (in thousand) in tourism in Serbia and its main competitors, both total and by genders. Romania is the leader in the number of tourism employees, followed by Hungary, Bulgaria, Serbia, Croatia, Slovenia and Montenegro. Most of these countries experienced the fall of number of tourism employees from 2010 to 2012. A possible explanation for this is a decline in total employment as a result of the Global economic crisis in 2007, which also affected employment in tourism. Since 2013 all countries, except Slovenia, have recorded an increase in the number of employees in tourism.

Table 1: *Number of employees in tourism by sex in Serbia and its main competitors (in thousand)*

	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
				TOTAL			
2010	1,619.6	2,688.7	1,321.1	3,272.7	/	5,648.6	799.3
2011	1,570.3	2,606.1	1,270.9	3,302.5	164.1	5,697.2	778.7
2012	1,545	2,594.1	1,256.9	3,378.1	164.9	5,734.5	773.8
2013	1,553	2,578.7	1,248.5	3,453.8	169.6	5,743.5	753
2014	1,745.6	2,609.1	1,321.2	3,636.4	175.5	5,850.3	746.5
2015	1,797.1	2,667.2	1,336.8	3,747	175.4	6,062.2	766.1
2016	1,858.3	2,662.9	1,368.8	3,880.9	176.1	6,200.6	785.1
2017	1,940.2	2,775.4	1,424	3,964.4	178.9	6,389.7	819.2

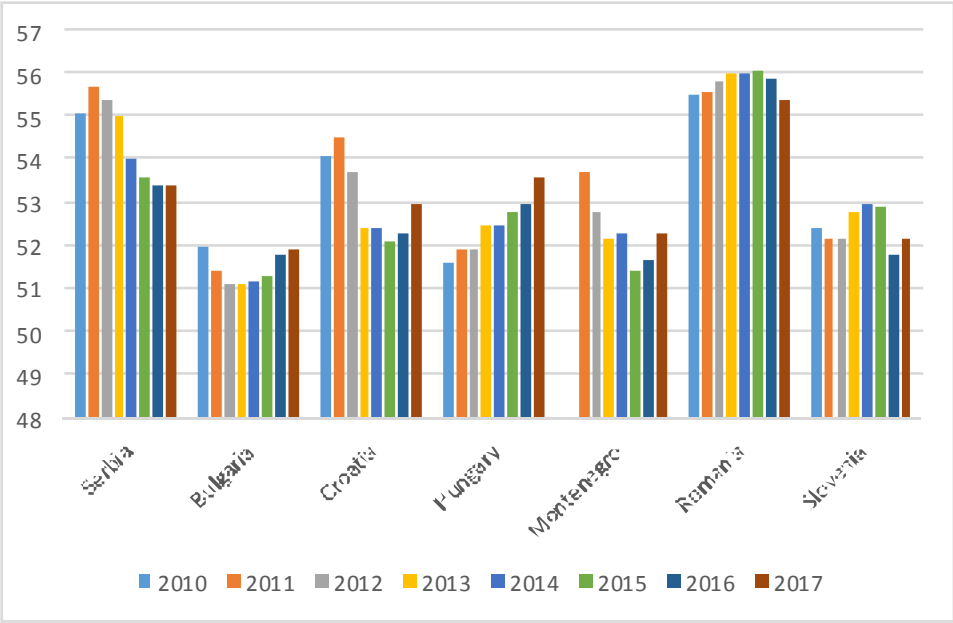
MALE							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	891.7	1,398.2	714.4	1,688.3	/	3,134	418.8
2011	874.9	1,339.5	693.2	1.713	88.1	3,166.3	406.5
2012	856.2	1,324.4	675.5	1,754.7	87	3,200.1	404
2013	854.6	1,316.5	654.1	1.812	88.6	3,214	397.6
2014	943.3	1,335.9	692.7	1,910.2	91.8	3,277.2	395.8
2015	963.9	1,368.5	696.4	1,977.2	90.1	3,398.6	405.5
2016	991.6	1,379.6	716	2,056.4	91	3,468.7	406.4
2017	1,035.4	1,440.4	754.2	2,125.8	93.6	3,539	427.8
FEMALE							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	727.9	1,290.5	606.7	1,584.3	/	2,514.6	380.5
2011	695.5	1,266.6	577.7	1,589.6	76	2,531	372.3
2012	688.8	1,269.6	581.4	1,623.4	78	2,534.4	369.8
2013	698.4	1,262.2	594.4	1,641.8	81.1	2,529.5	355.4
2014	802.3	1,273.2	628.5	1,726.2	83.7	2,573.1	350.7
2015	833.2	1,298.7	640.4	1,769.8	85.3	2,663.6	360.6
2016	866.7	1,283.3	652.8	1,824.6	85.1	2,731.9	378.7
2017	904.9	1.335	669.8	1,838.6	85.3	2,850.8	391.5

Source: *Eurostat*

From 2010 to 2017 all observed countries have increased the number of employees in tourism. In 2017, the leader Romania had 6,389.7 thousand employs in tourism in comparison with 5,648.6 thousand in 2010, which is the rise of about 14%. Hungary increased the number of employees in tourism from 3,272.7 in 2010 to 3,964.4 in 2017, or by 21%. In the same period, Bulgaria increased number of employees in tourism by 4%, or from 2,688.7 thousand to 2,775.4 thousand. Serbia increased the number of employees in tourism by 20%, or from 1,619.6 thousand in 2010 to 1,940.2 thousand in 2017. Increase of 8% was recorded in Croatia (from 1,321.1 thousand to 1,424 thousand) and in Slovenia from 799.3 thousand to 819.2 thousand (2.5%). In Montenegro the number of employees in tourism has risen form 164.1 thousand in 2011 to 178.9 thousand in 2017, or 9%.

It can be concluded that the largest increase in the number of employees in tourism has been recorded in Hungary with 21%, followed by Serbia with 20%, Romania with 14%, Montenegro with 9%, Croatia with 8% and Slovenia with only 2.5%.

Figure 2: *The share of number of male employees in tourism in Serbia and its main competitors (in %)*



Source: *authors` calculation based on Eurostat*

In the observed period, male workforce was dominant in the overall tourism employment (Figure 2). All countries had more than 50% male employees in tourism. In Serbia, this percentage has been in decline from 2011, while constant increase of male workforce in tourism was recorded in Hungary. Bulgaria, Croatia and Montenegro have had small decline and then increase, while Romania and Slovenia have had small increase and then decline in the share of female workforce in tourism employment.

A more realistic picture of the tourism contribution to total employment can be obtained by analyzing the share of tourism in total employment (Table 2).

The biggest contribution of tourism to employment was achieved by Bulgaria with 2.04%. This country was also the leader in total tourism contribution to employment back in 2010 with 1.02%. Montenegro follows with the share of tourism in total employment of 1.3%, then Hungary with 0.62%, Serbia with 0.59%, Croatia with 0.57%, Slovenia with 0.54%, and Romania with 0.33%.

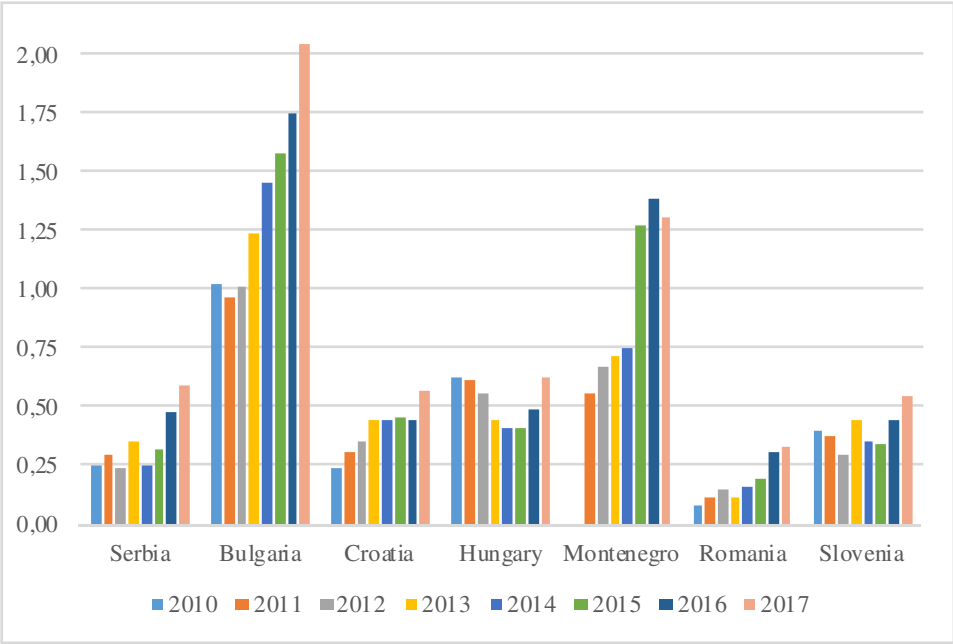
Table 2: *The share of tourism in total employment by sex in Serbia and its main competitors (in %)*

	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
TOTAL							
2010	0.25	1.02	0.24	0.62	/	0.09	0.4
2011	0.29	0.96	0.31	0.61	0.55	0.12	0.37
2012	0.23	1.01	0.35	0.55	0.67	0.14	0.3
2013	0.35	1.23	0.44	0.44	0.71	0.11	0.44
2014	0.25	1.45	0.45	0.41	0.75	0.15	0.35
2015	0.31	1.57	0.46	0.41	1.27	0.2	0.34
2016	0.48	1.75	0.45	0.49	1.38	0.31	0.45
2017	0.59	2.04	0.57	0.62	1.3	0.33	0.54
MALE							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	0.42	1.38	0.34	0.62	/	0.13	0.5
2011	0.47	1.3	0.38	0.58	0.92	0.14	0.4
2012	0.35	1.22	0.45	0.55	0.81	0.17	0.37
2013	0.55	1.53	0.58	0.44	1.14	0.13	0.58
2014	0.35	1.78	0.33	0.39	0.66	0.17	0.48
2015	0.29	1.87	0.37	0.37	1.46	0.29	0.37
2016	0.53	2.07	0.58	0.46	1.34	0.41	0.57
2017	0.66	2.21	0.57	0.61	1.41	0.44	0.68
FEMALE							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	0.04	0.64	0.13	0.63	/	0.03	0.32
2011	0.09	0.6	0.23	0.65	0.13	0.09	0.38
2012	0.09	0.79	0.24	0.56	0.65	0.11	0.24
2013	0.10	0.93	0.29	0.45	0.37	0.09	0.28
2014	0.12	1.11	0.58	0.42	0.84	0.14	0.2
2015	0.34	1.26	0.53	0.46	1.07	0.09	0.31
2016	0.43	1.41	0.31	0.52	1.43	0.19	0.32
2017	0.51	1.86	0.59	0.63	1.19	0.19	0.41

Source: *authors` calculation based on Eurostat*

Comparing these results with the first year in the period observed, Montenegro improved its result moving from third to second position. However, Hungary's position was demoted from the second in 2010 to the third in 2017. Serbia and Croatia kept their fourth and fifth place in the observed period, while Slovenia's position was demoted from the third place in 2010 to the sixth place in 2017 (Figure 3). Romania fell from the sixth position in 2010 to the seventh position in 2017.

Figure 3: *The share of tourism in total employment in Serbia and its main competitors*



Source: *author`s calculation based on Eurostat*

In the observed period all the countries, except Hungary, had the increase in the share of tourism in total employment (Figure 3). From 2010 to 2017, the Hungary`s share of tourism in total employment has fallen and then slightly increased, but at the end of the period was the same as at the beginning. The biggest rise of the contribution of tourism to total employment was achieved by Bulgaria, from 1.02% to 2.04%, or by 1.02% (double increase). Montenegro follows with the increase of the share of tourism in total employment of 0.75%, or from 0.55% in 2011 to 1.3% in 2017. Serbia is in the third place with the increase in its share of tourism in total employment by 0.34% (from 0.25% to 0.59%). Croatia increased its share of tourism in total employment slightly less than Serbia, i.e. by 0.33% (from 0.24% to 0.57%). Romania follows with the increase of the contribution of tourism to total employment by 0.24%, or from 0.09% in 2010 to 0.33% in 2017. The smallest increase in the share of tourism in total employment was achieved by Slovenia by 0.14%, or from 0.4% to 0.54%.

Table 2 also shows share of male and female tourism workforce to total employment. In all the observed countries the contribution of male

workforce is larger than female, although in some countries the share of female workers is on the rise. For instance, in Serbia the share of females rose from 0.04% to 0.51%, while the share of males in total employment rose from 0.42% to 0.66%. In Montenegro in the period from 2011 to 2017, the tourism contribution to total employment of female workforce rose from 0.13% to 1.19%, while males contribution rose from 0.92% to 1.14%. In other observed countries, the increase of female contribution to total employment was recorded, but was not so pronounced. The only exception is Hungary, in whose case no increase in the share of female tourism workforce was recorded, while the contribution of males decreased. This is due to the lack of increase in share of total tourism workforce of overall employment.

Comparative analysis of employment within tourism sectors

Eurostat divided all the activities in tourism sector to the Air transport, Accommodation and food service activities, Accomodation, and Tour operators. In this section, a comparative analysis of employment within these sectors in all the observed countries will be carried out. The number of employees by activity is given in Table 3. Due to the lack of data for the Air transport sector, it will not be taken into consideration when analysing employment in Bulgaria, Croatia and Montenegro.

Serbia has the largest number of employees in tourism in Accommodation and food service activities, more than in all other sectors together. This number increased from 51.2 thousand in 2010 to 78.6 thousand in 2017. Accomodation sector employed 17.2 thousand employees in 2017 relative to 14.6 thousand in 2010. In 2017 Air transport sector employed 7.4 thousand employees, which is more than the Tour operators sector. However, looking at the 2010, the Tour operator sector had 4.4 thousand employees while Air transport sector had 3.6 thousand employees. Moreover, the Tour operators sector was the only tourism sector in Serbia that had a decline in number of employees (by 32%). All other sectors increased the number of employees from 2010 to 2017, Air transport more than twice (105%), Accommodation and food service activities by 53% and Accommodation sector by 18%. This vast increase of the number of employees in the Air transport sector can be the result of the strategic partnership of the national airline JAT Airways and Etihad Airways in 2013.

Accommodation and food service sector employed the largest number of people in Bulgaria. In the observed period this number increased from 144.9 thousand to 151.8 thousand (5%). Accommodation sector follows with 37.2 thousand employees in 2017 compared with 29.5 thousand employees in 2010 (increase of 26%). Tour operators sector has the smallest number of employees in the observed period. In 2010 this number was 47 thousand, while in 2017 6.5 thousand employees were employed in this sector, which is an increase of 38%. Although Accommodation and food service has the largest number of employees, this sector had the smallest increase in the observed period. At the same time, the sector with the smallest number of employees, the Tour operators sector, had the biggest increase of employees.

Table 3: *Tourism employment by activity in Serbia and its main competitors (number of employees in thousand)*

AIR TRANSPORT							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	3.6	/	/	6.8	/	7.2	1.8
2011	4.5	/	/	7.2	/	8.5	1.5
2012	4.1	/	/	3	/	10.2	1.2
2013	4.5	3.3	/	3.9	/	8.9	1.5
2014	6	/	1.1	5.7	/	/	0.5
2015	7.3	/	/	5.4	/	8	0.8
2016	5.9	/	/	5.8	/	7	0.8
2017	7.4	/	/	4.9	/	6.5	/
ACCOMODATION AND FOOD SERVICE ACTIVITIES							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	51.2	144.9	82.2	129	/	155.4	39.4
2011	44.8	141.6	74.7	136.1	11.5	162.3	37.3
2012	45.9	135.8	74.8	141.8	11.9	163.3	33.1
2013	45	128.2	77.8	141.6	14.5	165.4	31.8
2014	52.6	137.2	81.4	151.8	15.3	170.9	34.3
2015	68.1	141.4	84.8	168.5	14.3	177	39.3
2016	71.9	140.5	95.5	176.1	15.6	198.3	34.7
2017	78.6	151.8	103.3	171.8	16.4	195.7	38.9
ACCOMODATION							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	14.6	37.7	26.1	29.5	/	40.8	12.5
2011	15.4	36.8	30.2	37.3	4.5	42	12.2
2012	14.4	37.7	32.1	40	4.6	40.4	11.2
2013	9.2	34.5	27.9	37.4	6.9	44.6	10.4
2014	11	37.1	35.8	36	7.1	50.4	10.9

2015	16.4	37.9	34.8	39	6.9	40.2	12.2
2016	14.4	39.4	33.3	41.1	7.9	45.8	8.5
2017	17.2	41.7	37	37.2	7.2	45.6	9.9
TOUR OPERATORS							
	Serbia	Bulgaria	Croatia	Hungary	Montenegro	Romania	Slovenia
2010	4.4	4.7	3.2	6.9	/	9.8	1.7
2011	4.8	4.5	1.6	6.5	/	9.1	1.2
2012	3.4	4.1	1.4	5.1	/	/	2.2
2013	/	5.1	1.4	6.6	/	9.6	3.5
2014	1.3	6.3	4.2	8.8	2.4	14.4	3
2015	4.7	4.8	4.4	6.6	2.1	13.3	1.4
2016	4.3	4.9	6.5	5.7	1.4	14.4	2.2
2017	3	6.5	4	8.2	/	15.9	2.6

Source: *Eurostat*

In the case of Croatia, Accommodation and food service sector also had the largest number of employees in the observed period. From 2010 to 2017 this number increased from 82.2 thousand to 103.3 thousand employees, or by 26%. The Accommodation sector is in the second place with 37 thousand in 2017, compared with 26.1 thousand employees in 2010. The increase in number of employees in Accommodation sector in the observed period amounts to 42%. Tour operators sector employed 4 thousand employees in 2017 in comparison with 3.2 thousand employees in 2010, which makes an increase of 25%. As it can be seen, the biggest increase in the number of employees is not in the sector that employs the largest number of employees, but in the Accommodation sector.

Hungary has the biggest number of employees in the sector of Accommodation and food service. In 2010, 129 thousand employees worked in this sector, while this number increased to 171.8 thousand in 2017. This is also the sector that had the biggest increase in the number of employees - 33%. In the second place there is the Accommodation sector which increased its number of employees by 26% from 2010 to 2017, or from 29.5 thousand to 37.2 thousand employees. The Tour operators sector follows with 6.9 thousand employees in 2010 and 8.2 thousand employees in 2017. This is an increase of 19%. Hungary has the smallest number of employees in the Air transport sector. In 2010 this sector employed 6.8 thousand employees, while in 2017 the number of employees decreased to 4.9 thousand, or by 28%.

The Accommodation and food service sector in Montenegro employed the largest number of employees. In 2011 this number was 11.5 thousand, while in 2017 number of employees increased to 16.4, making it the increase of 43%. The Accommodation sector had fewer employees by half. This sector increased its number of employees from 4.5 thousand in 2011 to 7.2 thousand in 2017, or by 60%. Although only three years of data are available for the number of employees in the Tour operators sector, it can be concluded that this sector employs less employees than the other two mentioned.

In the case of Romania, the Accommodation and food service sector has the largest number of employees. Namely, from 2010 to 2017 this number increased from 155.4 to 195.7, or by 26%. The sector of Accommodation follows with 45.6 thousand employees in 2017. From 2010 when this sector employed 40.8 thousand employees to 2017, the number of employees that worked in the Accommodation sector increased by 12%. In the third place there is the Tour operator sector which employs 15.9 thousand workers in 2017 in comparison with 9.8 thousand in 2010. In this period the number of employees in the Tour operator sector increased by 62%, which is the biggest increase of all the sectors. The smallest number of employees is in the Air transportation sector. From 2010 to 2017, this number decreased from 7.2 thousand to 6.5 thousand employees, or by 10%.

Accommodation and food service sector in Slovenia employed the largest number of employees. However, from 2010 to 2017 this number decreased from 39.4 thousand to 38.9 thousand employees, or by 1.3%. The Accommodation sector follows with 12.5 thousand employees in 2010 and 9.9 thousand employees in 2017. As it can be seen, this sector also had a decrease in the number of employees, although more than the Accommodation and food service sector, i.e. by 21%, According to the number of employees, the Tour operators sector, which employed 2.6 thousand employees in 2017, is in the third place. In 2010 this sector employed 1.7 thousand employees, so this sector increased its number of employees in the period observed by 53%. The smallest number of employees is in the Air transportation sector. Moreover, this sector decreased its number of employees from 1.8 thousand in 2010 to 0.8 thousand in 2017, or by 56%. Although it does not employ the largest number of employees, the Tour operators sector is the only sector in Slovenia that increased its number of employees in the observed period.

After this comparative analysis of the number of employees in the tourism sector, a conclusion can be made that the largest number of employees are in the Accommodation and food service sector, followed by Accommodation sector. However, this does not mean that these sectors have the biggest increase in the number of employees. For example, in the case of Slovenia, these sectors had the decrease in the number of employees.

Conclusion

Nowadays, travel and tourism industry is one of the most significant sectors in the world. It contributes to GDP, improves balance of payments and creates employment opportunities. Recent data showed that travel and tourism industry created over 313 million jobs and generated 10.4% global GDP in 2017. Moreover, tourism jobs are often very attractive and highly respected, where glamorous image of tourism work is particularly alluring to women.

Comparative analysis of Serbia and its main competitors on tourism market shows the rise in the number of employees in tourism in the observed period. The leader in the number of employees in tourism is Romania with 6,389.7 thousand employees in 2017. However, Hungary had the biggest increase in the number of employees in tourism in the period observed by 21%. Serbia follows with 20%, then Romania with 14%, Montenegro with 9%, Croatia with 8% and Slovenia with only 2.5%. The analysis also shows that male workforce was dominant in the overall tourism employment.

The biggest contribution of tourism to employment was recorded in Bulgaria with 2.04%, followed by Montenegro with 1.3%, Hungary with 0.62%, Serbia with 0.59%, Croatia with 0.57%, Slovenia with 0.54%, and Romania with 0.33%. In the observed period, all the countries had the increase in the share of tourism in total employment, except Hungary whose share was the same in the first and in the last year observed. Bulgaria recorded the biggest increase in the share of tourism to total employment – double increase, followed by Montenegro with 0.75%, Serbia by 0.34%, Croatia by 0.33%, Romania by 0.24%, and Slovenia by 0.14%. The contribution of male workforce in tourism to total employment is larger than female in all observed countries. However, in some countries the share of female employees in tourism in total employment is on the rise (Serbia and Montenegro).

This paper also analysed the number of employees within the sectors of tourism. Results show that the Accommodation and food service sector employs the largest number of employees, followed by the Accommodation sector. However, results also show that these sectors do not always have the biggest increase in the number of employees. For example, in the case of Slovenia, this sector had the decrease in the number of employees. Serbia, for instance, doubled the number of employees in Air Transportation sector.

Overall conclusion can be made that Serbia, in comparison with its main competitors, has the satisfying number of employees in the travel and tourism industry, as well as the share of tourism in total employment. What is more important, Serbia is increasing its number of employees in the tourism sector more than almost all the other countries observed. Also, Serbia is increasing the share of tourism in total employment as well as the share of tourism female workers in total employment.

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THE DEVELOPMENT OF CULTURAL TOURISM AND ITS IMPORTANCE IN THE PROCESS OF EMPLOYMENT

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Abstract

This paper delineates the importance and specificity of the development of cultural tourism and imprtance in the proces of employment. Accordingly, the paper presents the charasterics of tourist product in cultural tourism. Cultural tourism and, especially, heritage tourism, both tangible and intangible, are one of the most vital segments of contemporary tourism. It is a fact that there is an increased interest in cultural tourism all over the world, along with UNWTO fore- casts that cultural tourism market will remain in the leading position. This tourism is important due to its multiple positive socio-economic implications (e.g. revitalizing certain urban areas), as well as the financial support to conservation, heritage promotion, thus enabling financial independence of cultural institutions and organizations and influencing cultural decentralization. In addition, it obviously contributes to growing popularity of cultural attractions with local communities by raising awareness of the value of their property, while the interest in different aspects of local authenticity enhances reactivation of certain indigenous traditions that have become almost obsolete.

Key Words: *Culture, heritage, tourism, tendencies, profiling, diplomacy*
JEL classification: *O11, Z32, R28*

Introduction

The World Tourist Organization (WTO) predicts that the cultural tourism market will continue to be one of the dominant segments in the future. The paper includes the following thematic areas: tendencies in the development of cultural tourism, the specificity of a tourist cultural

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preference, main profiles of cultural tourist, the specificity of touristic projects in the cultural heritage segment. Special part of the paper is dedicated to public diplomacy: Culture and tourism as significant parts of public diplomac in global level. Every tourist product is heterogeneous in the field of cultural heritage and international and especially nation tradition. In the paper some carasteric of tourism product in cultural tourism are given.

Today, unemployment, especially for young people and professionals, is one of the biggest problems that many countries face. Therefore, the development of tourism, as a highly labor-intensive activity, can significantly increase employment, both directly and indirectly. Direct employment refers to employment in activities that are directly related and dependent on tourism (hotels, restaurants, travel agencies, etc.). Indirect employment refers to employment in activities that are indirectly related to tourism (trade, construction, agriculture, etc.).

More efficient use of tourism potentials can not be achieved only by the mere possession of natural and similar advantages of entertaining tourism, but also of certain investments in facilities, infrastructure, and especially in human resources, which should be effectively employed. Investments in tourism are an important prerequisite for using the opportunities that it provides as an element of developmental economic policy. Specialized knowledge, specific experience, relationship with clients (guests) and reputation are characteristic examples of human capital. Human resource ownership does not mean their automatic transformation into value. Human resources to transform into value must rely on strategy, and its essence is to convert investment into intangible assets into value. Hence, human resources with their knowledge, skills, experience, energy and enthusiasm make the most valuable asset of a tourism company and the only real basis for creating a competitive advantage in the increasingly turbulent tourist market.

Tendencies in the development of cultural tourism

In the strategy of long-term economic growth and ways of its realization, it is necessary to set clear priorities, but also measures and ways to create an appropriate system environment and responsible economic policy. It is necessary to reconcile with the real situation in the economy, to ensure a balance between the real needs of the economy and the specific industries and the public sector. Tourism as an extensive economic branch should be

a priority activity, and within it specific specialties such as cultural tourism. He is "in circulation throughout the year" and, in general, there are no seasonal variations within this type of tourism, which is one of the fastest growing expansive forms of tourism. More efficient use of tourism potentials cannot be achieved only by the mere possession of natural and similar advantages for dealing with tourism, but requires certain investments in facilities, infrastructure, human resources, etc. Investment in tourism is an important prerequisite for using the opportunities it provides as an element of development policy (Petrović & Barović, 2018b, p.210.). The body part should be logically structured, whereas the number of subtitles depends on the organization of the subject matter. Cultural tourism, especially tourism founded on archaeological and historical monuments, and, in general, tourism based on the valorization of historical heritage (both material and spiritual), is becoming an important segment of the overall tourist offer. Many products and services of tourism, especially those of the cultural tourism, have most practical experience.

They are the subject of increasing interest of tourists today.

The importance of culture in the development of tourism is multiple because:

a) it enriches the basic tourism product and image of the destination,
b) increases the length of stay and consumption of tourists,
c) completes the overall experience at the destination and influences the decision on returning to a destination,
d) stimulates the development of the local economy,
e) influences the creation of new market segments.

In the form of feedback, tourism provides culture with the following elements (Richard & Feidelson, 1965, p.28):

a) additional sources of income and increase in investment capital;
b) the formation of new groups of visitors,
c) the development of professional management and marketing of culture;
d) improving the image of culture of particular country;
e) improving the use of cultural resources.

Cultural tourism is very complex and there are numerous attractions and events that represent the main focus of interest of this type of tourists.
The possibilities for forming a product of tourism are diverse, therefore types of cultural tourism are: cultural and historical tourism, life-securing

tourism, life-participating tourism, educational tourism, art tourism and manifestation tourism in contaporain condition. The tourist product in cultural tourism is usually a partial tourist product and, as a rule, it is included in the complex local tourist product. On the other hand, the tourist economy of the Republic of Serbia should provide the appropriate travel product to the business diplomats around the world, as the tourism and business diplomacy are interdependent on many levels of functioning.

Cultural tourism and, especially, heritage tourism, both tangible and intangible, are one of the most vital segments of contemporary tourism. It is a fact that there is an increased interest in cultural tourism all over the world, along with UNWTO fore - casts that cultural tourism market will remain in the leading position (A Report of the World Tourist Organization, 2005, p.11).This tourism is important due to its multiple positive socio-economic implications (e.g. revitalizing certain urban areas), as well as the financial support to conservation, heritage promotion, thus enabling financial independence of cultural institutions and organizations and influencing cultural decentralization. In addition, it obviously contributes to growing popularity of cultural attractions with local communities by raising awareness of the value of their property, while the interest in different aspects of local authenticity enhances reactivation of certain indigenous traditions that have become almost obsolete (Petrović & Barović, 2018b, p.207).

The basic forms of cultural tourism are (Petrović & Barović, 2018a, p.21):

- cultural heritage tourism, where the dominant product is cultural heritage. These may be historical cities or historical buildings, religious sites, handicrafts, or craft products, museums, etc.;
- Cultural tourism of art, dominated by modern art, whether it be exhibitions, theater or concerts;
- Creative cultural tourism, which includes creative industries, such as design, fashion, contemporary architecture, etc.;
- Cultural tourism of "intangible heritage", where the main motive of the tourist is to observe the way of life of people, learn about their system of values, the structures of their society and their habits and emotions, as well as their religious life and customs. Festivals and traditional events are an ideal opportunity to look at these elements (City Tourism and Culture, A Report of the World Tourist Organization, 2005, p. 5).

The specificity of a cultural tourist

Nowadays, in Europe there is a strong competition among the cities where most of the rich European cultures are located, therefore cultural tourism is being developed mostly in the larger and more historic European cities. Culture and cultural heritage events have special significance and role in the field of tourist attractions. Cultural tourism is becoming an increasingly important type of tourism and is increasingly becoming a mass phenomena, erasing the boundary between the "high" and the "popular" culture, futher more between the culture and economy and, in general, it erases the boundary between the culture and tourism. The economic impact of cultural tourism is becoming increasingly indicative of the growing market potential. In the development of many destinations, this type of tourism has enormous significance, including meeting the cultural needs of tourists in the form of a quality tourist product, collecting new information and experiences. In general, this type of tourism defines "the participation of tourists in any kind of cultural activity or experience" (Hadžić et al., 2005, p. 18). The postmodern cultural tourist has a number of specifics, and is characterized by several determinants: a) participates in a cultural event; b) makes a decision as an modern social individual and craves for self-actualization, which has an important place among the motivational factors of every personality; c) very rarely there is an authentic experience of the past (with reconstructed cultural goods) and many theme parks in which the past is reconstructed are very popular; d) interpretation of historical events requires redefining.

The process of convergence of culture and tourism, which significantly influences the formation of a product of tourism, is the result of two other processes: the culturalization of society (differentiation of social and cultural spheres and the growing presence of the economy) and the culture of the practice of tourism, with the increasing importance of cultural symbols of tourist destinations. Global (general) cultural tourist visits various countries, regions, cities and local communities in an effort to accumulate the knowledge and experience of various foreign cultures (art, lifestyle and history), comparing them with previous experiences and other destinations. On the other hand, specialized tourism focuses on a smaller number of sites and cultural entities, visiting them continuously with an effort to understand and perceive their culture. Cultural tourism has the advantage that, with the assistance of minimal investment it brings high revenues that are most rapidly reflected through economic indicators of the country: employment rate, national income per capita, positioning

in the global tourism market, creating a positive image of the country, and other important social and economic segments. The common problem of culture is its non-profitability, and tourism coupled with the changes in culture and its properties, giving it a commercial component. Despite the increase in turnover in tourism related to cultural events, this type of tourism in Serbia is still characterized by huge, unapproved potential of tourism, and this type of the product of tourism is not adequately developed nor is it adequately presented on the international market of tourism.

Main profiles of a cultural tourist

In prime decade XXI century determined five key experience-design principles. For the development of cultural tourism, it is necessary to bear in mind the way of forming the main profiles of tourists interested in cultural events. Tourists who have needs for cultural events have different interests and motives. In their research, some authors have identified the basic approaches that distinguish tourists depending on the sphere of interest, but they point to the feeling of experiencing and impressions, that is, the motives, which are: (Đukić-Dojčinović, 2006, p.56) 1) theme the experience, 2) harmonize impressions with positive cues, 3) eliminate negative cues, 4) mix in memorabilia, and 5) engage all five senses.

Based on their work, this presentation offers a focus on each of the senses which, if engaged in cultural tourism experience creation, may have an effect on stirring consumers' emotions. If the offered experience managed to do that, it can be considered successful. In the modern development of several forms of tourism, from the aspect of tourist products in cultural tourism, the typology of a cultural tourist is being differentiatied. Different types of tourists are systematized on the basis of different criteria and different aspects of culture. This type of cultural tourist is based on the nature of their cultural interest. In a global context, there are two types of tourists: cultural tourist of specific interest and cultural tourist of nonspecific interest. According to motivation for participating in cultural tourism, three types of tourists can be distinguished:

1) those who visit the destination with the intention of participating in the cultural events of the destination;
2) motivated by individual motivation - the primary motive is not participating in a cultural event, but staying in a place of interest, visiting cultural events and other sights, gastronomy, etc.

3) accidentally motivated - visiting the destination does not anticipate visits to cultural events, but the contact provokes interest in the local community and their culture.

In contemporary conditions, especially since the beginning of the twenty-first century, types of cultural tourists, or their typology, should not be static, but subjected to occasional redefining in accordance with the dynamics of social change. Modern information technology enables the adaptation of the tourist product to the specific needs of tourists. In cultural tourism, as a particular type of tourism, a consensus plays an important role in creating a tourism product. However, the characteristic of a tourist product makes it difficult for a potential consensus to evaluate the offered tourist product and compare it with other similar products.

The specifity of tourist products in the cultural heritage segment

Cultural tourism was created by segmentation of the tourist market and is usually the opposite traditional mass tourism. It is very often described as a quality tourism in which it is consumption is higher, and participants are usually highly educated individuals seeking cultural activities in the destination. Culture also brings together manifestations and elite cultural sites. How culture is a precondition for the development of tourism, and tourism is a successful way of its valorization, at the area of the old continent, tourism and culture has always been connected. Rich cultural heritage motivate travelers to engage in a tourist trip. Interest in cultural tourism on the global tourism market is unequivocal, but the terminological areas are fairly large mixed. Mass tourism development somewhat ignored the importance of culture and its role in the development of tourism. In recent years, special attention has been paid to the development of cultural tourism, which is defined as a specific type of tourism that includes visits to tourists outside their place permanent stay motivated by the interest in culture.

The area of culture, by definition, is divided into two basic areas contemporary creation and cultural heritage. Contemporary human activity implies the usual, extensive and diverse human activities that result in the emergence of cultural-ethical works (visual, applied, theater, music, music-scenic, literary, film, multimedia, etc.) and their public presentation to a broad to the public, in our case tourists. On the other hand, cultural heritage is a set of creations made by individuals of the or group, in the earlier epochs, which contain artistic, historical and

scientific value in it. These works can be mobile and immovable (static), which means that cultural heritage, can be both material and immaterial (the way it treats the UNESCO).

Each tourist product is heterogeneous and specific, therefore in the creation and final design of a tourist product there is a number of components that make it original. Among the components of a tourist product, for a particular tourist, some are crucial (experience, attraction) and represent the main motivational factor in selecting a specific tourist destination. On the other hand, some components only enhance the product and represent components that support basic elements of tourism (accommodation, gastronomy, traffic). In addition to these, the cultural product of tourism is characterized by the following characteristics (Hadžić, 2005, p.76.):

- intangibility (although the souvenir can also be tangible, but not a key part of the product);
- the inevitability of products from the conscience (eg. a warning);
- heterogeneity (the individual cultural experience);
- stock formation (takes place at a certain time);

Management in cultural tourism should include the efforts of an individual to harmonize tourist movements and sustainability of cultural goods with the conscious activity, which is the subject of finding ways of organizing cultural tourism in different environments and directing it towards cultural goods and values. In terms of the specific aspect of tourism, reffering to its cultural character, its main characteristic is the degree of involvement of tourists in shaping this type of product of tourism. This is especially true for those tourists whose main motive for visiting the destination is culture above all. In the creation of a tourist product in the cultural tourism, the "commodification" of cultural products into a tourist product is increasingly expressed; for example, in the Anglo-Saxon literature, many different expressions are used in many museums today: activity center, interpretation center, theme parks, culture-business institution, multimedia center, exhibition center, open museum. The main feature of the tourist product in cultural tourism is the high degree of involvement of tourists in its final design of tourist poduct. This is the result of the efforts of the provider of services to enrich the standard of tourist products with elements of creativity, which implies a high degree of involvement of tourists in the design of their journez or destianation itself. Among the positive effects of the development of

cultural tourism in the destination are the following effects (Djukic-Dojcinovic, 2006, p.78.):

1) increase in consumption and prolongation of residence;
2) attracting tourists of higher payment power;
3) the extension of the season-higher demand;
4) preserving the cultural values of the site and cultural identity;
5) revitalization of urban environments in the role of development of the infrastructure related to tourism;
6) activation of events complementary to cultural events, as well as a number of accompanying activities;
7) additional sources of income for cultural institutions and an increase in the number of visitors;
8) increases in the area of the pleasure of staying in the destination;
9) additional employment, in particular of cultural workers and artists;
10) improving the image of the tourist destination by enriching the offer with cultural attractions;
11) expanding knowledge of one's own cultural values and enriching the cultural life of the local population.

For example, significant revenues from cultural tourism in Europe in 2016 were achieved by numerous anniversaries that were marked as cultural events (Vrtiprah, 2006). It should be borne in mind that even a third of the world's cultural heritage under the UNESCO list is located in Europe. Serbia has many cultural tourism resources: the ambience and atmosphere of different places, the diversity of culture, history, lifestyle, natural environment, clean air, water, food and local brands. An important segment in the further development of this type of tourism, besides the issues related to traveling, in terms of cultural tourism, is tourist planning and protection of cultural heritage assets. The management of such cultural assets is the responsibility of the local management of the cultural property (its community). The basis is protection, respect for the value of goods and ensuring the quality of experience with visitors themselves (Petrovic, 2014, p.78). Responsible persons in the local community have a primary obligation to prevent the negative impact of tourism through reducing authenticity and value changes due to commercialization and introduction of recognizable standards, over-construction, flood of kitsch, and the issue of the extent to which it can be commercially placed in the service of the basic mission is often subject to harmonization in the local community. In addition, it is necessary to keep in mind that cultural tourism consumption has become highly socially and spatially concentrated (which can lead to physical destruction of the objects and

social structure itself). However, the negative effects of the development of cultural tourism should also be taken into account:

1) excessive exploitation of cultural resources leads to their saturation and decline in tourist activity;
2) the tourist exploitation of cultural resources over time leads to a gradual loss of authenticity and causes irreversible changes;
3) damage done to cultural and historical monuments;
4) weakening of the cultural identity of the environment in which the guests come;

The complexes of cultural and spiritual values of material and non-material nature comprise the social and cultural identity of the destination. Presented works by domestic artists have a special importance for tourism (painters, sculptors, writers, scientists), and spiritual values are also important (customs, folklore, language, cuisine). On the other hand, the uncontrolled development of mass tourism strongly influences the natural environment, but also the development of the environment itself. There is a weakening of the original identity of a tourist environment that uncritically accepts foreign influences, neglecting its original values. The marketing policy of cultural tourism must have clearly defined objectives, it must not be a reflection of the spontaneous development of elements of a product of tourism in which the market is adapting to the product.

Culture and tourism as significant part of public diplomacy

Visiting historic and cultural sites is one of the fastest growing segments in the tourist industry and more and more destinations want to develop cultural tourism based on cultural heritage and their specific cultural characteristics. Access to the development of heritage- oriented cultural tourism, especially intangible heritage, can have multiplier effects for a particular community. The effects are visible not only in the preservation and presentation of the cultural heritage, but also in the economic value for the community. But for the community to benefit from the cultural heritage, it must first be identified and recognized within it. The very existence of a cultural heritage is not enough to be recognized on the tourist market. Multiculturalism appears (Ellman & Feidelson, 1965, p.231) as a strong marker of the crisis of the project of modernity. In fact, the basic categories of this project - philosophical, political, and social - these are questionable, sometimes seeming rough in the pursuit for multicultural identity, and especially through the requirement that includes the right to diversification in the very heart of the project. Setting

up the modernity as the right to differentiation and multiculturalism transcends the specifics of each individual national context and presents modern societies with a clear civilization challenge. In the contemporary culture, there is no doubt that tourism as a highly profitable, dynamic and propulsive economic branch of the modern economy is increasingly important. This significance is undeniably connected with an increasing number of people who as tourists visit different countries and nations as well as their cultures. The basic ethos of multiculturalism is based on the insight into which all cultures are equally worth, and therefore, ethnocentrism and racism should be accused of all those who choose a culture, cultural heritage or a moral and social order in relation to one another. Introducing new cultures, exploring existing ones provide tourism with a significant role in diplomacy, economy and politics, as well. Tourism brings cultures and nations together. Some cultures have significantly contributed to knowledge, politics and culture from other cultures (Parenti, 1993). This is where the tourism has and will continue to have an extremely important role in the times to come. Through reaching out to certain destinations and the people that embody them, tourism will assist erasing all the doubts and clarify the misconception that nations have one of another. The phenomenon of tourism, as increasingly profitable business, along with the tourists who use the services of various travel agencies and tour operators, are actually those travelers who get to the destination and quickly pass through. There are also such tourists who want to explore a tourist service offer at the destination in order to see and experience something new, exclusively or widely known to them. For tourists the important elements of their journey are the seas, rivers, lakes, mountain massifs and landscapes, caves and many other exciting destinations (Petrović, 2014, p.112). Tourism is a significant part of the culture, and through culture it is also the subject of interest of diplomats. Undoubtedly, it is known in tourism, but also in the science of international relations, especially in international economic relations, along with international cultural relations that cultural tourism is of great importance. "Cultural tourism is a touristic choice that educates people about the aspects of art, architecture and history related to a particular destination." (Djukic-Dojčinovic, 2005, p. 16). In contamporeain condition, of course, the importance of cultural tourism is the freedom of choice that is most commonly present with the people who appear as tourists. Having in mind the abovementioned, tourists traveling around the world and visiting different tourist destinations, as citizens of their countries, for the purpose of assisting them on their journey, they have diplomats in diplomatic-consular representations at their disposal

(Bound et al., 2007, p.23.). These are not only consular services on various issues, including extraordinary problems. There are cases when tourists from some country meet some sights or events with the diplomats of that receiving country. However, this is by definition the primary engagement of diplomats dealing with the cultural diplomacy (Bound et al., 2007). Already at the beginning of the twenty-first century, an important aspect of engaging cultural diplomats into the sphere of tourism is certainly the image of a particular state and its citizens. In this context, we are not an exception, because the new image of Serbia is certainly important. Therefore, for cultural diplomats, the most important engagement is in the field of culture, art, and sports education, etc. In addition to this fact, cultural diplomats represent the people and the state in embassies and consular offices, not so often in cultural centers that are the subject of bilateral agreements by officials of two friendly countries. In cases when the country has its cultural centers in the country of residence, sometimes referred to as cultural-information centers (such as the Cultural Center of Serbia in Paris) these are indeed place of occasional encounters not only with tourists and cultural representatives but also with various diplomats. Therefore, tourism is one of the most important supporters of parts of culture, but also of various types of art. In particular, in a wider context, tourism is an integral part of public diplomacy. Consequently, the goal of devoting international cultural exchange, cultural industry and cultural capital, the engagement of cultural diplomats (often cultural and informative attachés) is of great importance to every nation and state in contemporary international relations. Aside from the position and importance of international organizations such as the World Tourist Organization, which is in the special focus of every diplomat, especially economic and cultural diplomats, every national tourist organization is worth of mentioning. So far, the World Tourist Organization is the most important because it monitors and directs everything related to tourism and tourists, subsequently national tourist organizations, as those of the member states have a special vigor because they are engaged in decision making processes and simultaneously pursuing cultural policies regarding tourism and tourists. That is why the number of visits is the most important indicator of the attractiveness of a country and the culture of the people, but also of the tourist offer where the realized profits represent an important part of the work and operation of national economies. Thus, the synergy of culture and tourism will represent, in the very near future, an important field not only of the economy, but also of the diplomatic engagement that will definitely gain importance providing diplomats with

the role of actors of public diplomacy in the advanced process of globalization, which is an inevitable consequence of increasing the tourist offer and the increasing number of tourists statistically registered not only in the Republic of Serbia, but also worldwide. In the time of the fourth industrial revolution, in addition to the "invisible hand" of the market and the market mechanism, another coordination mechanism is needed, coordination of the vision.

Implementation of the concept of employability in tourism

In tourism, the employability concept, as a synonym for lifelong learning and improvement is not a new concept, but it has again gained significance by the advent of the crisis period and the increase in unemployment in all categories of workforce. Particularly emphasized is the problem of employment of young people who acquire theoretical knowledge through education but are not competitive on the labor market. Therefore, Serbia must actively take measures for both the state and the individuals to create a favorable climate in which it can influence the increase in the employability of young people, as this will also increase the quality of the total workforce. This concept aims at lifelong learning and improvement of the person in order to increase the quality of his competences and enable employment, since lifelong employment and non-training in training, in many cases, is no longer possible. A number of reasons, and above all unfavorable conditions in the labor market, are an important reason to underline the implementation of the concept of employability today (Milovanović et al., 2017, p.43.). However, this concept should not be identified with employment. Employability refers to the possibility of employment, and employment is the result of someone's employability. The essence of this concept is the view that continuous learning and adjustment is the only way to increase the likelihood of an individual gaining employment, that is, to ensure a higher level of job security and increase the benefit for himself, but also for his community and the overall economy. If the concept of employability is monitored, three perspectives can be distinguished in the conceptualization of this category: economic-social, organizational and individual perspective. All three perspectives differ from each other as to which key players they represent, and who is the key entity that generates the early employability of employment in tourism. Under conditions where employment, in tourism, is viewed from an economic and social perspective, it is linked to the ability of different groups of labor to realize and retain the status of employment. Then, if employability is viewed

from an organizational perspective, it refers to human resource management practices that optimize the deployment of workforce within an organization in order to increase its flexibility and competitive advantage (Petrović, 2015, p. 45-48).

The individual perspectives on employability focus on the predispositions and behavior of individuals that enable him to identify and realize career development opportunities, that is, the possibility of successful transition to the market in terms of transition from the status of unemployed to the status of an employee, change of work place, change of employer, It is the individual perspective that is dominant in Serbian conditions, as well as modern career perceptions, where the focus of responsibility for continuity and career development is transferred from the organization to specific individuals who take responsibility.

This concept has significantly evaluated over time: first it had a macro perspective, and the mezzo and micro perspective that are then rapidly evolving, and the micro-perspective becomes dominant. The basic message given by this perspective is that the individual becomes the key generator of personal employability. Therefore, the individual himself should be involved in activities and should take measures to become more competitive on the labor market. In this way, it increases the chances of retaining or gaining employment status. However, employability is not only determined by factors that are under the control of individuals, but also by factors outside of its scope, such as labor market characteristics, government intervention targeted at certain groups of people, the global economic situation (global crisis) and the like. Therefore, although employability, from a micro-aspect, promotes the idea that individuals need to take care of their attractiveness in the labor market, events and attitudes at the macro level can still significantly affect the employability of individuals. This classification of perspectives on the concept of employability shows that it is possible to identify three key groups of subjects that can generate labor force employability, i.e. to increase the probability of its employment and the quality of the workforce, especially for young people as the group with the highest unemployment rate in Serbia. These are the state, organizations and individuals (Đorđević & Milanović, 2015, p.321).

In addition, each subject has a variety of mechanisms and a set of measures that can be implemented to achieve employment, or enable other labor market transitions. The youth service package, according to

the strategic document "National Action Plan for Employment for 2018", includes the steps of this service that will prevent obsolescence of knowledge and skills of importance for competitive entry into the labor market and falling into the long-term unemployment of young people registered on the record unemployed persons. Package includes: 1) assessment of the employability of the person; 2) the introduction of an individual employment plan and measures that are most suitable for activating and raising the employability of young people, 3) mediation in employment or inclusion in active employment policy measures. Therefore, issues related to retention and attraction of talent from the economic emigration (diasporas) should be high on the political agenda of executive and legislative policy of Serbia, or long-term development strategy. The focus should be on the contribution of our talents to the innovative system of the country and the way they cooperate with the scientists of science and technology from the diasporas. How to improve entrepreneurship and alleviate the outflow of talented highly educated personnel is a major and almost unsolvable problem in the coming period that is set before Serbia and its development policy. Numerous experts believe that easing or slowing down the brain drain is democratic governance, and does not suffer restrictive measures. In that sense, Serbia should bring a series of indispensable stimulus measures

Conclusion

In the present conditions, tourist activity, as well as its complementary activities, in synergy with cultural tourism, directly affects the economic growth and increase of the employment of each country, especially at the local level. In dynamic, global tourist trends, the cultures and rich cultural heritage of European countries have become a very important factor that maintains the vitality of the competitiveness of the entire European tourist product in the growing competition at the world level. This type of tourism is important because of its multiple positive socio-economic implications, but it also provides financial support for the preservation, revitalization and promotion of heritage, ensuring the financial independence of cultural institutions and organizations, and affecting the process of decentralization of culture. Tourists as visitors contribute to the popularization of cultural attractions. In addition, the local population raises awareness of the cultural values of the destination. Then, the interest of tourists for various aspects of a locally authentic way of life promotes the restoration of the almost forgotten autochtonous traditions. On the long run, however, it is necessary to avoid the complete

commercialization of cultural and historical heritage. This jeopardizes the reputation of the cultural and historical destination and further stimulates the massiveness of the visits, as well as the danger of devastation.

Therefore, we should very carefully approach the exploitation of these goods as a resource for the tourist offer. Cultural Heritage Tourism plays an important role in the Serbian Tourism Industry. However, just as expectations of tourists change, also their media consumption changes due to social media and digital tools like smartphones. A new world of experiences has to be created and communicated without losing authenticity and the "real spirit" of the heritage. This creates also the need for well-educated tourism workers, with a sound understanding of their subject. Drawing on the experience of dual education in Austria this presentation looks at the possibility of new educational programs that are able to foster the innovation capability to meet the challenges of the industry in years to come (Ministry of Labor and Social Welfare of the Republic of Serbia, 2019). Tourism, as a labor intensive activity, is a particularly complex system that develops and operates in international, national and local contexts and is influenced by a number of interdependent elements on which it depends and on which it affects. The development of tourism as a competitive activity with added value would be a source of Serbia's economic growth, and its development would contribute to the improvement of the foreign trade balance of Serbia but it would primarily support the "healthy" growth of the rest of the economy.

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RELATIONS BETWEEN MOUNTAIN TOURISM, DEMOGRAPHIC STRUCTURE AND EMPLOYMENT AT LOCAL LEVEL IN SERBIA

Marijana Pantić[1]; Saša Milijić[2];

Abstract

Mountain areas have various functions. The matter is prevailingly about their environmental values because geographically induced isolation of mountains makes them more difficult in terms of accessibility and intensive settling, which again have negative impact on their economic development. As literature stresses that tourism is one of the major means for economic diversification and activation of depopulated mountain areas, this research deals with trends and mutual relations between a basic demographic structure in mountain areas, employment and tourism at the local level. A set of representative variables from the field of demographics, employment and tourism are firstly analysed regarding recent ten-year trends and finally tested in their mutual dependence through a correlation analysis. The paper brings the whole range of results, but the main ones prove that there is a relation between population size, ageing index, a share of tourists and share of domestic tourists in mountain units of self-governance (municipalities or cities).

Key Words: *mountain tourism, employment, demography, ski resorts, Serbia*
JEL classification: *J11, J14, J49*

Introduction

In academic literature, in strategic, planning and legislative documents, mountain areas are the most frequently recognised by three aspects: (1)

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problems and challenges that are more intensive than in other areas, (2) agricultural activities, and (3) tourism (BDMRRC, 2002; Dabić et al.. 2002; Brewer Lama & Sattar, 2004; Price et al., 2004; Burdusel et al., 2006; Bogdanov, 2007; RASP, 2010). Thereby, agriculture and tourism are seen as complementary activities, where the former belongs to traditional economic model and the tourism got its later development influx, particularly when it comes to experiences of mountain areas outside of the West-European region (Bieberstein Koch-Weser & Kahlenborn, 2004; Milijić et al., 2008; Pantić & Živanović Miljković, 2010; Milijić, 2015). Tourism in general, including event tourism, is recognised as a tool for local development in any type of area (Bjeljac et al., 2013). Both alternatives – agriculture and tourism – are chosen to be the carriers of contemporary economic mountain development and as two out of few sustainable development pillars in the preservation of demographic capital and its vitality (Pantić, 2014; Milijić, 2015).

Tourism is a development generator – both commercial and non-commercial – that has a positive impact on the development of other activities in economically hindered regions, such as mountain areas (Milijić et al., 2008). An increasing number of tourists in the mountains creates new jobs, which is further related to mitigation of emigration and general demographic trends (Milijić et al., 2010; Pantić, 2014). Mountain tourism, particularly ski resorts, is one of the fastest growing sub-categories of tourism, not only in Western Europe, but also in Southeast Europe and Serbia (Milijić et al., 2010). Economic advantages of tourism development can be recognized in increased BDP, activation of financial inflow from outside of mountain regions and the country, etc. (Mililić, et al., 2008).

Similar to the global context, Serbian mountain areas, being delineated as areas above 600 m elevation (Pantić, 2015a), are entitled as areas with a higher extent of problems than it is the case at the national level or at the level of main gravitational zones (RASP, 2010). One of the problems is dealing with consequences of demographic change, which means that total population size in Serbian mountain areas and their units of local self-governance (ULS) are harshly influenced by depopulation, emigration and population ageing processes (Pantić, 2014). Between 1948 and 2002, mountain areas in Serbia lost 40% of its population and it grew older than national and EU-27 average (Ibid.). Since agriculture was a major economic activity in the mountains of Serbia before and during the intensive depopulation period (cca. since 1950) (Stojanović, 1990), most

of recent strategic and planning documents give the mountain areas a chance for revival through tourism development (RASP, 2010; Official Gazette, 2004; Official Gazette, 2016).

Population in economically hindered mountain ULSs in Serbia considers road infrastructure and enrichment of job offers/opportunities as the most relevant preconditions to motivate them to stay in the mountain areas and also to "invite" emigrants back (Pantić, 2015b). In addition, tourism is recognised as a proper development change for the population in the most developed mountain ULSs, too (Maksin et al., 2011). This indicates that agriculture, at least in the context it is developed in Serbia at the moment, is insufficient in providing acceptable economic effect and subsistence of the mountain population at their current location. Therefore, this paper focuses on connections between demographic trends and tourism, i.e. employment and tourism.

In the following sections, the presentation of this research is initially explained through applied methodology, after which comes analysis of chosen mountain ULSs in Serbia from the aspect of demographic trends, trends in employment, employment in tourism and tourism investments in the last ten years. After the presentation of recent trends, follows the section with results of the correlation analysis. The correlations were tested between variables from the field of demography, employment and tourism, i.e. the same variables that are presented in the previously mentioned section. Finally, the last section summarises the conclusions, including the elements of discussion regarding unexpected findings.

Methodology

Regarding the focus of the research, the first methodological task was to determine representatives of mountain tourism, so that they are statistically measurable. Tourism activities are widely dispersed over Serbian mountain and hilly areas, but since the intensity and tourism development is rather insignificant if it is not systematically supported, organised and defined by spatial planning, the decision was made to keep this research focused on mountain tourism centres that include whether ski-tourism combined with accommodation options or other very well established tourism centres. In order to differentiate mountain from hilly areas, only those centres that lie above 600 m elevation were taken into consideration. The choice was finally shortened down to Besna Kobila,

Crni Vrh, Divčibare, Golija, Goč, Kopaonik, Rajkovo, Rtanj, Stara Planina, Tara – Mokra Gora, Zlatar and Zlatibor (Table 1).

The chosen approach was quantitative, in order to make it possible to compare different sorts of variables (demography, tourism, employment) at the level of each mountain tourism centre separately, as well as in their mutual comparison. Therefore, it was necessary to delineate each mountain tourism centre in the lowest possible unit for which there were available statistical data. The lowest possible administrative unit, in this case, were municipalities or cities, hence, the analysis was conducted on those ULSs to which the chosen mountain tourism centres pertained (Table 1).

Table 1: *Case studies – mountain tourism centres, corresponding ULSs and their spatial dispersion*

Mountain tourism centre	**Corresponding ULS**	**Spatial dispersion of ULSs**
Besna Kobila	Vranje	
Crni Vrh	Bor	
Divčibare	Valjevo	
Golija	Ivanjica	
	Novi Pazar	
Goč	Kraljevo	
	Vrnjačka Banja	
Kopaonik	Brus	
	Raška	
Rajkovo	Majdanpek	
Rtanj	Boljevac	
Stara planina	Knjaževac	
Tara - Mokra Gora	Užice	
	Bajina Bašta	
Zlatar	Nova Varoš	
Zlatibor	Čajetina	

Source: *Elaborated by the authors*

Census data in Serbia are being collected and reported every ten years; meanwhile, many data at settlement or ULS level are not recorded. In order to show recent trends and to omit the issue with outdated data, this research is based on annual statistical publications that contain data on all targeted topics. The chosen time-frame is the ten-year period from 2007

to 2017. Overlapping two criteria – topics of the paper and available data – the following variables were chosen:

- Demography
  - Population size
  - Ageing index
- Employment
  - Share of working population
  - Number of unemployed per 1,000 inhabitants
- Tourism
  - Share of employees in tourism (restaurants and hotels)
  - Number of tourists per 1,000 inhabitants
  - Share of domestic tourists
  - Share of over-night stays of domestic tourists
  - Investments in tourism (new capital assets counting investments in accommodation and food services).

The analysis was conducted in two steps. In the first step, this research reports on a ten-year trend by each variable – for each ULS individually, but also in a summary for all mountain tourism centres. To secure comparability of the data, most of the variables were expressed in relative instead of absolute values. Only the population size and investments remained in absolute values.

A correlation analysis was the second step. The correlation was tasted between all variables in a correlation matrix. In order to maximise comparability of variables of diverse value ranges, variable values prepared for the first step of the analysis were previously transformed into standardized values, and only as such used in correlation analysis. The analysis was conducted for each ULS individually, but also on data aggregated for chosen mountain tourism centres. It is relevant to mention that the data by each variable were aggregated in two ways: (1) variables for which absolute values were available in statistical reports were summed up, while (2) variables for which statistical reports offer only relative values (e.g. share of employees in tourism) were aggregated as average value of all mountain tourism centres. The major role in result interpretation had correlation analysis at the aggregated level, but individual case correlations were used to confirm and ease interpretation of results. The interpretation presented in the paper is limited to the strongest correlations: very strong (over 90% overlapping), strong (80-90% overlapping) and indicative (70-80% overlapping). Additional

interpretations are given in the notion of positive or negative dependence of variables.

One of the methodological limitations, that might have deviated the results, is the fact that some of the analysed ULSs encompass more than one touristic centre and that, besides one mountain centre, other touristic centres cannot be related to mountain tourism, but rather to spa- or city-tourism. Related to this is also the fact that analysed ULSs are of different size – some of them are rather small (e.g. Čajetina, Nova Varoš), while others represent regional centre (e.g. Kraljevo, Vranje). Another limitation is data on over-night stays of tourists, which are not considered complete due to households that provide accommodation services without prior issuance of a licence by corresponding bodies. They are not included in statistical reports. In addition, some of registered accommodation units do not report all over-night stays.

Demographic dynamics and population age[3]

In the analysed period of time, population size has been constantly decreasing in the case of most analysed ULS. The largest exception is the City of Novi Pazar where, in contrast, number of inhabitants increased (in total by 12.4% from 2007 to 2017) (Statistical Office of the Republic of Serbia [SORS], 2009, 2010a, 2010b, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018). Besides Novi Pazar, Vrnjačka Banja can be also reported as an exception due to its persistent population size fluctuations – switches between increase and decrease, but where population size decreased (by 0.5%) comparing beginning and the end of the analysed decade. Another exception is the City of Kraljevo, where number of inhabitants increased in 2011, but only due to the changes in the Census methodology, which started to count internally displaced persons from Kosovo and Metohija as permanent residents. As Kraljevo is larger settlement the closest to the north administrative live with Kosovo and Metohija, it was one of the most attractive targets for the displaced population, which influenced demographic structure of the city. Regardless of the methodological influx of inhabitants (representing only

3 This and the following three sections ("(Un)Employment Dynamics and (Un)Employment in Tourism", "Tourism Dynamics", "Correlation Analysis Results") are based on the following sources: Statistical Office of the Republic of Serbia, 2009, 2010a, 2010b, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018). Each presented result relates to all the listed soruces; therefore, in order to omit repetition, the sources are not always referred through the sections.

mechanical increase), population size in Kraljevo continued to decrease until the end of the analysed period (by 0.3%). The largest population loss is registered in Majdanpek (by 21.2%), Boljevac (by 19.1%) and Nova Varoš (by 11.3%). In average, the analysed ULSs lost about 10% of population.

If demographic age is evaluated through ageing index[4], population in analysed mountain municipalities/cities grew older by 54.3 index units from 2007 to 2017 (from 114.1 to 168.4). As it is taken that desirable index values range up to 40 index units, the populations with ageing index over 40 are considered to be ageing populations (Census, 2011). Therefore, an increase of over 50 index units during the analysed ten-year period in case of the mountain ULSs can be considered to be the ageing process of exponential progression. The only ULS that recorded index values under 40 at the begining of the analysed period is Novi Pazar (39.0). The second youngest ULS is the City of Vranje with ageing index 75.4 at the beginning and 119.2 at the end of the ten-year period. Besides those two, Bor (96.5), Majdanpek (97.8) and Užice (98.7) also had index values under 100. Undoubtedly the oldest population age structure has Knjaževac, as it was in 2007, it continued as well in all consecutive years up to 2017 (214.6–254.7). The most progressive ageing trend was recorded in Nova Varoš where index leaped from 113.7 to 218.4, while Novi Pazar recorded the smallest increase (10.4 index points). The most intensive ageing processes, with exception of Novi Pazar, was registered in the transition from the year 2011 to 2012.

(Un)Employment dynamics and (un)employment in tourism

Fluctuation in a share of working population in time-frame 2007-2017 did not appear to be significant – in case of each ULS it was less than 5%. Nevertheless, the majority of ULSs record the same trend: an increase of working population share until 2011 (case of five ULS) or until 2012 (all other ULS), after which was induced a decrease. The five ULSs, where decrease occurred a year sooner than in others, are Čajetina, Majdanpek, Bor, Vrnjačka Banja and Novi Pazar. However, at the end of the analysed period, only Knjaževac had under 60% of working population (59.2%), while Valjevo had the highest share (66.8%). In comparison to the

[4] Proportion of number of elderly population (60 and over) to young population (0-19) or No(60+)/No(0-19)*100.

starting year (2007), Brus, Boljevac and Novi Pazar had practically the same share as at the end of the period (2017).

The number of unemployed per 1.000 inhabitants decreased in the majority of analysed ULSs. Only Brus and Boljevac recorded increase of unemployment (from 104 to 132; and from 68 to 83 respectively). The largest decrease occurred in Novi Pazar (by 43), followed by Vrnjačka Banja (by 42), Užice, Raška (both by 38) and Nova Varoš (by 36). In 2017, the lowest unemployment was in Čajetina (37) and the highest was in Novi Pazar (174). The highest unemployment in 2017 was also in Novi Pazar (217), which indicates that, whatever the reason might be, unemployment was dealt intensively. In addition, a general note would be that unemployment rate trend is not stable and that it fluctuates from year to year in the majority of analysed ULSs.

A share of employees in tourism decreased in five ULSs from by 0.1% to by 3.7% (Raška, Čajetina, Boljevac, Bajina Bašta, Vranje respectively), in Majdanpek the share remained the same in 2017 compared to 2007, while majority of ULSs recorded increase from by 0.5% (Bor) to by 5.2% (Brus). On average, a share on employment in the tourism sector is increasing. However, the growth was not consistent over the analysed period of time, but generally speaking, the share was decreasing from 2007 to 2010, stagnating between 2010 and 2014, and finally increasing since 2014. A share of employees in tourism exceeded 10% only in three ULSs at the begging of the analysed period, as remained the case at the end of the period. It occurred in Raška, Čajetina and Vrnjačka Banja. Interestingly, share of employees in tourism decreased in Raška (from 13.2% to 13.1%) and Čajetina (from 22.9% to 22.7%) that are two ULSs with the highest share regarding employment in tourism.

Tourism dynamics

In most of the ULS number of tourists (per 1,000 inhabitants) was decreasing until 2010, after which it fluctuated in various ways (depending on ULS) from 2010 to 2014 (a few cases to 2015), and finally started to increase since 2014. However, there can be named two exceptions: Užice, which recorded subtle and permanent increase of tourists throughout entire period; and Kraljevo, which did not record positive results after 2014, unlike most of the other ULSs. In the observed a ten-year span, four ULSs did not record increase of tourists (Majdanpek, Bajina Bašta, Kraljevo and Ivanjica), while Užice and Kraljevo recorded

increase smaller than 1% in the time-frame from 2014 to 2017 when other ULSs recorded an increase higher than 50%. Similarly, Bor and Vranje had below 15% increase. Measuring an increase in the span from 2007 to 2017 and from 2014 to 2017, the best results were achieved by Valjevo and Boljevac, while Knjaževac experienced the largest expansion regarding the ten-year period (231.1%). After 2014, it appears that Nova Varoš took a good leap towards tourism development because its number of tourists per 1,000 inhabitants increased by 102.4%. In 2017, Čajetina had the largest number of tourists per 1,000 inhabitants (13,529), followed by Vrnjačka Banja (8,231). Both ULSs also hold the leading positions regarding then-year average. In contrast to these, Vranje, Novi Pazar and Kraljevo had the lowest number of tourists per 1,000 inhabitants (below 200), and Bor joins them on the list when it comes to a ten-year average.

A general trend is a decreasing share of domestic and an increase of foreign tourists. Valjevo and Nova Varoš represent exceptions because they record sadden increase of domestic tourists since 2014. Overall speaking, there is high share of domestic tourists in all analysed ULSs: the lowest recorded share in the analysed decade was 61.3% (Novi Pazar in 2016), while majority of ULSs in majority of the observed years had more than 80% of domestic tourists. The least desirable cases are Bajina Bašta and Ivaljica because they have not succeeded in increasing a share of foreign tourists beyond 10% during entire ten-year period. In average, only Užice, Kraljevo and Novi Pazar had more than 20% of foreign tourists in the ten years. Insecurity in tourism development might be noted in the case of Boljeavc, Vranje and Knjaževac that do not record constant trend in development, but the values vary from one year to another, thus indicating no clear trend. Similar inclinations appear in Novi Pazar, too.

Similar to the percentage of domestic and foreign tourists, a share of nights that domestic tourists spent in the mountain tourism centres is in decline, which indicates increasing percentage of foreign tourists. Nevertheless, the difference in share of domestic over-night stays compared to foreign over-night stays is insignificant (domestic overnight stays were in each ULS and in each analysed year beyond 80%). In addition to this, it is interesting to mention that trend in domestic over-night stays over the course of ten years strongly fluctuated in Nova Varoš, Bajina Bašta and Ivaljica from year to year, with no evident trend of

increase or decrease. Also, Valjevo recorded a major drop in domestic over-night stays, after which followed an intense increase.

As for absolute values of annual investments in tourism (new capital assets counting investments in accommodation and food services), it seems that there is no defined tourism development policy at the local level, or at least that there are troubles with policy implementation. Namely, in majority of ULS, investments strongly fluctuate from one year to another, in both directions: rising and decreasing. In the case of Boljevac there was no investment from 2007 to 2017, in Majdanpek since 2010, in Nova Varoš since 2011 and in Novi Pazar since 2016. ULSs with the most success with this regard are Raška, Čajetina, Bor, Knjaževac and Kraljevo, but there should be still differentiated three groups. Bor and Knjaževac belong to the first group that had very low investments at the beginning of the analysed time period (if any) and their final investments increased to humble amounts. Kraljevo is the case where starting investments at the beginning of the period were also low, but in the end it got to a more significant level. Finally, Raška and Čajetina appear to be the ULSs with solid investments (regarding mutual comparison of the analysed ULSs) all the time, particularly Raška.

Correlation analysis results

This section of the paper discusses the results of the analysis for the summary of all case study ULSs, although individual analysis of each case itself helped interpretation of the results and additional confirmation of their relevance. Generally speaking, the results in case of some ULS are differentiated to a larger extent regarding some variables and depending on ULS's size difference, whether their tourism offer is based solely on mountain/ski resorts or they have developed spa-, city-, or other sort of tourism, etc. The relations tested here are interpreted in three categories: very strong relations (over 90% overlapping), strong relations (80-90% overlapping), and indicative relations (70-80% overlapping).

If correlation analysis is conducted collectively for all chosen mountain ULSs, the strongest relation occurs, naturally, in the case of dependent variables – the share of domestic tourists and share of domestic tourists' over-night stays. Certainly, their correlation is positive. By putting this relation aside, the strongest correlation is found in the case of overall number of inhabitants and ageing index, which are again variables from the same field – demographics. In contrast to the previous relation, this

one is negative, or it can be stated that smaller ULSs have older population and that an increase in elderly population corresponds to a decrease of the total population size.

First, a very strong correlation between variables from different fields is a correlation between ageing index on the one hand, and the share of domestic tourists and share of domestic tourists' over-night stays on the other hand. Their correlation is negative and does not indicate an obvious causality. It is complementary to indicate a correlation between total population size on the one hand and share of domestic tourists and their over-night stays on the other hand, which is positively related. By taking in account previously spotted correlation between ageing index with a total ULS population size, it can be concluded that the share of foreign tourists is higher in smaller mountain tourism ULSs (e.g. municipalities with no significantly large urban centre and that rely prevailingly on mountain tourism and resorts), than in larger city centres. This result deserves attention in future research since it was not obtained only in a collective analysis of mountain tourism ULSs, but also in the analysis of separate cases.

The last among very strong correlations was recognized between the share of working population in the total population size and a number of tourists per 1,000 inhabitants. It shows that communities with higher share of working population have smaller number of tourists. However, since the range of working population share, observed through all ULSs and entire ten-year period, varies only in few percentages, it is the question whether this correlation should get particular attention and relevance.

Strong relations were found between share of working population employed in tourism sector and number of tourists (per 1,000 inhabitants). This relation is, as it would be expected, proven to be positive: share of employees in tourism increases with number of tourists. In addition, there was found an indicative relation showing that total population size decreases with increase of number of tourists, and that number of tourists increases parallel to decrease of unemployed. The firstly mentioned relation speaks in favour to earlier indicated relation – smaller mountain ULSs are more successful in tourism than larger ULSs, while the former relation proves the positive dependence between tourism and employment in mountain tourism ULS.

Besides proven relation between tourism and employment, which was the main focus of this paper, this research has also brought unexpected results. Namely, the analysis indicated, although a correlation was not strong or indicative, that there is negative dependence between the number of inhabitants and height of investments in tourism; that relation between employment in tourism and overall employment is not significant; that there is practically no relation between investments in tourism and number of tourism employees, as well as between number of tourists and investments. The absence of relation between investments in tourism and a number of tourists and tourism employees might indicate that attractiveness for tourists does not lay only in direct investments in tourism, but also in general investment, e.g. in the field of culture and infrastructure. Although, it can be indicate a lacking quality of the available statistical data.

Conclusion

General trends regarding demography, tourism and employment in mountain tourism ULSs are a decrease of population size, as well as a share of domestic tourists, unemployment, recent decrease of a share of the working population, while population age, number of tourists, a share of employees in tourism increase.

In the time-span from 2007 to 2017, analysed mountain ULSs lost 10% of its population. One of the factors is certainly low birth-rate, which is recognisable though very fast tempo of population ageing. The increase of elderly population is one piece of evidence, but it is slowly becoming to be detectable through a trend of the working population that has started a phase of decrease. Knjaževac is exactly the example that has the oldest population and, parallel to it, the smallest share of the working population.

Overall, a share of employees in tourism is rather low, which indicates that most of the ULSs still rely on the other sectors of employment. The alarming fact is that ULSs that experienced the greatest loss of employees in tourism during the analysed period of time are exactly those ULSs that have the highest share of employees in this sector. The success in tourism can be partially measured by a share of foreign tourists, which is low in all analysed ULSs, but at least there is an increasing trend. Finally, the tourism industry in Serbian ULS deals with the problem of inconsistent investment strategy, which is lacking in the majority of analysed cases.

If observed at the level of individual ULSs, there are a few exceptions and examples relevant to mention. Kraljevo and Vrnjačka Banja were significantly influenced regarding demographic structure by its position (located near administrative the line between central Serbia and the autonomous region of Kosovo and Metohija). Nova Varoš and Knjaževac are examples of a rapid population loss and a population ageing increase, but on the other hand those two municipalities recorded an increase in the number of tourists, an increase of foreign tourists, employment and a share of employees in tourism. In addition, municipalities Brus and Raška share the same mountain tourism centre, but still show opposite results. This might be the proof that success depends not only on external, but rather on internal conditions and that diversification of economic activities brings positive outcomes. Namely, a share of employees in tourism increased in Brus more than in any other ULS, while employment decreased; in Raška, there is the opposite situation. Finally, the City of Valjevo represents an exception among ULSs with a larger urban centre because it grew in terms of tourism in contrast to Kraljevo, Vranje and Novi Pazar.

The cases of ULSs where tourism development indicators rise while demographic change is still heading on might be explained with the postponed effect of tourism until adequate support is given also to other complementary activities such as agriculture (Maksin et al., 2014). In addition, tourism development requires high investments (commercial investments in governmental responsibility) in the beginning, which takes time and postpones the effects of non-commercial investments (dependent on private investments) (Milijić, et al., 2010).

Regarding relations and dependency of variables in the field of demography, tourism and employment, the analysis has shown that smaller ULSs, which have no significantly large urban centre and rely prevailingly on ski-tourism instead of city-break tourism, have a rather elderly population, but the higher number of tourists and a higher share of foreign tourists. A higher share of employees in tourism is positively correlated with a number of tourists and a number of tourists is positively correlated to employment. In contrast, investments in tourism are negatively correlated to ULS population size.

In the summary, relations between mountain tourism, demographic structure and employment at the local level can be recognised on the examples analysed in this research. Some of the aspects, such as a

negative correlation between the population size and a number of tourists, would be interesting for further research, as well as the influence of investment structure to overall employment, but also to employment in tourism and tourism development.

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AGRO-TOURISM ENTREPRENEURSHIP AS EMPLOYMENT POSSIBILITY

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Abstract

This paper examines the interest and possible reasons for launching entrepreneurship in the field of agro-tourism in order to reduce unemployment. The survey was conducted using the survey method, which gathered the relevant indicators needed to draw conclusions. The Harper test (Harper SC., 1991) was used, with modified questions, tailored to the needs of entrepreneurship in tourism. The aim of the research is to determine the level of interest and the entrepreneurial potential of potential agrotourism business starters. The results show that people with secondary education are most interested in this kind of enterprise. The main advantage of potential agro-tourism entrepreneurs is experience in the same or similar business, while the main disadvantage is the lack of business connections. Further conclusions indicate that our average potential agro-tourism entrepreneur wants to invest in a business that he knows, he is ready to invest primarily because of lack of work and profit.

Key Words: *agrotourism, employment, entrepreneur*
JEL classification: *Z32, L26, Q13*

Introduction

Based on the research on entrepreneurial skills of Serbian people and their interest in setting up their own business, the authors have come to the conclusion that the group which is the most interested in starting business through entrepreneurship is the group of people who have secondary school education (Vojnović et al., 2014). This finding also indicates that the mentioned group is the most represented in the portion of unemployed

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population in Serbia. The mentioned research shows that more than 20% of potential entrepreneurs have lower education degree, but the fact that there are more than 18% of highly educated people among potential entrepreneurs is very encouraging. These results indicate that the problem of unemployment is present in groups of people of all educational levels. The results according to Harper's Guide (Harper SC., 1991), which was used in our research as a model for evaluation of entrepreneurial skills and qualities of potential entrepreneurs in Serbia, indicated **16.4** points on average, out of maximum +85 and minimum -85. The descriptive mark is the following: **You can have your role in a business team, without taking a leading position** (Vojnović et al., 2014). In this way, the idea was induced to conduct a mini survey and explore the entrepreneurial qualities of potential subjects who would do business in the field of agro-tourism in Serbia.

400 subjects were surveyed, but the results come down to 118 subjects, who declared that they would do agri-business and agreed to take part in a survey. The question method was used. It was the most frequent research method. It was based on researching the random sample either via direct contact, telephone, mail or some other way. The sample was random (Riznić et al., 2010).

The research described in this paper is presented in a couple of logical units. Firstly, the significance of entrepreneurship in the development of rural environment and implications for the development of rural entrepreneurship were highlighted. Then, the practical results on measuring entrepreneurial qualities of potential agro-tourism entrepreneurs were presented.

The idea for this research is based on Harper's test for measuring entrepreneurial qualities. The interview method, mostly based on motivation factors, was used for the practical application of the test (Riznić et al., 2010). Harper's test was adjusted to the research needs in the part related to determining entrepreneurial predispositions of potential entrepreneurs within the field of agro-tourism. This was necessary in order to get precise data and at the same time adjust to the current circumstances in Serba. The survey is one of several studies conducted by the students of Higher agricultural school of vocational studies in Šabac, study programme Management, subject Agromanagement. Based on the given answers, the corresponding conclusions were made. The results are shown in the form of tables and graphs.

Specific features of tourism economy and its complementariness with other activities

The development of tourism provides the opportunity for the economic revival of numerous other activities. Therefore, tourism is an important factor for launching the entire economic development. A significant number of areas convenient for tourism promotion are economically underdeveloped and mostly rely on agriculture and natural resources. Starting tourism in such areas has a positive influence on the development of other service and non-service activities, the production of specific goods for tourism, investments, and numerous other activities (Vojnović et al., 2013).

Tourism has a significant economic function since it activities a great number of economy related and economy non-related activites which, taken independently, do not have their own tourist characteristics.

Tourism accelerates and enhances their development, increasing the gross domestic product. This function of tourism is very important for entire economy of the country because the expenditure in tourism quickly overflows into many other activities, thus enhancing its primary influence. This phenomenon is known as a multiplicative function of tourism. Also, due to tourism and its power to activate those natural resources which would otherwise remain non-profitable, a very lucrative source of income is created. In addition to natural potentials, many economy non-related activities are launched. For instance, culture with a very wide range of activities. This capacity of tourism is called a conversion function.

The effects of tourism on GDP are possible if the services are provided for foreign consumers. Such income is considered as an increase of GDP because it is brought into the native country from foreign national incomes and as such, it is taken as an increase in GDP. The effects of tourism are significant for total investment activity as well. The development of tourist economy triggers the need for new accommodation capacities, sports and entertainment facilities, etc. Also, the need for the development of transportation and infrastructure arises, together with the need for numerous other objects necessary to meet the tourists' needs (Vojnović et al., 2013).

Agro-tourism as a special form of toursim can do the following: increase the income of those who start business, provide new forms of

employment, turn rural environment and agricultural resources into tourist resources, give support to social and cultural development of agricultural community, promote the sale of good quality agricultural and food products, upgrade or develop agricultural area and reduce rural migrations. Agricultural structure and production in Serbia are marked with great regional differences which mostly serve as an excuse for not being able to create a unique developmental and agricultural policy in these areas (Stefanović et al., 2011).

In addition to standard agricultural activities, the emerging trends in the surroundings show that many people turn to agro-tourism as an additional source of income. There are multiple advantages of the development of agro-tourism: reinforcement of local economy, opening of new possibilities for employment and setting up new companies, the development and promotion of training programmes whose purpose is to introduce young people to agricultural production and environmental protection. Rural tourism helps preserve the traditional way of living and culture in villages. Besides, it provides additional opportunities for selling local handicraft and food products (Tomaš Simin & Njegovan, 2017).

Tourism as an employment factor

The complexity of tourism means that there is a need for professionals of different profiles and qualifications, in which way job opportunities are provided for a larger number of such individuals (Vojnović, 2004). Tourism as an activity which affects the employment and employment enhancement is characterized by the fact that the rise in the turnover requires an adequate increase in the number of employees.

For example, in industrial activities, the increase of production that comes with the development of new technologies very often leads to the expansion of turnover with a constant decrease in the number of employees or this number remains unchanged. A certain pattern can be noticed in the seasonal activities where the irreversibility appears, when there is a strongly expressed demand for work force. Also, the specific need for female workforce can be singled out. As a rule, it is more difficult for women to find jobs (Cvijanović et al., 2011).

Tourism activation leads to employment processes not only in tourist jobs but also in a series of other fields, which has positive effects on national income and consequently the standard of living goes up. A particularly favourable circumstance brought on by the tourist activity is the import of

foreign currency without any export of goods whatsoever. The fact that services are a high profit category which takes up 55% of the world economy, compared to production which takes up 45%, speaks in support of the thesis that tourism is becoming more and more important.

Economic experts predict that over the next 40 years the services effect will go up to 85%, whereas agriculture and production will be represented with only 15% in the total world turnover. If we know that tourism predominantly consists of services, it is needless to comment at all. Therefore, tourism not only affects the redistribution and exchange of income, but it also launches numerous other activities including production, and in this way it is a very important employment factor.

The latest data indicate that tourism sector in Serbia takes up around 6% of the total employment rate in the Republic of Serbia. Approximately 70 000 workers are employed in this sector which is related to providing services of accommodation and food.
In 2016, 72 186 employees were registered within the activities directed at providing tourist services in Serbia, which makes a rise of 3.7% compared to 2015.

Table 1: *The share of tourism in the total economic activities of the Republic of Serbia*

Registered employment in the Republic of Serbia	Number of employees			Share of tourist services in economic activities, in %		
	2014	2015	2016	2014	2015	2016
	(January - December)					
Republic of Serbia	1,845,494	1,896,295	1,920,679	-	-	-
Tourist services	58,636	69,308	72,186	-	-	-

Source: *Statistical Office of the Republic of Serbia.The preliminary estimate of the Service for development support, Chamber of Commerce and Industry of Serbia.*

In 2011, Serbia was on the 147th position in the world considering the total share of tourism in the GDP. As for the ex-Yugoslavian republics, Croatia was on the 20th position (26.3%), Montenegro on the 37th (17.4%), Bosnia and Herzegovina on the 93rd (9.1%) and Macedonia on the 160th (4.7%). In 2015, Serbia moved forward on this list, taking up the

111th place based on the total portion of tourism in the GDP which was still 2.3 billion dollars. The total contribution of tourism to the GDP in Serbia in 2015 was 5.4% and the direct contribution was 2.7% of the GDP (Petrović et al., 2016).

According to the data from the Statistical Office of the Republic of Serbia, in 2015, 4 002 business entities operated within the field of tourist and food services, which makes 4.3% of the total number of business entities in the Republic of Serbia. It has been estimated that the work in the whole industry (tourism and food services) was performed by 20 584 entrepreneurs. More than 98% of the registered business entities were micro and small companies, whereas the biggest turnover was made by small business entities. Out of the total number of employees in the Republic of Serbia, 2.6% of them are employed within the fields providing tourist services (Chamber of Commerce and Industry of Serbia, 2017).

Table 2: *Gross added value per activity*

Year 2015	Total	The size of the business entity			
		Micro (≤9)	Small (10–49)	Medium (50–249)	Big (250+)
		(structure, in %)			
Business entities	4,002	86.9	11.4	1.6	0.1
Employment	25.194	29.2	35.5	25.3	10
Realized turnover (in billions of RSD)	71,5	28.3	34,8	25.7	11.2

Source: *Statistical Office of the Republic of Serbia and Business Registers Agency, the preliminary estimate of the Service for development support, Chamber of Commerce and Industry of Serbia.*

The role of entrepreneurial skills and capabilities in setting up business

It is often considered that an entrepreneur is a person who was born and meant to become exactly that. However, the experience shows that good entrepreneurs are created through combination of numerous factors, the most important of which are: knowledge, work experience and related skills. For setting up a business, it is important to recognize an opportunity and to have an idea. It is even more important to realize that idea in day-to-day activities. The thesis that setting up an entrepreneurial

business makes on independent and autonomous is not acceptable, because there is a high degree of dependance on: buyers, suppliers, employees, financial institutions, the state and similar subjects. In order to set up a business, one needs money, but it cannot be considered as the most important factor of success. As for the age limit, it is wrong to think that age is the limiting factor. On the contrary, older age can give a certain advantage in some circumstances, especially regarding business contacts and experience. Earlier research points at this, showing that 20% of enterprise owners are older than 40, while the majority is in their thirties (55%).

It is hard to clearly differentiate the concept of entrepreneurial initiative based on the typology of entrepreneurial skills. The practical cases are different and usually non typical, confirming that it is not possible to set up a clear pattern here. According to many authors, entrepreneurial capabilities are innate and it is only necessary to maintain them through training. On the other hand, there is an attitude that entrepreneurial performances are equal to the skill to demonstrate them. In such a concept, it is possible to establish a model of entrepreneurial success, which takes into consideration the personal characteristics, entrepreneurial skills and elements of business strategy and relevant surroundings.

The survey conducted by the Global Entrepreneurship Monitor (GEM) is a significant contribution to the comparative review of entrepreneurial activities. It is the greatest international research project which, since 1999, has been looking into the development of entrepreneurship in its initial stage, together with motives for choosing entrepreneurship.This is important, primarily due to the fact that the greatest number of established companies fail within the initial stages of their life cycle – more than 85% of them. Since 2007, Serbia has been a participant in the survey, and the total number of states included was 43 in 2008.

The program is carried out by Babson College, London Business School and national research teams, and the representative of the GEM project in Serbia was the Faculty of Economics in Subotica. The research that was conducted shows what the current state is and what the expectations regarding the setting up of agro-tourism business among our population are.

Agricultural entrepreneurship in rural environments

Agribusiness and small business mostly take up a significant percentage in the national economy of Europe, the US, Japan and some other countries. In the US, for example, small companies are represented with 98%, and out of the total number of companies, 21% of them belong to the field of agrobusiness. The following information confirms that the significance of small enterprises is great. Around 30% of American workers are employed in such systems, which have up to 20 employees (Milanović, 2006).

Employment and economic growth can be enhanced through tourism development. Also, the development of agricultural and less developed regions can be boosted in this way. The infrastructural needs of development can be regarded more widely, by which we mean the construction of roads and other elements important for the functioning of the whole community, or as the individual (micro) factors, such as motels, hotels, resorts, etc. (Vojnović et al., 2013).

In rural environments, stimulating and setting up entrepreneurial activities can have a positive effect on economic development. Countryside is a huge, unused potential, which, if accompanied by good concept of rural entrepreneurship, offers realistic opportunities for development, especially for increasing the number of employees. The activation of rural entrepreneurship is important because the inhabitants of villages experience more difficulties in finding work positions. The sole idea of bringing differences into rural business environment is motivational and generates population interest in staying in these regions. Agricultural entrepreneurship can be valorized through numerous activities (fruit and vegetables processing, livestock and milk production, fruit production, mushroom growing and processing, forest products collection, etc.), but apart from jobs directly related to agrobusiness, it is also possible to enhance rural entrepreneurship through activities directly bound to agro-tourism, mostly through: food services, home manufacture, accommodation renting, hunting, carving, tourist souvenirs manufacture, etc. (Cvijanović et al., 2011).

There are serious changes in all spheres of life in the rural regions of the Republic of Serbia. The most distinctive and the most dangerous sign of change in the long run is 'the dying out of villages'. It means demographic emptying, especially when it comes to those villages which are distant

from urban centres, i.e. which have poor connections with these centres. Although every other citizen of Serbia lives in a rural area and nine out of ten places for living are rural, more than 80% of individual households either have no active inhabitants or have no agricultural inhabitants. It happens more and more often that whole households die out. The number of villages deprived of young people, with no weddings and with closed schools where the average age of inhabitants is more than 65 years is growing (Pejanović & Njegovan, 2009).

By launching agro-tourism entrepreneurship, it is possible to affect the prevention of further crisis and improvement of the current situation. The entrepreneurship in rural regions can have an exquisite benefit from strategic associations formed as partnerships within the authorized ministries, private sector non-profit organizations and universities.

Therefore, the implications for the development of rural agro-tourism entrepreneurship are the following (Petrin, 2002):

- Defining the national economic policy regarding the village, with clearly established vital contribution of entrepreneurship in rural regions and with a special view of agro-tourism, as an industry capable of uniting many jobs and activities in rural regions.
- Developmental programs for directing entrepreneurial skills.
- Encouraging the entrepreneurial way of thinking about village development, not only by village inhabitants, but also by individuals and any organization responsible for the development of the rural.
- Unless they already exist, organizing institutions for the support of the development of rural entrepreneurship, as well as associations for the rural development.

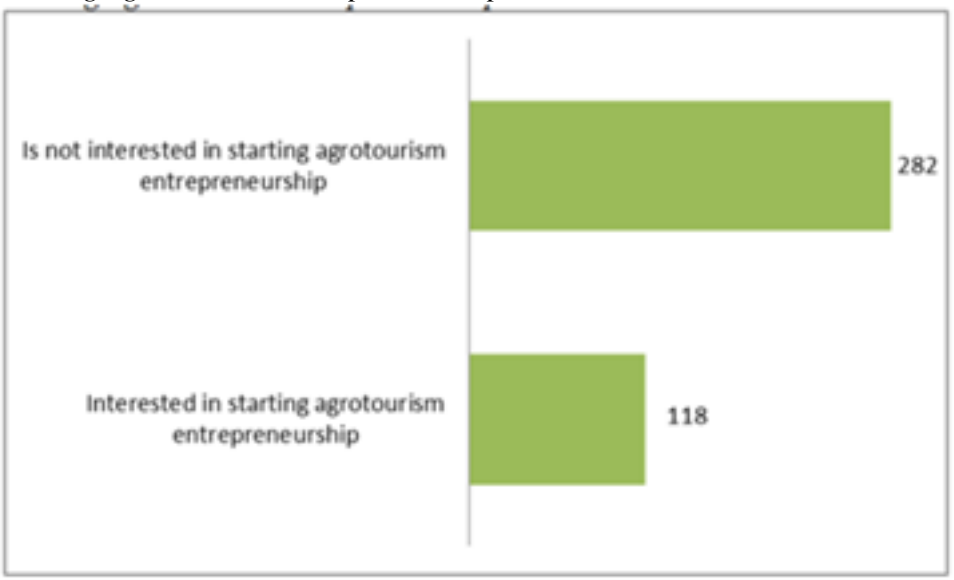
It is undisputable that the efficiency of the contemporary development is in its entirety based not only on material, but also on entrepreneurial components. The problems of employing people in the agricultural sector date back to the second half of the previous century, when so-called 'half-breeds' appeared – people who worked both in the industrial sector and stayed in their villages. This resulted in having bad industrial workers on one end and poor and also bad farmers and agricultural workers on the other end.

Practical results on measuring entrepreneurial qualities of potential agro-tourism entrepreneurs

In this research, 400 subjects were surveyed, which can be regarded as a relevant sample. Out of the total number of the surveyed, 282 subjects declared as not interested in launching agro-tourism entrepreneurship or any other business. The reasons come down to: the existence of problems for starting agrobusiness, the fear of failure and the fact that they already have a job which they do not want to change. For this reason, in further analysis, we have taken into consideration 118 persons from the following municipalities: Šabac, Ruma, Vladimirci, Loznica and Valjevo (mostly of strong agricultural potential and with good space connections), of different age and educational structure, who declared that they would do agrobusiness.

The survey consisted of ten modified questions according to the Harper's test, harmonized with the research needs.

Figure 1: *The relation between the interested and not interested in starting agrobusiness entrepreneurship*

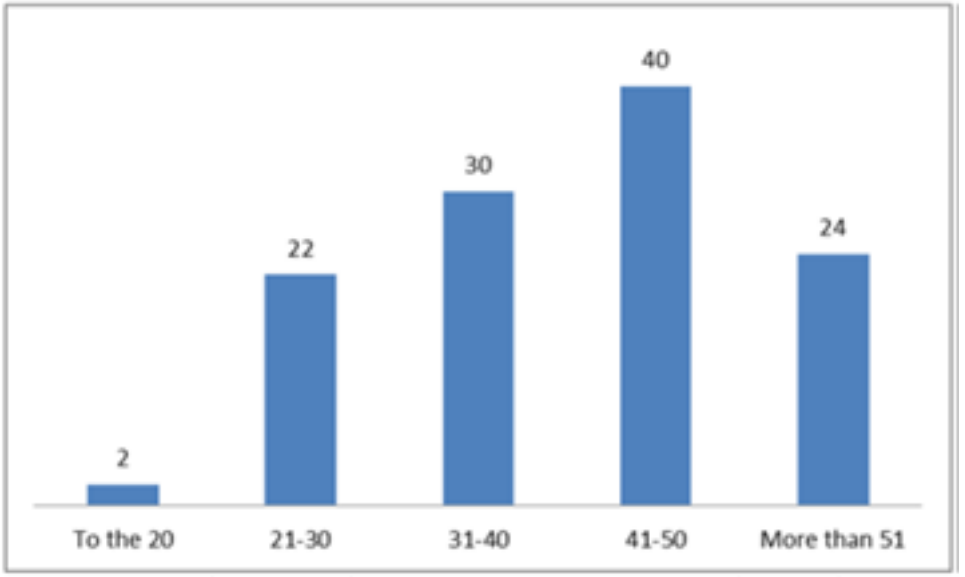


Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

Figure 2: *Working condition of potential agro-tourism entrepreneurs*

Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

Figure 3: *Age structure of the subjects interested in starting up agro-tourism business*



Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

Figure 4: *Educational structure of the subjects*

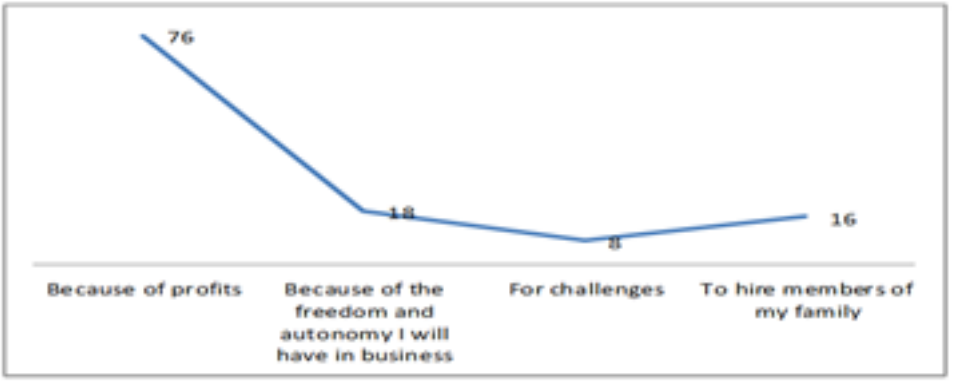
Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

Regarding educational structure in Serbia, there are indicators that around 60% of the total number of employees in hotel industry and food services have finished secondary education. There are around 4.5% of highly educated workers. (Serbian Chamber of commerce, 2017)

In the further text, the results of the conducted survey are analysed per question (the total of 10 questions).

Question 1. What are the main reasons for which you would start an agro-tourism enterprise?

Figure 5: *Main reasons for starting potential agro-tourism business*

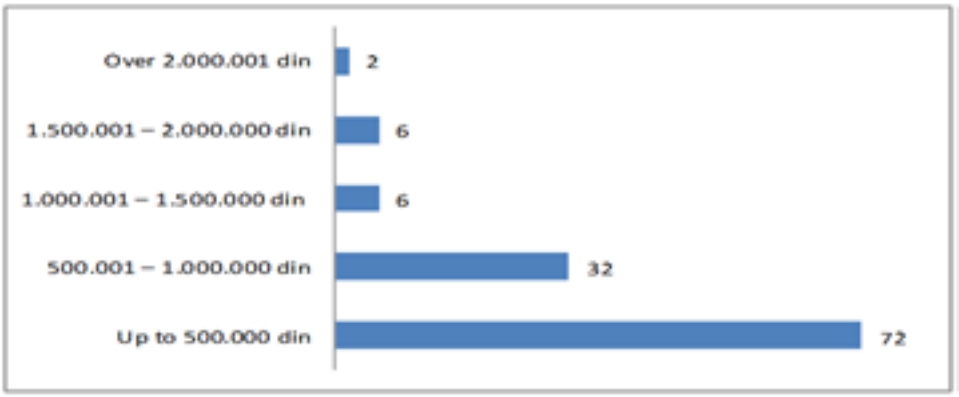


Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

The results show that the main reason for starting the business is the profit, i.e. 64% of the subjects opted for this answer.

Question 2. What is the minimum annual income for which you would agree to start your own agrobusiness (or leave your current work position, if you have one)?

Figure 6: *The annual income which would activate subjects to start their own agro-tourism business*



Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

It is well-known that starting any entrepreneurial business requires an idea. However, in addition to an idea, the constantly missing resource is money. The income of the employees in this sector are not on a desirable level, so the problem of not having necessary professionals, trained and experienced, comes up. According to the official information, in 2017 the average salary in the sector of accommodation services was approximately 37 900 RSD, whereas in the sector of hotel services, it was even lower, approximately 27 600 RSD.

Analysing the results of the survey, it can be noted that there is an equivalence between the lowest annual income acceptable according to subjects for starting their own agro-tourism business with the annual income of the employees in the relevant sector. More ambitious potential agro-tourism entrepreneurs think that the income should be more than 2 000 000,00 RSD per year, i.e. four times higher than the current official salary in this sector.

Table 3: *Answers to questions 3 – 7*

	Time period	Number of subjects	%
Question 3. How long are you planning to stay in agrobusiness?	Up to 5 years	30	25.5
	6 – 10 years	30	25.5
	11 – 15 years	18	15
	16 – 20 years	28	24
	More than 20 years	12	10
Question 4. What is the maximum amount of money that you are ready to invest in entrepreneurial agrobusiness?	Up to 500.000 RSD	84	72
	500.001 – 1.000.000 RSD	24	20
	1.000.000– 1.500.000 RSD	4	3
	1.500.001– 2.000.000 RSD	4	3
	More than 2.000.001 RSD	2	2
Question 5. What are your comparative advantages in starting and managing agrobusiness?	Experience in the same of similar jobs	48	41
	Level of education	20	17
	Personal qualities	34	29
	Good existing business connections	12	10
	Other	4	3
Question 6. What are your comparative disadvantages in starting and managing agrobusiness	I am not educated in this profession	16	14
	I have no business connections	52	44
	I am in business for the first time	32	27
	Other	18	15
Question 7. What are you planning to do in order to eliminate your comparative disadvantages?	I will obtain additional education before starting business	26	22
	I will obtain additional education in the course of business realization	28	24
	I will find an educated partner who has experience in the field	22	19
	I will take the risk	42	35
	Other	-	-

Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

This part of the survey shows that 72% of subjects think that they can start an enterprise with no more than 500 000,00 RSD. Taking into consideration the existing crisis and the fact that money would come from their own sources, this can be considered as satisfactory.

The annual income which would lead to the decision to start agrobusiness is 500 000,00 RSD and its incidence is 61%. This is just a bit higher amount than an average annual salary in Serbia and can be considered as modest, which can be explained by high rate of unemployment and economic crisis. Also, it is more difficult for people from rural regions to get a job. Staying in the business is limited to at least 10 years. The 30% return of investments per year indicates at the readiness to invest provided that invested money is returned within 3 or 4 years. The most important comparative advantage of the potential entrepreneurs is the familiarity with the jobs in the domain of agriculture, but the main disadvantage is the lack of business connections. As for the part related to overcoming comparative disadvantages, the most frequently used method would be taking the risk in business activities. This cannot be regarded as desirable as in entrepreneurship it is not possible to rely on intuition and chance. Instead, it is necessary to make decisions based on plans and valid information. The readiness to risk is a characteristic of entrepreneurship, but it is not acceptable in this form.

The conclusion is that our average potential entrepreneur is willing to invest in the business he/she is familiar with, is ready to invest and this is mainly because of the lack of job or for profit (Cvijanović et al., 2013).

Table 4: *How much time are you ready to dedicate to agrobusiness per week, expressed in hours of work?*

Question 8. How much time are you ready to dedicate to agrobusiness per week, expressed in hours of work?			
Maximum	**Average**	**Minimum**	**Average**
	53.76 hours per week		34.55 hours per week

Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

The average maximum and minimum time that would be spent on business realization in the form of working hours indicates willingness to

succeed at work. The maximum 54 hours are longer working hours than the law prescribed 40 hours of work during one week.

Table 5: *The readiness to accept the risk of loss and the satisfaction with the return of the investments*

	%	Number of subjects
Question 9. What is the maximum risk of loss, related to the size of the investment, that you can accept in case your enterprise fails?	10%	32
	20%	38
	30%	28
	40%	14
	50%	6
	Higher	/
Question 10. What is the annual percentage of the return of the investment which would make you satisfied?	10%	12
	20%	18
	30%	26
	40%	18
	50%	20
	Higher	24

Source: *Vojnović B., Grujić D., (2010) The research, High Agricultural School, Šabac.*

The loss which the potential entrepreneurs can accept is between 20% and 30% of the total amount of investment. This can be considered as a modest readiness to accept the risk because a true entrepreneur should count on and always be ready to take a risk, but also make an effort to avoid it.

Conclusion

The main advantage of starting an enterprise in the field of agro-tourism compared to other activities lies in its comprehensiveness and the fact that there are enough advocates of agro-tourism. Also, there is the fact that it is possible to rely on local resources. The next advantage is the possibility of promoting the quality of life of the local population, simultaneously with the unemployment decrease. The development of local economy through agro-tourism is possible through entrepreneurial activities in the form of micro, small and family organizations, as well as additional activities. Further, this form of entrepreneurship can offer rural potentials, have positive effect on the environment and initiate the staying of people in rural areas, which are getting more and more demographically empty day by day. Another advantage is the possibility of starting an enterprise

in the context of tourism with small financial means. The diversification from traditional agricultural activities towards non-agricultural, with small risk of failure, is also present.

Finally, the conclusion according to the survey on readiness of our people to start an enterprise in the field of agro-tourism is as follows. The most influential answers are: The main motive for starting business is profit. Potential entrepreneurs are satisfied with annual income equal to the average annual income in the Republic of Serbia. They are ready to work for this income the number of hours which is a little bit larger than the one established by law. They could take the risk of loss up to 20% of the investment. They would spend up to 10 years in the business as their main or additional activity. Potential entrepreneurs in the field of agro-tourism are satisfied with the 30% return of the investment annually. The comparative advantage of potential agro entrepreneurs is the work experience in the same or similar jobs. The comparative disadvantage is the non-existence of business connections. Potential entrepreneurs are characterized by the readiness to take the risk.

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SOCIO-ECONOMIC CONTRIBUTIONS OF HOMESTAYS: A CASE OF TIRTHAN VALLEY IN HIMACHAL PRADESH (INDIA)

Sumedha Agarwal[1]; Shashank Mehra[2];

Abstract

The homestay programme has evolved as an instrument for employment generation and economic development of a local community. Economic empowerment is important because it enables the host residents to be rewarded with a significant proportion of the financial benefits from tourism. The study area for the present study is the Tirthan Valley in Himachal Pradesh. It is known as the gateway to The Great Himalayan National Park, which is also a UNESCO World Heritage Site. The case study method will be used for the research purpose. Primary data will be collected using a questionnaire and in-depth interview. Homestay owners, local vendors, and other service providers will be interviewed using convenient and snowball sampling technique. The contribution of homestays will be studied from various aspects like average income earned, number of jobs created, women entrepreneurs involved, reverse migration, development of infrastructure, rise in standard of living, etc. This study contributes to tourism research by exploring the economic contributions of homestay programme.

Key Words: *Homestay programme, Economic development, Community-based tourism, Employment generation, Tirthan Valley*
JEL classification: *Z32*

Introduction

Homestays are defined as private homes in which unused homes are rented to tourists for the purpose of enhancing the income of local people and also to enhance the experiences of the tourists visiting them. This

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concept is particularly found in rural areas that include both the cultural and the natural sites. These kinds of initiatives invite tourist to experience and witness the culture of the offbeat sites and also to inject money directly into the economy of these areas. The owners of the homestays generate additional income by proving the resources which are already with them, that is their own home, to the tourists.

Whereas tourism is usually thought of as a process which provides income generating activities for the population (Abubakar & Ilkan, 2016; Ibrahim & Abdul Razzaq, 2011; Tourism, Plan, Tourism, & Program, 2010), the homestay programmes have been considered as a tool which helps in the development of the community (Acharya & Halpenny, 2013; Ibrahim & Abdul Razzaq, 2011). Homestays are also considered as small-scale enterprises and the hosts as micro-hospitality entrepreneurs. The supplementary income generated for hosts in rural areas contributes to economic and community development in an area (Malla Thakuri & Nepal, 2017). The attention of homestay concept has received attention from public and private stakeholders because of the clear opportunities it presents in the economic development of the area. It helps in raising the standard of living of the local population both directly and indirectly.

The tourism industry has experienced fast growth and rapid changes in the recent times. It has become one of the leading industries of the world and is still growing at an increasing pace. The destination managers struggle hard to plan and develop a tourist attraction in the present competitive scenario. The researchers have opinionated that motivation and loyalty are also dependent on the kind of atmosphere a destination has (Agarwal & Chakraborthy, 2018). The atmosphere of a destination is directly dependent on the happiness and economic wellbeing of the host population. The social media also plays an important role in the creation of this atmosphere. It stimulates and activates the users and helps them in knowledge creation (Lakshmi, Jindal, Nanda, & Mehra, 2018)

It is very important to note that the homestay concept is not new to India. It is from the ancient times that the doors of the family were always open to the visitors. This was an era when no one had even heard about the concept of commercial accommodation and the guest was considered equivalent to God.

A study on the contributions of homestay development becomes much more important in an area which is natural in characteristic and is very

fragile and vulnerable to destruction. It is well accepted now that the support of local community is very important in any of the protected areas (Bhalla, Coghlan, & Bhattacharya, 2016; Chee Hua, May-chiun, & Susan Su-Zhuang, 2016; Ibrahim & Abdul Razzaq, 2011; Kamisan Pusiran & Xiao, 2013; Lehsius, Ahmad, Kassim, & Ibrahim, 2015; Meimand et al., 2017). It has been suggested that by creating local incentives and benefits for the local villagers, tourism can instill the feeling of local guardianship in them and they can become caretakers of the nature along with getting benefits from it. Local communities generate income directly and indirectly through homestay programme, which also empowers them by providing local employment, poverty alleviation, attracting tourists and enriching the experience of tourist by showcasing natural and cultural heritage of the destination (Agyeiwaah, 2013; González-Rodríguez, Martínez-Torres, & Toral, 2016; Mohd Nor & Kayat, 2010; Pakshir & Nair, 2011; Razzaq et al., 2011; Sita & Nor, 2015; Yusof, Ibrahim, Muda, & Wan Mohd Amin, 2012).

Himachal pradesh homestay scheme

A Home Stay offers tourists an experience that is made possible only by staying with the host community. Himachal Pradesh government implemented 'Har Ghar Kuch Kehta Hai' (every house speaks something) programme in the year 2008 which was termed very successful in boosting the community based tourism in the state. Under this scheme the sate tourism department compiled a list of heritage and historical buildings and sites which can be promoted along with the homestay programme for the purpose of tourism. After the successful implementation of the same, the tourism department came up with another scheme called 'Har Gaon Ki Kahani'. In this scheme the tourism department asked villagers to contribute by telling popular stories that are related to their native villages and explained them that these could help in attracting tourists to the villages. These stories, folklores or fables were termed as a major pull for attracting tourists to the rural areas. The scheme was expected to generate a lot of employment for the local population in the villages of Himachal Pradesh (Gangotia, 2013).

The primary goal of the tourism department was to popularize the local assets available in the villages and to provide an opportunity to the tourist to experience the social and cultural aspect of the destination along with the natural beauty. The government also wanted to promote fairs, festivals, dance, music, food and lifestyle of the locals under this scheme.

The villagers welcomed the scheme with open arms and it was a huge success. It became quite popular with the foreigners who generally want to experience the authentic side of rural India. This experiential feeling was possible only by staying with the hosts in their own homes without any fancy frills and fancies usually found in modern accommodations. A few concerns were also raised by the implementation of the scheme by the hotel industry. The Hoteliers Association opposed the scheme because the scheme could have affected the business of hotels in the due course of time. Their main concern was that the tourists would prefer homestay accommodation over hotel accommodation as the tariff was low in homestays and almost the same comfort was available along with decent room and food in a homestay. Most importantly, home-cooked food and a friendly environment where a guest will be able to interact with the host and other guests was something that a hotel cannot offer. The environment provided by hotels was mostly artificial and aloof in nature. The other challenge that was faced was that the locals needed to be educated so that they would be able to understand the benefits of homestay programme and show interest toward it. This was done with the help of volunteers and self-help groups. Tourists also needed to be educated so that they can act responsibly and pay respect towards the fragile nature and culture of the area. The target was achieved with the help of various volunteers so that the maximum benefits of tourism were achieved without compromising on the carrying capacity of the region (Gangotia, 2013). As of now, the homestay scheme in Himachal Pradesh is a huge success and is very popular amongst the tourists.

Objectives

It is very much clear that no form of tourism can be successful without considering the benefits for the community. One needs to identify all the elements that can be a barrier to the development of tourism programme in an area, relate these barriers to the concept of homestay and then introduce solutions to minimize the risk and maximize the benefits.

The main objective of the current research included -
firstly, to understand the perception of the local community towards the homestay program in the Valley, and
secondly, to review and analyze the economic impacts of homestay programme on the local community.

Literature Review

Homestay concept

Although homestay is considered as a relatively new concept, as a matter of fact, it is merely an age-old concept where travellers used to stay with a family as a guest and there was no concept of commercial accommodation system. The definition of homestay is always different in different situations and different countries. Homestay is termed as a type of accommodation where a tourist gets a chance to live with the host family and experience the local culture. They can interact with the host and experience the family's daily lives. Researchers have referred homestays as commercial homes where visitors or tourists pay an amount to stay in private homes where they can interact with host or family (Lynch, McIntosh, & Tucker, 2009). All kind of services are provided by the local community and the hosts. The homestay seeks to give a tourist an experience that draws him away from crowd, hustle and bustle of the urban areas. It takes them to a locality that is primarily rural or ecological in nature. The homestay provides a tourist with clean, comfortable and budget friendly accommodation. Since the people living in remote and rural areas follow the practices of traditional living in a better way, homestays become an ideal way for the tourist to get in touch with local customs and culture. These accommodations have the distinctive potential to push cultural exchange by sharing life and family experiences (Richardson, 2004). The other terms by which homestays are generally known as cultural stay, host families, farm stay, bed and breakfast, guest house, and self-catering small hotels (Mapjabil et al., 2015). The homestay concept has also been discussed in several other ways and that has led to homestays being known as various other names as cultural homestay, heritage homestay, educational homestay, leisure stay, culture stay, volunteer stay and urban stay (Mapjabil et al., 2015).

Community-based tourism concept

Community-based tourism concept is considered new in tourism studies and not much research has been done on it. The concept of community-based tourism involves the participation of local community in the development of tourism in their local area. The studies on this concept started around 1990s (Asker, Boronyak, Carrard, & Paddon, 2010). Community-based tourism is considered as a sub-sector of the tourism industry. The importance of community-based tourism has also been

highlighted by the Third World Countries in their development agenda (Mapjabil et al., 2015). The main aim of introducing the concept of community-based tourism was initially to provide an alternative source of income for the local residents through motivating tourist to visits these areas, interact with local communities and encourage the locals to provide accommodation for the tourists (Mapjabil et al., 2015). Community-based tourism is considered very important for the local community as it empowers them and supports them by increasing the rate of development. It initiates various schemes which can increase awareness amongst the locals on how they can protect the environment and promote awareness through cultural exchange (Richardson, 2004).

Sustainable tourism

Sustainable tourism is a form of tourism which can help in sustaining local economies without causing any damage to the cultural and natural environment it depends on. Sustainable tourism development meets the needs of the tourists visiting the region and the host residing there while protecting and enhancing opportunities for the future. It is considered as a strategy through which the resources can be managed in such a way that all the needs - social, economic, aesthetic etc., can be filled while preserving the biological diversity, ecology and socio-cultural assets of an area (Butler, 2007; Hussin & Kunjuraman, 2014; Kayat, 2014). The terms like sustainability, sustainable tourism and sustainable development are well established and well researched concepts in the literature that are used frequently and interchangeably by the researchers (Affizzah, W., & R., 2017; Samsudin & Maliki, 2015). The researchers are of the opinion that sustainability can be a tool through which negative impacts of tourism can be dealt with and long term planning can be made feasible through sustained development in an area (Liu, 2003).

Community-based tourism & economic benefits

The travel and tourism industry is considered as one of the biggest employers in the developing countries. Homestay as a form of community based tourism provides opportunity for travellers to spend money within local communities which brings a rise in the regional income sometimes by even more than the value of spending due to the multiplier effect (Lynch et al., 2009). This contributes to the increase in the economic condition of the community and it also increases the social and cultural benefits brought by the increased purchasing power. As explained by the

researchers, the homestay program enables the locals and the hosts to contribute in various types of schemes that can help in raising the standard of living of the local communities by focusing on economic development and social advancement of the local hosts (Kontogeorgopoulos, Churyen, & Duangsaeng, 2015).

Study area

This study focuses on the homestays available in the Tirthan valley and the surrounding areas like Gushaini and Banjar. Tirthan valley, also known as the gateway to The Great Himalayan National Park (GHNP) - UNESCO World Heritage Site, is an Eco zone in the Kullu district of Himachal Pradesh state of India. The name of the Valley comes from the Tirthan River that flows from Tirth. The river has its origins located in the GHNP, and ends at Larji in the Beas River. The river originates from the cold glacial springs of Hanskund, a snow-capped peak in the Great Himalayan National Park (GHNP). UNESCO declared GHNP a natural World Heritage Site in the year 2014. GHNP is a home for various species of animals that are considered threatened mammals (Snow leopard, serow, himalayan tahr, musk deer), three globally endangered birds (Western tragopan, koklas, cheer pheasants) along with many varieties of medicinal plants. The sanctuary shelters more than two hundred varieties of bird species, which are an attraction to birdwatchers from across the world.

Figure 1: *Location map of Tirthan Valley*

The region is dotted with Himalayan villages. It is located at an altitude of 1600 m and is known for a diverse mix of deodar forests, rhododendron

forests, western mixed coniferous forest, ban oak forests and Himalayan alpine pastures. Tirthan is an off-beat destination that is an attraction to all groups of visitors. This Valley is an ideal place for various adventure activities like trekking, fishing, wildlife watching, and discovering unexplored villages located in the hills. In addition to the natural aesthetic experience, the Valley is also one of the best bird watching destinations in Himachal Pradesh.

The Valley is also known for the trek to Sirloser Lake. The lake is located atop the mountain which can be accessed through a six-kilometer-long trek from the Jalori Pass. The lake is famous for its clear and sparkling water which reflects different shades of nature in itself. A short distance from the lake is located a small temple that is devoted to Goddess Buddhi Nagin who is known as the mother of the sixty Nag Devtas of Himachali folklore. The Tirthan River is also very famous for trout fishing option available from March till October. The primary form of accommodation available here is homestays provided by the local community and camps. The visitors to the Valley are those who do not want to stay in fancy hotels and want to meet the locals, know their tradition, and be a part of their culture.

Figure 2: *Location map of GHNP*

Research methodology

For the objective of the research to be achieved, a qualitative research approach as chosen (Caldas, 2009). The case study method was chosen to conduct the research (Yin, 2009). Face to face in-depth interviews and

field observations as well as personal field notes were used to collect the data for the study (Caldas, 2009; Seidman, 2006). The case study method helped to gain an in-depth knowledge of the community as it involved interactions with the locals and having a better understanding of their perceptions. The research work included primary and secondary. To obtain the maximum output, the data was collected from three perspectives – firstly, the secondary sources like newspapers, magazines, and research articles were studied. Secondly, individual interviews were conducted with homestay operators and local vendors and service providers; and thirdly, field observation was done to analyze the community participation from an academician's perspective.

A total of twenty-one respondents were selected for the study. Amongst these respondents thirteen were homestay owners, four were restaurant owners and four were local service providers. Snowball sampling method was used to choose the respondents for the study. Snowball is also known as chain referral sampling. This is a purposive sampling method which takes several factors into consideration like the kind of resources available for study, availability of time, the objectives of research and data saturation. Data saturation is a point where the additional data cannot bring additional insights to the research (Banks, 2009).

The first interview in this study was conducted with Mr. Panki Sood who was a homestay owner. Mr. Panki Sood's suggested the rest of the respondents, as he was well aware of the people and the registered homestay owners in the area. This was done as the researcher was not familiar to the area and also the locals gave more accurate answers after the introduction of Mr. Panki Sood. In addition to this, three respondents were selected based on convenience-sampling method. This method was used to have a better understanding of the perceptions of the local community who were not having any kind of direct contact with the homestay owner.

The interviews were conducted based on various topics, such as why the locals were participating in the homestay programme, the inhibitors, the benefits or challenges of a homestay programme, advantages or disadvantages of having a tourist in their own home, contribution of homestay in generating economic benefits, development of infrastructure because of homestay programme, the socio-cultural impacts and natural impacts of homestay on the local area, etc.

To assure conformability of the data, the researcher recorded all the interviews. The respondents were explained the objective of the research and their consent was taken. The key points mentioned by the respondents were summarized at the end of the interview and the respondents were asked to confirm these points. The researcher did the interpretation of the data after conducting interviews at the end of each day. The recording of the interviews were transcribed and qualitatively analyzed after each interview session.

Discussions

The findings indicated that the Himachal Pradesh government uses the tourism departments to invite the local communities to get involved in the homestay scheme and benefit from the tourist activities. Any person from the local community who can fulfill the basic requirements of the homestay programme can apply to the Ministry and become a homestay host. The officials from the Ministry inspect a home by visiting and checking the various requirements considered in the homestay. The host receives a permit for the homestay operation upon approval and the Ministry further assists them in training and capacity building. The Ministry also encourages them by promoting the establishment.

It was observed that almost 70% of the community was directly or indirectly involved in the activities associated with tourism. The community including homestay owners and other service provider benefit in several ways like providing accommodation, selling goods, operating restaurants, tour and treks guiding, etc.

Creation of jobs

The respondents clearly indicated that tourism activities in the area create a lot of job opportunities. It was observed that because the number of tourists is gradually rising in the Valley, there can be more opportunities to create more jobs and employment. The homestay programme has created job opportunities in several areas like tour guides, fishery experts, adventure sports experts and nature experts. Apart from these, jobs like housekeepers, cooks, and taxi drivers are also directly related to the homestay programme. The homestay tourism scheme has grown manifolds in the area of the hill state because it has provided employment avenues for many local people.

Women entrepreneurs

The research focused on the issue of involvement of women in the homestay business and tried to explore the ways they benefited through it. Eleven respondents from the local communities who participated in the survey were female and the rest of them were males. The research reflected that the women in the local community were more motivated in the homestay programme in comparison to the men in the family. The results show that the homestays in the Valley were mainly run by the women who were involved in activities like cooking, planning, managing, interacting with guests, etc. The homestay in the Valley was an opportunity for women that supported and promoted the idea of sustainable community development by encouraging gender equality. Female ownership of homestay business was helping in regular income generation for women and involved them in mainstream development. Mostly, the women who were working as local guides, running food outlets and selling handmade souvenirs to tourists were of the opinion that the income from homestays has made a significant change in their lives. The income has equipped them with decision-making powers that they used to be deprived of. This has led to a higher sense of achievement and involvement of the women of the Valley.

Rise in standard of living

The development of homestays has increased the standard of living in the area of Tirthan valley. The homestay business has led into development of various facilities like hygienic conditions, schools, recreation grounds, library, etc. Furthermore, the communities receive income and profits from tourism development and it also gives them the confidence to stand on their own feet. The government has also supported the scheme by providing them with various benefits which include exempting the homestays from paying commercial taxes, and supplying them water and power at domestic rates.

Development of infrastructure

Tirthan Valley is equipped with basic infrastructure like roads, drinking water, sewage and drainage, public toilets, electricity, security and communication. It also has several natural springs, public transport services and *pucca* roads. The locals are of the opinion that because of the inflow of tourists these services are taken care of and also because this

area falls into the eco zone of GHNP, the government also takes special care of the infrastructural facilities.

Bringing economic sustainability

The homestay program has succeeded in motivating the tourists to choose the homestay accommodation and off-beat destinations in place of the popular conventional tourist destinations. This has helped in popularizing these destinations and providing alternative income source to rural entrepreneurs. The local population now has an alternative source of income which helps them in the seasons when there in no agriculture. It also provides employment to other members of the family apart form the headman.

All this supports the family economically and they have a regular source of income throughout the year. The primary employment of most of the locals in the Valley is agriculture and some of them also work in miscellaneous areas like shopkeepers, government departments, etc.

Reduction in poverty and reverse migration

Home-stay tourism is a major scheme which helps in the reduction of poverty in an area. The results indicated that because of extra income generated through various tourism activities there is a reduction in poverty level in the village. Also, the youth who had migrated to other cities in search of jobs have started to return because there is ample of employment and entrepreneurial opportunities available.

Increased literacy

Because of the growth in tourism activities, the people in the Valley are motivated to pursue higher education as it will help them to obtain new jobs, and it thus also increases the literacy rate. Many of the homestay owners are using computers and are aware of social media. They are using these tools to spread awareness about their products and services. The locals are also aware about the eco-friendly practices and responsible tourism. They know the fact that to make the Valley sustain in the coming future they have to be responsible hosts and also teach the visitors about the responsible tourism practices.

Survival of traditions

The local community achieves a sense of pride and connects more to their culture, lifestyle and nature because of the homestay programme. They get an opportunity to have an interaction with people from various cultures and ethnicity. This helps in survival of traditions and culture. The research indicated that homestay tourism is an experience-based phenomenon that is directly linked with the lifestyle of the local people and is also geared towards protecting the local culture, heritage and traditions.

Capacity building

There are many organizations, NGOs and self help groups which are working really hard towards enhancing the skills and are organizing capacity building programs in the Valley. These programmes are very important for the hosts and the local people, as they have to be aware of the recent developments and aim to provide best possible services to tourists. These programs help the locals in enhancing their leadership skills, develop management mechanism and increased confidence. Cross-cultural training is also organized in the Valley.

Conclusions

After the analysis of all the interviews the outcome indicated that the locals were pleased by the tourism activities happening in the Valley. The Valley is receiving both domestic and international visitors. The locals were of the opinion that tourism inflow had increased manifolds after the declaration of GHNP as a natural world heritage site in the year 2015. The visitors have become aware of the natural treasures in the Valley and the conservation area and hence more and more tourists are coming every year. These visitors are coming to the Valley for variety of reasons including nature, adventure, leisure, research, bird watching, trekking and camping, etc. The locals now believe that tourism activities have become a tool towards rise in the level of income, enhanced their standard of living and created more job opportunities. Tourism activities have made the valley more popular in both the national and international arenas and are helping in publicizing the natural and cultural assets of the area. It was observed that the majority of population who have participated in the tourism facilities have greatly benefitted from the industry. It was observed that both the people who are involved in tourism activities and

those who have no role in tourism activities in the Valley support the tourism activities in the Valley as it benefits the population in one or the other way. Since most of the people are attached to the natural assets of the area, apparently the most important factor for them is nature itself and then the financial gains. Because of this reason the locals have preserved their nature along with the culture of the Valley and are more motivated to remain in traditional ways, build traditional houses and celebrate local festivals rather than leave it for the sake of a modern lifestyle. Income generated from homestay business was enough to manage the daily household expenditure, health and education of their children. The motive of providing alternative employment to the villagers was successfully achieved. Homestays have also provided the villagers an opportunity to market the locally produced goods like honey, woolen clothes, wooden products, edibles, etc.

Unfortunately, it is also concluded that there is a lack of supervision and coordination on the part of the local authorities. Some infrastructural facilities are still lacking in the Valley like parking areas, proper medical services and higher education system. Also, because of the greater inflow of tourists in certain months local youths are attracted towards the western culture that may effect to run homestay for long term.

The homestay owner wished to get more support from the government authorities so that more facilities could be generated to expand his homestay program. It was also clear that there is an urgent need for supervision in this area that must include generation of awareness amongst tourist so that they can act responsibly, solid waste management, and broadening of roads. Cooperation between locals and authorities is also required so that the tourism industry can be managed in a right direction and avoid stagnation and over-tourism.

Research Implications

This study offers several implications for the success of the homestay lodging industry. First, this study contributes to the theoretical literature on homestay tourism from the perspectives of the local population. Second, the current study contributes to the research by exploring various criteria on which economic benefits can be explored. Third, the study also has practical implications for the policymakers and the practitioners as they can utilize the study for destination planning and development.

Limitations and Scope for future research

The study presents some limitations, which provide the opportunity for further research. The paper has limited the analysis to one particular area of the state of Himachal Pradesh and that indicates the generalization issue. Future researches can include more villages and also a comparative analysis can be done.

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HOMESTAY AND WOMEN EMPOWERMENT: A CASE STUDY OF WOMEN MANAGED TOURISM PRODUCT IN KASAR DEVI, UTTARAKHAND, INDIA

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Abstract

Introduction: *Homestays have become a popular mode of stay in India where tourism activities are considered to be important tools in achieving poverty reduction, job opportunity and sustained livelihood.*
Methodology*: This paper will discuss the case of Kasar Devi, India, employment opportunities to 90% of local women in the households. Primary data will be collected through semi-structured interviews and participant observations of the residents on that destination.*
Findings: *This paper highlights the achievement of sustainable development, women's empowerment and environmental conservation.*
Research Implications: *These ventures can be utilized for the benefit of local communities, grassroots development and local women to supporting to preserve their culture and traditions in terms of development.*
Originality: *This analysis reveals that the involvement of the local community in the initial development process while utilizing the bottom-up approach was the key to create successful tourism businesses.*

Key Words: *homestay, economic development, women empowerment, Kasar Devi, employment opportunity*
JEL classification: *Z32*

Introduction

"Athithi Devo Bhava" is a very famous concept in India which means "The Guest is God". It is an honor and privilege for an Indian to have guest in their home and do every possible thing to please them. There's nothing like Indian hospitality. But unfortunately, tourists who come to

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India prefer stay in hotels. The best part is this trend is changing as a result of popularity of the homestay in India.

A homestay is kind of similar concept of a bed and breakfast. In homestay guests are accommodated in either the host's family home, or in a separate room nearby to the host's place. Nowadays, most of the homestays have modern amenities providing as much comfort as a standard hotel. Having said that, homestay tourism has become a successful choice and approach in many developing countries where tourism has considered to be an important aspect in achieving poverty reduction sustainable livelihood and job generation.

Homestay as a community based tourism is famous in many developing countries. To preserve the environment and rural development, community based tourism is being promoted as a low-impact - environmentally sensitive way to travel (Martha, 1999; Kiss, 2004; Jones, 2005; Nelson, 2007). The World Wide Fund for Nature (WWF-India) mentioned that a community based ecotourism project can protect, preserve and conserve many fragile destinations in India. Establishment of responsible tourism was a tough challenge especially in the fragile high-altitude Himalayan region.

However, tourism is an effective and efficient way to create new job opportunities that to help reducing poverty from the communities in the remote and resource-scarce region. Homestay tourism can also prevent land abandonment and subsequent rural–urban migration by providing supplementary income in rural community.

Tourism may be regarded as an industry consisting of tourists, a business and an environment or community for operation (Williams & Lawson, 2001). The interrelationships of multiple elements in the tourism system are studied wisely and in-depth, especially the host community's feedback on the impacts of tourism in their life and community. It has been recognized that communities' perception and attitude towards the impact of tourism are crucial and necessary for providing valuable inputs in dealing with the strategic managerial decisions, marketing and operation of existing and future programs and projects (Belisle & Hoy, 1980; Liu & Var, 1986; Allen, et. al., 1988; Ap, 1992; Lankford 2001). Additionally, the views of the host community should consider very seriously if the industry needs to be sustained in the long-term (Williams & Lawson, 2001).

Until the late 1970s, a considerable magnitude of impact on residents' perception has been carried out (Rothman, 1978; Belisle & Hoy, 1980; Brougham & Butler 1981; Murphy, 1981; Sheldon & Var, 1984; Pizam & Milman 1986; Liu & Var, 1986). Among all the outputs, (Williams T. A., 1976) three categories of impact are significant: economic, social and environmental/physical. Economic impacts largely identified by researchers (McIntosh & Goeldner, 1986; Allen, et. al., 1988; Davis, et. al., 1988) include personal and regional benefits that contribute to income and standard of living (Young, 1973; Belisle & Hoy, 1980); increased employment opportunities (Rothman, 1978; Ross, 1992) increases in tax revenues (Brougham & Butler 1981; Milman & Pizam, 1988); and increases in real estate prices (Pizam, 1978).

In addition, (Pizam & Milman, 1986) there are six major categories which have been identified of social and cultural impacts: impact on population structure, transformation of forms and types of occupations, transformation of values, the influence on traditional lifestyle, modification of consumption patterns, and benefits to tourists. Social consequences include the impact on recreation opportunities, crime, social instability (Travis, 1984), changes in law and social order, prostitution or child-begging (Hong, 1985), commercialized host–visitor relationship changes in the prevailing local norms, customs and traditions, improved public health, education and conservation and political modifications. Finally, perceived impacts on the natural environment are also identified.

The Indian tradition of 'Atithi Devo Bhava' which means that the guest is God, replicates the highest place of guest as an honor in the house. This was the main foundation for the concept of Homestays in India and also an emerging trend in the hospitality business in the country. Homestays can be explained as a form of tourism where host gives their accommodation to the travelers as guests for a fee. Travelers get the room with facilities like attached bathrooms and home-cooked local cuisine, and experience the real essence and the unique culture of the destination, which the traveler might unknowingly miss out this authentic experience while staying in conventional accommodation like hotels/resort.

History of Kasar Devi

Kasardevi is a hidden jewel in the crown of Uttarakhand, it has everything that makes it a perfect destination for tourist especially for back packers.

Kasardevi is situated on Kashyap Hills and is known for its ancient temple that dates back to 2nd century CE. On the occasion of Kartik Poornima, many people come here to worship and attend the Kasar Devi Fair every year. But that is not the only reason why people are crazy about this place, it is mainly renowned for the hippie trail that attracts travelers to this quiet village. Having said that, many western travelers and mystics visited and chose to be settled down at Kasar Devi. Amongst them were the famous Danish mystic Sunyata Baba, Tibetan Buddhist Anagarika Govinda, American poet Allen Ginsberg, American singer-songwriter Bob Dylan, English musician George Harrison to name a few.

Kasar Devi first came to the lime light when in the 1890s Swami Vivekananda visited and meditated there and has mentioned his experience in his diaries. The famous Walter Evans-Wentz, a pioneer in the study of Tibetan Buddhism, who later translated The Tibetan Book of the Dead, stayed here for some time.

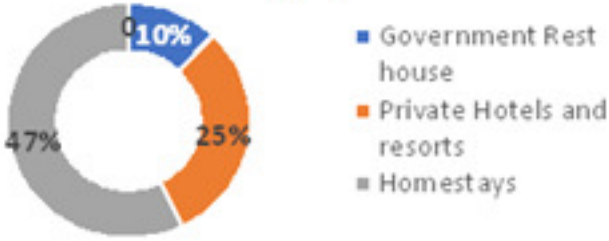
Danish mystic Sunyata Baba (Alfred Sorensen) came here in the year of 1930 and lived here the over three decades, as same like him Ernst Hoffman, who became Tibetan Buddhist Lama Anagarika Govinda. This led to a series of spiritual seekers from the west, who are visiting this place. Govinda was visited by Beat poets, Allen Ginsberg, Peter Orlovsky and Gary Snyderin 1961. In later on, at the peak of the Hippie movement, the area also became a part of the Hippie trail. Crank's Ridge, colloquially known as Hippie Hill, which lies ahead of Kasar Devi became a popular destination. It became home to several bohemian artists, writers and western Tibetan Buddhists, and even visited by mystic-saint Anandamayi Ma.

The destination got its name amongst hippy circles, after American psychologist Timothy Leary visited here in the 1960s. Leary had written majority of his ‘psychedelic prayers’ here. Thus, through the 1960 and 1970s, the area was visited by personalities of the counter-culture, Bob Dylan, George Harrison and Cat Stevens, Western Buddhist Robert Thurman, and writer D. H. Lawrence, who spent two summers here. Today, the village (known back in the day as Crank's Ridge) is a low-key backpacker destination, with a mellow vibe and clear-day Himalayan views. Although there are not many activities to do here, it is a great place to chill.

Homestay in Kasar Devi

Homestays are becoming one of the main sources of income in Kasar Devi. Having said that, the largest number of the homestays are managed by the woman of the respective house. Men are mainly focused into agriculture. Right from the dealing with guest to hospitality is taking care by females of this place. Active involvement of women in homestay business makes it successful and valuable. The main touch point of the tourist for staying in homestay is host community's docile, humble, caring nature.

Figure 1: *Tourist accommodation occupancy*



Source: *self-collected data*

Interaction with the tourist in Kasar Devi made précises and clear about the thought - why tourists have chosen to stay at homestay rather spending money on luxurious hotel. There are several reasons why staying at a homestay can be preferable to get the best experience about that place. The benefits include:

a. **Distinctive and Characterful Accommodation** -- Homestays offer an immense opportunity to experience the authentic flavor of the destination. It is a pleasure to stay in a local home with the local people for it gives maximum information about the place as well as the ultimate experience of local culture.
b. **Personalized Service** --. The family who resides there runs it, and acts as host. So in contrast to a hotel, a homestay usually only has a few rooms. This guarantees that guests receive plenty of individual attention from the hosts. You can spend time with the host family as per your convenience. Some guests choose only to dine with them, while others spend hours chatting to them and few stays over a week. Nevrtheless, staying with an Indian family is the easiest way of finding out about Indian culture. Many guests and hosts find that they bond with each other so much, they keep in touch long after the vacation is over.

c. **Safety** -- If you are visiting India for the first time to get acquainted with Indian culture, religion, heritage or are simply concerned about staying safely, you will have a family who looks after you at a homestay. They will provide you with advice and may even help you to explore the destination.
d. **Local Knowledge** -- The wealth of information that the hosts have about their local area makes deciding what to see and do a breeze. Such local knowledge is extremely helpful in getting the most from your visit. Many hosts are delighted to show their guests around their local area, providing them with invaluable insights that simply are not available from a guide book. Hosts usually have reputable contacts and can assist in making travel bookings too.
e. **Home Cooked Food** -- There is a huge difference between the Indian food which is cooked in an Indian home and food served in restaurants. It is a lot lighter and has more variation and flavor than restaurant food. By staying at a homestay, you will be able to taste authentic Indian home cooked food, made to order. Some homestays even welcome their guests into their kitchen and let them watch and participate in the cooking process.
f. **Unique Activities** -- As a guest at a homestay, the focus is on you, and your likes and preferences. The hosts are really very hospitable and will put a great deal of effort into arranging activities that are of interest to you. These activities will vary depending on location. Guests are often invited to attend weddings as well.
g. **Celebrating Festivals** -- The ideal way to celebrate India's many festivals is with an Indian family. You will gain a deep appreciation and understanding of what the festival is about, as well as get to participate in the rituals associated with it.
h. **Getting Off the Tourist Trail** -- Homestays are commonly located in residential neighborhood, rather than tourist areas. This means you will be away from all the tourist traps, touts, scams and other hassles, so it is a quite peaceful and good place to relax.

Theoretical framework and conceptual model of homestay management

Nowadays, it is broadly accepted that there is a relationship among community-based resources, participation and tourism satisfactory. This paper synthesizes the theories which have been developed to explain the causal chain of process management brought about by homestay owners can deliver more sustainable to benefit the local and rural economies. The

key elements of the core theoretical perspective on the management process and measurement of sustainable are derived from the core theories on homestay business of many disciplines.

Figure 2: *Theoretical Framework of Homestay Management*

Source: *Binnui & Iamsa-ard, 2016*

Community Development Theory: The concept of community development theory is closely associated with social capital and community capacity. Social capital is viewed as a main component of social cohesion. Community-based development can lead to sustainable development because it generates from the local to the regional level. Normally, the tourism aspects are known as main wheels to preserve the cultural and natural heritage of a community, while presenting special features to visitors' enjoyment. Moreover, tourists can learn culture aspects by participating in cultural activities, at the same time, other the benefit of this activity is to promote economically profitable and environmentally sustainable activities which will generate employment opportunities. Hence, the major advantage of tourist destinations should not be the tourists or the developers, but the members of the community.

Participation Theory: Regarding to (McIntyre, et. al., 1993) quoted in Farsari and Prastacos, says that community participation in tourism can have positive impacts. While, Fennell noted the participation is ability of local communities to support the outcome of tourism development projects that have impact on them. Community participation in tourism planning can also influence the knowledge, insights and capabilities among the different members with the potential of the sharing of ideas

among them resulting in a richer understanding of issues and possibly more innovative policies and practice.

The Theory of Tourist Satisfaction: (Bramwell & Sharman, 2003) defined satisfaction theory as the feeling or attitude of person towards other things. She said that attitude shares impact of the person's feeling which might be in both positive and negative aspects. In the same consensus by (Sudjai, 2002), it is the effect to some things that probably response to the need in either positive or negative ways, however if that person receive a positive outcome, it will lead to the positive feeling, on the other hand, if that person have got the opposed feedback, it appear to produce a negative attitude in their personal feeling. Thus, if we receive the pleasant response, the positive attitude for that outcome will be immediately reflected.

Conceptual framework of the homestay model

Tourism industry has become one of the leading industries of the world and is still growing at an increasing pace (Chakraborty & Agarwal, 2018). The main and basic factors of Homestay management and sustainability, we consider the content that homestay management process factors are associated with sustainable community-based Tourism.

Figure 3: *Conceptual Model of Homestay Management*

Source: *Binnui & Iamsa-ard, 2016*

This model replicates the relationship among different levels and configurations of the supportive inputs from the related organizations through tourism resources accumulation, capacity and satisfaction with cooperated from the community-based participation. The figure below

presents how the homestay business embarks on the path that leads from resource inputs to the sustainable of community-based tourism in the form of management for the quality outcome of both tourists and homestay services.

Research methodology

In this study interviews, observations and secondary sources were used as methods of data collection. To selecting the respondents, purposive sampling methods were used which consists of homestay entrepreneurs that participate in the homestay program in Kasardevi area. The homestay entrepreneurs have been selected because they are familiar with problem in the homestay industries. Initially literature review has been done and selected the relevant documents which involved in the background to the case study. The research process was divided into 2 segments. The first phase is qualitative approach; in-depth interview with the main players of homestay business owners with the key information and observation were employed. Eleven interviewees were purposively selected with the help of mediators (in few cases) and with a snowballing approach to conduct the interviews at the study site. Mediators helped the researcher to access local participants and key informants. Among eleven participants, five in-depth interviews were conducted: a local tourism management committee (n=1), a local protected area authority (n=1), homestay owners (n=3). These interviews lasted from 40 minutes to 60 minutes. With remaining six interviewees, semi-structured interviews were conducted; the participants were: homestay owners/operators (n=4) and local people (n=2). These interviews lasted from 30 minutes to 45 minutes. Among the interview participants, nine were females and two were males. All interviews were conducted at the place of participants' work/home. The second phase was quantitative approach, questionnaires survey with satisfaction by using the Likert scale based on standard of homestay in that particular area. In-depth interview is used to interview the Village Headman and Head of Homestay group. This interview is a qualitative efficiency to receive the people to people to talk about their personal feeling's opinions and experiences.

Specifically, primary in- depth interview can help researcher to provide much more detailed information than any other data collection method, Direct Observation of people in their own homestay location. It can indicate how people behave within the real situations with showing their interests; it is a common utility method of collecting information and to

see the real place of homestay. Moreover, to record observations and informal talk while discussing situation, a recorder was used. For ethical reasons, the researcher informed the informants before recording. Thus, a survey was used in this study to provide supplementary information. Data in the quantitative part was gathered from both Village Headman and the Head of homestay group who were chosen as the sample population for this study because they could represent 'the voice of the people of concern. These people are able to speak for the community as they have special knowledge of the community because of their roles in the community. The questionnaire was structured around the Likert scale, while nominal measurement was also used for some factors. The Likert scale is the most commonly used because it is easy for the researcher to construct as well as for respondents to understand. Aref (2009) also recommended the use of a Likert scale in tourism research due to its high validity.

Implications of the study

The findings of this study are important for theoretical and practical implications, to both scholars and practitioners, especially towards the entrepreneurial success of the homestay business in India. The result of the study will help Homestay Program function as a community development tool that manages tourism resources. Thus, it also helps the community to improve the local economy and create job opportunities in the rural area. The results of the study on management of homestay service showed that the community residents have established their own homestay by offering various tourism activities related to their heritage, culture and customs.

Based on observations made in this case study, homestays appear to be a tourism product that will be helpful in addressing socio-economic, political, ethnic and gender disparities.

Several factors appear to have contributed to positive outcomes arising from the introduction of homestays in Kasar. Firstly, the success of the homestay programd hinged upon constant collaboration amongst the partners, including local community members, line agencies, and various levels of government. This collaboration-built relationship, understanding and trust, and provided an environment where action and dialogue were constantly available. Similar findings were observed in studies by (Beritelli, 2011; Jamal & Stronza, 2009; Wong, et. al., 2011). Secondly,

transparency in the development of the program, including selection and designation of approved homestay facilities, was important for building a sense of fairness. Thirdly, clear guidelines on what was necessary to operate a homestay, as well as how and who did this evaluation, clarified what standards were needed to participate in the homestay program and also fostered, in most cases, the sense of an equitable operating environment. Fourthly, hospitality training and on-going monitoring of tourism environment conditions were essential in fostering local capacity to host visitors and maintain an appealing and safe environment for guests. Fifthly, the initiative was driven by a "bottom-up" request by Kesar devi's women community; this likely enhanced the project's chances for success because locals felt a sense of ownership and control of its evolution. Government support in the form of training was essential, but local direction of the initiative provided stability, commitment and enthusiasm. Several other studies have observed the importance of bottom-up action (Chiabai, et. al., 2013). In the future, several factors will need to be addressed to ensure that ongoing improvements for local people arise from the homestay programe. Mechanisms that support the inclusion of lower educated, economically disadvantaged, lower castes and minorities will need to be further explored. For example, in addition to hospitality training, small financial loans may be necessary to facilitate the development of additional homestays in the region, to enable the inclusion of lower socio-economic families in this enterprise opportunity. The women entrepreneurs involved in the program will need to continue to be strategic in their partnerships with the government, and increasingly with the private sector (e.g. inbound tour operators) to tap into new tourism opportunities. They will also need to be strategic in their partnerships with local officials, elders and other elites. The Kasar Devi homestay program has achieved program successes in the past because of their consultation with these power brokers; these individuals must understand that opportunities for themselves and the community will arise through the success of local business development such as the homestay program. Related to this is an awareness that the inclusion of men within the homestay program needs to be explored further, as India is still a patriarchal society. A careful awareness of the impacts and opportunities represented by gender roles and the revision of these roles needs to be attended to. Also at the local level, caution also needs to be taken when considering the potential negative impacts that tourism can bring (e.g. loss of cultural identity) and the possible co-option of successful rural tourism development by local elites.

Finally, at a more regional and national level, for homestays to be considered a vehicle for the emancipation of women and low socio-economic groups, the existing tourism agenda of India needs to be revamped to address government management (accountability, duplication) and local governance (inclusion of all classes, castes and genders). A community-based project has multiple stakeholders such as businesses, NGOs, public/private agencies, besides diverse peoples residing in the vicinity. Tourism development is difficult without increased collaboration (Jamal & Getz, 1995) between different institutions and resource users. Developing countries, especially in a post-insurgency and war period, demand strong bonding amongst multiple players in this regard. The exploration of factors that encourage collaborators to be involved constantly in an initiative, upholding their motivations, might be one of many desirable areas for further research. A further study could also be done to explore the experiential perceptions of the guests of the homestays. A visitor survey would determine how well homestays have been able to comply with the expectations of the tourists and what measures could be adopted to improve the business. This will provide important information for verifying the aspects that the homestay communities that appeal and need adjustment as homestays in Kasar Devi or other parts of India are adopted further.

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WOMEN IN THE HOSPITALITY INDUSTRY: EMPLOYMENT OPPORTUNITIES AND CHALLENGES

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Abstract

In the 21st century, the hospitality industry has become an economic and social phenomenon, and therefore makes a significant and important contribution to employment. Hospitality is now being the second fastest growing economy sector after health care, with the highest job opening rate in the last few years. Within the hospitality industry, women represent nearly 70% of the workforce, however paradoxically there is a marked under-representation of women in senior positions, with women holding less than 40% of all managerial positions, less than 20% of general management roles and between 5-8% of board positions. This paper was conducted mainly with a view to identify and summarize the information about challenges and opportunities in women's employment in the hospitality industry. Narrative review was used where related articles, reports and studies were selected and later, compared and summarized.

Key Words: *hospitality, employment, challenges, opportunities, women*
JEL classification: *E24, J16, J21, L83, Z32*

Introduction

Hospitality constitutes the largest part of tourism industry and one of the world's fastest growing industries (Angelkova Petkova et al., 2016). The ability to help someone, meet their needs, or simply make them feel at home is an important component of every hotel policy. That means hospitality industry affects employment in order to fill the positions and form beneficial relationships with guests and tourists. Nowadays, women

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represent a significant employment force of organizations and economies in most countries. While women are recognized as a critical business asset and a fundamental driver of corporate performance, winning the "job position" is seen as a significant challenge, particularly in the hospitality industry. Even though in the 21st century, hotels remain labor intensive, fragmented, and multi-faceted service organizations, there is no doubt that serious barriers remain and continue to stall women's career development. Women are still poorly represented in hospitality and this paper explores the pivotal role of hospitality in employment, especially in addressing retention and recruitment challenges and barriers of women in hospitality. Women's employment is analyzed first through overview of women's entry in the hospitality industry and current status, then identifying, providing insight in gender issues, pay gap in hospitality and the possibility of a women's career progression seen through the various challenges, that we hope later on will arise and address future recommendations for acknowledging the role of women as employee in hospitality.

Hospitality industry: An overview

The hospitality industry is part of the travel and tourism industry and it's a wide category of sectors. Hospitality is estimated at several billion dollars, which primarily depends on leisure time and available revenues (Ristova, 2015). Over the past few decades, the hospitality industry has experienced continued growth and diversification to become one of the fastest growing economic sectors in the world. Hospitality has become one of the major players in international commerce, and represents one of the main income sources for many developing countries and destinations. This growth has also resulted in greater diversification and competition among hotels. One of the benefits of this global spread of hospitality is that it produced employment benefits in the many sectors of hospitality such as: food industry, lodging, recreation and travel and tourism.

Hospitality industry, generator of employment

Hotel products and services are about people. The hospitality industry has contributed to the enormous growth of employment just by offering services for accommodation and food (Ristova & Angelkova, 2015). The hospitality industry is heavily dependent on the human factor to ensure delivery and quality of its products and services, since hospitality is all about friendly and generous reception and entertainment of guests or

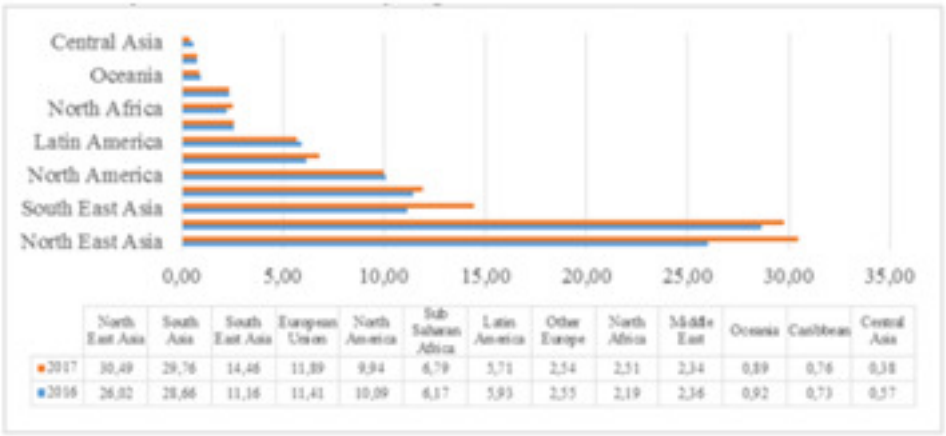
tourists. Furthermore, many hotel products include people as an integral part of the products and services that are offered, so they are clearly central for an effective operation and further development of the hospitality industry. Many jobs in the hospitality industry involve dealing with customers face-to-face in a variety of ways. But there are also behind-the-scenes jobs that include positions in sales, marketing, and accounting. Food services jobs also abound in hospitality industry, including wait staff and food preparation jobs. There are many management-level jobs across these areas as well, including hotel managers and executive chefs. Hence, hospitality is extremely labor intensive and a significant source of employment. It is among the world's top creators of jobs requiring varying degrees of skills and allows for quick entry into the workforce for every gender and age (Aynalem et al., 2016). According to Miceva & Ristova (2018) "jobs in hospitality are frequently the first paid work that many young people undertake" (p.8). Given this range, jobs in the hospitality industry can either involve a lot – or very little – customer interaction. Many jobs are entry level, but hospitality is an area where you can climb the ladder to a managerial role accompanied by more responsibilities, along with a higher salary.

In the world of hospitality, employers are not limited to just one lowly position. They are not limited to just working in hotels or restaurants. And they are not limited to working in one place. Hospitality industry still remains remarkably open and there are many General Managers who have started in entry level jobs. Others who make it to front office or who excel in bar or restaurant service are "poached" to work in finance or sales because of their social and hospitality skills. Hospitality is one of the world's most exciting and continuously evolving industries. By 2025, 10.5% of all jobs worldwide will be in hospitality and tourism and it is expected to contribute a gargantuan $11.3 trillion to the world economy in GDP (Glion, Institute of Higher Education, 2017).

Looking at the growing impact of hospitality and the positive side effects it can have, it indeed seems unreasonable to not recognize the need for comprehensive statistics on employment in the hospitality industry. The authors want to emphasize the need for reliable statistical indicators on employment, occupations, income, compensation, hours of work of person employed and their conditions of work in the hospitality sector in order to measure various dimensions of hospitality labor market. As already mentioned, a limited number of statistics for the hospitality industry are available, even for the travel and tourism industry, so

therefore, the given data statistics from the portal Statista about the global employment in travel and tourism industry will be analyzed for 2016 and 2017 by regions. No data were available before, and data statistics for 2018 are still not available. From 2016 to 2017, 7 regions out of 13 have registered growth; North East Asia accounting for 14,6%, South Asia for 0,3%, South East Asia for 2,2%, European Union for 4%, Sub Saharan Africa for 9,1%, North Africa for 12,7% and Caribbean for 3,9%. The other 6 regions have registered a decline in employment: North America, accounting for -1,5%, Latin America for -3,8%, Other Europe for -0,3%, Middle East for -0,8%, Oceania for -3,3% and Central Asia for -50%.

Figure 1: *Direct contribution of travel and tourism to employment worldwide from 2016 to 2017, by region (in millions)*



Source: *Statista, 2018*

From the given data statistics, the authors discuss that travel and tourism industry is seeing exciting developments in technology and customer experience, leading to more diverse and specialized employment opportunities.
Meaning, new technologies threaten to render many careers redundant and tourism and even hospitality jobs are expected to survive the dangers of automation, hence the different growth of employment in different regions worldwide.

Nevertheless, World Travel & Tourism Council in their publication "Travel & Tourism Economic Impact 2018 World" stated that "Travel & Tourism generated 118,454,000 jobs directly in 2017 (3.8% of total employment) and this is forecast to grow by 2.4% in 2018 to 121,356,000 (3.8% of total employment). This includes employment by hotels, travel

agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2028, Travel & Tourism will account for 150,139,000 jobs directly, an increase of 2.2% pa over the next ten years" (p.4). As for total contribution World Travel & Tourism Council stated that "The total contribution of Travel & Tourism to employment (including wider effects of investment, the supply chain and induced income was 313,221,000 jobs in 2017 (9.9% of total employment). This is forecast to rise by 3.0% in 2018 to 322,666,000 jobs (10.1% of total employment). By 2028, Travel & Tourism is forecast to support 413,556,000 jobs (11.6% of total employment), an increase of 2.5% pa over the period" (p.4). Although the lack of proper data statistics is noticed, hospitality industry, in general, is confirmed to be one of the world's fastest-growing divisions of the travel and tourism industry in the world. Individual region reports such as Tourism, Travel and Hospitality Industry Reference Committee (IRC) in Australia in their "Tourism, Travel and Hospitality IRC's 2017 Skills Forecast" have stated that "hospitality industry has been growing steadily over the past 5 years with the growth attributed to factors such as a growing "foodie" culture, the popularity among many individuals to owning a hospitality business, population growth and an increase in consumer demand. Employment levels in the hospitality industry are projected to grow, from 828,700 in 2015 to 921,300 by 2019 and is projected to grow slightly to 970,000 by 2023" (p.15). Tourism, Travel and Hospitality Industry Reference Committee (IRC) have stated that "the strongest growth is expected for Chefs and Waiters with over 15%, followed by Café and Restaurant Managers (14%), Bar Attendants and Baristas, and Housekeepers (13%) and Kitchenhands (12%)" (p.18-26).

Hospitality Careers Online, Inc. (Hcareers) a Virgil Holdings company located in Canada in their last report "Hospitality Employment Trend Report for Q2 2018" reported that worldwide "hospitality sectors enjoyed continued growth in Q1 with a steady increase in the number of employees. In total, hospitality employed 16,256,000 people in the first quarter of 2018, which is a 3% gain from 2017 (p.2), as such, job openings have continued to increase, reaching a peak high in December 2017 with 31% YoY growth and a similarly impressive number in January 2018 at 24% YoY growth" (p.3). As for wage trends, Hcareers reported that is the US "hourly wages in hospitality continued to rise incrementally year on year. In Q1, hospitality employers in the US paid an average of $15.81 per hour, which is a 3% increase from 2017" (p.6).

In other words, the mentioned reports offer us only a glimpse of what impact the hospitality industry has on the employment growth. Hotels are always open, and employment importance of hospitality becomes even larger, since trips are becoming shorter but more frequent, with new market niches and hospitality is now aiming even more to customer satisfaction which leads to creating many sectors generating jobs. From research conducted by TINYpulse, in the Best Industry Ranking Report, hospitality was ranked sixth. Surveying over 30,000 employees at more than 500 companies, the report predominantly focused on their overall job satisfaction (Siu, 2015). But why is everyone so satisfied? Well, as the industry has traditionally had a high turnover rate, many hotels have redoubled their efforts to increase workplace happiness and productivity.

Women in the hospitality industry

The word "Hospitality" refers to having a relaxed and good time and it is all about the art of entertaining or receiving guests. The image of the industry is depicted by pleasant atmosphere, wine glasses, good food, luxurious amenities, exclusive service, pampering and finally the feeling good environment (Peshave & Gupta, 2017a). Thus, workplace environment impacts the level of motivation that affect employee performance (Nanzushi, 2015). As an industry that does not sleep, employees work in groups and need to have excellent staff interaction, since they work long number of hours during the day and night on the clock in and out every day. For tipped employees and in-demand chefs, hospitality can be lucrative, fun, and exciting. But, regardless of which hospitality sector employees are in this field of work, job requirements conditions accentuate and perpetuate gender related stereotyping. Female employees are often the only one in the room, and when a woman is a token or significantly in the minority, that brings out a lot of gender stereotypes. Also, the hospitality industry is one of the most diverse industries in terms of employment, and this diversity is often accompanied by a set of complex gender-related challenges. Different cultures mix gender and business in different ways (Axtell, 1990). For instance, if a customer's understanding of the requirements of a barmaid includes services the female employee does not feel obligated to provide, problems are likely to result (Brownell & Walsh, 2008a).

Today, the entry of women into the hospitality industry is highly compared with that of men. However, in spite of the strong overall female presence, it is observed that there is an unequal distribution of the key

managerial and executive positions in the industry among women and men (Nyataya & Kiage, 2016). According to Richter (1995), women's employment in hospitality is both horizontally and vertically segregated, with the majority of female workers located in subordinated posts, receiving lower levels of payment. Horizontally, women are segregated into particular jobs and areas of operation (Ng & Pine, 2003) - woman are employed as receptionists, waitresses, room attendants, cleaners, etc., while men are employed as barmen, porters, gardeners, maintenance staff, etc. Purcell (1996) stated that "vertically women are concentrated into jobs regarded as low in skills and consequently low in status " (p.18). Women in hotels in the U.S.A. tend to be marginalized in "pink ghetto" jobs, the lowest paid jobs with limited or less obvious career paths (Woods & Viehland, 2000). This shows that, regarding their competitiveness in jobs in the hospitality industry, women are perceived with only domestic skills and "feminine" characteristics. Women are not only capable in the front office department, housekeeping department and kitchen department, at present they are also able to work in the accounts department, human resource department and maintenance department. They are very keen to do all the work inside the hotels (Bithushan & Jegathasan, 2017).

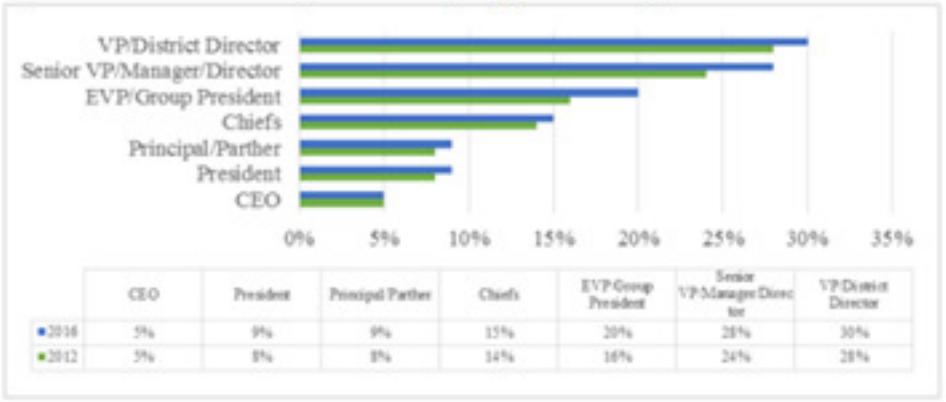
Women as hospitality leaders

Many advancements have been made in empowerment of women, but women are still far from enjoying the same basic rights, privileges and benefits that men do. Women still earn much less than men, do a disproportionate amount of housework, have fewer rights, less social mobility, and limited access to resources. The hospitality industry has no shortage of women entering the business, but senior management positions seem to be dominated by men, especially general managers at major hotel properties. Many authors agree that today's successful organizations are team-oriented, agile, flatter, flexible and holistic in their vision and strategy (Appelbaum et al., 2003). Irrespective of how we define a leader, a leader has to have a futuristic vision and knows that he or she needs to prove to be a difference maker between success and failure. Over the years, numerous studies have tracked women on their way to the top of organizations and confirmed that all of this women tend to be more organized, non-coercive, comprehensive thinkers - who are skilled at building work relationships and fostering collaborative teams (Pounder & Coleman, 2002; Birute & Lewin, 2003; Gipson et al, 2017; Lambe & Maes, 2018). In addition, many authors believe that women

have the right stuff to be leaders. When it comes to honesty, intelligence and a handful of others character traits valued highly in leaders, these skills are abundant in men (Al-Shamali & Al-Knoury, 2015).

Still, knowing this, hospitality is not able to create environments that encourage, recognize and reward women's contributions, and women are encountering gender-related obstacles to their career development. On the leaderships career path in the hospitality industry for women there are two distinct ways in which women are disadvantaged. Women face the formal or visible aspects of male exclusionary practice – the way that jobs and working hours are constructed – present in bureaucratic organizations. Poulson (2009) discusses "that long hours are frequently cited by women as a reason for leaving" (p.27). Timo & Davidson (2002) stated that "In Australia both "visible" and "being there" styles of hotel general management embedded in the "job" have given rise to managerial practices which are informal, paternalistic, and authoritarian in nature" (p.192). Guerrier (1986) comments on the need for female hotel General Managers being "visible" to fulfil the necessary social element of the job and the discomfort of being conspicuous in a working world where they are trying to blend in with male norms. Women with young children, as in the majority of cases are challenged with the fact of remaining the primary caregiver with the added responsibility of household organization (Lopez-Claros & Zahidi, 2005). Because in this culture, the women are seen as ones who are picking the kids up after school, taking them to soccer, all of those things that you do after school.

Figure 2: *Women's % of Hotel Company Leadership*



Source: *The Castell Project. Analysis of the STR Directory of Hotel &Lodging Companies, 2012, 2016*

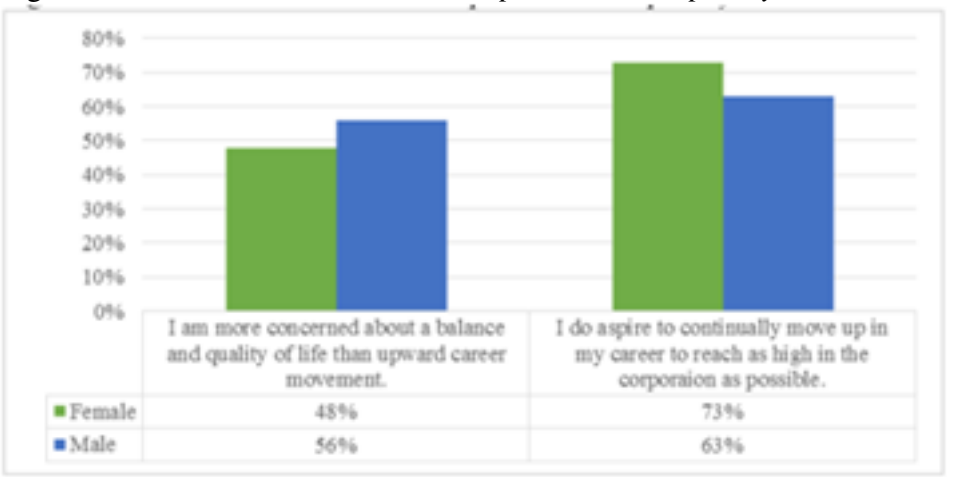
Secondly, the "hidden", invisible and less tangible aspects, that underlies expectations of hotel management reflect organizational cultures that reproduce corporate patriarchy, characteristically found in bureaucratic organizations (Green & Cassell, 1996). Broadbride & Hearn (2008) stated that "Homosocial practices such as marginalisation and competitiveness are demonstrated in organizations where male managers show a preference for "men and men's company"" (p.44).

Castell Project, Inc. is a 501(c)3 non-profit corporation, which is focused on increasing diversity in hospitality industry leadership, published, the publication "Women in hospitality industry leadership 2017" in which they have stated that "In the hospitality industry, as of 2016, men have been 10 times more likely to be promoted to the principal/partner or president levels than women, 4 times more likely to be promoted to the EVP/group president level and more than twice as likely to be promoted to the senior VP, VP, or district level. To align with the market at the upper levels, the industry must address the odds against women getting promoted to lower and mid-level executive positions" (p.2). Castell's publication is also giving us an insight into the women's share of hotel company leadership at all levels from 2012 to 2016, illustrated in Figure 2. A sample of 12,731 names of the directories for 2012 and 2016 was used in the Castell Project for the Women's % of the Hotel Company Leadership analysis. From 2012 to 2016, the analysis show that no change was noticed in the CEO position, while the women's % of hotel company leadership in the positions: President, Principal/Partner and Chiefs recorded growth of only 1% for 4 years. 2% growth was recorded in the positions: Senior/VP/Manager/Director and VP/District Director in terms of 4 years. 4% growth of women's % was noticed in EVP/Group President position. Again, the authors discuss that there is a failure to recognize the importance of women's empowerment in hospitality employment and in leadership.

Castell Project conducted an attitude survey with Georgia State University and Lodging Magazine in 2017 illustrated in Figure 3, regarding the fact the women are considered to be homemakers and hold all caring responsibilities for their household, representing another barrier to employment. Work-life balance is one of the biggest challenges for all those working in hospitality, but the results from the survey undermine the many statements that women do not get to be limited by so many defined gender roles. Men are at least as concerned about balance and quality of life as women, and women have even higher career aspirations

than men as the survey results suggest. Among employees and managers, neither aspiration nor commitment seems to be driving the low rate of promotion for women relative to men in the hospitality industry.

Figure 3: *Women's commitment and aspiration in hospitality*



Source: *The Castell Project. Attitude Survey with Georgia State University and Lodging Magazine, 2017*

In general, research by Korn Ferry reveals that women make up 25.5 percent of senior executives across the hospitality industry and occupy 28% of places on the boards of the listed organizations (Korn Ferry, 2018a).

Not surprisingly, in addition to finding limited opportunities to advance, women also experience a pay disparity (Brownell & Walsh, 2008b). Most recently, a Polish nationalist member of the European Parliament, Mr. Janusz Korwin-Mikke debated that "And of course, women must earn less than men because they are weaker, smaller and less intelligent" (BBC News, 2017). The polish politician has been suspended for only 10 days, but afterwards no penalty was given (Brzozowski, 2018) which again allowed us to witness how discrimination towards women is so unfair yet has been embedded in the society to an extent that women's lower income than men's is perceived as a common sense. Women in hospitality face "gender pay gap" as well as "equal pay". Women carry the same or similar work as men in hospitality, but are not paid the same; which is unlawful to pay men and women differently since 1970. Beside this, they face gender pay gap where hourly earnings of women within hospitality are expressed as a percentage of men's earnings. The hospitality industry

has a variety of sectors and roles offering rapid career progression and it can be financially rewarding and incredibly enjoyable work, but a number of different factors come into play affecting its gender pay gaps. Analysis by the Fourth of their clients' operational data in March 2017 showed that women's average pay was a little higher than that of men's across the quick-service restaurant sector and the hotel-restaurants sector, but across the pub sector and restaurant sector, women typically earn less on average than males (Korn Ferry, 2018b).

In 2018, Gecko Hospitality, a national hospitality recruitment company released its "2017 Hospitality Management and Restaurant Salary Survey Report" and the results shed light on the gender pay gap, where men earn an average of $4,728 per year, more than women with bonuses and starting pay and women made an average of $0.76 less per hour than men. Of those surveyed, 601 were female and 1488 were male.

Table 1: *Average starting salaries in 2017*

Position	**Female**	**Male**
Assistant Manager	$46,746	$49,586
Catering/Sales/Events Manager	$52,635	$61,589
Corporate	$63,000	$78, 546
Director of Operations	$89,500	$97,118
District/Multi-Unit Manager	$82,136	$65,600
Executive Chef	$61,500	$66,647
General Manager	$53,556	$61,354
Hourly	$12,53	$13,29
Kitchen Manager	$45,816	$52,430
Sous Chef	$46,010	$53,727

Source: *Gecko Hospitality. Management Salary & Trends Report 2017, 2018*

Table 1 shows that the pay discrepancy between men and women is still a prevalent issue within the hospitality industry. The report found that consistent gender-based pay gap between starting salaries is present for all measured categories, except one: District/Multi-unit manager. From the report, we got results that women tend to make up the majority of catering, sales, and event-managerial positions, while men were the majority of executive chefs, sous chefs, kitchen managers and general managers. Even though the pay gap between men and women is still an ongoing issue, among the managers who obtained a managerial position

with a new hotel business, 37% of women received a salary increase, compared with 31% of men. The report also broke down salary trends by industry segment and region, indicating that women are taking the lead in some areas, where female corporate executives had an average starting salary of $100,000 last year, compared to $72,000 for males in the same position.

Another data statistic with positive figures in the industry were recorded in the Royal Garden Hotel in Kensington, London, reporting that women were paid a median average hourly rate 11% higher than men, where in contrast Meridian Hotel Operations reported a median gender pay gap of 49% in favor of men. The company is part of the Arora Group, which owns hotels including the InterContinental London at the O2 and Hilton at London Gatwick Airport (Lake, 2018). As of 2016, Marriott, which is one of the Largest Hotel Chains in the world has been regarded as the most innovative and successful hotel chains thanks to its inspiring Nine Decades of Women's leadership. It has also been ranked as one of the top 100 best workplaces for women (Marriott News, 2016). Regardless of all the data statistics, it is still clear that the pay disparity between women and men is still a prevalent issue within the hospitality industry.

Challenges for women in hospitality

The challenges in the hospitality industry for women's employment highlight a range of barriers. The women face those diverse sets of challenges at various stages in their career. These included long work hours, work life balance, geographical mobility, sexual harassment, old boy network, lack of role model, mentoring and glass ceiling (Peshave & Gupta, 2017b).

1. Long work hours.
Brownell, (1998) expressed that "Hospitality management is a 24x7 job contradictory to a 9:00 a.m. to 5:00 p.m. job. To be successful in this industry, it demands long working hours, a good skill of handling disaster management and problem solving. These all factors together create a demanding and grueling work experience" (p.117). They set a challenge where women feel they should not seek work in this industry.
2. Work life balance.
Since women are often still considered homemakers and they should care for children and older family members, trying to keep work-life balance, work can go against their ability to fulfil both roles. Women bear more

responsibility for managing their family lives regardless of their own job requirements. This dual status, often leaves women feeling exhausted, pulled, and fragmented. Many female managers have reached to a point where they were forced to decide between a family and career advancement.

3. Geographical mobility.

Geographical mobility is a positive feature in the hotel sector, a factor that is associated with more career opportunities, promotion and higher salary levels (Carbery et al., 2003). For younger women at the start of their career, this offer is more alluring because they focus on their career, but as for women who are more established in their career and find themselves thinking of having a family in the future, geographical mobility can represent a problem.

4. Sexual harassment.

Hospitality industry as a socially interactive place sometimes requires a specific dress code, may keep long uncertain and unusual working hours, where employees may be more susceptible to suggestive comments and interaction with customers or managers. The hospitality industry is prone to sexual harassment and related issues. Although both men and women might happen to experience sexual harassment, women are more susceptible to the issue (Do Le, 2017). Women in hospitality are particularly susceptible to sexual harassment because men make up the majority of management and higher-paying roles, then there is still hospitality business that praises the policy that the customer is "always right" and run the business, in which women are expected to use their appearance as part of the service experience. Therefore, sexual harassment can be one of the reasons causing women to retreat from the hospitality industry.

5. Old boy network.

The informal "old boy network" has been recognized as a main obstacle for women to job success and career progression (Brownell, 1994). In hospitality, women report that they have been excluded from these informal social systems within the formal organizational structure, and in order to weaken the impact, hospitality needs to encourage women to interact with both women and men in order to form stronger working relationships.

6. Lack of role model.

Today's hospitality industry has a surplus of male role models, but very few female. Women need role models to learn from the best, be inspired by them and inspire future generations to pursue a career in one of the most dynamic industry. Role models, create a positive narrative about

women in leadership positions and opportunities for others. They can help tell a story, and attract and retain talented women, but according to Korn Ferry and their publication "Women in Hospitality, Travel, and Leisure 2020 WiH2020 Review" "there are very few female role models, CEOs and Chairmen in hospitality (p.8), but from a recent research, women (74%) have stated that female role models are a major source of inspiration for them, and agree that role models have inspired them to develop their careers" (p.12).

7. Mentoring.

Since experience and relationships can be invaluable in the hospitality industry, mentoring can be an opportunity for women to have hands on experience, learn from and be inspired. Mentoring relationships can help women with formal and informal networks such as offering ways for women to test ideas, find solutions to common problems, and obtain empathy and support, because mentors are present to share their knowledge, which can't be found in books.

8. Glass ceiling.

The metaphors "barrier", "glass ceiling" and "glass wall" arise from a particular way of thinking about gender inequality in the public realm" (Connell, 2006). The glass ceiling phenomenon describes the barriers blocking women's advancement into leadership. The previous data statistics analyzed in this paper show that women still continue to face the glass ceiling problem when it comes to the top management positions. Only when hospitality will start offering more support to women returning from career breaks, promoting shared parental leave, establishing mentoring programs and using technology to facilitate more flexible working, women can find themselves up to the top and bursting through the glass ceiling – shattering it to smithereens.

The several listed challenges in women employment in the hospitality industry may have a positive impact in sense of becoming a base for some more practical recommendations, that hospitality needs to take on how the role of the women can be improved and appreciated within the hospitality industry.

The authors list several recommendations:

1. Actively involving community leaders and government bodies to changing the perceptions of female participation in the hospitality industry (removal of practical obstacles to female participation in the hospitality workplace and dismissing the traditional "female roles" in the hotel – an important initiative to enable progression to leadership positions);

2. Providing hospitality skills training with an emphasis on simultaneously growing the talent pool and actively encouraging the inclusion of women into the hospitality industry;
3. Family-friendly policies & In-house initiatives - flexibility for women to stay in their roles and initiatives to encourage them to return to work after childbirth, also with rising concerns of women with regard to their safety, flexibility in working hours and pleasant work environment, the industry has to consider initiatives like car drop after working hours, flexible timings, and maternity benefits.
4. More robust dialogue between hospitality enterprises and women for keeping in mind that their needs and the various responsibilities they juggle. Options may include: extended maternity leave beside the usual maternity leave, other leaves and options for sabbaticals, flexible timings and work-from-home, support for more suitable childcare provision to enable women to remain within the workforce.
5. Various engagement activities, women-centric forums, including women managers into critical decisions, ensures a comfortable space and environment for everyone.

Limitations

This study has several limitations. The lack of worldwide reliable statistical indicators on employment, occupations, income, compensation, hours of work of person employed and their conditions of work in the hospitality sector in order to measure various dimensions of hospitality labor market represent the primary limitation in order to begin discussing the issue of employment in hospitality. Another important limitation addressing the issue is that there are also no reliable statistical indicators on women employment in hospitality, as well as up-to-date statistics for gender pay which introduces some limitations in the research of this paper. But, since the environment of the hospitality industry is very dynamic and the exact statistics used in the current paper can change quickly, this paper provides only a brief picture of current situation of women employment in the hospitality industry.

Conclusion

While women have made immense progress in the hospitality industry in recent decades, they still face certain barriers that stop them from equal participation in the labor market. Women seem to have no problem entering the industry at the beginning of a career, however, they may be

more likely than men to leave the industry in the period of starting a family. Women in hospitality are not encouraged or expected to succeed. They are facing numerous barriers to equal access, but the issue of gender inequality, unequal pay and the other barriers won't be solved overnight.

Only by reviewing and analyzing the status of women in hospitality, the hospitality industry will be able to take appropriate measures to improve the representation of women at all levels and develop women-friendly policies to assist them in their career progression and work. While there is confirmation and awareness of women's abilities to lead, the career progression is still a daunting task for most women, but there are signs that the tide is changing and that women are poised to play a far more prominent role in the years to come. Therefore, as the hospitality industry is expanding and growing rapidly, the industry has to consider both male and female candidates equally for positions that traditionally have been dominated by men.

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HUMAN RESOURCE MANAGEMENT AS A FACTOR OF COMPETITIVENESS IN TOURISM AND HOSPITALITY

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Abstract

The dynamic development of tourism and hotel industry depends to a large extent on the efficient use of available resources, of which human resources are one of the most important. Numerous scientific studies show that the quality of human resources in tourism and hotel companies directly affects the competitiveness and survival of these companies in the market. Special attention in this paper is devoted to the analysis of specific characteristics of human resources in hotel industry and tourism, and especially the quality of jobs in this activity. Many authors point out the negative aspects of employment in tourism, such as low wages, extended working hours, high volume of work, short-term and part-time jobs due to the seasonal nature of the work, etc. Therefore, tourism and hotel companies face problems in hiring and retaining high-quality workforce, on which their competitiveness on the tourism market also depends. For this reason, in tourism and hotel industry, increasing attention is paid to the quality management of human resources.

Key Words: *human resources, management, tourism, hospitality, competitiveness*
JEL classification: *E24, J24, M54, Z32*

Introduction

Tourism is one of the world's largest economic sectors and one of the main sources of foreign income and employment generator for many countries (Petrović & Milićević, 2017; Milićević & Đorđević, 2017). According to World Tourism Organization, a total of 1,326 million

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international tourist arrivals were recorded in destinations around the world in 2017 and international tourism receipts was US$ 1,340 billion (UNWTO, Tourism Highlights, 2018 Edition). This development of international tourism has influenced the increasing role of tourism in the overall economic development of most countries around the world (Petrović & Milićević, 2015). According to the World Travel and Tourism Council (WTTC), the total contribution of Travel & Tourism to world GDP (direct, indirect and induced impacts), was 10.4% in 2017, while visitor exports generated 6.5% of total exports (WTTC, Travel & Tourism Economic Impact 2018, World). The growth of the tourism sector is relevant for the 'health' of national economies (Krstić et al., 2016). Tourism encourages growth of large number of enterprises whose employment growth is provided through their operations (Sekulić et al., 2015).

Tourism is a labor-intensive activity, which means that it requires a lot of workforce for its performance. This is the area in which the largest number of jobs is created (Milićević & Petrović, 2018; Stanišić & Milutinović, 2016). 2017 recorded the number of 313,221,000 of those employed in economic activities that are directly and indirectly related to tourism, or 9.9% of total employment. In 2017, Travel & Tourism directly supported 118,454,000 jobs (3.8% of total employment). Every 10 jobs in the world belong to the tourism activity (WTTC, Travel & Tourism Economic Impact 2018, World).

The last decades in international tourism are characterized by competitive advantage that tourism companies achieve with the help of educated staff (Sekulić et al., 2015). Under the conditions of a highly competitive tourism market, the basic strength of every tourist company is neither technical equipment nor space, IT equipment, or the type of tourism product – because all of it can be replaced, mirrored and changed. The basic strength of every tourist company is human resources (Vlahović, 2007). The overall satisfaction of guests with the tourist offer depends directly on the quality of services provided by tourism workers.

Rare are economic activities that are to a large extent dependent on human resources, such as in tourism. Although this can also be said for other tertiary activities, characterized by the contact of bidders with a customer, in tourism, which rightly carries the attribute *face to face*, a great role is played by a host providing hospitality to guests. Namely, tourists arriving at a tourist destination, stay in an unknown environment,

where they expect their hosts to pay great attention and provide the best accommodation, food and other tourist services. The quality of such a temporary, tourist stay depends to a large extent on the engagement, good will and education of staff (Pirijevac, 1998; Milićević & Štetić, 2017).

Human resources, therefore, represent a very important factor of competitiveness in tourism and hotel industry (Milićević & Petrović, 2018). Human resources are among the most important resources of a tourism company, which directly affect its competitiveness and survival in tourism market. All resources in tourism companies are important, but human resources are those that connect all other resources to a coherent organizational unit. Only high-quality personnel can respond to challenges posed by a highly competitive business environment.

In order to acquire and maintain one of the competitive advantages once achieved, tourism companies must constantly develop the knowledge, creativity and innovation of human resources, since successful companies in the future will be the sites of knowledge, quality and capabilities due to which they will always be able to respond readily to short-term market anomalies (Premović, 2010).

Characteristics of human resources in hospitality and tourism

In all economic activities, including tourism, human work has an important and specific role and significance. Tourism continuously adapts to contemporary trends in tourism market. Accordingly, human resources in tourism through its living, work and business philosophy, education and work, are trying to adapt to the increasing demands of the users of tourism services (Petrović & Bonacin, 2017).

Human resources in tourism include not only those employed in tourism, but also their total values, qualities, useful abilities and skills, available knowledge and experiences, possible ideas and creations, degree of motivation and interest in achieving business goals (Pržulj, 2002; Ubavić, 2011; Milićević & Petrović, 2018). In other words, human resources, i.e. their knowledge, skills, abilities and competences are the key factors for the success of every business, organization, institution (Kuka, 2011).

However, tourism companies and managers face problems in hiring, development and maintenance of a competent and motivated workforce, which is focused on providing quality services to increasingly demanding

consumers. Many authors point out the negative aspects of employment in tourism, such as low wages, extended working hours, high volume of work, short-term and part-time jobs due to the seasonal nature of the work, etc. (Radosavljević, 2009).

On the one hand, tourism and hotel management provide an attractive work environment with high status, competitive wages and working conditions. There is a high demand among labor force, whereas the fluctuation of employees in the sector is low. The other side of the medal consists of poor conditions, low wages, high fluctuation of employees, problems in engaging qualified people in some key areas, poor status and practically lack of professionalism (Moutinho, 2005).

A large number of authors considered the problem of the quality of jobs in tourism. There are four commonly held beliefs about tourism employment, these being (Choy, 1995; Moutinho, 2000):

1. Tourism generates primarily low-skilled jobs.
2. Tourism generates low-paying jobs.
3. Tourism jobs do not offer high levels of job satisfaction.
4. Tourism offers limited opportunities for advancement for local residents.

Most tourism employees are not sufficiently educated. They mostly finished high school, while tertiary education is rare. Second, short-term and part-time jobs are common because of the seasonal nature of the job. Salaries are in most cases low and working hours are not favorable. Third, it is difficult to build a career in tourism in the traditional sense of the word. For all these reasons, the fluctuation of workers is much higher here than in other activities. All this affects the level of service quality, since it is unlikely that someone who is not committed to a company in the long term will have the motivation, knowledge and experience to contribute to the development process of a given company in tourism. On the other hand, this can be an advantage. Fluctuation of workforce leads to the exchange of staff among tourism companies in some area, which can increase knowledge transfer (Hrabovski Tomić, 2006).

Pirijevac (1998) points out the following basic features that characterize the problem of tourist staff (p. 100-101):

- High percentage of employment of female labor force. In hospitality industry, household jobs, food and drink service, kitchen jobs, reception jobs, cash registers, administration, etc. are performed

mainly by women's workforce. A similar situation exists in tourist agencies, where women's staff prevails.
- High participation of unskilled labor. There is a wide range of jobs in tourism sector for which no special qualification is required.
- The need for numerous seasonal workforce. Seasonal workforce that is not recruited from the local population, but from other places, even countries, can affect the creation of social problems in a tourist destination.

In terms of unfavorable working hours, for certain occupations, especially in the hotels of the boarding-house type, the daily unevenness of work, or split-shift working hours, is characteristic. It is not a rare case that the same staff is intermittently engaged even three times during the day (related to the time of preparing and serving main meals). This type of engagement causes more fatigue, while reducing the time spent on holidays, thus complicating working conditions and affecting employees in a destimulative way. Multiple engagements of staff during a working day are characteristic for hotels with seasonal business, that is, seasonal workforce (Kosar, 2015).

Within the broad classification of travel and tourism, there is massive diversity in the types of jobs generated. To further illustrate this, we should note the range of people that a person buying a package holiday is likely to interact with (Moutinho, 2000, p. 171):
- retail travel agent;
- insurance companies;
- ground transport to and from an airport;
- at least two sets of airport handling agents (outbound and return);
- airport services (shops, food and beverage outlets, bureau de change) (outbound and return);
- the airline on all legs of the journey;
- immigration and customs services;
- local ground transportation;
- hotel or apartment;
- tour services at a destination;
- companies and individuals selling a diversity of goods and services at a destination (retail, food and beverage, entertainment, cultural and heritage, financial, etc.);
- emergency services at the destination (medical, police, legal);
- service providers on return (photography processing, medical).

Thus while the physical product is important, for most tourists the quality of their experience is likely to be also reliant to a large degree on the interactions they will have with the variety of front-line staff in the travel and tourism industry (Baum, 1993, 1997).

The fact is that the quality of offered service depends on the quality of employees, and therefore the competitive advantage of a tourist company. However, it should be kept in mind that not all employees in the company are in the same position in relation to tourists and that they do not all have the same impact on tourists. Employees in tourism can be divided into (Milićević & Štetić, 2017):

- Employees providing services and directly coming into contact with tourists, on whose kindness, immediacy and professionalism depends the satisfaction of a tourist with the service offered;
- Employees who explore the wishes and needs of tourists, and who therefore create ideas and create services in tourism.

The most frequent contact with tourists is provided by workers at counters in info centers, tourist agencies, hotel receptions, tourist guides, followers, animators, waiters, bartenders, etc. This staff represents the entire company, gives the first impression and very often it is the only one that affects tourists, which explains the service and ultimately sells it. From such a significant role of these staff, the need arises that they should be especially tested and selected, to have a special position in the company and to be regularly rewarded (Tomka, 2012). Insufficiently motivated and unqualified personnel will not be able to provide quality service. The real challenge of managing human resources in tourism is the recruitment and retention of workers with true skills, knowledge and attitude towards the job.

By studying tourist business, it is obvious that human resources in tourism require special competencies, qualifications and skills. That is why hotels, travel agencies and other companies in tourism employ quality staff and invest in their education. If we agree that the people are those who are crucial to business success, it follows that the basic task facing companies is to try to attract and retain the best people. The companies need to know what kind of staff they need and how they can find, attract, and encourage them to work for them. In other words, it becomes obvious that human resources represent the most valuable and unique *intellectual capital* by which companies differ most from one another (Pokrajac & Štetić, 2013).

Human resources management in hospitality and tourism

Bearing in mind that tourism and hotel industry are characterized by the diversity and heterogeneity of jobs, the basis for the competitiveness of each tourist company is the quality of services provided to tourists, i.e. human resource management in such a way that they are able to offer quality service (Moutinho, 2005). The term "human resources management" itself appears for the first time in the US, in professional literature, in the mid-1960s (Strauss, 2001). The objective of human resources management is to ensure a constant improvement of the skills of employees in order to increase the level of their commitment which should lead to improved performance, efficiency and organizational performance (Delaney & Huselid, 1996).

Human Resources Management refers to the management of people and their interactions within the company. The goal is that every company uses the ability of its employees in the right way. Regardless of whether it is a multinational or family business, it is necessary to find the best way to manage human resources. It is a development process that includes activities such as: employee planning, employee selection and training, employee relations, rewarding, career development, motivation of employees, etc. (Radosavljević, 2009).

The process of human resources management involves appropriate measures and activities involving two parties: those who manage (managers) and those who are managed (executors of jobs and work tasks). Managing people, their behavior and opportunities has never been an easy task (Čerović, 2013).

Human resource management has become one of the leading preoccupations of modern managers and organizations. More and more companies base their competitive advantage on the way of recruiting, selecting, motivating, rewarding, promoting, developing and educating their employees. The value of a company is no longer expressed only in annual income and other financial indicators, but also in the quality of its employees. In the 21st century, competition among companies has been expanding from product market to labor market. Those companies that manage to recognize this fight for human resources on time are now the most successful in their fields (Vlahović, 2007).

Business philosophy "*Your employees represent your company*" and "*Clients are second, in the first place are the employed*" is applied by more and more companies in service industry. The reason is that companies have recognized that their employees are also their best clients. If the receptionist at a hotel is in a bad mood, if the waitress is unfriendly, it is certain that the tourist will notice it and be dissatisfied and change the hotel (Vlahović, 2007).

In other words, dissatisfied employees can not satisfy their guests (Kordić & Miličević, 2018).

Therefore, the issue of employee satisfaction, their motivation and commitment to the organization is of particular importance in tourism and hotel industry (Domínguez-Falcón et al., 2016).

Human Resources Managers must constantly monitor and anticipate changes in the internal and external environment in order to respond to them in a timely and adequate way. They must, therefore, have an entrepreneurial and proactive approach, which is why increasingly modern human resources management is described by the attribute strategic (Premović, 2015).

In contrast to other economic sectors, tourism sector is characterized by specificities that have direct and indirect effects on human resource management strategy (Marić, 2014):

- In tourism, the service of a single bidder is not being sold, but a package of services for various market participants. The quality of each individual part of this service package significantly influences the formation of the attitude of tourists about the overall quality of the product. Therefore, special skills are required from tourism personnel.
- Tourism is an area that requires intensive work. The quality of tourist services depends on the available number of employees.
- The quality of a tourism product is determined by numerous market participants, which means that connection with other economic sectors and social activities is very strong.
- Employed in tourism must have basic knowledge of all the activities involved in tourist product creation, and thus ensure the quality of the entire product. High degree of interconnection with other sectors opens up great opportunities for creating a quality tourism product.
- The tourism sector requires staff with a broad qualification profile.

Human resources management process in hospitality and tourism

Bearing in mind that the most popular form of work in tourism and hotel industry is human work, which forms the basis of the non-material resources of each company, this part of management is an extremely important managerial function. Human resources management process itself involves a number of activities needed for employment in one enterprise and maintaining high performance of employees. Human resource management process is an integral part of management, and it consists of seven basic activities: human resources planning, recruitment, selection, introduction to the work environment (socialization), training and improvement, assessment of the quality of work performance and employee allocation (improvement, relocation, degradation and dismissal) (Milićević & Štetić, 2017).

Human resources planning is usually defined as the process of anticipation and the creation of care for the movement of people in the enterprise, in order to ensure the necessary number and structure of employees, as well as their optimal use (Buble, 2006). In human resource planning, human resources management has the task of anticipating the number of jobs and executives who will perform business activities in the most efficient way (Milićević & Štetić, 2017). Workforce planning is the creation of plans to fill in future vacancies in an enterprise that is based on predicting vacancies and deciding whether these jobs will be filled by candidates who already work in an enterprise or outside the company (Dessler, 2007).

Personnel recruitment involves the process of attracting qualified candidates to fill vacancies, which will be chosen by management of a company most appropriately during selection process (Bogićević Milikić, 2008). The process of searching for suitable candidates begins with advertising inside the company (internal sources) or outside the company (external sources). The internal recruitment resources include filling jobs for already existing workers who have necessary qualifications to fill vacancies, while external sources are most often: labor market, employment agencies, educational institutions, advertisements, etc. An external source of recruitment is an option when an enterprise is unable to recruit from internal sources.

Selection of personnel is a procedure by which candidates, who best satisfy job requirements, are selected by applying predefined and

standardized methods and techniques for a particular job (Bahtijarević Šiber, 1999). This is the process of choosing among the applicants who are the best and most competent to fill in a vacant position. At this stage, applicants are analyzed (their biographies, interviews, tests, etc.), their capabilities for carrying out their work, as well as their personal characteristics (what motivates them, how they act "under pressure", what are his/her priorities, how he/she behaves with people, etc.) and readiness for teamwork. This process involves making judgment, not only about the candidate, but also about the relation of candidates and workplace, taking into account knowledge, skills, abilities and other characteristics necessary for doing the job. The goal of the selection is to choose the "right man" and to put him in the right position (Krstić, 2016).

Introduction to the work environment and socialization is the phase of introducing new employees to a company, other employees, organizational structure and its rules. At this stage, the company should play a "good host" role in order to release new workers as soon as possible from the initial discomfort and fears and adapt to the new work environment as soon as possible (Milićević & Štetić, 2017). It is very important that newcomers are provided help to emotionally adapt to the new workplace. They should be directed to whom to contact in connection with the work they perform and how their role fits into the whole enterprise. Processes of introduction into the workplace and socialization are usually used to introduce new workers to cultural messages what the company expects from them and what they can expect in return (Torrington et al., 2004).

After selecting the staff whose knowledge will be invested in, it is very important to find the right kind of **training and development of employees**. Investing effort in a careful selection of staff does not in itself guarantee that they will be effective (Dessler, 2007). Staff training involves preparation for occupation or specific skills. It is less person-oriented, but more job-oriented (Buble, 2006). Training is considered to be the method of acquiring new skills and knowledge necessary for doing business. Through training, both new and existing workers, as well as managerial staff, pass through. Most commonly used are the internal forms of training (teaching, job rotation, etc.) and external forms of employee training (courses, seminars, training, education, etc.). Training benefits are numerous: productivity increases, the number of employees leaving the company decreases, employee salaries increase, employee motivation and satisfaction increase, as well as their commitment to a

company (Milićević & Štetić, 2017). All leading hotel chains apply training. Forms of training are different, but the most famous hotel chains notice a similarity that implies the existence of appropriate rigid standards of work and precisely determined norms for performing particular working operations in kitchen, at reception, in sale, etc. Large companies look at training as an investment in the future, and not as an expense (Radosavljević, 2009).

One of the most delicate activities is **assessing performance and determining the compensation** of employees, as well as taking corrective measures in case an employee is not at a satisfactory level. Evaluation of the performance of employees is a process of organized and continuous monitoring, evaluation, guidance and adjustment of their results and their working behavior in order to achieve organizational goals, and based on appropriate criteria, methods and assessment systems (Čerović, 2013). In other words, grading is a system of (permanent or periodic) employee evaluation, in relation to the standards set by the company. This sets out workers who need additional training, from those who deserve rewards, bonuses and promotions. The assessment process is of paramount importance for career development. When it comes to **determining compensation**, companies most often use job descriptions in terms of required qualifications, knowledge and skills as the basis for the introduction of payment scales (Milićević & Štetić, 2017).

In order to increase productivity, most companies are developing a rewarding system through stimulations (e.g. salary addition) and benefits (e.g. paid holidays, scholarships, life and health insurance, equity participation, etc.). All this is aimed at motivating employees, keeping the best and increasing their loyalty to the company (Milićević & Štetić, 2017). Loyalty comes directly from employee satisfaction in the workplace and implies mutual benefit for both employees and the company (Matzler & Renzl, 2006).

The deployment of employees within the company, through **improvements, transfers, degradation and dismissals**, is a very important aspect of human resource management. These steps are consequential in nature and are directly related to the work performance of employees, their engagement, commitment, abilities, etc. (Milićević & Štetić, 2017).

Career development is linked to acquiring new knowledge, skills and abilities that enable an individual to take on new, more complex jobs. Unlike training, which is oriented to work, career is oriented to the individual and his potentials. Career is a concept that combines individual and organizational interests and needs, since interest in career development is not just by an individual, but also by a company (Radosavljević, 2009). Career development encompasses a range of activities that an individual does to improve his/her knowledge and skills and gain a better position in the workplace (Jovanović Božinov et al., 2004). The fact that the possibility of career advancement is one of the most motivating factors of employees only emphasizes the importance of this phenomenon for modern companies (Đorđević Boljanović & Pavić, 2011)

Conclusion

Human resources are the main source of competitiveness in modern society, but they do not create a competitive advantage, *a priori* and *per se*, it is necessary for the enterprise to put available human resources in the function of creating and achieving a competitive advantage and to use them in a superior way in relation to competition in the branch (Premović, 2015). Tourism is such a business activity where employees are those who make the difference, who "mark" and differentiate tourist service from the competition, i.e. they create comparative advantages and are the only resource that cannot be copied (Kovačević, 2012)

However, tourism and hospitality industry has faced many challenges over the years in terms of managing, retaining and motivating its human capital (Enz, 2001). Unfortunately, tourism and hospitality industry jobs have been touted to be high stress and low pay, which are factors that work against employee motivation and organizational commitment (Stamper & Van Dyne, 2003). Therefore, human resources management has become one of the leading preoccupations of modern enterprises and one of the key factors of competitiveness in tourism and hotel industry.

Human Resource Management involves various activities whose ultimate goal is to find and engage "the right people at the right places" in order to achieve successful business operations through efficient management and coordination of employees' activities. Human Resources Management is a top-level management function under the responsibility of a top manager.

As such, it includes management decisions and procedures that directly affect all human resources of enterprises (Premović, 2015).

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IMPACT OF EMPLOYER BRAND ON EMPLOYEES' SATISFACTION IN SERBIAN HOTEL ENTERPRISES

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Abstract

An increasing deficit of talents on the labor market can cause a "war for talent" among companies. It is therefore necessary that management develop appropriate strategies that will ensure differentiation of companies from their competitors at this market. One of the way is strategy of employer branding. Employer brand is the image of an attractive employer in the labor market created with aim to attract and retain a talents in the company as a result of the high level of employee satisfaction. The main goal of the article is to determine the impact of different dimensions of the employer brand and category of hotel on the level of employee satisfaction in the hotel industry. The paper uses the data obtained by the original research of the defined variables on the sample of the hotels belonging to the category with at least three stars. For hypothesis testing, correlation analysis and regression analysis are used. The obtained results showed that the different dimensions of the employer's brand have a statistically significant impact on the satisfaction of employees, and the impact of the category of the hotel has not been confirmed.

Key Words: *employer brand, employee satisfaction, hotel, human resources*
JEL classification: *G12, J24, J28*

Introduction

In the labor market, companies and talented individuals make mutual choices. Talented employees are vital to the development of the hotel

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company's business because they are in close contact with the guests (Cheung et al., 2014) and company need to attract and retain them in the organization through a proper strategy. The conducted research indicates that good results have obtained in the implementation of an employer branding strategy that is aimed at creating the image of a attractive employer in the labor market. Strategy of employer branding affects the structure of human capital, while the efficiency and effectiveness of employees' work depends on the level of their satisfaction. Satisfied employees create satisfied customers and contribute to understanding the different dimensions of an employer brand that can help better understand customer satisfaction (Sokro, 2012).

The aim of the research is to examine the interdependence between the building of employer brand and the achieved level of satisfaction of employees in hotel companies in Serbia. The purpose of the work is to identify ways to increase employee satisfaction through the management of different dimensions of the employer brand. The article, in addition to the introduction and conclusion, contains three more parts. The first part includes a literature review where, based on the conducted research, the importance of building an employer brand for companies, the importance of achieving a high level of employee satisfaction in hotel companies and analysis the relationship of the employer brand and employee satisfaction described is. The second part describes the applied research methodology and defines the sample and instrument of research. The third part includes the results of the research and the discussion on the set of research hypotheses.

Literature review

Employer brand

The status of "best employer" or "employer of the first choice" in the labor market is something that a growing number of companies are striving for (Alniacik & Alniacik, 2012). Building such a status can be achieved by implementing a branding strategy for the employer. By branding the employer, the company's identity is built to distinguish it from competitors (Sivertzen et al., 2013) who compete for talents and attract those candidates that have same or similar values to the company (Backhaus & Tikoo, 2004). On the basis of the above, it can be concluded that this strategy is especially focused on the relations between the employer and the employees whose ultimate goal is to provide intellectual support to the growth and development of the company. Analyzing the

employer brand, Ambler & Barrow (1996), as the main research issue, emphasize the application of branding and marketing principles, within the framework of the HR function, so that it can improve the company's business performance. The conducted studies indicate the positive impact of the employer branding strategy on the business of companies, and this strategy is becoming very popular among companies, especially those based on knowledge.

Ambler & Barrow (1996) observe the employer as a brand with which the employee develops close relationships. Employer branding represents the process of building a unique and recognizable identity of the employer, while the employer brand represents the concept of a company with which it differs from its competitors (Backhaus & Tikoo, 2004). Roy (2008) views the employer brand as a kind of "glue" that integrates different components of the company together to ensure employee loyalty and commitment and satisfactory performance of the workforce which ultimately leads to loyalty and customer satisfaction. The concept of the employer brand brings benefits to both the company and the employees. By implementing the company's branding strategy, the company attracts and maintains talents, reduces employee fluctuation, reduces hiring costs and labor costs, increases the efficiency and effectiveness of employees in performing their work tasks. The implementation of this strategy affects the growth of employee satisfaction and motivation, employee loyalty, better relationships and collaboration among colleagues, better performance results, and thus higher salaries for employees.

The research of the employer brand in this paper is based on the appropriate dimensions that constitute it. By identifying the dimensions that employees value most and investing in their development, company management directly affects employee satisfaction. In the article, the employer brand is viewed through the following dimensions: interest value, social, applicative, economic and development value, first introduced by Berthon et al. (2005). Interest value measures the attractiveness of employers to individuals depending on whether they offer an attractive working environment, new work practices and "use" the creativity of their employees (Roy, 2008). According to Reis & Braga (2016), this value includes a challenging and stimulating job, with innovative work practices, products and services, in an environment that fosters innovation and creativity. Social value refers to the appearance of the work environment and relationships and cooperation with other employees (Sivertzen et al., 2013). The applicative value indicates how

much an individual (employed) is able to apply his / her knowledge and transfers that knowledge to others, to his colleagues (Roy, 2008). The economic value refers to the economic benefits, that is, earnings and compensations that the employee receives in proportion to the invested work (Sivertzen et al., 2013). It includes components such as above average earnings, compensation package, job security and promotion (Reis & Braga, 2016). For Reis & Braga (2016), development value represents the opportunities that a company provides to a career development individual and includes recognition, self-esteem, skill development and experience.

The above dimensions of the employer brand in their research were also applied by Alniacik et al. (2014); Ahmad & Daud (2015); Reis & Braga (2016), while in some form they are applied by Roy (2008); Alniacik & Alniacik (2012); Sivertzen et al. (2013). In the research done by Alniacik et al. (2014), the respondents (potential employees) gave the highest importance to social value while the least important for them have market value. Strong and a statistically significant impact were identified by these authors between social and applicative values. Ahmad & Daud (2015) conclude that there is a statistically significant relationship between the development value of the employer brand and the turnover intention. The results of the conducted research by the author Sivertzen et al. (2013) indicate the relations of innovative value, psychological value and application value with corporate reputation. Psychological value is directly related to the candidate's intention to apply for a job. Roy (2008) concludes that most of the observed dimensions of the employer brand are statistically significant for the observed enterprises.

Employee satisfaction in hotel industry

Talent management has a positive impact on organizational performance associated with employees, which results in employee satisfaction (Slavković et al., 2015). Employee satisfaction affects their work performance, which depends on the organizational success of companies. Satisfied employees are more productive, more creative and committed to their business (Cheung et al., 2014) and they are a key tool for achieving high productivity. Job satisfaction is a positive emotional state that arises from the assessment of work or work experience (Barakat et al., 2016; Amin et al., 2017).

The development of hotel industry is based on different types of knowledge - that of consumers' needs, the ways of creating services and methods of their differentiation (Ognjanović, 2017). Human capital is an important resource of the hotel industry, and the quality of services is determined by the ability and willingness of employees to provide a quality service for guests (Amin et al., 2017). In the hotel industry, human resource management practices can affect employee satisfaction by influencing the feelings of employees by meeting their desire and the need for personal development (Cheung et al., 2014). The satisfaction of hotel employees is assessed positively or negatively by comparing performance with expected performance (Lee et al., 2015). There are several unique aspects of managing the employees in tourism and hospitality that complicate the process of hiring and retaining employees and affect their satisfaction with the business. These aspects are work intensity, deficit in the labor market, 24-work hours, low status and low level of professional prestige (Kara et al., 2012).

The satisfaction of hotel employees was explored by Chuang et al. (2009); Gu & Siu (2009); Gallardo et al. (2010); Pelit et al. (2011); Kara et al. (2012); Cheung et al. (2014); Lee et al. (2015); Wong & Li (2015) and Amin et al. (2017). Chuang et al. (2009) conclude that the satisfaction of employees in hotels is the result of motivated employee behavior. The satisfaction of hotel employees is linked to two dimensions of TQM practices: leadership and focus on customers (Amin et al. (2017); with job performance (Gu & Siu, 2009); with the hotel's competitiveness (Slavković & Ognjanović, 2017); unethical treatment of employees (Wong & Li, 2015). Employee satisfaction in hotels is influenced by the level of earnings (Gallardo et al., 2010), the possibility of training, earnings and rewards, and the support of colleagues and superiors (Gu & Siu, 2009), personal fulfillment, the use of skills in work and working conditions (Kara et al., 2012), psychological and behavioral empowerment (Pelit et al., 2011). Gu & Siu (2009) conducted a survey among casino hotels and came to conclude that the technical and interpersonal skills of employees are essential components of employee performance. Pelit et al. (2011) conclude that relations with colleagues and physical conditions are positive aspects of employee satisfaction, and that negative aspects is related to the issue of earnings among staff in hotels in Turkey. Cheung et al. (2014) conclude that job satisfaction has a mediating role in relation to career management, internal branding, and brand performance in hotels.

Employer brand and employee satisfaction

Successful implementation of the employer brand strategy leads to the retention of talented employees in the company and ensures a high level of employee satisfaction and loyalty. Employees who are more satisfied with the work have better relationships with customers (Davies, 2008), but also with employers. Davies (2008) consider that the issues that are relevant to candidates in the analysis and selection of the employer relate to the level of job satisfaction and the quality of cooperation that the employee realizes with his colleagues, while the satisfaction of the employer is in the second plan.

Employee satisfaction is one of the outcomes of the employer brand, which in turn contributes to employee dedication, customer satisfaction and profitability of the company. The brand creates and enhances satisfaction, and satisfaction anticipates future brand behavior (Sokro, 2012; Davies, 2008). Davies (2008) conclude that employers in the branding process must pay particular attention to employee satisfaction. The basic postulates on which the building of the employer brand is based are information about the desired behavior of employees, value system, business culture, labor standards and other factors necessary for business success (Backhaus & Tikoo, 2004). Thus, employer branding is aimed at creating a working environment that supports career development and employee development which has an impact on the level of their satisfaction. This conclusion is justified for two reasons. First, the employer branding carries with it the expectations of employees in terms of career development, diversification of business tasks and cooperation with other employees. If these expectations of employees are achieved, their level of satisfaction will be higher. Second, the employer branding provides information about the needs of employees. Identifying and addressing employee needs also affects their satisfaction.

A small number of researchers analyzed the relationship between the employer brand and employee satisfaction (Schlager et al., 2011; Priyadarshi, 2011; Tanwar & Prasad, 2016). The conducted research gave the following results. Priyadarshi (2011) looks at the employer brand through four attributes: organizational fame and flexibility, organizational environment, variety in job and work settings and compensation and career. It concludes that only organizational fame and flexibility is statistically significant and negatively affected to the satisfaction of the job. Tanwar & Prasad (2016) conclude that the employer brand is an

important predictor of job satisfaction. Branding helps to create a strong business culture that in turn affects the satisfaction of employees. The greatest impact on job satisfaction is training and development, company reputation, work-life balance and corporate social responsibility. In order to examine the relationship between the perception of the employer brand and the attitude of employees (employee satisfaction and employee identification), Schlager et al. (2011) include three dimensions of the employer brand. The results show that the strong employer brand affects the satisfaction of employees and that the greatest impact on satisfaction has development value.

Understanding the nature of the relationship between employees and the employer and the level of employee satisfaction impact important economic implications for the company (Tansel & Gazîoğlu, 2014). First, the satisfaction and loyalty of employees affects the attitudes and behavior of employees. The relationship between employee satisfaction and employee behavior affects productivity, job performance, fluctuation, and absence of employees from the workplace, as well as the abandonment of the company (Tansel & Gazîoğlu, 2014). Secondly, satisfied employees have a greater motivation to achieve better work results and thus provide a higher level of customer satisfaction. Therefore, the positive attitudes of employees towards work positively affect customer satisfaction (Backhaus & Tikoo, 2004). Thirdly, satisfied employees influence the employer's satisfaction because they achieve the planned goals and results of work above the average, so it can be said that the employer branding affects both the satisfaction of the employees and the satisfaction of the employer.

Research methodology

Sample description

The main goal of the research is to examine the influence of the employer brand on the employees satisfaction in hotel companies. Conducting research implies defining an appropriate sample. The sample consists of companies within the sector I - accommodation and food services, group 5510 - Hotels and similar accommodation (see Classification of Activities Republic of Serbia, 2010, p.124). Data on the number of companies with activity code 5510 were collected from the Business Registers Agency. In 2015, in the Republic of Serbia (hereinafter RS), 635 enterprises with the activity code 5510 were legal entities as joint-stock company, limited liability company, partnership and limited partnership. Questionnaires

were sent to 418 email addresses of companies with this activity code. A total of 51 questionnaires were returned, which means that the response rate was 12.2%.

The definition of a sample implies the selection of a hotel and the fulfillment of certain conditions. Firstly, only hotel managers who are the most suitable respondents for assessing the size of the employer brand were surveyed. Secondly, the sample includes hotels with three, four and five stars, while the hotels with one and two stars are excluded from the sample. The reason is that it is assumed that these hotels are not sufficiently developed brand of the employer. By complying with the stated conditions, the final number of hotels that constitute the observed sample is 47.

Table 1*: Number of observed hotels according to category*

No.	Hotel category	Number in sample	%
1.	***	18	38
2.	****	28	60
3.	*****	1	2
4.	**Σ**	47	100

Source: *Authors*

The sample is observed according to the appropriate characteristics: the category of the hotel, the number of years of work of the respondents in the hotel and the professional qualifications of the respondents. Table 1 shows the number of hotels by categorization that constitute the observed sample.

From the table it can be noted that the sample is the most represented by 4-star hotels (consist 60% of the sample), then hotels with 3 stars (38%) and 5-star hotels (2%). The sample is mostly represented by respondents who have *6 to 10 years of working experience* in the hotel industry and account for 40% of the total number of hotel managers interviewed.

When the sample is observed according to the education level of the respondents, it can be concluded that the respondents with a high degree of education are dominant (47% of the total surveyed managers).

Research instrument

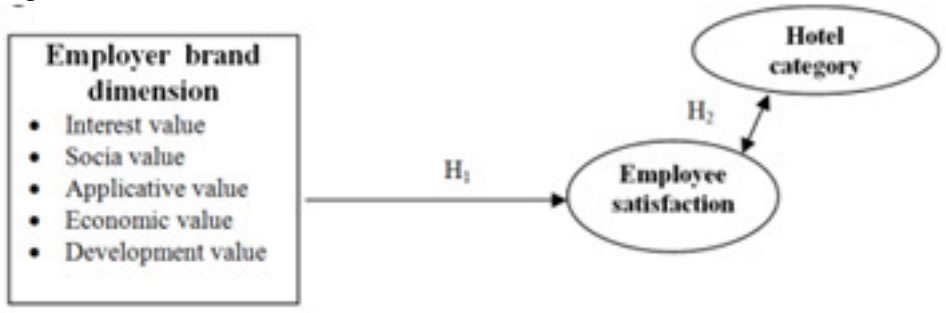
Collection of empirical data was done using a survey (questionnaire). The questionnaire was distributed by email to the address of the hotel manager. The survey has three parts: the first part includes general information about the hotel and respondents; the second part of the questionnaire includes an items by which the components of the employer brand are measured, while the third part includes the items that measure the level of employee satisfaction. Statements in the questionnaire are closed type for easier processing and interpretation of data. The dimensions of the employer brand and employee satisfaction are measured based on six sets of questions that consist of a total of 18 statements. The respondents evaluated the items based on the summarized 5-points Likert scale, starting from 1 "I completely disagree" to 5 "I completely agree."

Measured components of the employer brand are independent variables in the article and include interest value, social, applicative, economic and development value. A part of the questionnaire relating to the components of the employer brand was drawn up on the model of research carried out by Reis & Braga (2016), Berthon et al. (2005) and Alniacik & Alniacik (2012). Employee satisfaction is a dependent variable in the work that was measured also on the basis of the questionnaire. The findings in the questionnaire that measure employee satisfaction are based on papers by Barakat et al. (2016) and Sharma et al. (2016). Based on the defined goal of the study, dependent and independent variables, the two research hypotheses were set up. Figure 1 presents a research model with hypotheses. Defining the first hypothesis is based on assumption that the strong employer brand affects the satisfaction of the employees. The starting assumption in the second hypothesis is that branded fifth-class hotels apply such human resource management practices that have a superior effect on the level of employee satisfaction.

H_1: There is a statistically significant influence of the dimensions of the employer brand on the employee satisfaction in hotels in Serbia.

H_2: There is a statistically significant difference in the level of employee satisfaction depending on the categorization of the hotel.

Figure 1: *Research model*



Results and discussion

Testing the set of research hypotheses was carried out using appropriate statistical methods and the support of the statistical package for social sciences IBM SPSS Statistics, Version 23. A confidence level of ά = 0.05 was used to determine statistical significance. In the paper, descriptive statistics and normality test will first be applied in order to describe the observed sample, then the reliability and consistency analysis will test the reliability of the used statements in the questionnaire; followed by the application of a standard regression model and tests that examine the difference in the level of satisfaction of employees in hotels with three, four and five stars.

Descriptive statistics include the measuring of arithmetic mean, standard deviation, skewness, and kurtosi. Observed dimensions of the employer brand, the highest value of the arithmetic mean has a *social dimension* (Mean = 4.50/5), while the lowest value of the arithmetic mean has an *economic value* (mean = 3.29/5). Relationships and cooperation with colleagues are especially important for hotel employees, while they are least satisfied with the level of earnings and compensation for invested work. The highest standard deviation from the arithmetic mean was recorded at the economic value (std. dev. = 1.28). The obtained skewness values are negative so that most of the results obtained are closer to higher values. The results of kurtosi are positive and indicate that the distribution is peaked than normal.

Testing *distribution for normality* of the sample was done by the normality test. The sample size is less than 50 elementary units and the Shapiro-Wilk test is used. Since the value of this test for all observed

variables is $p < 0.05$, it is concluded that the empirical distribution can not be approximated by the normal ones.

The *reliability and consistency* of the used items in the questionnaire was measured using Cronbach's alpha coefficient. The reliability results for the entire sample were obtained and for each observed variable individually. The value of the Cronbach's alpha coefficient for the whole model is 0.768 while for individual variables it moves in the interval from 0.712 (Economic Value) to 0.804 (Interest value). Cronbach's alpha coefficient is greater than the recommended minimum value of 0.70 (Nunnally, 1978) and when it comes to the whole observed model and when it comes to individual variables, indicating the high reliability and consistency of measured observations.

Correlation analysis is carried out in order to determine the degree and direction of linear dependence between the observed variables. Correlation coefficient values up to 0.3 indicate a small correlation; from 0.3 to 0.5 refer mean correlation while the values greater than 0.5 indicate the presence of high correlation between the variables. The positive and negative values of the coefficient of correlation indicate the direction of correlation. In the case of positive values, the growth of one variable is conditioned by the growth of the other and vice versa. In the case of a negative value of the correlation coefficient, the growth of one variable leads to the decrease of the second variable and vice versa. Correlation analysis in the case of this model is carried out using the Spearman's rho linear correlation coefficient, since distribution normality has not been proven. The applied analysis measures the degree and direction of linear dependence between the dimensions of the employer's brand and these dimensions and levels of employee satisfaction.

The results of the correlation analysis lead to conclusion that the strongest relation is present between employee satisfaction and dimension noted as development value ($\rho = 0.607$; $p = 0.000$). Between the *employee satisfaction* and the dimension of the employer brand, there is a strong, positive and statistically significant relationship, except in the case of the interest value dimension. By observing Spearman's rho coefficient only for the dimensions of the employer brand, it can be said that interest value and social value are not statistically significantly related to other dimensions of the employer brand, which is not the case with applicative,

economic and developmental value. The strongest relation is between economic and developmental value ($\rho = 0.552$; $p = 0.000$).

The application of *multiple regression analysis* examines the influence of independent variables on one dependent variable. In this case, the impact of five components of the employer brand on the employee satisfaction in hotels in Serbia is examined. First, the fulfillment of the assumptions for carrying out the regression analysis is examined. Multicollinearity or the presence of strong correlation between the variables, is measured on the basis of the VIF coefficient which should not be greater than 5. In this case, the VIF coefficient is about 2 for all observed independent variables, which means that there is no multicollinearity between the observed variables.

For the proposed research model, the determination coefficient R^2 is 0.712, which means that 71% of the variability of employee satisfaction in Serbian hotels is explained by the regression model, while the rest of the variability is influenced by other factors. Because of small sample size, the value of the *adjusted R square* is also stated, which in this case is 0.676. The value of F statistics for the observed model is 20.227. The observed model reaches statistical significance because the value $p = 0.000$ ($p \leq 0.05$), which means that *there is a statistically significant influence of the dimensions of the employer brand on the employee satisfaction in hotels in Serbia*, that means the hypothesis H_1 is confirmed. Table 2 gives the values of β coefficient, t value and value of statistical significance for the observed model.

Table 2*:* Results of regression analysis

Variable		**Multiple regression**		
Dependent	**Independent**	**Beta**	**t value**	**Sig.**
Employees satisfaction	Interest value	-0.168	-1.924	0.061
	Social value	0.432	4.730	0.000
	Applicative value	0.123	1.190	0.241
	Economics value	0.161	1.421	0.163
	Developmental value	0.452	4.014	0.000

Source: *Authors*

Based on the data presented in Table 2 it can be concluded that the statistically significant impact on employee satisfaction have social value

of employer brand (β = 0.432; p = 0.000) and the development value of employer brand (β = 0.452; p = 0.000). The negative value of the β coefficient has interest value, but for this dimension, there was no statistically significant influence on employee satisfaction (β = -0.168; p = 0.061) in the observed hotels. Such results were expected as the respondents gave the highest value exactly to the social value of the employer brand (Mean = 4.50/5).

In order to test H_2 hypothesis, a non-parametric technique is used to compare group, the Kruskal Wallis test, which is an alternative to a single-factor analysis of the variance of different groups. Chi-Square for the observed model is 3.444 while the value of statistical significance is p = 0.176. The results clearly indicate (p> 0.05) that there is no statistically significant difference in the level of employee satisfaction observed from the aspect of hotel categorization, and the hypothesis H_2 is not confirmed. This means that the starting assumption that high category hotels have developed human resource management practices that provide a higher level of employee satisfaction is not supported.

Conclusion

A high rate of investment in human capital creates a positive working environment for employees, which affects the motivation and satisfaction of employees (Slavković & Ognjanović, 2018). The level of employee satisfaction influences the realization of the company's most important business objectives - the quality of services and the satisfaction of guests.

The research results confirm the influence of the observed dimensions of the employer brand on the employee satisfaction in hotel companies. Schlager et al. (2011); Priyadarshi (2011) and Tanwar & Prasad (2016) gave the same results. The social and development value of the employer brand has the strongest impact on employee satisfaction, as has been demonstrated by Schlager et al. (2011). Also, the results of the research indicate that there is no difference in the level of employee satisfaction in the third, fourth and fifth category hotels. Management of the third category hotels has the same approach to ensuring employee satisfaction as managers in hotels of the fourth and fifth categories. The contribution of the research is reflected in the fact that most of the previously conducted studies examined the employer brand from the perspective of potential employees. The results of this study suggest that the employer brand is important for employees because it affects the level of their

satisfaction and motivation, which further reflects the quality of services and customer satisfaction.

The conducted research has several limitations. The first limitation of the research relates to the size of the sample. For the purpose of collecting data for empirical research, a questionnaire (survey) was distributed by sending to the email addresses of the hotel manager. The response rate was 12.2% and indicate insufficient motivation of hotel managers to participate in the research. In that sense, the recommendation for future research would involve providing a greater number of observations in the sample. The second limitations refers to the low representation of five-star hotels in the sample. It is assumed that the hotels of this category have a strong employer brand and that the achievement of a high level of employee satisfaction is the result of the implementation of the employer brand strategy.

The results of the research may have been different if the participation of such hotels in the sample would be greater. The third limitation refers to the number of dimensions by which the employer brand is observed. Since some authors (Roy 2008; Alniacik & Alniacik, 2012; Sivertzen et al., 2013) used a larger number of dimensions of the employer's brand in their research, the credibility of the surveyed results would be greater if the employer's brand encompassed a larger number of dimensions. The fourth limitation relates to the fact that the employer brand, i.e. its attractiveness is not measured and observed in several time intervals, but the given estimate is at the time of the surveying.

The research results have important practical implications. The confirmed influence of the employer brand on employee satisfaction encourages hotel managers to work on building an "attractive" employer. The high level of employee satisfaction has an impact on the quality of hotel services and thus on customer satisfaction, which confirms the indirect influence of the employer brand on these two variables. The social and development values of the employer brand have the strongest impact on employee satisfaction. This means that management companies must apply appropriate tools to ensure good cooperation among employees and to provide support to employees in developing their careers and acquiring new knowledge, experience and skills. Therefore, the development employer brand through social and development value can affect the satisfaction of employees in hotels in Serbia.

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INFORMATICS EDUCATION OF MANAGERS IN TOURISM AS A BASIS FOR SUCCESSFUL INCLUSION IN THE WORKING ENVIRONMENT

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Abstract

Informatics is very important in contemporary life. This is especially true in the business world. Thus quality informatics education of all employees, especially of managers, is a must. Tertiary education should follow these requirements. In this paper we give an overview of several segments of this education that we consider important. Our experience is related to the education of managers in tourism, but the presented materials can easily be integrated into the general education of managers.

Key Words: *digital literacy, IT education, informatics, information systems, hotel management systems, practical work*
JEL classification: *I20*

Introduction

Information and communication technology (ICT) advancement has made a big change in everyday life of the modern man, as well as in all kinds of business functioning. The enhancements in ICT field in the last couple of decades has brought computing speed increase, hardware size decrease, both hardware and software costs reduction, and the multiplication of the reliability, compatibility and interoperability of different informational systems. At the same time, computer systems became more user-friendly and easy for everyday personal and business use. Modern business relies on this technology, and that is the main reason why knowledge and skills in the usage of these systems are very important for contemporary

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manager. Therefore, it is very clear that education of students (next generation of managers), as well as education of managers in field of informatics and information technologies (IT) in general is very important (Vasović & Milašinović, 2014).

In our work on IT education of future managers in tourism at the Faculty for Hotel Management and Tourism in Vrnjačka Banja, we have followed two main objectives:

- First, to improve general IT skills and knowledge.
- Second, to acquire knowledge about importance of information systems and communication technologies (ICT) use in modern business, the basic principles of their development and examples of good practice in their application in the work.

The speed of performing duties as one of the most important imperatives in managing today's business leads to the fact that it is highly desirable that all employees should be trained to independently perform as many tasks as possible. That is why we are dealing with the accomplishment of the first mentioned goal. This is especially true for contemporary managers, because, in the optimal case, they must be less dependent on the knowledge and skills of people around them for successful management. In addition, another important reason why managers need to be familiar with modern ICT flows is their responsibility for the adequate use of modern information systems and ICT in general. This is especially true for highly positioned managers who make strategic decisions to ensure business sustainability and competence.

In line with the changes brought by the development of the IT sector and in the way of teaching IT subjects, there have been changes since the Bologna Declaration was adopted. This is primarily reflected in the fact that the focus from learning the content is shifted to its use. Teachers are increasingly less concerned about presenting information, and they increasingly encourage students to search for information. More competencies are developed by solving specific problems. With the increased use of modern technologies, time and space constraints on learning are reduced, and more and more people are given the opportunity to find themselves in the role of teachers, as well as in the role of students (Vasović & Milašinović, 2014).

The development of ICT has brought a number of changes in the way of teaching. This is especially true for IT education. Today, more than ever

before, learning can happen wherever there is an opportunity. Students are no longer limited to learning materials only in an educational institution where the teacher is teaching it. They have a vast sea of resources available on the Internet. On the one hand, these resources encourage research, and, on the other hand, they may lead to a total confusion in the realm of students. That is why an appropriate teacher should be a guide in students' research activities.

The role of ICT in tourism business operation

Information is of crucial importance in tourism and hotel industry. The specificity of tourism lies in the fact that it is a service activity characterized by the fact that clients are not able to test services before they decide to buy them. The role of information systems here comes to be of special importance, because all this information must be collected efficiently, properly processed and adequately delivered to clients.

Implementation of information systems began in 1950, with the introduction of computer reservation systems (CRS), first in the airline business operations, and later in the hotel industry, rent-a-car and other branches of tourism (Kurt & Kurdoğlu, 2016).

In addition to CRS and its evolution into global distribution systems (GDS), geographic information systems (GIS), destination management systems (DMS) and various resources from the Internet are used for tourism purposes today (Xiaoqiu et al., 2003).

From day to day, the importance of having the right information at the right time in all areas of business, as well as for stakeholders on the side of the tourist offer, is more and more evident. There are two sides of the role of information systems. First, they serve as assistance to managers in tourism companies and to decision-makers in tourist organizations. Secondary, they provide information to clients, ie. potential tourists. The lack of the right information at the right time can be very harmful to the reputation and business operation of the companies in this industry. (Kraguljac et al., 2019)

Use of ICT and number of employees in today's business

According to data (Statistical Office of the Republic of Serbia, 2019), it is evident that the use of computers in companies in the Republic of Serbia,

the use of the Internet in business and the number of companies that own the website are constantly increasing.

Table 1: *Use of ICT in companies in the Republic of Serbia*

Year	Computers are used [%]	The Internet is used [%]	The website is used [%]
2006	97.3	90.2	52.9
2007	97.7	90.6	61.8
2008	97.7	91.5	68.9
2009	97.8	94.5	67
2010	97.8	96.8	67.5
2011	98.1	97.2	67.6
2012	98.7	97.7	73.8
2013	100	99.6	73.8
2014	100	100	74
2015	100	99.1	75.2
2016	99.8	99.8	80.8
2017	100	99.7	80.4
2018	99.3	99.8	82.6

Source: *Statistical Office of the Republic of Serbia (2019)*

The latest data (Eurostat, 2019) show that in Europe, in most countries, the number of employees is growing, and hence the demand for new workforce. This is further emphasized in the Republic of Serbia.

Table 2: *Labour input, total industry excluding construction (Index year 2010 = 100, seasonally adjusted)*

	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Euro area (19 countries)	100.6	100.6	100.7	101
EU (28 countries)	100.8	100.9	101	101.5
Serbia	100.6	102	103.1	104.5
	2017 Q1	**2017 Q2**	**2017 Q3**	**2017 Q4**
Euro area (19 countries)	101.5	101.9	102.4	102.7
EU (28 countries)	102	102.3	102.8	103.2
Serbia	105.4	106.8	108.1	109.3

	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Euro area (19 countries)	103.1	103.5	103.6	103.7
EU (28 countries)	103.7	104	104.1	104.2
Serbia	110.8	112.3	113.5	/

Source: *Eurostat (2019)*

Table 2 presents the index showing the development of labour input in the sector of industry (excluding construction). This index is related to the number of persons employed. The number of persons employed shows the development of employment in Industry. It can be defined as the total number of persons who work in the observation unit as well as persons who work outside the unit who belong to it and are paid by it. The index is presented in a calendar and seasonally adjusted.

The European Commission manages a range of initiatives that help small businesses in the tourism sector. Given the huge impact that digital technologies have on the sector, supporting access and use of ICT tools is a priority area for the Commission. The Commission is also involved in actions that aim to increase the responsiveness of education and training to labour market needs and help entrepreneurs gain the necessary skills to manage their businesses. The European Commission has implemented several actions to boost the competitiveness of small businesses in the European tourism sector, integrate them into global digital value chains, and improve their ability to create more jobs (European Commission, 2019).

Initial state

Students today enrolling faculties are surrounded with computers, multimedia content, smartphones and similar devices from birth. Therefore, it is quite expected that they are skilled in their use. The daily number of such devices in our environment is rapidly increasing. Almost all of the devices are connected to the Internet. According to Cisco systems, the below graph shows the estimated number of connected devices up to 2020.

Figure 1: *Number of expected devices connected to the Internet*

Source: *Cisco, (www.cisco.com)*

For example, it is estimated that just IoT (Internet of Things) will have about 25 billion of devices by the year 2020 (Gartner, 2014) (Shamonsky, 2015). For years, we survey first year students in order to gain insight into their knowledge of basic areas of business informatics. The results showed that their knowledge is not at the expected level. This is quite pronounced given that they have studied all these areas during the previous levels of education.

The first part of entrance survey assesses general informatics knowledge. The sample at which the survey was conducted was initially about 100 students, and in time it has increased to 150. The percentage of correct answers to individual questions is quite diverse - from five to 95%. The overall average of the correct answers of 60-70% is not a satisfactory level because it should be a check of the most elementary knowledge.

Additional questions found that e-mail usage rose over time up to 95% of students. Similarly, percentage of active e-mail users rose up to 75%. Primary activity in the use of information technology for 85-95% of students is the use of social networks (Kraguljac & Milašinović, 2016). Earlier it was Facebook, and for the past three years mostly Instagram, although still more accurate statistics is available for Facebook (Internet World Stats, 2019).

Table 3: *Internet Stats and Facebook Usage in Europe, December 2017 Statistics*

EUROPE	Population 2018 Est.	Internet Users 31.12.2017	Penetration (% Population)	Users % in Europe	Facebook 31.12.2017
Albania	2,934,363	1,932,024	65.8 %	0.3 %	1,400,000
Andorra	76,965	67,305	87.4 %	0.0 %	42,000
Austria	8,751,820	7,695,168	87.9 %	1.1 %	3,700,000
Belarus	9,452,113	6,725,018	71.1 %	1.0 %	3,850,000
Belgium	11,498,519	10,857,126	94.4 %	1.5 %	6,500,000
Bosnia-Herzegovina	3,503,554	2,828,846	80.7 %	0.4 %	1,500,000
Bulgaria	7,036,848	4,663,065	66.3 %	0.7 %	3,300,000
Croatia	4,164,783	3,787,838	90.9 %	0.5 %	1,800,000
Cyprus	1,189,085	971,369	81.7%	0.1 %	870,000
Czech Republic	10,625,250	9,323,428	87.7 %	1.3 %	4,600,000
Denmark	5,754,356	5,574,770	96.9 %	0.8 %	3,700,000
Estonia	1,306,788	1,276,521	97.7 %	0.2 %	620,000
Faroe Islands	49,290	47,515	96.4 %	0.0 %	33,000
Finland	5,542,517	5,225,678	94.3 %	0.7 %	2,700,000
France	65,233,271	60,421,689	92.6 %	8.6 %	33,000,000
Germany	82,293,457	79,127,551	96.2 %	11.2 %	31,000,000
Gibraltar	34,571	32,654	94.5 %	0.0 %	23,000
Greece	11,142,161	7,815,926	70.1 %	1.1 %	5,000,000
Guernsey & Alderney	66,433	55,050	82.9 %	0.0 %	34,000
Hungary	9,688,847	8,588,776	88.6 %	1.2 %	5,300,000
Iceland	337,780	334,303	99.0 %	0.1 %	250,000
Ireland	4,803,748	4,453,436	92.7 %	0.6 %	2,700,000
Italy	59,290,969	54,798,299	92.4 %	7.8 %	30,000,000
Jersey	99,650	70,000	70.2 %	0.0 %	63,000
Kosovo	1,895,250	1,523,373	80.4 %	0.2 %	910,000
Latvia	1,929,938	1,663,739	86.2 %	0.2 %	740,000
Liechtenstein	37,922	37,322	98.4 %	0.0 %	14,000
Lithuania	2,876,475	2,599,678	90.4 %	0.4 %	1,400,000
Luxembourg	590,321	572,242	96.9 %	0.1 %	320,000
Macedonia	2,085,051	1,583,315	75.9 %	0.2 %	1,000,000
Malta	432,089	360,056	83.3 %	0.1 %	320,000
Man, Isle of	84,831	52,000	61.3 %	0.0 %	50,000
Moldova	4,041,065	2,878,794	71.2 %	0.4 %	800,000
Monaco	38,695	36,949	95.5 %	0.0 %	13,000
Montenegro	629,219	439,624	69.9 %	0.1 %	320,000

EUROPE	Population 2018 Est.	Internet Users 31.12.2017	Penetration (% Population)	Users % in Europe	Facebook 31.12.2017
Netherlands	17,084,459	16,383,879	95.9 %	2.3 %	9,800,000
Norway	5,353,363	5,311,892	99.2 %	0.8 %	3,400,000
Poland	38,104,832	29,757,099	78.1 %	4.2 %	14,000,000
Portugal	10,291,196	8,015,519	77.9 %	1.1 %	5,800,000
Romania	19,580,634	14,387,477	73.5 %	2.0 %	8,900,000
Russia	143,964,709	109,552,842	76.1 %	15.5 %	13,100,000
San Marino	33,400	17,610	52.7 %	0.0 %	7,900
Serbia	8,762,027	6,325,816	72.2 %	0.9 %	3,400,000
Slovakia	5,449,816	4,629,641	85.0 %	0.7 %	3,200,000
Slovenia	2,081,260	1,663,795	79.9 %	0.2 %	910,000
Spain	46,397,452	42,961,230	92.6 %	6.1 %	23,000,000
Svalbard & Jan Mayen	2,583	1,700	65.8 %	0.0 %	1,700
Sweden	9,982,709	9,653,776	96.7 %	1.4 %	6,300,000
Switzerland	8,544,034	7,776,749	91.0 %	1.1 %	3,700,000
Turkey	81,916,871	56,000,000	68.4 %	7.9 %	44,000,000
Ukraine	44,009,214	40,912,381	93.0 %	5.8 %	9,500,000
United Kingdom	66,573,504	63,061,419	94.7 %	8.9 %	44,000,000
Vatican City State	792	480	60.6 %	0.0 %	20
TOTAL EUROPE	827,650,849	704,833,752	85.2 %	100.0 %	340,891,620

Source: *Internet World Stats, (www.internetworldstats.com)*

Statistics show that, for example, about 70% of population in Serbia are users of Facebook. However, most students do not use freely available resources for learning on the Internet. If they use it, it is reduced to video lessons on YouTube. It is problematic that students never used or heard about open online courses from well-known world-class institutions.

It can almost be said that the use of the Internet for educational purposes is reduced to the most basic search on Google and choosing one of the first few search results.

Teaching objectives

Following the golden educational rule "from near to far", we realized the first abovementioned teaching objective in undergraduate academic subject Business Informatics at the first year of studies. Students that

attend this teaching course will improve the knowledge gained in higher grades of primary school and then during high school education. Main aspects of this teaching course are basics of IT. Thus usage of operating system (Windows), WYSIWYG text processing (Microsoft Word, LibreOffice Writer, Google Document), spreadsheets (Microsoft Excel, LibreOffice Calc, Google Spreadsheet), presentations (Microsoft PowerPoint, LibreOffice Impress, Google Presentation) and the Internet through two basic services (web and email) are included. Many faculties have the similar teaching program concerning Informatics in first year of study. We tend to look at this teaching course as "digital literacy".

The basic Informatics knowledge and skills that students gain in the first year of study should be extended afterwards. Information systems are backbone of modern business and contemporary managers should be familiar with concepts of these systems. We found that the fourth year of studies is the most appropriate for the realization of the second abovementioned teaching objective. In teaching course Information and Communication Technologies in Hotel Management and Tourism, our students should master the concepts of information systems in modern business. In this academic subject focus is on practical work as well. We try to cover these main areas:

- Information systems and databases in general,
- The information systems for destinations management,
- Hotel management information systems,
- Content management systems (CMS).

Natural focus of all mentioned fields is to adapt students to the specific business environment in the hotel management and tourism industry. On the other hand, although meant for tourism students, this teaching course is applicable to management student of any particular field.

Obstacles

It is almost impossible to argue against the need of ICT in contemporary education, many authors have the very same conclusion on this issue (e.g. Sari&Mahmutoglu, 2013). So, it is necessary to use ICT in teaching on one hand, and on the other there is still a large number of reluctant teachers that are not so willing to modernize their teaching approach (Sukanta, 2012).

The International Computer and Information Literacy Study (ICILS) research, last carried out in 2013, shows that 25% of school-age respondents show a low level of knowledge of information and communication technology (ICT) skills (European Commission, 2019). Thus we could observe that one portion of students is reluctant to ICT as well, and that the similar trend is present in many countries.

The European Parliament and the Council of the European Union as one of the eight key competences have declared these skills important for lifelong learning (European Parliament & Council of the European Union, 2006).

Suggested approach

Informatics education of contemporary manager should be orientated towards practice. Theoretical background needs to be on the basic level for majority of students. Naturally for those who are willing to understand theoretical basis better, guideline and all the necessary teaching materials should be provided. On the other hand good "IT skills" of all the students should be at the highest possible level. In the modern world, manager tends to be operational almost all the time, thus his/her "agility" with the contemporary technology needs to be good. In these circumstances, students became aware of the benefits of this approach to IT education.

Figuratively speaking, there are little chances to have a wolf set for challenges if we keep the animal in the zoo all the time. Similarly, there are no good chances to have resourceful managers, if there is no problem solving in their educational process. In that sense, the role of teacher should be changed towards a role of guide. The teachers should advise students how to use modern technologies effectively for collecting, processing, interpreting information and how to present them.

In line with the development of web 2.0 technologies, there are more and more pages on the Internet where the focus is on user-generated content, usability and cooperation. This improves cooperation between students, but also between students and teachers. Following the situation in which today's touch-sensitive devices provide significant support to day-to-day operations, tablet devices are introduced in the exercises. Work is organized so that each student has his assigned tablet in the course of practical work (Kraguljac & Milašinović, 2017b). Since the tablets are not so suitable for creating a new content, the program of teaching subject

Business Informatics has been partially changed to include content that students can more easily use and share with each other.

After consolidating the basic practical IT knowledge in the field of text processing, spreadsheets, presentation and usage of the operating system and the Internet in the fourth year of study, the focus is shifted to areas that are more specific in the field of hotel management and tourism.

This includes Information Systems (IS) that cover the business of Destination Management Organizations (DMO) whose main goals are successful marketing of destination, constant increase of visitation volume, engagement of large investors, and spreading of the positive destination image (Kraguljac & Milašinović, 2017a).

Databases are an area that is much closer to IT students than students of hotel and tourism. Nevertheless, the trends in modern business make it imperative that our students, as future managers, have to master the basics of the databases. For this purpose, students are introduced to specialized software called the database management system (DBMS). In our case, that's it well known program Microsoft Access. There are several reasons why this program was selected. The user interface is the same as in other programs from the Microsoft Office package. Microsoft Access presents all-in-one program for working with databases. It can be used for tables' design, establishing connections between them, and creation of queries, forms and reports.

According to various estimates there are nearly 1.5 billion websites online today. And there are circa 230 million unique domains. The numbers are, of course, astoundingly huge.

Most of these sites are run by some of the content management systems (CMS). CMS is online software that enables anyone to build a personal or business website without having to write a line of code. The fact that no programming knowledge is required in order to build and later use a website based on a CMS is the main reason of their popularity. The most used CMS today are WordPress, Joomla, and Drupal. According to the latest data, WordPress controls nearly 60% of the CMS market and nearly 30% of all websites. Joomla and Drupal have approximately 6.6% and 4.6% percent of the CMS market share.

Our students learn structure of contemporary CMS web site through the living example of the web store realized with Joomla CMS. During work, they get different roles so they have opportunity to know CMS platforms in different ways. This is opportunity that they see how different employees, commercialists, managers, PR staff, warehouse clerks, etc. use CMS in their work.

Another example which students encounter in teaching exercises is the website of the hotel realized in WordPress. This site has all the features of the usual site for this purpose, including a complete booking system.

Hotel management information systems are represented in teaching through work in the global software package Fidelio and in the domestic package adapted to the Serbian market named ProSoft.

Students learn to perform all important activities related to the monitoring and management of all hotel operations from customer relationship management (CRM), reservations, and front office to cashiering, rooms' management, conference, and catering management. On this way complete stay of the guest in hotel is covered.

A few practical notes on teaching material and software platforms

As discussed above, the main point of quality education in field of information and communication technologies is to have adequate approach to the problem. This can be said for education in probably all other fields as well. However due to the specific demands of information and communication technologies education, in educational process all the necessary hardware and software platforms must be incorporated. That is why even with a good approach to the problem, teachers in old days had to struggle with acquiring the necessary software. So even in near past - ten to fifteen years ago teachers had to rely solely on proprietary commercial software packages for the task. Nowadays, however, with the very same initial position (good approach / well written curriculum) teacher have an opportunity to have free software solutions for almost all the important segments of teaching materials.

On top of this, a myriad of individual materials should be added, as well as also complete courses free of charge available on the Internet.

Further work

In line with modern trends in education technology, one of the directions for further work will be related to learning by exploration and to the creation of an environment in which such learning will be effectively implemented. To achieve this, we will use all kind of multimedia sources and various levels of real work environment simulations. This includes, but is not limited to, hypertext, images, audio, video, animations, and simulations.

In order to gain the necessary knowledge in this way, we will try to ensure that students have all the necessary information available through the multimedia and accessible environment in which they can acquire and train the desired skills. The more we become able to get students to learn by exploration, they will be more willing and more motivated to continue to apply this kind of training when they move from academic to working environment. In this way all individuals (eg. students, or people from their working environment) would be able to manage their own time for learning.

An important role of teachers in this process will be to guide students who have not yet developed skills to effectively search for the information needed in the virtually infinite space of the Internet, how to distinguish relevant information from those that are not, and how to get the best information out of the information that they have found and develop new knowledge. In particular, it will be important to pay sufficient attention to the prevention of situations where students, during the process of searching for useful information, "lose their way" and start to deal with content that does not bring them educational benefits.

As students vary widely in cognitive and other characteristics, in parallel with the mentioned activities, special attention needs to be paid to the preparation of the content that will be adapted to all of them. This will ensure that more advanced students are not bored and, on the other hand, that those who are less capable do not lose motivation.

Conclusion

Modern society demands adaptation of persons in almost any business position to contemporary (ever changing) technology. On the other hand, a lack of time is often present in daily activities in the life of a modern

man. This study presents this issue in detail, as well as our approach to contemporary informatics education.

Although comparison between old and modern school of teaching may have pros and cons on both sides, business dictates the "learning tempo" - thus we found modern method more applicable.

As presented in this study, a modern approach is very important: students can distribute their time better (very usable for people that have to spend much time in their workplace), and teachers can apply this method in practice almost without any financial costs, due to a wide variety of free resources.

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DIGITAL COMPETENCES IN THE FUNCTION OF REDUCING UNEMPLOYMENT[1]

Ivana Simić[2];

Abstract

Nowadays many national economies are facing the problem of unemployment. Its proportion can be expressed by the unemployment rate. Although different reasons affect the unemployment rate, the inapropriate competences of the available workforce are distinguished as one of the dominant. That reason causes the phenomenon of the so-called labour market paradox. On the one side, that paradox reflects a relatively high unemployment rate and, on the other side, the inability of a large number of employers to hire workers whose competences meet the demands of a modern workplace. Special attention in this paper is paid to digital competences. The aim of the paper is to point out the nature of digital competences, their importance for reducing the level of unemployment, as well as the ways in which they can be acquired and improved.

Key Words: *digital competences, digital skills, unemployment*
JEL classification: *J240, J640, O330*

Introduction

Unemployment is a serious problem that most modern economies are facing. Although it is more conspicuous in less developed countries, its presence is also evident in the most developed economies of the world. The scope of this problem can best be traced through the unemployment rate. That rate is considered 'probably the best-known labour market measure … of the underutilization of the labour supply. It reflects the inability of an economy to generate employment for those persons who want to work but are not doing so, even though they are available for

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employment and actively seeking work. It is thus seen as an indicator of the efficiency and effectiveness of an economy to absorb its labour force and of the performance of the labour market' (ILOSTAT). This rate is also considered 'an important measure of a country or region's economic health' (STATISTA, 2018). It is calculated as follows (ILOSTAT):

$$UR\ (\%) = \frac{\text{Persons unemployed x 100}}{\text{Labour force}} \qquad (1)$$

According to the World Bank (2018), the average unemployment rate in the world, from 1991 to 2018, had the trend as shown in Figure 1.

Figure 1: *The average unemployment rate in the world from 1991 to 2018*

Source: *The World Bank. (2018). Unemployment, total (% of total labor force) (modeled ILO estimate) https://data.worldbank.org/indicator/sl.uem.totl.zs*

The average unemployment rates by individual countries (according to the choice of the author of the paper) in the mentioned period are shown in Table 1.

Table 1: *Average unemployment rates by individual countries from 1991-2018*

COUNTRY / GROUP OF COUNTRIES	1991 (%)	2018 (%)	COUNTRY	1991 (%)	2018 (%)
WORLD	5.64	5.38	LATVIA	18.89	8.57
EUROPEAN UNION	8.93	6.94	LITHUANIA	17.79	6.92
AUSTRIA	3.42	5.39	LUXEMBOURG	1.48	5.36
BELGIUM	6.99	6.46	MALTA	6.42	3.90
BULGARIA	21.24	4.92	NETHERLANDS	7.28	3.79
CROATIA	11.14	9.10	POLAND	12.53	4.36
CYPRUS	2.79	10.36	PORTUGAL	3.92	7.35
CZECH REPUBLIK	2.27	2.07	ROMANIA	8.07	4.63
DENMARK	9.10	5.36	SLOVAK REPUBLIK	12.20	7.27
ESTONIA	1.47	5.59	SLOVENIA	7.08	6.22
FINLAND	6.50	8.25	SPAIN	15.93	14.55
FRANCE	9.13	8.81	SWEDEN	3.24	6.32
GERMANY	5.32	3.72	UNITED KINGDOM	8.55	4.00
GREECE	7.66	21.07	***SERBIA***	12.63	13.08
HUNGARY	9.60	3.65	BOSNIA AND HERZEGOV.	17.55	26.06
IRELAND	23.06	12.57	MACEDONIA, FYR	35.70	22.30
ITALY	10.10	10.57	MONTENEGRO	27.07	16.12

Source: *compare with The World Bank (2018). Unemployment, total (% of total labor force) (modeled ILO estimate) https://data.worldbank.org/indicator/sl.uem.totl.zs*

According to the World Bank, as well as other relevant sources (Republički zavod za statistiku; Trading Economics, 2018), the unemployment rate in the Republic of Serbia is significant: 13.08% in 2018 (The World Bank); 11.3% (Republički zavod za statistiku; Trading Economics, 2018) and is above the average unemployment rate of the world (5.38% in 2018), as well as that of the European Union (6.94% in 2018) (see Table 1). Thereby, it should be kept in mind that the unemployment rate in the Republic of Serbia of 11.30% in the Quarter III of 2018 (Republički zavod za statistiku; Trading Economics, 2018) indicates the decline in unemployment compared to the second quarter of

2018, when it was 11.90%. Besides, average unemployment rate in the Republic of Serbia in the period 2008-2018 is extremely high (17.31%). The highest value was achieved in the first quarter of 2012 when it stood at 25.50%. Its lowest value (11.30%) in the mentioned period was just identified in the Quarter III of 2018. The stated values of the unemployment rates in the Republic of Serbia are shown in Table 2.

Table 2: *Serbia Unemployment Rate*

III Q / 2018	PREVIOUS II Q / 2018	HIGHEST I Q / 2012	LOWEST III Q / 2018	AVERAGE 2008 - 2018
11.30%	11.90%	25.50%	11.30%	17.31%

Source: *Trading Economics. (2018). Serbia Unemployment Rate, https://tradingeconomics.com/serbia/unemployment-rate*

A labour market paradox

Reasons for such a high unemployment rate in the Republic of Serbia, as well as for its presence in most countries of the world, are different. A serious reason is a disharmony between the available competences of the current workforce and demands, in terms of the competences of workers, which modern jobs impose. In literature and practice, this phenomenon is designated as "skills shortages" (Frogner, 2002), "skills mismatch" (European Economic and Social Committee, 2018) or "a labor market paradox" (Pauw et al., 2008). It is a paradox that reflects, on the one hand, relatively high level of unemployment in the labor market and, on the other hand, the inability of employers to find people with appropriate competences in the available labor market (Simić & Marinović Matović, 2018, p. 384).

In one of the documents, compiled by the European Center for the Development of Vocational Training, it is stated: 'regardless of high unemployment rates, about one third of enterprises in the EU claimed in the last few years to be unable to meet their needs for labour' (European Centre for the Development of Vocational Training, CEDEFOP, 2012, p. 9). Therefore, 'a top priority for the EU is a better match between the supply of and demand for skills' (European Centre for the Development of Vocational Training, CEDEFOP, 2012, p. 9).

The causes of this discrepancy should be sought in the intensive globalization, the new (fourth) industrial revolution, as well as in numerous trends that can be brought into the relationship with the

aforementioned causes. Some of the main are: digitization of business, shift to knowledge-based economies, various demographic changes, etc. (Simić, 2018, p. 288). Of course, one of the causes of this discrepancy is unwillingness or the inability of the labor force to adapt in time to new job requirements (European Economic and Social Committee, 2018, p. 7).

Consequences of mismatch or paradox on the labor market can be analyzed from different aspects: from the aspect of individuals who lack the relevant competences, from the aspect of organizations that are unable to fill in vacant posts with competent employees, from the aspect of the entire national or global economy. High level of unemployment caused by mismatches in the labor market threatens the competitiveness of the national economy, its potential for growth and development, the level of its productivity, innovation, investment, the level of social cohesion of society (compare with: European Commission, 2016). Similar consequences are also present in those organizations facing the problem of hiring competent workers. According to the research of Institute for Market Economics (IME), conducted in the fourth quarter of 2017, which included the companies in Austria and Bulgaria '71% of companies engaged in professional, scientific or technical services and 67% of ICT companies assigned high significance to the effect that skill mismatches have on the hiring of additional workers' (European Economic and Social Committee, 2018). The same research has also shown that 'people aged less than 24 years and over 65 years are deemed most susceptible to skills mismatches' (European Economic and Social Committee, 2018). According to the data released by the European Commission in 2016, '70 million Europeans lack adequate reading and writing skills, and even more have poor numeracy and digital skills' (European Commission, 2016).

Overcoming disharmony in the labor market

Due to the serious consequences of the labor market paradox, in many countries of the world, since the very beginning of the 21st century, serious efforts have been made to overcome it or to alleviate it as much as possible. To this end, the following was done within the European Union (The European Parliament and the Council of the European Union, 2006, 10-11):

- The Lisbon European Council (23-24 March 2000) concluded that a European framework should define the new basic skills to be provided

through lifelong learning as a key measure in Europe's response to globalisation and the shift to knowledge-based economies;

- The European Councils of Stockholm (23-24 March 2001) and Barcelona (15-16 March 2002) endorsed the concrete future objectives of European education and training systems and a work-programe (the Education and Training 2010 work programme) to achieve them by 2010;
- In May 2003 the Council adopted the European reference levels. These reference levels include reading literacy, early school leaving, comletion of upper secondary education and participation of adults in lifelong learning (and are closely linked to the development of key competences).
- The report of the Council on the broader role of education adopted in November 2004 stressed that education contributes to preserving and renewing the common cultural background in society and to learning essential social and civic values such as citizehship, equality, tolerance and respect, and is particularly important at a time when all Member States are challenged by the question of how to deal with increasing social and cultural diversity.
- The Framework of Actions for the Lifelong Development of Competences and Qualifications, adopted by the European social partners in March 2002, stresses the need for businesses to adapt their structures more and more quickly in order to remain competitive.
- The Joing Council/Commission Report on the Education and Training 2010 programme, adopted in 2004, reinforced the need to ensure that all citizens are equipped with the competences they need as part of Member States' lifelong learning strategies.

One of the remarkable efforts to overcome the mismatch in the labor market, i.e. to reduce unemployment, was done by the European Parliament and the Council of the European Union, which in December 2006 defined Recommendation on key competences for lifelong learning. Starting from the fact that "globalisation continues to confront the European Union with new challenges" the Recommendations emphasize that each citizen will need a wide range of key competences to adapt to rapidly changing and highly interconnected world" (The European Parliament and the Council of the European Union, 2006, p. 13). In the Recommendations competences are defined as "a combination of knowledge, skills and attitudes appropriate to the context", while key competences are "those which all individuals need for personal fulfilment and development, active citizenship, social inclusion and employment

(The European Parliament and the Council of the European Union, 2006, 13). The main competences are (The European Parliament and the Council of the European Union, 2006, p. 13):

- Communication in the mother tongue;
- Communication in foreign languages;
- Mathematical competence and basic competences in science and technology;
- Digital competence;
- Learning to learn;
- Social and civic competence;
- Sense of initiative and entrepreneurship; and
- Cultural awareness and expression.

What is particularly emphasized in these Recommendations is that "the key competences are all considered equally important, because each of them can contribue to a successful life in a knowledge society" (The European Parliament and the Council of the European Union, 2006, p. 13).

Considering that after 2006 significant changes were followed in European society and European economies, a new list of key competencies for LifeLong Learning was established in 2018 (The Council of the European Union, 2018, 7). In the document "Council Recommendation of 22 May 2018 on Key Competences for LifeLong Learning (Text with EEA relevance) (2018/C 189/01)," competences are defined as "a combination of knowledge, skills and attitudes, where: knowledge is composed of the facts and figures, concepts, ideas and theories which are already established and support the understanding of a certain area or subject; skills are defined as the ability and capacity to carry out processes and use the existing knowledge to achieve results; attitudes describe the disposition and mind-sets to act or react to ideas, persons or situations" (The Council of the European Union, 2018).

According to this document "key competences are those which all individuals need for personal fulfilment and development, employability, social inclusion, sustainable lifestyle, successful life in peaceful societies, health-conscious life management and active citizenship." (The Council of the European Union, 2018, p.7). They include (The Council of the European Union, 2018, p.7):

- Literacy competence;

- Multilingual competence;
- Mathematical competence and competence in scince, technology and engineering;
- Digital competence;
- Personal, social and learning to learn competence;
- Citizenship competence;
- Entrepreneurship competence; and
- Cultural awareness and expression competence.

The Global Talent 2021 study conducted by Oxford Economics in 2012 (Oxford Economics, 2012) is also dedicated to the set of competences necessary for successful competition in today's labor market. As key skills that will be trending until 2021, this study highlights the following (compare with: Oxford Economics, 2012, 5-6):

- Digital skills (digital business skills, ability to work virtually, understanding of corporate IT software and systems, digital design skills, ability to use social media and "Web 2.0");
- Agile thinking (ability to consider and prepare for multiple scenarios, innovation, dealing with complexity and ambiguity, managing paradoxes, balancing opposing views, ability to see the "big picture");
- Interpersonal and communication skills (co-creativity and brainstorming, relationship building - with customers, teaming – including virtual teaming, collaboration, oral and written communication);
- Global operating skills (ability to manage diverse employees, understanding international markets, ability to work in multiple overseas locations, foreign language skills, cultural sensitivity).

Digital competences

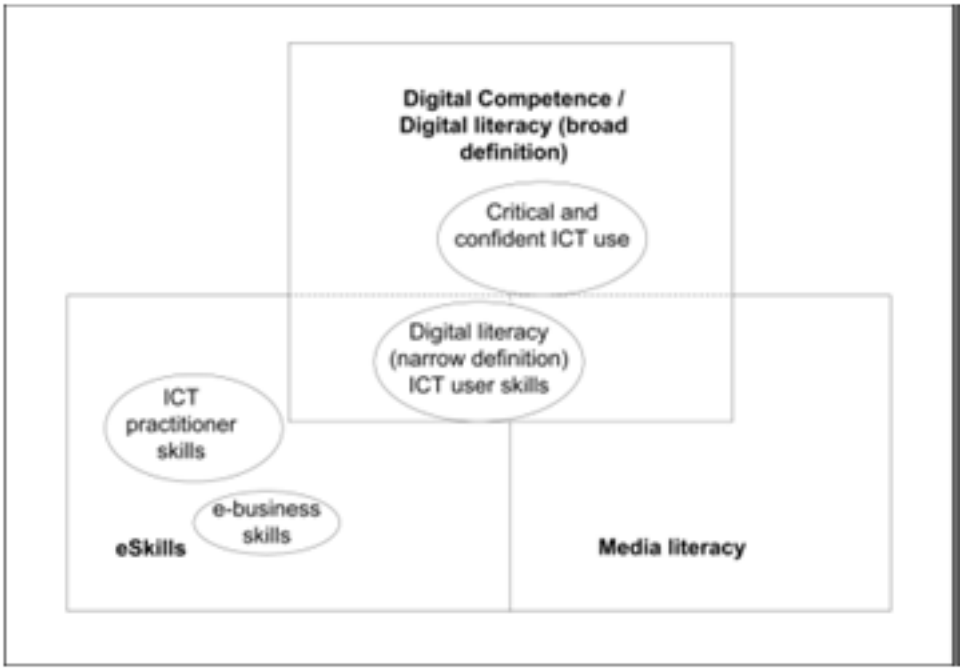
Although in literature and practice the terms digital competences and digital skills are often used as synonyms, there is a difference between them. Liisa Ilomäki and her colleagues point out that 'the term skills is nowadays often replaced by the term competences, reflecting the need for a wider and more profound scope for issues related to skills' (Ilomäki, et al., 2016, 658). The relation between competences and skills is also analyzed in an OECD project. According to it, a competence is wider phenomenon than just knowledge and skills. 'It involves the ability to meet complex demands, by drawing on and mobilizing psychosocial resources (including skills and attitudes) in a particular context' (OECD,

2005, 4). The Council of the European Union also treats digital competences as a concept broader than digital skills (The Council of the European Union, 2018, 7).

Regardless of the more intense use of the term digital competence in relation to the term digital skills, the term digital skills remains significant. Digital skills are defined as those skills needed to take advantage of the possibilities offered by a digital society (European Commission, 2018c, p. 11).

In addition to digital skills, there are some other terms that are often associated with the term digital competences. In her paper 'Digital Competences' Caroline Rizza points out that in literature very often (although unjustified) as synonyms to the term digital competence, the following are also used: e-competences or e-skills, twenty-first skills or twenty-first competences (Rizza, 2013).

Figure 2: *Visual representation of concepts relating to digital competence, e-Skills and media literacy*

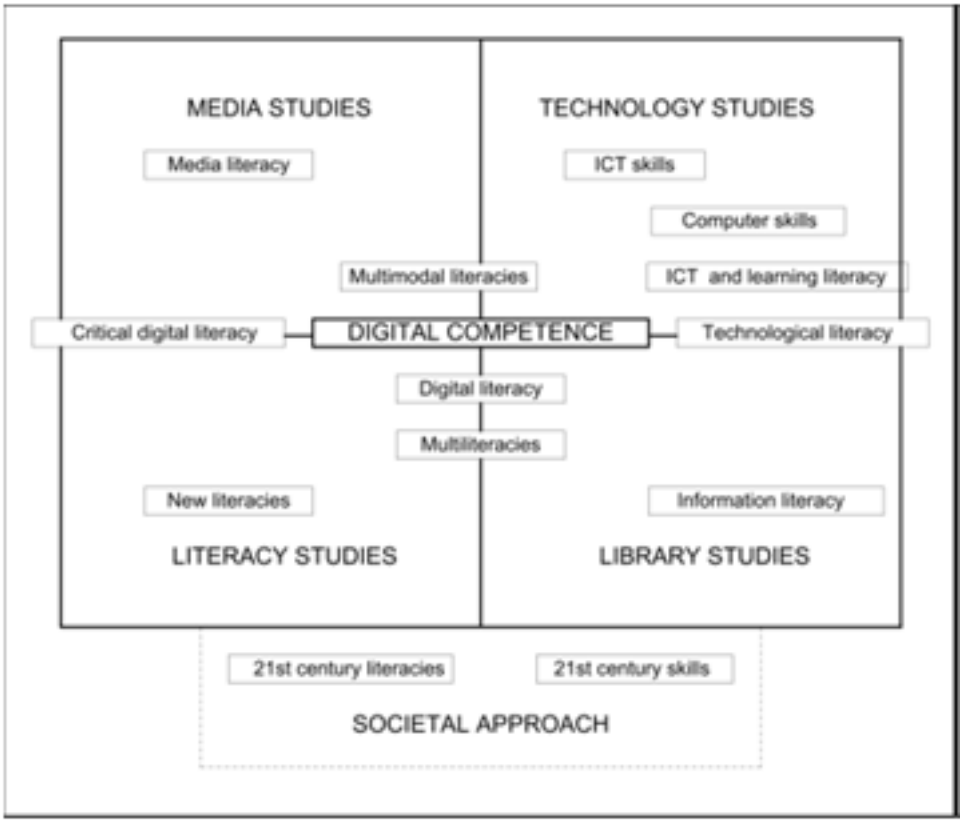


Source: *compare with European Commission (2011). Digital Agenda Scoreboard 2011 https://ec.europa.eu/digital-single-market/sites/digital-agenda/files/scoreboard_digital_skills.pdf*

The difference between the term digital competence and closely related terms is also indicated in a document of the European Commission 'Digital Agenda Scoreboard 2011'. In this document, it is emphasized that digital competence is a very broad concept including much more than just basic skills in the use of ICT (Figure 2) (European Commission, 2011).

Liisa Ilomäki and her colleagues characterize the concept of digital competence as a relatively new and boundary concept associated with certain background disciplines and related terms (Figure 3) (Ilomäki et al., 2016).

Figure 3: *Digital competence, background disciplines and related terms*



Source: *compare with Ilomäki, L., Paavola, S.,Lakkala, M., Kantosalo, A., (2016). Digital competence – an emergent boundary concept for policy and educational research. Education and Information Technologies, Vol. 21, 655-679, (670).*

Having in mind that the term digital is used instead of previously used terms such as information and communication technology (ICT) or information technology (Ilomäki et al., 2016), Ilomäki and her colleagues point out that using the term digital competence is relevant 'because it widens the narrower terms used earlier and integrates essential elements into a new term better suited for current phenomena' (Ilomäki et al., 2016, p. 670). According to these authors, key elements of digital competence are: technical skills and practices in using digital technologies, which is a central basis for digital competence; abilities to use and apply digital technologies in a meaningful way and as an appropriate tool for working, studying and for various activities in everyday life in general; abilities to understand the phenomena of digital technologies; motivation to participate and engage in the digital culture (Ilomäki et al., 2016, p. 671).

In accordance with the presented elements Ilomäki and her colleagues (Ilomäki et al., 2016, 671) define digital competence as those consisting of the skills and practices required to use new technologies in a meaningful way and as a tool for learning, working and leisure time, understanding the essential phenomena of digital technologies in society as well as in one's own life, and the motivation to participate in the digital world as an active and responsible actor (Ilomäki et al., 2016, 671). In her paper 'Digital Competences' Caroline Rizza states that 'digital competences is the general term used to describe or explain the ability (of a citizen, a student, a teacher, etc.) to use information technology (IT) in a specific context' (Rizza, 2013, 1). The Council of the European Union defines digital competences 'as a combination of knowledge, skills and attitudes' (The Council of the European Union, 2018, 7).

Due to the dynamics of digital competences, it is very difficult to determine precisely their content. In the above-mentioned Recommendation of the European Parliament and of the Council of 18 December 2006 on key competence for lifelong learning, digital competence is defined as 'the confident and critical use of Information Society Technology (IST) for work, leisure and communication. It is underpinned by basic skills in ICT: the use of computers to retrieve, assess, store, produce, present and exchange information, and to communicate and participate in collaborative networks via the Internet' (The European Parliament and the Council of the European Union, 2006, 15).

In the Council Recommendation of 22 May 2018 on Key Competences for Lifelong Learning, digital competences, as well as knowledge, skills and attitudes that are closely related to them, are defined in a slightly different way. According to this document, 'digital competence involves the confident, critical and responsible use of, and engagement with, digital technologies for learning, at work, and for participation in society. It includes information and data literacy, communication and collaboration, media literacy, digital content creation (including programming), safety (including digital well-being and competences related to cybersecurity), intellectual property related questions, problem solving and critical thinking' (The Council of the European Union, 2018, 9).

When it comes to essential knowledge, skills and attitudes related to digital competences, the same document states the following: 'Individuals should understand how digital technologies can support communication, creativity and innovation, and be aware of their opportunities, limitations, effects and risks. They should understand the general principles, mechanisms and logic underlying evolving digital technologies and know the basic function and use of different devices, software, and networks. Individuals should take a critical approach to the validity, reliability and impact of information and data made available by digital means and be aware of the legal and ethical principles involved in engaging with digital technologies. Individuals should be able to use digital technologies to support their active citizenship and social inclusion, collaboration with others, and creativity towards personal, social or commercial goals. Skills include the ability to use, access, filter, evaluate, create, program and share digital content. Individuals should be able to manage and protect information, content, data, and digital identities, as well as recognise and effectively engage with software, devices, artificial intelligence or robots. Engagement with digital technologies and content requires a reflective and critical, yet curious, open-minded and forward-looking attitude to their evolution. It also requires an ethical, safe and responsible approach to the use of these tools' (The Council of the European Union, 2018, 9-10).

Raising the level of digital competences

With the purpose of raising the level of competences of the population, in general and, with the purpose of raising the level of digital competences, in particular, serious efforts have been made in many countries of the

world. For example, at the end of 2016 the Commission launched the Digital Skills and Jobs Coalition to develop large digital talent pool and ensure that Europe's citizens and labour force are equipped with adequate digital skills. Also, the Digital Opportunity Traineeship has been launched to help young people to improve their digital skills and consider a carreer in the digital sector (European Commission. 2018b, p. 12). Very important are the research projects of the Joint Research Center (JRC), which have been implemented since 2005. JRC research projects have resulted in over 100 different publications concerning the level of digital competences. Some of the most important are: The European Digital Competence Framework for Citizens – DigComp (Carretero et al., 2017, p. 11); The Digital Competence Framework for Consumers (Brečko & Ferrari, 2016); A European Framework for Digitally Competent Educational Organisations (Kampylis et al., 2015); European Framework for the Digital Competence of Educators (DigCompEdu) (Redecker, 2017) etc. In this paper, specific attention is paid to The European Digital Competence Framework for Citizens – DigComp. The latest version of DigComp Framework (DigComp 2.1) was released in 2017. It contains a description of digital competences based on: four dimensions, 21 competence title and descriptor, eight proficiency levels for each competence with detailed list of knowledge, skills and attitudes for each level and each competence (168 descriptors), examples of use (Table 3) (Carretero et al., 2017, p. 11).

Although the DigComp Framework is primarily aimed at improving the digital competences of the European Union citizens, it is also applicable to citizens of other countries (Punie & Brečko, 2013, p. 4). The detailed knowledge of this Framework enables directing of one's own efforts, as well as the efforts of others, towards achieving the desired levels of digital competences.

As a result of the listed, as well as many other efforts, in a large number of European Union countries, the level of digital competences of the population has been raised to a certain extent. Digital Economy and Society Index (DESI) provides insight into this. DESI 'is a composite index that summarises relevant indicators on Europe's digital performance and track the progress of EU Member States in digital competitivenes' (European Commisssion. 2018a). Index combines 30 indicators grouped into 14 sub-dimensions and five main dimensions (Connectivity, Human Capital, Use of Internet Services, Integration of Digital Technology, and Digital Public Services). The second dimension

(Human Capital) measures the skills needed to take advantage of the possibilities offered by digital (European Commisssion, 2018a).

Table 3: *DigComp 2.1 (year 2017)*

COMPETENCE AREAS	COMPETENCE TITLE AND DESCRIPTOR	PROFICIENCY LEVELS	EXAMPLES OF USE
1. Information and data literacy	1.1 Browsing, searching and filtering data, information and digital content 1.2 Evaluating data, information and digital content 1.3 Managing data, information and digital content	(1.....8) (1.....8) (1.....8)	EXAMPLES OF USE OF THE EIGHT PROFICIENCY LEVELS APPLIED TO LEARNING AND EMPLOYMENT SCENARIO IN THE 21 COMPETENCES
2. Communication and collaboration	2.1 Interacting through digital technologies 2.2 Sharing through digital technologies 2.3 Engaging in citizenship through digital technologies 2.4 Collaborating through digital technologies 2.5. Netiquette 2.6 Managing digital identity	EIGHT PROFICIENCY LEVELS FOR EACH OF THE 21 COMPETENCES	
3. Digital content creation	3.1 Developing digital content 3.2 Integrating and re-elaborating digital content 3.3 Copyright and licences 3.4 Programming		
4. Safety	4.1 Protecting devices 4.2 Protecting personal data and privacy 4.3 Protecting health and well-being 4.4 Protecting the environment		
5. Problem solving	5.1 Solving technical problems 5.2 Identifying needs and technological responses 5.3 Creatively using digital technologies 5.4 Identifying digital competence gaps		

Source: *compare with Carretero, S., Vuorikari, R., Punie, Y., (2017). DigComp 2.1: The Digital Competence Framework for Citizens with eight proficiency levels and examples of use. EUR 28558 EN, doi:10.2760/38842*

It is comprised of four indicators (Internet Users, Basic Digital Skills, ICT Specialists, and STEM Graduates) grouped in two sub-dimensions (Basic skills and usage and Advanced skills and development) (European Commission. 2018b, 3) The values of Human Capital dimension, according to a DESI 2018, are shown in Table 4.

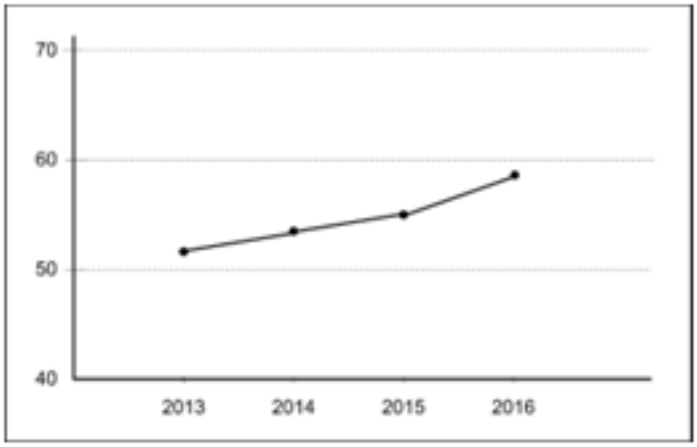
Table 4: *The Human Capital dimension scores (EU Member States)*

COUNTRY	DESI 2018 HUMAN CAPITAL score	COUNTRY	DESI 2018 HUMAN CAPITAL score	COUNTRY	DESI 2018 HUMAN CAPITAL score
AUSTRIA	64.4	GERMANY	62.9	POLAND	48.3
BELGIUM	57.5	GREECE	38.2	PORTUGAL	45.8
BULGARIA	34.8	HUNGARY	48.0	ROMANIA	32.1
CROATIA	49.8	IRELAND	61.7	SLOVAKIA	51.9
CYPRUS	43.0	ITALY	40.8	SLOVENIA	52.0
CZECH REPUBLIK	55.1	LATVIA	43.8	SPAIN	54.6
DENMARK	70.4	LITHUANIA	48.5	SWEDEN	74.2
ESTONIA	61.4	LUXEMBOURG	71.3	UNITED KINGDOM	71.6
FINLAND	79.2	MALTA	51.6		
FRANCE	59.1	NETHERLANDS	74.3		

Source: *European Commission. (2018a) Digital Economy and Society Index 2018 (Report). https://ec.europa.eu/digital-single-market/en/news/digital-economy-and-society-index-2018-report*

Although the data presented in Table 4 indicate that there are significant differences in the values of the Human Capital dimension among the European Union Member States, generally, throughout the European Union there is a trend (though not too significant) of an increase in the value of this dimension (Figure 4).

Figure 4: *Average performance scores for the Human Capital dimension within the European Union from 2013-2016.*



Source: *compare with European Commission. (2018c). International Digital Economy and Society Index 2018. http://news.ucamere.net/StudyInternationalDigitalEconomyandSocietyIndex2018.pdf, 18.*

Conclusion

One out of many factors affecting the unemployment rate in one country is the level of digital competences of its citizens. With the purpose of raising the level of these competences, significant efforts should be made by individuals, organizations, and the whole country.

The material presented in this paper points out the efforts made by the European Union, which are in function of raising the level of digital competences of the inhabitants of the European Union members. The content of most of these documents, as well as the corresponding activities, can also be applied in other countries. In this regard, their knowledge and active commitment to successful implementation is a solid base for raising the level of digital competences as well as for reducing the number of unemployed in those countries that are outside the European Union. The Republic of Serbia is one of them.

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THE IMPACT OF SOCIAL MEDIA ON THE RECRUITMENT OF STUDENTS BY HIGHER EDUCATION INSTITUTION

Milena Vukić[1]; Milorad Vukić[2];

Abstract

With growing competition on the education market, many colleges and universities in the hospitality and tourism field are faced with the problem of attracting new students. In order to increase market share, they have to change their marketing perspective and focus on the identification of new opportunities. Thus, the use of social media by a higher education institution as part of marketing and recruiting strategy is one more evidence that this institution has many similarities with service providers. On the other hand, the majority of tourist companies placed their advertisement for vacant positions in social media platforms using them in parallel with traditional methods. The aim of this paper is to investigate to which extent higher education institutions in Serbia use social media to recruit potential students, but also to analyze how students of hospitality and tourism use social media for the selection of college or university.

Key Words: *social media, recruiting, higher education institution, tourism companies, Serbia*
JEL classification: *J21, Z32, L83*

Introduction

Service sector is experiencing expansion which is a result of globalization, deregulation as well as new information technologies. Service-related fields such as tourism, hospitality, leisure, sport and events, are a major category of world's international trade in service (Vukić & Vukić, 2018). It is necessary to take a series of measures to achieve success in increasing revenue from tourism (Tešanović et al.,

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2013). The changes in the service sector have also affected the operation of higher education institutions (HEIs) which have, for the first time, faced fierce competition. To confront the severe rivalry of other institutions as well as the big waves of transformation in the education sector, higher education institutions have gravitated towards a business-like model and adopted business practices in marketing and branding to stand out from their competitors (Bunzel, 2007). A careful choice of marketing strategy aims to reduce the risk of intangibility and to improve performances of education institutions. Performance of every company is a result of many different factors such as profitability, market share, sales, promotion as well as good relationships between the employees. (Vukic et al., 2018). In order to establish long-term relationships with their target market, higher education institutions (HEIs) need to create a strong brand that will effectively communicate with them. Brand is very important because it represents more than products and services, as it includes trust and emotions (Vukic et al., 2016). Potential students have similar attitudes toward higher education brand as a product or service brand. Strong university brand can create the belief that the chosen university is excellent and the prospect of studying at this school will bring added values and pleasant experience; thereby, the brand can boost the confidence of the potential students to proceed to the purchase stage (Ali-Choudhury et al. 2009). Schultz and Schultz (2004) view integrated marketing communications (IMC) as strategic business process and marketing decisions made across multiple channels that help drive brand communication.

All the above stated trends have given rise to the modernization of universities worldwide and induced them to start using new information technologies for business purpose. Before social media technologies, the communication between companies and their stakeholders was mostly a one-way communication, where the company had total control over brand communication. In recent years, with the emergence of social networks, the marketing and recruitment process has been transformed which can be noticed from Recruiter National Survey from 2018, where the top investments for growing an employer brand are: social media (47%), company career website (21%), and marketing and advertising (12%) (www.jobvite.com).

Social media platforms can be defined as information technologies which support interpersonal communication and collaboration using Internet-based platforms (Kane et al, 2014). Social media like Facebook, Twitter,

Instagram, LinkedIn, YouTube, and so on are used daily by millions of people worldwide, especially young people. Higher education institutions commonly use social networks as the platform for recruiting the potential users of their services, for communication with their stakeholders, for promotion of learning processes (Hauptmann & Steger, 2013) but also for the creation of a positive image as well as for the humanization of the brand using content marketing strategy. Also, they can serve to shape the way that students construct their social and professional identities (Sacks & Graves, 2012). Social networking sites allow students to participate in formal (e.g., study of course material) and informal (e.g., look for useful information everywhere) learning conditions. Students can match with people with a similar way of thinking and exchange knowledge in an informal way (e.g., exchange of their educational experiences) for educational purposes (Cheung et al., 2011). However, despite the numerous positive effects authors, Paul et al. (2011) revealed a statistically important negative influence between the students' academic performance and the time they spend on social networks.

Redman and Wilkinson believe the main reasons for the transition to social media as a recruitment tool are "related to issues of cost and speed" (Redman & Wilksonson, 2009). Social media can particularly be of assistance to smaller schools with limited advertising budgets in order to better compete with better-funded institutions (Shinn, 2011). Author Wheeler (2012) is of the opinion that social media will play an increasing strategic role in reaching international students which can result in more positive educational experiences not only for the international students, but also for domestic students who are exposed to global perspectives.

Despite the fact that students are considered as heavy users of informational technologies, authors Constantinides and Stagno (2011) believe that the impact of these in their choice of institutions is low compared to traditional forms of university marketing. In addition to a good strategy, authors Griffiths and Wall (2011) state that careful monitoring of social sites is critical, and procedures and standards to manage information on sites should be continuously reviewed and revised. With this statement authors Peruta, and Shields (2018) agree, and emphasize that social networks are constantly tweaking their algorithms, which impact social media managers to create content that satisfies the needs of all audiences such as prospective students, current students, alumni, university sports fans, faculty, community members, etc.

This study aims to research how social media is used during the recruitment process by higher education institutions and to investigate students' attitudes towards them for this purpose.

Literature review

Literature exploring the social media use by higher education institutions is very scarce despite the fact that its use has become an integral part of the strategy for promotion and recruitment of new students of nearly all colleges and universities. Papers exploring this topic mostly dealt with the use of social media for recruitment purpose (Barnes & Mattson, 2009; Merrill, 2010; Spraggon, 2011; Kuzma & Wright, 2013; Allinen, K., 2018), the quality of the relationship between the university and students with the help of social media (Clark, et al., 2017; Sutherland et al., 2018), the use of social media for communication and recruitment of students by university (Stagno, 2010; Stageman, 2011). However, few authors explored the use of social media by hospitality and tourism higher education institutions.

Some of the first authors who investigated social media use by higher education institutions were Barnes and Mattson (2009). They used telephone surveys to investigate 4-year accredited institutions in the U.S. Their results showed that social media use by colleges for recruitment purposes is on the rise. Most of the respondents (89%) said that social media is somewhat important to their future admissions strategy and that they need to learn rules of engagement in online environments.

Merrill (2010) researched the use of social media for recruitment of international students by higher education institutions from Germany, Canada and New Zealand. This author concluded that the most popular social media used are Facebook, Twitter and LinkedIn. The research conducted by Cappex.com (2010) brought similar results, with the addition of the note that the traditional recruitment methods are still popular.

Spraggon (2011) examined 20 undergraduate business schools in order to reveal how they use social media for promotion. By analyzing their websites, he noticed that best social media practice theory and practices observed are disconnected. According to this author resolution of this problem is a new model for social media for schools program aimed for recruitment, retention and alumni investment.

According to the survey carried out by Varsity Outreach (2011) it was concluded that the use of Facebook for student's recruitment is increasing and that 93% out of 150 universities and colleges have a Facebook page or group.

Kuzma and Wright (2013) researched 90 universities in three continents, Asia, Africa and Europe in terms of their use of social networking for recruiting and marketing purpose. Results showed inconsistency in use of social media in those three different areas. Overall conclusion of this author is that higher education institutions should integrate social media in their marketing strategy because of better recruitment and provision of more successful students' experience.

Clark, Fine and Scheurb (2017) explored how social media engagement impacts relationship quality between the university and students. Results indicated a positive association between students following a university via social media and the perception of having a high-quality relationship with their university. Furthermore, it was pointed out that the integrated appearance of a university on multiple social media sites leads to an even higher perception of relationship quality.

Study of 24 Bulgarian universities revealed that 23 of them possess various integrated social media tools like discussion forums, chats, wikis, internal messaging, blogs, creating learning groups, collaboration tools (Parusheva, et al., 2018).

On the other hand, social media use by students for college search in Netherlands was explored by Stagno (2010). He concluded that 95% of participants had a social media page but social networking sites were last on the list of resources potential students use to search for college and to obtain information. Most common sources of information were campus visits, university websites, and brochures.

Similar results were obtained by Stageman (2011) in the USA territory where it was concluded that students use university social media more to build a network of friends, connect with school officials, and make a smooth transition from home life to school life than to chose particular college.

Use of social media by hospitality and tourism higher education institutions in Serbia

Appearance on the tourism market requires an awareness of contemporary trends, as well as the consumers' motives and preferences (Vukic et al., 2014), which also applies to educational institutions that have many similarities with service and tourism providers. Competitive advantages of some of state-owned higher education institutions cannot be taken for granted anymore. Although given the number of graduate students from higher education institution has been doubled (Vukić & Vukić, 2018), their marketing strategy require the use of information technologies in order to be more attractive in the eyes of their potential students.

It is estimated that approximately 2 billion internet users are using social networks and this number is still expected to grow as mobile device usage and mobile social networks increasingly gain attraction. The most popular network worldwide is Facebook with 2.27 billion monthly active users, You Tube is on the second place (1900 billion users), third is WhatsApp (1500 billion users), fourth is Facebook Messenger (1300 billion users), fifth is WeChat (1083 billion users) and sixth-ranked photo-sharing app Instagram had 1 billion monthly active accounts (statista.com, 2019).

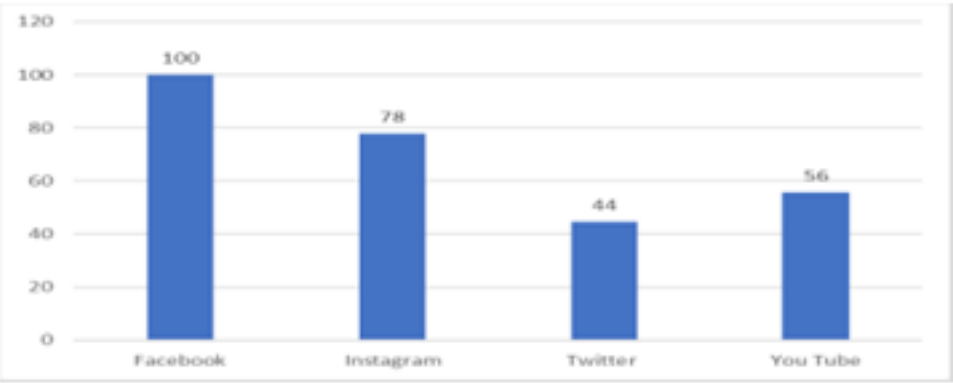
The process of incorporating social media as a recruitment technique is not simple. Colleges and universities frequently struggle with the need to coordinate their traditional marketing strategies with their newer, non-traditional forms to ensure that their marketing communications are, by definition, integrated (Peruta, & Shields, 2018). The use of social media in hospitality and tourism higher education institutions in the Republic of Serbia was delayed compared to their use in developed countries. One of the reasons for the delay is the absence of serious competition at the higher education market as it has been dominated by state-owned institutions, which can be concluded from the publication of the Statistical Office of the Republic of Serbia (http://www.stat.gov.rs). However, in the last decade competition became very fierce and therefore numerous universities and colleges adopted digital strategy as a part of their positioning strategy.

With the aim of analyzing the use of social media, 9 state-owned higher education institutions were analyzed, i.e. 6 colleges and 3 faculties which, according to the author's knowledge, have some of hospitality and tourism programs. The following institutions were included in the

research: The College of Hotel Management, Belgrade (2019); Higher Business School Leskovac (2019); College of Applied Studies Aranđelovac (2019); The Business and Technical College of Applied Sciences, Užice (2019); The High Technological School of Vocational Studies, Šabac (2019); The College of Tourism, Belgrade (2019); Faculty of Hotel Management and Tourism, University of Kragujevac (2019); Faculty of Economics (2019); University of Belgrade and Department of Geography, Tourism and Hotel Management, University of Novi Sad (2019).

As observed from the Figure 1, there are four different media listed: Facebook, Instagram, Twitter and You Tube from official websites of above-mentioned schools. However, not all of these channels are promoted on the official websites of the schools. Four out of the nine institutions have an account on all the mentioned social media.

Figure 1: *Social media portfolio of educational institutions with Hospitality and Tourism program*



Source: *Author's Own Research*

Social networking site Facebook clearly appears as the winner because all nine institutions have an official profile (100%). Most of the institutions provide contact details, short description about them and the link to return to the main website. All schools have the information in Serbian, which could affect the international students' understanding of the provided information. Media platform least used is Twitter (44%) as it turned out that, although four out of the nine institutions have an account, the only partially active account is the account of Faculty of Economics, University of Belgrade. The growing trend showed Instagram with 78%, which could achieve the popularity of Facebook.

Methodology

In order to examine students' attitude towards use of social media for recruitment purpose by educational institutions, an online survey was conducted in Serbia. The research involved 208 students of the College of Hotel Management in Belgrade. Data were collected during the summer semester of the 2018/19 academic year. The questionnaire consisted of 23 questions divided into four main sections. The first is the socio-demographic part, which includes gender, age, year of study, study program, average grade and study status. The second part of the questionnaire relates to the attitudes of the students towards the importance of social media for the recruitment of new students. The third section investigates the attitude of students toward content of their college account, whereas the fourth part focuses on students' attitudes towards the use of social media for educational purpose.

The study used a five-point Likert-type scale where 1 point means "Completely disagree", 2 points "Disagree", 3 points "Neutral", 4 points "Agree" and 5 points "Completely agree". Data collected via the questionnaire were analyzed and interpreted through the SPSS statistical analysis software package program. The sample mainly consisted of women (55.3%). The overall sample average age is 21.17 (SD=2.030). The majority of them were students of Hotel Management (57.7%); students of Gastronomy Management accounted for 32.7% and students of Restaurant Management 9.6%. 72.6% have average grade lower than 8. More detailed statistics regarding demographic data is shown in Table 1.

Table 1: *Demographic data*

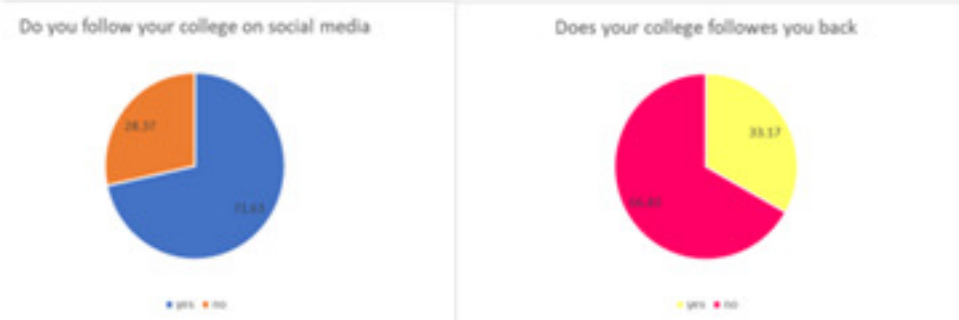
Category	Variable	Number of respondents	Percentage %
Gender	Male	93	44.7
	Female	115	55.3
Year of study	First year	46	22.1
	Second year	82	39.4
	Third year	35	16.8
	Senior undergraduate	35	16.8
	Graduated	10	4.8
Study program	Hotel Management	120	57.7

	Restaurant Management	20	32.7
	Gastronomy Management	68	9.6
Average grade	From 6.00 to 8.00	151	72.6
	From 8.01 to 10	57	27.4
Study status	Current student	197	94.7
	Graduated student	11	5.3

Source: *Author's Own Research*

Most of the students follow college profile on social media (66.83%) as shown in Figure 2, while only 33.17% of students are followed by social media profile of their college. Such a small percentage of following users back by official account is an indicator of the fact that the accounts of college do not use enough social media tools which present the perfect opportunity to see their content and interact with them. The number of female students following the college profile on social networks is slightly higher (57.7%) than the number of male students (42.3%). The highest number of followers is among the students of hotel management (54.4), then students of gastronomy (32.9%), whereas the smallest number of followers is found among the students of restaurant management (12.8%). Of all the followers, the students of the second year are most numerous (40.6%), followed by the students of the first year (23.1%) and of the third year (17.5%), whereas the number of senior undergraduates and graduated students is the smallest (18.9%).

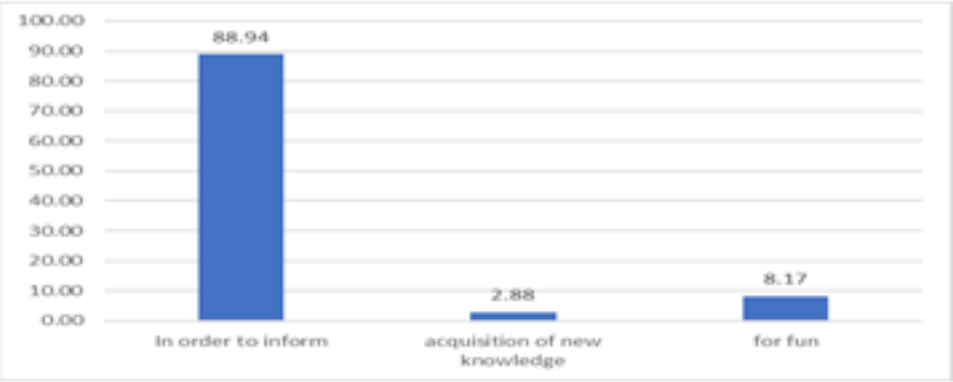
Figure 2: *Number of students who follow college on social media and number of students who are followed by college*



Source: *Author's Own Research*

Regarding the reasons for visiting the college profile on social media, a vast majority of respondents (88.94%) stated getting information, while a significantly smaller number (8.17%) responded that they are doing it for fun, and only 2.88% cited acquiring new knowledge as the reason (Figure 3).

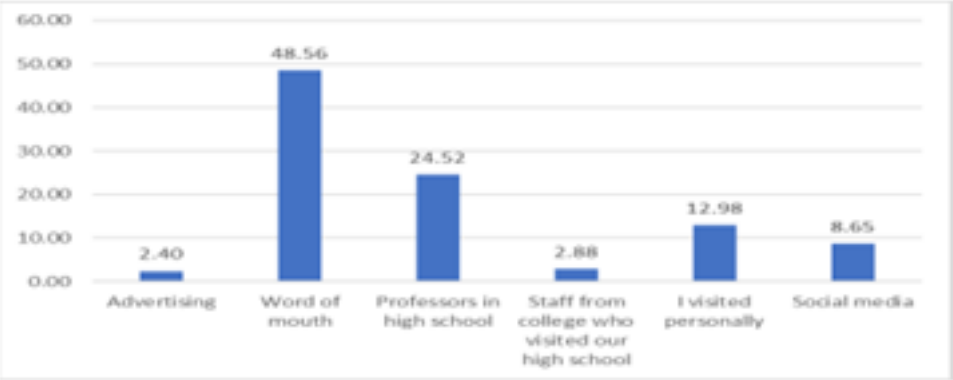
Figure 3: *Reasons why students visit college profile on social media*



Source: *Author's Own Research*

The students of restaurant management are the only group using the profile exclusively for the purpose of finding information, while the students from the other two study programs use the profile for other purposes as well. Third year students and senior undergraduates follow the college on social networks more for fun (52.2%) than the students of the first and the second year (42.8%).

Figure 4: *Method of recruitment used most often by students and recent graduates to search for college/university*



Source: *Author's Own Research*

When it comes to method of recruitment used most often to search for college or university, it is interesting to note that as much as 48.56% of students used ''word of mouth", 24.52% got informed through their high school teachers, 12.98% personally visited the school, 8.65% used social media, whereas a very small number of students used advertising (2.40%) and visits of staff from the college (2.88%) as means of recruitment (Figure 4). The evident conclusion is that social media are used to a lesser extent than traditional methods of recruitment.

Students were also asked to rate how important they thought Facebook, Instagram, Twitter and LinkedIn each are in the recruitment process. From Table 2 it can be concluded that the respondents find Instagram most important, Facebook holds the second position, while LinkedIn and Twitter have the lowest average ranking. Such respondents' replies coincide with the social networks use by educational institutions shown in Figure 1, and therefore we can say that these institutions have made a good choice of the networks they are using in order to communicate with their target group. It is interesting to note that the respondents opt for Instagram rather than Facebook, which could be a signal for a more intensive campaign on this social network.

Table 2: *Importance of different social networks for recruitment of new students*

Social network	means	Std.dev.	min	max
Facebook	3.56	1.310	1	5
Instagram	3.83	1.353	1	5
LinkedIn	2.23	1.356	1	5
Twitter	2.01	1.196	1	5

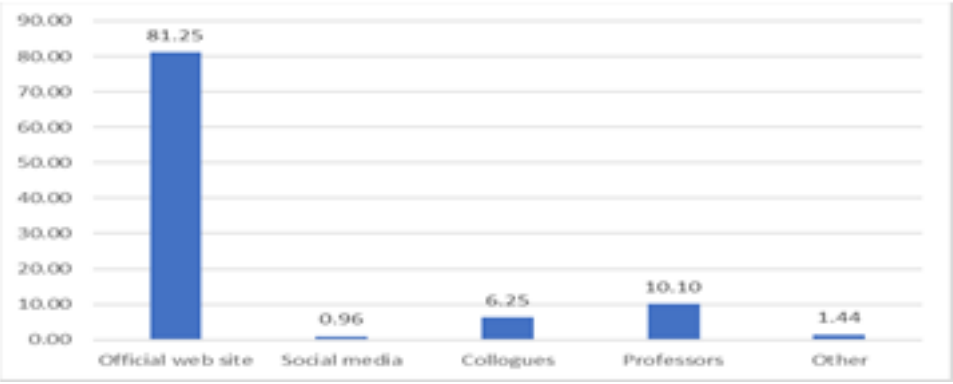
Source: *Author's Own Research*

The next issue that was explored was the considered trusted source of information when respondents need data about studying (Figure 5).

The source the respondents trust most when searching for information about studying is the official web site (81.25%) as it is thought to provide more accurate information about service package of a school than any other source of information. Teachers come second (10.1%), colleagues third (6.25%), and slightly more than 1% trust other sources of information (1.44%). The least trusted source are social media (0.96%) because the information provided by them is subjective. On the basis of these results, we can conclude that students find the traditional methods

of getting information notably more reliable when searching for information about educational service.

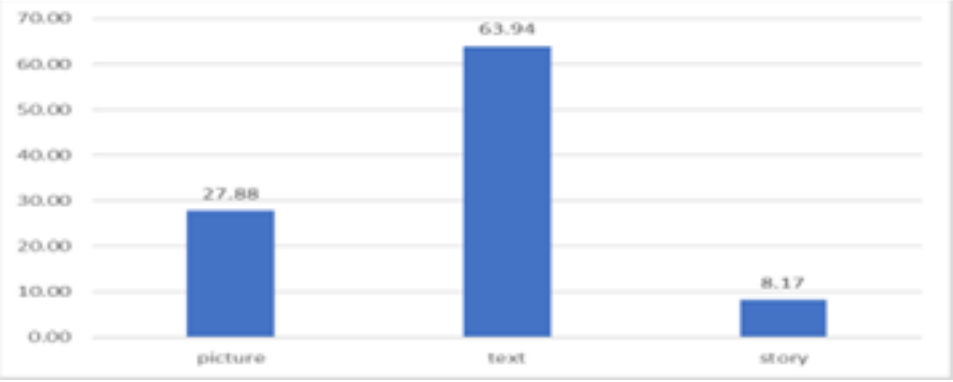
Figure 5: *The trusted source of information by students*



Source: *Author's Own Research*

When visiting the college profile on social media, the respondents primarily pay attention to the text (63.94%) and then to pictures (27.88%), whereas they pay little attention to the story (8.17%). Men (51.7%) pay more attention to the pictures than women (48.3%); women (55.6%) pay more attention to the text than men (44.4%), while substantially more women (76.5%) than men (23.5%) pay attention to the story (Figure 6).

Figure 6: *Which content do you pay attention first when it comes to profile of your college on social media?*



Source: *Author's Own Research*

In addition to the attitudes related to the use of social media for recruitment purpose, this survey also explored students' attitudes toward

the content of college social media account. As can be seen in Table 3, respondents on average agreed with nearly all of the proposed statements (with 3.04 as the lowest average score on the scale from 1 to 5).

Respondents agreed most strongly with the statement "Promotional activities of the faculty/college on social networks have a positive impact on attracting new students" as well as with "College account on social networks provides reliable and valuable information on enrollment options". The least agreed statements were that the college profile is interesting or that it provides educational content.

Table 3: *Students' attitudes toward the content of college account*

Statement	**means**	**standard deviation**	**min**	**max**
College account on social networks provides reliable and valuable information on enrollment options	3.47	1.187	1	5
College account is interesting	3.05	1.277	1	5
College account provides reliable and valuable information on studying and events at the faculty	3.32	1.280	1	5
College account provides information on companies where students can do an internship	3.31	1.316	1	5
College account provides educational content	3.04	1.243	1	5
Promotional activities of the college on social networks have a positive impact on attracting new students	3.53	1.179	1	5

Source: *Author's Own Research*

Regarding the students' attitudes toward the use of social media for education purpose, they agree that the teachers should use social networks in communication with students (mean=3.70, SD=1.355); however, they are not sure whether social networks should be given priority over the traditional ways of communication such as e-mail (mean=3.34, SD=1.523).

Table 4: *Students' attitudes towards use of social media for education purpose*

Statement	means	Std. Deviation	min	max
Teachers should use social networks in communication with students.	3.70	1.355	1	5
In communication with students, social networks should be given priority over the traditional ways of communication	3.34	1.523	1	5

Source: *Author's Own Research*

On average, the students neither agreed nor disagreed with the statement that the image of college on social networks may affect their future employment (mean=3.35, SD= 1.249). However, it is notable that the largest number of students who agree with this statement are students of restaurant management (mean=3.75), then students of gastronomy (mean=3.43) while the largest number of those who disagree are the students of hotel management (mean=3.23).

Conclusion

In the global business environment, due to the rapid increase in the number of competitors and the straining of their relations, the preservation of acquired market positions as well as the increase in market share are becoming a major challenge for every company. In order to achieve these business goals, it is necessary for the companies to strive to provide good customer service, high quality products, competitive communication strategy, but most of all to create and deliver values corresponding to the customers' preferences.

Such challenges exist in the higher education market as well, where colleges and universities face significant changes when it comes to recruiting new students. Recruitment is a long-term process which requires a strategic approach not only before the student enrolls the desired faculty but also beyond graduation. The choice of methods used by universities to maintain student's attention has an impact on how students perceive their institution's brand, and can influence the attachment to the institution and in turn the students' intentions to engage with the university in the future. The higher education market in Serbia is still dominated by state owned institutions; however, in the last ten years there has been an increasing number of private school systems which

might increase their market share in the near future. In order to remain competitive, the state-owned higher education institutions should not take their competitive advantage for granted. The development of modern information technologies has enabled the connection between educational institutions and their potential users in much more direct ways which can significantly reduce recruitment costs compared to the traditional methods. Development of social media presence can provide each faculty with the ability to manage their own social media efforts while maintaining some type of "brand" or regulation as to the content that can be shared.

The results of the present study have shown that most students in the sample follow their college on social media but a very small number of them is followed by the school. It is common knowledge that it is no longer enough to simply be present on the network - it is also very important to have proper engagement and interaction with those who companies are trying to reach. Otherwise, the education institution reduces its communication through social network to a traditional advert. As far as methods of recruitment in the enrollment process are concerned, we can conclude that students in Serbia still predominantly use traditional methods which they, at the same time, trust more than social media. If they had to choose, the most preferred social networks for recruitment would be Instagram, followed by Facebook, which means that social media strategy of educational institutions should be most intensive on these networks. Respondents agreed most strongly that the promotion on social networks has a positive impact on attracting new students, but also that the profile of the school they are studying at is not interesting enough. In order to be more interesting, school profiles need to have more two-way conversations with students. One of the ways to achieve that is to share news and ideas not necessarily directly related to the school, but serving some educational or informative purpose. It is very important to follow the development of the school brand on social media by responding to comments, answering questions and addressing complaints. Implementing humor, quizzes (polls), contests, interactive videos in social media appearance can be a very effective way of promoting schools. Social media have undoubtedly changed the way higher education institutions recruit potential students, making the recruitment more efficient, faster and more productive. Although the results of this study have shown that students currently consider traditional recruitment methods more reliable, they agree that professors should use social

networks for communication purposes. This indicate that in the near future we can expect a change in their attitudes in favor of social media.

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PERCEPTIONS AND ATTITUDES OF STUDENTS REGARDING THE WORKING CONDITIONS IN THE TOURISM INDUSTRY

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Abstract

Today the tourism industry is considered as very attractive economic activity. However, among undergraduate tourism students, there are various and often distorted information and opinions regarding the skills that are necessary to acquire during the studies, career development, work opportunities and working conditions. The aim of the paper is to measure students' perceptions and attitudes regarding employment and working conditions in the tourism industry. The study was conducted using a sample of students of the Faculty of Hotel Management and Tourism in Vrnjačka Banja, University of Kragujevac, Serbia. The data were collected by a survey, while their analysis and processing were made using The Statistical Package for the Social Sciences (SPSS). Based on this research, a general conclusion about students' attitudes will be reached, also about their satisfaction with practice in the tourism industry during the studies and the connection between theoretical and practical knowledge.

Key Words: *students' perceptions, working conditions, tourism employment, tourism industry*
JEL classification: *L83, Z32*

Introduction

Tourism is a global spatial as well as social, economic, political, cultural, ecological, aesthetic and psychological phenomenon. There is almost no

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country in the world which does not develop some form of tourism (Lakićević & Žarevac, 2014). Tourism provides benefits for local community, primarily through the increase of employment and provides conditions for higher quality of life (Milićević & Đorđević, 2018). In 2017, travel and tourism generated 118,454,000 jobs directly (3.8% of total employment), while the total contribution of travel and tourism to employment (including indirect and wider effects from investment, the supply chain and induced income) was 313,221,000 jobs in 2017 (9.9% of total employment) (WTTC, 2018).

According to the World Travel and Tourism Council (WTTC, 2019) tourism offers young people the opportunity to work, and it is viewed as a reasonably attractive industry for university undergraduates, but the problem is that it is still poorly understood and there are scarce information and misconceptions about the skills required for graduates as well as the roles, career development and working opportunities in this industry.

Considering that an employee's commitment to any industry will be determined by his or her perceptions and attitudes toward working in the industry and the types of jobs available in the industry (Richardson, 2008), and that the students are seen as the future employees and managers of the industry (Kusluvan & Kusluvan, 2000), the aim of the paper is to examine students` perceptions about working conditions in tourism. The study was conducted through a questionnaire. The sample consists of students of Faculty of Hotel and Tourism in Vrnjačka Banja (FHT), University of Kragujevac, Serbia. The Faculty was founded in 2011 and is the only state faculty in this field. It has three levels of studies: undergraduate studies, master studies and doctoral academic studies. Currently, there are 695 students and 201 graduated students. Students have the opportunity to gain theoretical knowledge and practical experience within the hotel-tourism industry, in Serbia and abroad, in the duration of a minimum of one month in the fourth, sixth and eighth semester (Faculty of Hotel Management and Tourism in Vrnjačka Banja, 2019).

Literature review

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 and hospitality is an industry that struggles to

attain and retain skilled workforce; it is said that there is a skilled labour shortage within this industry (Barron & Maxwell, 1993; Baum, 2006; Kusluvan & Kusluvan, 2000). The tourism employees are faced with structural features such as shift work system, the obligation to work on official holidays and high turnover rate of employees, because production and consumption are in the same place and at the same time. Accordingly, there are many important problems in the career development in the tourism sector, such as stress, unfavorable conditions of the shift work, workload density and low wage (Güdük & Uca, 2019).

The various researches about students` perception towards work and career in the tourism sector have reported that students have a rather negative perception about it mostly because poor wages, low stability, poor working hours and working conditions (Aksu & Köksal, 2005; Barron & Maxwell, 1993; Chellen & Nunkoo, 2010; El-Houshy, 2014; Kim, et al., 2010; Kusluvan & Kusluvan, 2000; Richardson, 2010).

The adolescents' attitudes are important markers of long term social change (Voza, et al., 2016). In order to achieve preciseness in measuring one's perception, it is necessary to define a higher number of groups of factors that can affect it (Đorđević & Kostić, 2019). Kusluvan and Kusluvan (2000) examined students perception through nine dimensions of work and working conditions in tourism: Nature of work (or The work itself), Social status, Industry - Person congeniality, Physical working conditions, Pay/fringe benefits, Promotion, Co-workers, Managers, Commitment to the industry. As Wang (2014) states "in examining students' career perceptions, Kusluvan and Kusluvan's model can be used as a good foundation but meanwhile should also incorporate the components which reflect the characteristics of a specific country's tourism education and industry." In his research based on Kusluvan and Kusluvan's measurement scale, Wang (2014) came to the conclusion that Chinese undergraduate students also have moderate or even negative perception of tourism careers.

An important and largely integral part of education in higher education institutions in the field of tourism is practice in tourism companies. (Sekulić, et al., 2017). According to Sadikoglu, and Oktay (2017) the implementation of internships during university education provides students with the opportunity to apply the theoretical knowledge they have gained during their studies in practical situations experienced in business life. The results of their research about students` perception

toward training program in tourism revealed more positive opinions, showing that students had the opportunity to increase their understanding of the industry through their internship and that the internship they had done would contribute to their success in the working life after graduation (Sadikoglu & Oktay, 2017). Also Bury and Iwasaki (2018) in their research found that students indicate an overall positive attitude towards the industry and that completing internships had a significant positive effect. Many researchers believe internships generally help consolidate aspirations to enter the industry, however it has been posited that negative internship experiences actually deter students from pursuing a career in the industry (Boud et al, 2001; Busby, 2005; Fox, 2001; Lam & Ching, 2007).

Data collection

A five-point scale (from 1 to 5) questionnaire which consist of 102 questions was used for data collection. Participation in completing the questionnaire was voluntary and anonymous. Questionnaires were distributed in class or in the form of a Google questionnaire. A total of 208 valid responses were collected, representing a sample of 29.93% of the total population. The time period of the research relates to January - March 2019.

The questions were adapted and adjusted based on a combination of the results of previous research (El-Houshy, 2014; Kusluvan & Kusluvan, 2000; Sadikoglu, & Oktay, 2017) with certain revisions in accordance with local conditions in Serbia. The questionnaire is divided into 4 sections. The first section gathers general information about respondents. The second section is related to factors in choosing a career. The third section, with the greatest number of questions, presents the attitudes of tourism students towards the dimensions of working in the tourism industry. The last, fourth section, analyzes the attitudes of students towards practice in tourism.

When looking at the characteristics of the respondents, 208 students were involved in this survey (shown in Table 1). A large number respondents are female, which is an expected result, given that the total number of students at the observed Faculty consists of 31% men and 69% women. Most respondents (192) stated that they chose studies in hospitality and tourism with her own will. A significant number of respondents had some experience in the tourism industry (45%).

Table 1: *The survey sample*

Question	Answer option	Number of respondents
D1. Gender	1) Male 2) Female	169 (17%) 39 (32%)
D2. Level of education	1) 1st year 2) 2nd year 3) 3rd year 4) 4th year 5) postgraduate	63 50 32 31 32
D3. Chosen tourism and hotel management studies willingly	1) yes 2) no 3) undecided	192 11 5
D4. Would still prefer studying tourism if informed about employment conditions in the tourism industry	1) yes 2) no 3) undecided	162 16 30
D5. Finished vocational tourism and hotel secondary school	1) yes 2) no	97 111
D6. Practical work experience in tourism	1) 3 months 2) More than 3 and less then 6 months 3) 9 months and over 4) No work experience	37 33 24 114

Source: *Author's own elaboration*

Methodology

As mentioned above, the questionnaire is divided into three key parts where each section contains relevant statements and assessments of these statements by students regarding employment in the tourism industry. These questions / statements are divided as follows:

- Statements from FCC1 –FCC17 are related to the importance of factors in choosing a career;
- Statements from NW1 – CTI12 measure attitudes of tourism students towards dimensions of working in the tourism industry;
- Statements from PIT1 –PIT11 define the attitudes of students towards practice in tourism.

The central part was at the same time the largest part of the questionnaire (74 questions) modeled on the research by Kusluvan & Kusluvan (2000).

Having in mind the structure of students, subject and aim of research, the authors proceeded from basic hypothetical questions:

- Do FHT students intend to continue their careers in the field of tourism and hospitality?
- Which factors are important when choosing a career?
- What are the student attitudes regarding different factors in choosing a career in the field of tourism (such as nature of work, social status, industry-personality congeniality, physical working conditions, pay / benefits, promotion opportunities, coworkers, managers, commitment to the tourism industry)?
- Are the students satisfied with the practice at FHT?

Analysis of results

The testing of the validity of the theoretical model of perception and attitudes of students in relation to working conditions in the tourism industry was performed using SPSS 17.0 software package.

The assessment of the internal consistency and validity of the sample was carried out using the Confirmatory Factor Analysis (CFA). Cronbach's coefficient ά (Cronbach, 1951) was used to estimate internal consistency. Cronbach's alpha factor for the total population is 0,914, while the values per groups are shown in Table 2. Nannally (1978) suggests that the values of ≥ 0.7 are considered priority, which indicates that the condition of the internal consistency of the observed model is achieved. All alpha coefficient values even exceed 0.8, which meets a more rigorous criterion from 0.50 to 0.60, suggesting by Nunnally (1967) for initial research scales. For this purpose, it is not necessary to calculate the standardized Cronbach's alpha factor. Table 2 shows the obtained values of Construct Reliability Statistics.

Table 2: *The results of Reliability Statistics*

Construct	**Cronbach's Alpha**	**N of Items**
Importance of factors in choosing a career	0,895	17
Attitudes of tourism students towards	0,880	74

dimensions of working in the tourism industry		
Attitudes of students towards practice in tourism	0,935	11
All variables	0,914	102

Source: *Author's own elaboration*

A further, more detailed analysis was performed in the software package SPSS 17.0. using descriptive statistics.

Table 3: *Results of descriptive statistics- importance of factors in choosing a career*

Statements	N	Minimum	Maximum	Mean	Std. Deviation
FCC1	208	1	5	**4.55**	.714
FCC2	208	1.00	5.00	4.4471	.73366
FCC3	208	1.00	5.00	**4.5337**	.65114
FCC4	208	1.00	5.00	**4.7692**	.61747
FCC5	208	1.00	5.00	4.4375	.77767
FCC6	208	1.00	5.00	4.2356	.83827
FCC7	208	1.00	5.00	**4.7163**	.57426
FCC8	208	1.00	5.00	4.1346	.95359
FCC9	208	1.00	5.00	4.5240	.88432
FCC10	208	1.00	5.00	4.4904	.87361
FCC11	208	1.00	5.00	4.5000	.71560
FCC12	208	1.00	5.00	4.3125	.83025
FCC13	208	1.00	5.00	4.2788	.88963
FCC14	208	1.00	5.00	4.2308	.87068
FCC15	208	1.00	5.00	4.2740	1.02947
FCC16	208	1.00	5.00	4.2019	.84419
FCC17	208	1.00	5.00	**3.8702**	1.00120
Valid N (listwise)	208				

Source: *Author's own elaboration*

In the first part of the questionnaire, students ranked different factors that are important for them to choose a future career. In this part of the questionnaire there were 17 questions, and the results of the assessments are given in Table 3. Most of the students (175) gave a high grade - 5,

which is 84.1% of sample, for question / statement *FCC4 - A secure job* as a career choice factor.

The next three factors that students identified as important in choosing a career are *FCC7 - High earnings over length of career* 158 (76%), *FCC1 - A job that I will find enjoyable* (135 students rated 5 which is 64.9 % of sample) and *FCC3 - Pleasant working environment* (124 students rated 5 which is 59.6% of sample).

Table 4: *Frequencies for most important factor in choosing career - "A secure job"*

Rate		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	1.0	1.0	1.0
	3.00	9	4.3	4.3	5.3
	4.00	22	10.6	10.6	15.9
	5.00	175	84.1	84.1	100.0
	Total	208	100.0	100.0	

Source: *Author's own elaboration*

The lowest ratings and the average score of 3.87 were obtained by *FCC17* statement - *A job where I can care for others* (65 students rated 3 and 31.3% of the sample). This indicates that students have a lower degree of social responsibility, which means that they could not care for others while doing their job. They are more interested in finding a job that they will enjoy doing.

Table 5: *Results of descriptive statistics- attitudes of tourism students towards dimensions of working in the tourism industry*

Statements	N	Minimum	Maximum	Mean	Std. Deviation
NW1	208	1.00	5.00	4.3654	.86318
NW2	208	1.00	5.00	3.4183	1.13914
NW3	208	1.00	5.00	3.6298	.98416
NW4	208	1.00	5.00	**1.9952**	1.15678
NW5	208	1.00	5.00	4.1779	.93359
NW6	208	1.00	5.00	3.3125	1.15614
NW7	208	1.00	5.00	3.4808	1.04471
NW8	208	1.00	5.00	3.1538	1.16112
NW9	208	1.00	5.00	4.4519	.82098

NW10	208	1.00	5.00	2.7933	1.25130
NW11	208	1.00	5.00	4.0817	1.03469
NW12	208	1.00	5.00	2.4856	1.12923
NW13	208	1.00	5.00	**4.5625**	.75241
NW14	208	1.00	5.00	3.7067	1.11014
S1	208	1.00	5.00	4.2067	.96336
S2	208	1.00	5.00	**3.1923**	1.20448
S3	208	1.00	5.00	3.7837	1.32473
S4	208	1.00	5.00	3.5817	1.16431
S5	208	1.00	5.00	3.2356	1.34318
S6	208	1.00	5.00	**4.2596**	.96804
PC1	208	1.00	5.00	**1.4712**	.86205
PC2	208	1.00	5.00	4.1490	.85798
PC3	208	1.00	5.00	3.2308	1.28710
PC4	208	1.00	5.00	4.1538	.89301
PC5	208	1.00	5.00	1.8894	1.14305
PC6	208	1.00	5.00	4.1010	.95016
PC7	208	1.00	5.00	1.9904	1.11204
PC8	208	1.00	5.00	**4.5673**	.79569
PC9	208	1.00	5.00	1.9183	1.08483
PWC1	208	1.00	5.00	**3.4231**	.97497
PWC2	208	1.00	5.00	**2.6298**	1.05979
PWC3	208	1.00	5.00	2.8702	1.08902
PWC4	208	1.00	5.00	3.1683	1.05663
PWC5	208	1.00	5.00	3.0000	1.04489
PWC6	208	1.00	5.00	3.0288	1.20351
PB1	208	1.00	5.00	**3.8894**	1.05971
PB2	208	1.00	5.00	3.8750	1.09180
PB3	208	1.00	5.00	3.9760	1.06522
PB4	208	1.00	5.00	**4.0337**	1.01858
PO1	208	1.00	5.00	**3.7260**	1.02947
PO2	208	1.00	5.00	**3.4183**	.98934
PO3	208	1.00	5.00	3.7212	.97264
PO4	208	1.00	5.00	3.6154	1.25346
PO5	208	1.00	5.00	3.6875	1.01364
C1	208	1.00	5.00	2.9279	1.19159
C2	208	1.00	5.00	3.6779	.95659
C3	208	1.00	5.00	2.6202	1.18972
C4	208	1.00	5.00	**4.1202**	.93766

C5	208	1.00	5.00	**2.6058**	1.19110
C6	208	1.00	5.00	3.0817	1.07139
C7	208	1.00	5.00	3.2452	1.39443
M1	208	1.00	5.00	3.2933	1.10578
M2	208	1.00	5.00	3.4038	.92751
M3	208	1.00	5.00	**3.5481**	1.15787
M4	208	1.00	5.00	3.0625	1.08166
M5	208	1.00	5.00	3.2837	1.13415
M6	208	1.00	5.00	3.2740	1.10200
M7	208	1.00	5.00	3.0721	1.07658
M8	208	1.00	5.00	**2.7933**	1.16327
M9	208	1.00	5.00	3.2404	1.06771
M10	208	1.00	5.00	3.3413	1.03271
M11	208	1.00	5.00	3.1971	1.03307
CTI1	208	1.00	5.00	3.0577	1.03864
CTI2	208	1.00	5.00	4.0048	1.11424
CTI3	208	1.00	5.00	**4.3221**	1.00101
CTI4	208	1.00	5.00	3.2500	1.30957
CTI5	208	1.00	5.00	**1.9279**	1.19967
CTI6	208	1.00	5.00	2.6058	1.31081
CTI7	208	1.00	5.00	3.6442	1.31081
CTI8	208	1.00	5.00	1.9423	1.27273
CTI9	208	1.00	5.00	3.8942	1.05792
CTI10	208	1.00	5.00	3.0962	1.15904
CTI11	208	1.00	5.00	4.0096	1.07672
CTI12	208	1.00	5.00	2.3606	1.37253
Valid N (listwise)	208				

Source: *Author's own elaboration*

Extensive Table 5 shows the attitudes of tourism students towards the dimensions of working in the tourism industry through several dimensions. In this table, bold and gray parameters are the highest ranked (highest mean) and red and bold are the lowest ranked parameters.

Regarding the first dimension *Nature of Work*, students gave the highest grade to the parameter *NW13 – There is always something new to learn each day in tourism jobs*, which was rated 5 by 143 students (68,8%). The lowest rating was obtained by the parameter *NW4 - Jobs in tourism are generally boring* (96 students rated 1 or 46,2% of sample).

The second dimension is the *Social status* which shows medium scores. The most important factor identified in terms of social status is S6 - *I talk to my relatives and friends with pride about my vocation in the tourism industry* (112 students or 53,8% rated it 5). The lowest ranked answer is *S2 - Working in tourism is a respected (prestigious) vocation in the Serbian Society* (the most -74 students or 35,6% gave a rate 3).

When we talk about the next dimension *Industry-person congeniality*, the lowest ranked statement is *PC1. I find serving foreign tourists degrading* (146 students or 70.2% of sample rated it 1). The best ranked statement by students is PC8. *I like to see satisfied customers when I serve them* (150 students or 72.1% rated it 1).

As for table 5 again, the fourth dimension *Physical working conditions*, the estimates are somewhat lower. Therefore, the question of PWC1. *Physical working conditions are generally good in the tourism industry* got the best rate, and 94 students or 45.2% of sample rated it 3. The lowest score was obtained by the parameter *PWC2. Working environment is not very clean in tourism*, where 37 students or 17.8% of sample rated it 1 and 85 students or 40.9% rated it 3.

In the next dimension *Pay and Benefits*, which most often motivates future workers/students to work, grades are high, and for them is the most important dimension PV4. *The level of fringe benefits (bonuses, leisure, holidays,meals, etc.)* where 85 students or 40.9% of sample rated it 5.

If we consider *Promotion opportunities* students are moderately satisfied, which is also indicated by the fact that most of the students rated it 4 (71 or 34.1% of sample) on the basis of *PO1- Promotion is based on merit in the tourism industry*. Being moderately satisfied with the expected labor market, confirms the most common grade 3 of the *PO2 statement - Promotion opportunities are satisfactory in the tourism industry* where even 89 (42.8%) students gave a rate 3.

When it comes to the dimensions of collegiality and management, *Coworkers and Managers*, 92 students (44,2%) gave the best mark to the answer *C4. I can make friends easily with people working in the tourism industry,* and 51 students (24,5%) gave the answer *C5. It is not easy to get along with people working in the tourism industry* the lowest rate 1. The most students gave grade 3 for questions related to managers *M3. Most managers do not have an educational background in tourism in the*

tourism industry (75 students or 36,1%) and *M8. There is no good relationship between managers and employees in the tourism industry* (90 students or 43,3%).

The final statement in this part, *Commitment to the tourism industry* points to important conclusions that 123 students or 59,1% of the sample *would like to work in the tourism industry after graduation* and that 113 student or 54,3% *will not work in the tourism industry after graduation*. These result can be analazyed more in future because of these confronting statements.

Table 6: *Results of descriptive statistics- attitudes of students towards practice in tourism*

Statements	N	Mean	Std. Deviation
PIT1	208	**3.0769**	1.39490
PIT2	208	3.1298	1.29565
PIT3	208	3.7933	1.21606
PIT4	208	3.6731	1.27739
PIT5	208	3.4712	1.31844
PIT6	208	3.7788	1.28128
PIT7	208	3.4519	1.32883
PIT8	208	**3.9808**	1.06304
PIT9	208	3.7837	1.17392
PIT10	208	3.1875	1.28854
PIT11	208	3.75	1.252
Valid N (listwise)	208		

Source: *Author's own elaboration*

Last, but not the least important part of this research relates to the attitudes of students towards practice in tourism. In this questionnaire session, there were 11 statements ranked by respondents on a scale from 1 to 5. In that sense, the views and opinions of FHT students showed that only 22% of the sample or 46 students *had the opportunity to practice the theoretical knowledge they learned at school and advanced their knowledge (PIT1)* and this is the lowest-rated statement.

However, 40.4% of the sample or 84 students think they have gained a general experience in human relations, and specifically in client-employee relationships (PIT8).

Table 7: *Frequencies for most important factor towards practice in tourism*

Statements	Frequency	Percent	Valid Percent	Cumulative Percent
1.00	8	3.8	3.8	3.8
2.00	7	3.4	3.4	7.2
3.00	50	24.0	24.0	31.3
4.00	59	28.4	28.4	59.6
5.00	84	40.4	40.4	100.0
Total	208	100.0	100.0	

Source: *Author's own elaboration*

Conclusions

The progressive development of tourism has contributed to the importance of the role of this economic activity in the world economy. It is important to point out that tourism opens up the opportunity for employment of high- and low-skilled labor.

This study differs from the above in the investigation of the attitudes of students in that it examines the students during their studies, rather than after graduation. Namely, previous studies were conducted on postgraduate students, and in this research authors are particularly interested in the attitudes and behavior of students during the studies. Such research is a great step forward for acquiring theoretical knowledge, but also a practical indicator of the satisfaction and attitudes of students of the individual faculty.

The results are practically a benchmark and a sign to the faculty for further development and improvement of quality in order to satisfy students in diferent dimensions of study.

Generally, it is possible to draw conclusions about students' opinions regarding employment in the tourism industry:

- Students believe that something new can always be learned in the tourism industry;
- Most of them are proud of their future interest;
- Students are satisfied with the tourist service;
- Physical working conditions are generally good in the tourism industry;
- Students are motivated to work for benefits above basic salary

- They easily establish friendly relationships but;
- They think that managers do not have adequate education for the position they perform and
- More than half of the students would like to work in the tourism industry after graduation.

When considering the factors for choosing a career, it is less expected that numerous students would give the highest grade to a "safe job" statement, bearing in mind that this is a fairly safe labor market in the republic of Serbia. However, it was expected that students would like to work most at a job with high income and that they find enjoyable. This result also partly coincides with the result of the author El-Houshy (2014).

In general, it can be concluded that student satisfaction with practice is at a high-level although it can still be done to improve the quality of student practice.

The limitations of this research are reflected in a small number of respondents comparing to total student population. Secondly, the questionnaire included a number of questions based on five-point Likert scale, which has discouraged students to fill in. Due to the lack of answers through printed questionnaires, the questionnaire was also distributed through a Google questionnaire, which also did not show a large response rate, since it is anonymous and optional research.

Of course, this paper has good prospects for further development of research on this basis, both for improving the overall quality of the offer of the Faculty, as well as for the scientific basis in the form of comparative analysis of several faculties in the Republic of Serbia, and perhaps even more widely.

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PREFERENCES OF YOUNG PEOPLE IN SERBIA FOR EMPLOYMENT IN DIFFERENT BUSINESS FIELDS

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Abstract

There is a mismatch between skills and abilities on one side and the desire for a particular job at the labor market, as well as the new jobs' requirements on the other. In this work, we examine the determination of young people towards employment in different business fields. The analysis demonstrates the wishes of unemployed young people and their perceptions of adequate occupations. By researching the preferences of young people and their aspirations towards new employment, we create an information base on possible trends. Within the goal set by this research, the following tasks are realized: the situation and trends of unemployment among young people in Serbia were analyzed, the frequency of youth's commitment to new employment within different business fields was determined; and also whether there is a difference in the preferences of young people towards new employment in relation to gender and in relation to the level of education.

Key Words: *unemployment, youth*
JEL classification: *Z32*

Introduction

Employment is an important resource in the intensively changing conditions of the labor market and the high unemployment rate among young people. Insecure and unpredictable labor market puts off and prolongs the way from education to finding a job, due to the necessity of additional knowledge and qualifications acquisition. One fifth of world's young population is either unemployed or not in any process of education. Constant need for vocational changes to keep up with the competitiveness

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of the variable labor market is what makes the working environment risky and flexible. Youth entering the world of labor has become problematic and with serious consequences upon them, including the risk of poverty and losing skills or experience. The transition from school to starting a job needs to be facilitated through help or subventions for a good start in the business world, which could be a positive influence on their professional and personal success.

The tendency of the young population in all the regions of the world is their being present mostly in the informal sector (around three quarters of the world's youth). As for the distribution among the business fields, the situation varies based on the countries' level of development. In the well developed ones, the youth is involved in the 4th Industrial revolution, whereas the less developed countries mark a more variable influence of the technological development in different fields. Youth employment in less developed countries escalates in the field of services the most. Tourism, as an intensive working sector, shows itself as a non-sufficient influence on the employment increase in Serbia (Marčetić & Mušikić, 2017). The decline in domestic tourist traffic is affected by the reduced purchasing power of economic entities. With the increase of the standard trend of imports of travel, services will receive a reverse flow due to limited tourist offer of Serbia (Marčetić & Mušikić, 2016a).

A noticeable increase in the health sector has been detected in all the countries. Such a sector image of employment encourages young people in developed countries to adopt new technical knowledge, while the demand for low qualified work force in less developed countries is still high. Eastern Europe marks a drop in the number of older employees in the fields of transport, information and communication, while the number of young men and women in those fields is increasing. The sector of finance and intermediation is growing much faster with young employees. Due to the significant deindustrialization in this region, there is a much lower number of young people in the production sector (Marčetić & Mušikić, 2016 b). More frequent application of new technologies in the tourist sector promotes it into a growing one, considering the young people being engaged in that sector. The change of the employees in this sector, in East Europe, represented in percentages, is going up in favor of the young population. It absorbs the youth from the agricultural sector in low developed countries, as well as the youth from the production sector in the more developed countries. It is assumed that there will be a higher demand of technologically trained staff, opposed to the current situation

in which a job in the tourist sector is treated as an additional and the one that involves a low qualified work force.

The work has been divided into three functional parts. The first includes a short term detailed analysis of the state and trends of unemployed youth. The second part transfers the focus onto the analysis of engaging young people in different business fields in Serbia for the same period. The two parts represent an explanation of the statistical analysis of the youth's preferences for employment, given to the third part. The results show determination of young people to search for employment in certain fields, especially determination according to their gender and level of education.

Characteristics of young people's (un)employment in the short run

In 2015, the Republic Institute for Statistics (RZS) has adopted a new methodology for tacking the formal employment, by combining data from the Central Registry of mandatory social insurance (CROSO) and the Statistical Business Registry. RZS defines official employment like this: an employed person is the one having a formal legal hiring contract, which represents a setup working relation with the employer, permanently or temporarily, but also a person working out of that working relation based on a contract for performing temporary or occasional jobs; then, a person who works individually; also the one who owns a business organization or an entrepreneurial shop and the one who belongs to the agricultural field but who is registered in the CROSO. Such defined, official employment is in accordance with the European standards.

Besides the global crisis, restructuring process and privatization, numerous weaknesses in the employment politics had an impact on the negative trends at the Serbian labor market. Employment politics is an integral part of all the macro economical politics which influences the offer and demand for work force (fiscal, monetary, educational, politics etc). In this period, we neither have had a clear, defined strategy of employment nor have we analyzed the effects of privatization and other politics on the employment. We thought that the market reforms would automatically bring about the growth of the employment rate. However, it has not happened.

A good business environment for developing enterprises and growing employment in the private sector hasn't been created. High taxing of lower incomes, income growth in the public sector, lack of efficient social

dialog are all drawbacks which the global crisis only made real and objective (Arandarenko & Bartlett, 2012).

The number of the employed in our country has been in a constant increase; however, the position of the young people at the labor market in relation to the total working population is bad. Unemployment of the youth is definitely the biggest problem in Serbia. Youth unemployment's economic price has a form of a failed investment in education.

Table 1: *Basic indicators of the labor market for population between 15-24 (in %)*

	2014.	2015.	2016.	2017.
Employment rate	14,9	16,6	19,7	20,9
Unemployment rate	47,3	43,2	34,9	31,9
Activity rate	28,2	29,2	30,3	30,6
Inactivity rate	71,8	70,8	69,7	69,4

Source: *ARS, Republic Institute for Statistics*

These data reveal a bad stand of the young population at the labor market, their survival strategy with no real plans, their inactivity and the inadequate state measures for their employment.

Table 2: *Basic indicators of the labor market for the working population between 15-64(in %)*

	2014.	2015.	2016.	2017.
Employment rate	50,4	52,0	55,2	57,3
Unemployment rate	20,1	18,2	15,9	14,1
Activity rate	51,8	53,6	65,6	66,7
Inactivity rate	38,2	36,4	34,4	33,3

Source: *ARS, Republic Institute for Statistics*

Table 1 and 2 point out to the fact that the unemployment rate of the population between the age of 15 and 24 is twice as high as the total unemployment rate of the labor-capable population, which is also true for the rate of youth's inactivity. The unemployment rate of young people has a tendency of decreasing, from 47,3% in 2014 to 31,9% in 2017.

The basic labor market feature is high youth's inactivity in relation to the total working population, as well as low employment (Figure 1 and 2). There is a bigger sensitivity of young people at the labor market than the other age groups and the employment rate significantly drops down with

the age. The highest is with the population between the age of 15 and 24, but also with the young adults, between 25 and 34. Lack of professional practice, working experience and motivation, all represent obstacles in the employment process for the young people. Besides that, there is a mismatch between skills, abilities and demands of new jobs (McGowan & Andrews, 2015). Insecure and unpredictable labor market prolongs the way from education to employment due to the need for additional knowledge and qualifications. Constant need for vocational changes to keep up with the competitiveness of the variable labor market is what makes the working environment risky and flexible (Mortimer, 2009).

One more feature is represented through very unfavorable demographic trends. It means that the number of the actively working population decreased between 2014 and 2017, as well as the number of the young working population (15-24), which dropped for 60.000 in 3 years. NEET rate (young people who don't work, who are not in any process of education or training) was 30% in 2017. This rate is higher in the rural areas of the country and with young women (Working Force Survey, 2018).

Table 3: *Rate of informal youth employment in Serbia (in %)*

	2014.	2015.	2016.	2017.
Informal employment rate	36,2	38,8	37,1	30,0

Source: *ARS, Republic Institute for Statistics*

In Serbia, nearly a half of the young people are employed in the informal economy, which is significantly more in comparison to the total working age population. Informal economy has mostly absorbed unqualified and low educated work force, which is an indicator of the unemployment quality and the youth educational structure. However, nowadays, informal economy hires high qualified educated people who are not registered, or if they are, it is for a lower salary, or they get hired in a formal economy but still work in the informal.

Unemployment is dominated by a long jobless period. In 2015, 79% of all the unemployed were without a job for more than a year. Not having education or demanded skills, low working force mobility, severance pay, unemployment benefits, all of these prolonged and deteriorated their position at the labor market. The unemployment rate for women between 15 and 24 was over 52% and finding a job was mostly connected to the

informal sector. The unemployment in Serbia has a long term character, as it often happens that once they become unemployed, people remain in that status for a long period of time (Službeni glasnik, RS, 2015). The longer the period of unemployment is, the smaller is the chance of finding a job and the bigger the poverty becomes.

The youth unemployment rate (15-24) in Serbia is double higher than the one in EU. The trends of EU unemployment movement are followed by EUROSTAT. Their statistical data about unemployment show significant differences based on gender, age and education level (EUROSTAT, 2017). There are also big differences among EU members' labor markets. The employment rate is considered to be the key indicator for the movement analysis at the labor market.

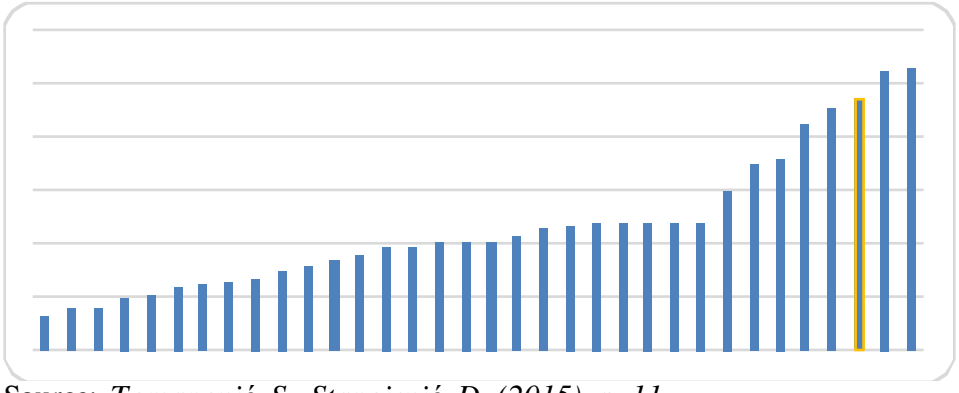
Table 4: *Basic indicators of the labor market for young population (15-24) in Serbia and in EU (in %) for 2017.*

	SERBIA	EU
Employment rate	20,9	34,7
Unemployment rate	31,9	16,8
Activity rate	69,4	58,5

Source: *ARS, Republic Institute for Statistics*

From the data, and based on the previous table, it is obvious that the unemployment in Serbia is almost twice as high as in the EU. The next graph shows the countries' individual positions. It is interesting that Spain and Greece have a bigger number of unemployed young people than Serbia.

Figure 1: *Unemployment rate in the 15-24 age group*



Source: *Tomanović, S., Stanojević, D. (2015), p. 11*

High level of unemployment represents a serious obstacle in the process of youth implementation in social streams (Arandarenko, 2009). It is essential for the youth's position at the labor market in Europe to mention the results reached by the European Youth Commission. "Many young Europeans are facing marginalization at the labor market, aggravation of the life standard and obstacles in social inclusion." – it has been estimated in the report of the European Commission about the position of young population in the EU.

European youth strategy has two general goals: larger offer and equal opportunities for the young people in education and at the labor market, social inclusion and youth solidarity. Initiatives for achieving these goals are within this youth strategy.

Serbia is facing some tendencies which negatively influence the human resources. They are: aging of the population, birth rate decrease and intellectual outflow. Structural and cyclical unemployment are in connection with poverty, crime, stagnation of knowledge and skills. Structural unemployment originates in the basic unadjustment of the available work force seeking for employment in vacant job positions. Unadjustment can be in the aspect of education, qualification, age, and all of these require changes in the fields of broad education and training.

Youth employment in Serbia based on sector and field

Based on the last register, there were 1,322,201 young people aged between 15 and 29, which is 21, 07% of the population of Serbia. Every fifth person (Bubalo-Živković & Lukić, 2015) of the economically active young people in the Republic of Serbia is into trade, retail or wholesale. Every sixth is engaged in manufacturing and almost every tenth works in the primary sector (agriculture, fishing, forestry). The same number of young people works in the state institutions.

Every second economically active young man who deals with information and communications, real estate or finances, resides in the Belgrade area. More than three fifths of economically active young people in Serbia are into some economic field, most of them in the region of Vojvodina, Šumadija and West Serbia, and the fewest of them in the region of South and East Serbia.

The economy is divided into three sectors. Primary sector consists of agriculture, fishing and forestry. Secondary sector covers extractive and manufacturing industry, building and production craftsmanship. Tertiary sector is related to the service activities, crafts, traffic, tourism and trade. Serbia is a country in whose economy the relative majority of the economically active youth belongs to the tertiary sector – 45,2%.

Viewed by regions, the most economically active young people works in the secondary sector of Vojvodina – 42,4% and up to 40, 5% in the region of Šumadija and West Serbia. In the region of Belgrade, 63,8% of young people work in the tertiary sector (FREN, 2017). These data lead us to conclude that the youth are more oriented towards services and faster income, which is the tertiary sector, and not to production, especially the youth in the city environment. Such situation and the stagnation in production drives young people to cities, whereas villages are left without the pillars of growth and development – the youth.

According to gender, young males have an advantage in the economical activities in all economical sectors and in all regions. In non-economical activities, the females are dominant, with the exception of South and East Serbia.

Comparing these three sectors, the highest number of economically active young men is present in the secondary sector – 45,1%. Young men in the Belgrade area are most present in the tertiary sector – 56,6%. According to the sectors of economic activities, economically active young women, on both the Republic level and in all regions of the country, have an absolute majority in the tertiary sector. This realistic youth employment image will be compared with the data about their preferences later in the text.

Factors for accepting some job, listed by the interviewees, were: firstly, with more than a half of the young population, it is the salary; then, 22% of them stated security and on the bottom of the list follow satisfaction with the job and the working environment. Women value the security of the job more than men. High valuing of security and salary as factors lead to the state sector as a desired employment (62,1%) more than the private (26,1%) (Tomanović & Stanojević, 2015). Private sector is more interesting to the young people whose parents are highly educated. Finding a job in international companies is a goal to highly educated

youth or to young people from bigger cities. To the ones from the rural environment, the goal is getting a job in the state sector.

Aim and goals of the research

In this work, we examined the preferences of the unemployed youth according to an employment in a certain field. Through researching of the youth's preferences and their aspirations towards new employment, we created an information base to possible solutions. This work provides a useful and meaningful contribution to the national issue of employing young people, through examining their interests, i.e. sector orientations. Youth's determination towards new jobs doesn't often match the real possibilities. The analysis gives directions about the youth's wishes, about their perception of adequate jobs and about fields of their interests. Within the aim set in this research, some goals were defined:

- To determine the frequencies of youth's sector orientation
- To determine if there is a difference in youth orientation based on their gender
- To determine if there is a difference in youth orientation based on level of education.

Method of research

The obtained data were analyzed in a qualitative and quantitative way, whereas the results were presented through text and charts. The obtained data from the questionnaire were analyzed using the method of descriptive statistics (Radivojević, Ćurčić & Marčetić., 2018). In the analysis of the obtained data, $\chi 2$ test method was used (IBM SPSS 23 statistical tools). The procedure called $\chi 2$ test is used mostly in cases with quality data. Hypotheses to be examined in this research are following:
(H1): There is no difference in the youth preferences towards employment in certain fields based on gender;
(H2): There is no difference in the youth preferences towards employment in certain fields based on level of education.

Sample and data

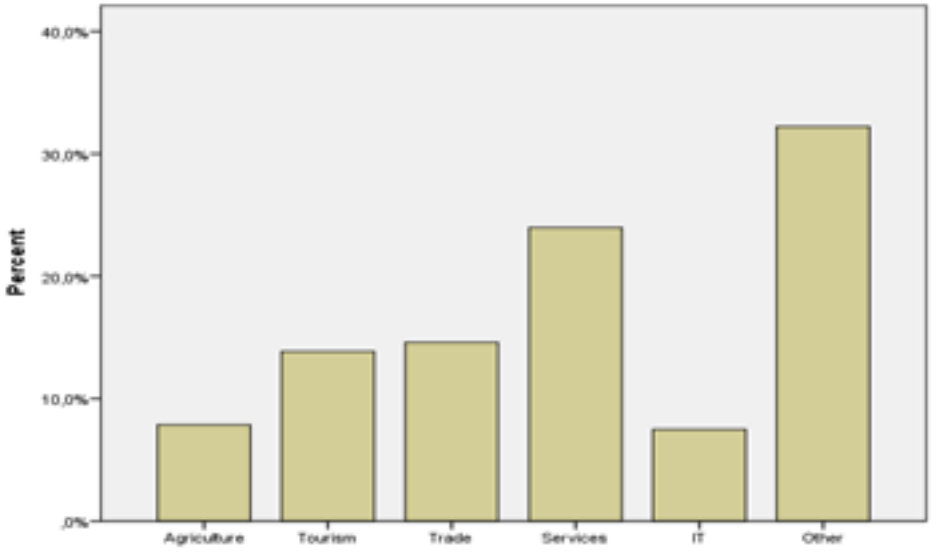
The conducted poll included 333 examined young people, out of whom 63,7% are students of a vocational business school and 36,3% are students from economical-trading high school. Their age varies from 16 (1,8%) to 25 (0,9%). The majority of them is 18 (20,7%), 20 (18,0%) and

21 (16,8%). The poll was conducted on the territories of Jagodina, Dimitrovgrad, Blace and Stara Pazova. The interviewees had enough time to give answers to all the questions, which are of a cloze type. The polling is anonymous and conducted through paper.

Analysis results and discussion

The following graph shows the youth orientation frequencies towards certain fields. Although IT sector popularity is high, the youth included in this poll rated it lowly. Tourism takes a respectable position, with 14,7%, in rank with trade. A huge number of young people do not have any opinion, i.e. they are not oriented.

Figure 2: *Youth employment orientation towards some fields (in %)*



Source: *Author*

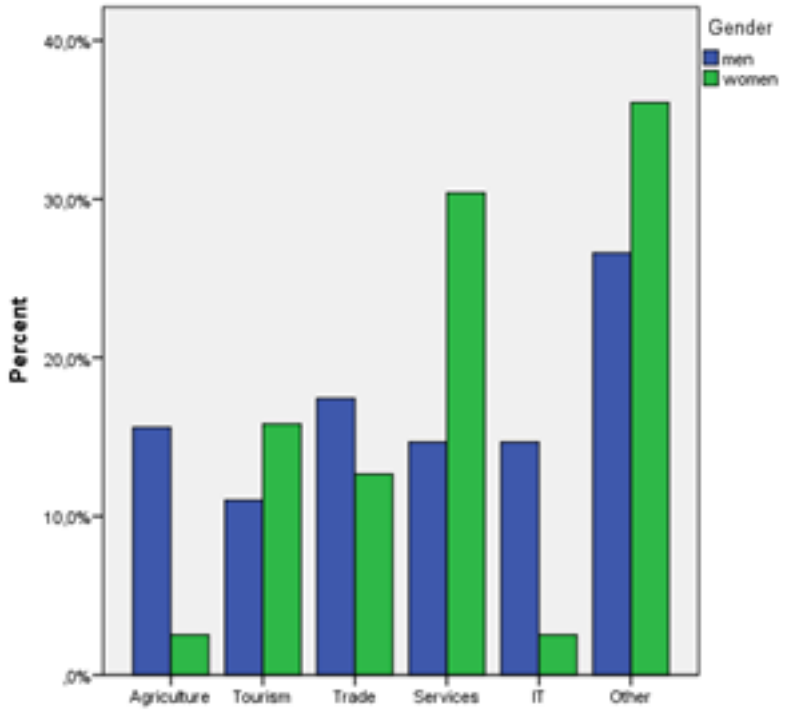
In the following chart, there is an overview of youth preferences according to gender and presented in percentage. Based on the question: "Which field is your employment directed to?", we found out that out of all the answers that were offered, the most of the interviewees see their employment in the IT sector – 80%, but also in agriculture – 81,0%. Trade is present with the males in 48% and the touristic sector in 32,4%.

Table 5: *Gender based youth employment orientation towards certain fields*

Your employment would be oriented towards:	Gender		Total
	Male	Female	
Agriculture	17	4	21
%	81,0%	19,0%	100,0%
Tourism	12	25	37
%	32,4%	67,6%	100,0%
Trade	19	20	39
%	48,7%	51,3%	100,0%
Services	16	48	64
%	25,0%	75,0%	100,0%
IT	16	4	20
%	80,0%	20,0%	100,0%
Other	29	55	84
%	34,5%	65,5%	100,0%
Σ	109	156	265
%	41,1%	58,9%	100,0%

Source: *Author*

Figure 3:*Gender based employment orientation towards certain fields*



Source: *Author*

Young females would direct their employment mostly towards services – 75%. They also have affinities towards the area of tourism – 67,6%, trade – 51,3% and the least towards the IT sector – 20%. It is also noticeable that there is almost twice as many indecisive (non-oriented) young females as there are males. A graphic presentation of the chart follows.

Using the $\chi 2$ test method, we examined whether there is a difference in unemployment orientation towards certain fields based on gender. The results confirmed the existence of difference for p=0,00, with middle correlation, i.e. middle strong bond between two variables (0,37) according to Cramer's V indicator. So, the first hypothesis of the research was rejected.

Table 6: *Difference between genders in employment orientation towards certain fields*

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	36.707[a]	5	.000
Likelihood Ratio	37.609	5	.000
Linear-by-Linear Association	3.498	1	.061
N of Valid Cases	265		

Source: *Author*

The next setup goal is to confirm if there is a difference in the favorite field of employment based on the level of education. The analysis of this relation shows that the highly educated interviewees are interested in agriculture – 90,5% and IT sector and tourism – 75%. Trade is present with 66,7% and services with 59,4%. High school students have different opinions: services – 40,6%, trade – 33,3% and IT sector – 25%. The difference in the answers between high school and university students about the employment orientation is included in the educational system reform which includes the importance of entrepreneurship.

Table 7: *Employment orientation towards certain fields based on level of education*

Your employment would be oriented towards:	School		Total
	High	Vocational	
Agriculture %	2 9,5%	19 90,5%	21 100,0%
Tourism	9	28	37

%	24,3%	75,7%	100,0%
Trade	13	26	39
%	33,3%	66,7%	100,0%
Services	26	38	64
%	40,6%	59,4%	100,0%
IT	5	15	20
%	25,0%	75,0%	100,0%
Other	44	42	86
%	51,2%	48,8%	100,0%
Σ	99	168	267
%	37,1%	62,9%	100,0%

Source: *Author*

In the next table, using the $\chi 2$ test method, we examined if there is a difference in the level of qualification and employment orientation towards certain fields. The results confirmed existence of difference for p=0,002, with weak correlation, i.e. weak bond between two variables (0,26) according to Cramer's V indicator. The second hypothesis was also rejected.

Table 8: *Difference in the level of qualification and employment orientation towards certain fields.*

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.323[a]	5	.004
Likelihood Ratio	18.798	5	.002
Linear-by-Linear Association	13.302	1	.000
N of Valid Cases	265		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.32.			

Source: *Author*

Conclusion

Every fifth economically active young man in the Republic of Serbia is into trade, retail or wholesale. Every sixth is engaged in the manufacturing industry. Almost every tenth works in the primary sector (agriculture, fishing, forestry). These data lead us to conclude that the young people are more oriented towards services, which is a tertiary sector, towards faster earning, and not to production, especially the young

population in the cities. The stagnation of production drives young people to cities, leaving the rural areas without the youth, as pillars of growth and development. Based on gender, young males have an advantage in all economical field activities, in all regions. Young females have an advantage in the non-economical field activities.

Comparing the three sectors of economic fields, secondary sector has the majority of the young economically active males. According to the economical field sectors, young economically active females in Serbia, on both regional and Republic level, have the absolute majority in the tertiary sector. This is a realistic image of youth employment, unlike their preferences, which obtain a different connotation.

Our analysis of youth's orientation to employment in the preferential fields shows that the largest number of young people is not oriented to what field they will be in when they finish the process of education. Using the method of $\chi 2$ test, we examined if there is a difference between genders and employment orientation towards some fields. The results confirmed the existence of gender based difference in the tendencies for employment, for p=0,00, with middle correlation, i.e. middle strong bond between two variables (0,37) according to Cramer's V indicator

Using the method of $\chi 2$ test, we examined if there is a difference in the level of qualification and employment orientation towards certain fields. The results confirmed an existence of difference in the tendencies for employment depending on the level of qualification, for p=0,002, with weak correlation, i.e. weak bond between two variables (0,26) according to the Cramer's V indicator.

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INTERCULTURAL MANAGEMENT AND THE IMPORTANCE OF FOREIGN LANGUAGES IN MODERN HOTEL INDUSTRY

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Abstract

Since there is hardly an industry as international as the hotel industry, hotel managers must have not only professional knowledge, but also intercultural skills and foreign language skills. Working in international teams and also communicating across cultural differences must not cause them problems in this profession and today it is a requirement for successful future careers and good opportunities in the labor market. Therefore, this paper aims to show the growing importance of intercultural management including knowledge and usage of foreign languages in the field of modern hotel business. It combines the basics of business management with the teaching of intercultural competencies. This will enable the participants to develop a management strategy that overcomes national and cultural differences. Consequently, it will make it possible for the company to achieve economic success in foreign countries as well.

Key Words: *intercultural management, languages, hotel industry, teaching, cultural difference*
JEL classification: *I23*

Introduction

Globalization has greatly affected tourism and hotel industry, since people from newly developed countries now travel in large numbers. It has resulted in an increase in the number of multinational corporations, thus increasing intercultural interactions within companies, because diverse customers have different cultures and traditions that have to be dealt with.

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The hospitality and tourism industry is known for its culturally diverse workplaces and companies. Unfortunately, research has shown a lack of proper training for industry managers to overcome the many challenges of communication in intercultural settings (Dewald & Self, 2008). The need for understanding intercultural workplaces, notably in hospitality and tourism industry, is critical. Therefore, cross-cultural training is not only useful for employees from different cultures and ethnicities to work together but it is also necessary for employees to learn how to handle certain situations that are raised by customers from diverse cultures, religions, and ethnicities. The fundamental differences between societies proposed by cross-cultural studies provide the framework of understanding intercultural relationships. Nevertheless, there is limited scholarship dedicated to improving intercultural workplace interactions in this industry (Shore et al., 2009). Further research could provide information about training programs and preparation of employees, mitigating difficulties experienced in intercultural workplaces in hospitality.

Intercultural encounters in modern tourism

Intercultural communication plays an important role in tourism and associated intercultural encounters. The origins of intercultural communication as a scientific discipline date back to 1960s in the United States and Canada. The American ethnologist E. T. Hall is considered an important representative of this research movement. According to Lüsebrink (2012), a boom in Europe in research happened in 1980s. The knowledge of cultural differences in communication and the ability to respond appropriately are fundamental for harmonious encounters (p. 3). Intercultural encounters and the resulting relationship between tourists and locals are shaped by many factors. According to Hennig (1997), above all, the characteristics of the respective actors have a tremendous influence (p. 127).

Since the fifties of the last century, which mark the beginning of the modern tourist boom, the characteristics of tourists have been changing constantly. Thus, according to Wohlmann (1993), the number of journeys has increased, travel motives have changed, new socio-demographic layers of society have participated in tourism and wishes and needs have been modified (p. 12). As Hennig (1997) says, although travel today is no longer something for privileged social groups, travel behavior continues to depend on socio-demographic factors such as education, occupation,

income, etc. To date, the travel intensity of the wealthy and educated population is the highest (p. 72).

According to Luger (2007), the different travel motives of humans have a strong influence on the success of intercultural encounters. Tourism and its intercultural encounters may encourage the eradication of xenophobia. A tourist has the opportunity to get in touch with another foreigner in a relaxed way. Thus, despite differences among tourists with various cultural background, it can be said that a stranger is not to be judged as bad but as attractive and exciting (p. 36).

There are, on the other hand, some examples in the literature in which tourism represents a positive impulse for a better intercultural understanding of a society. As Freyer (2011) wrote, German tourism researcher Walter Freyer explains that institutionalized contact of tourists with local population, permanent meetings of residents of different countries, and the increase of the amount of information in mass media can increase understanding, enable more contacts and peace between individuals, as well as that between states be it from north to south, or from east to west (p. 497).

The expert in tourism Astrid Kösterke (2000) interprets intercultural meetings in tourism as personal encounters with people from other cultures (p. 22). Kösterke (2000) says that as part of a holiday abroad - whether there are classic holiday packages, study trips or self-organized individual travel, there are countless opportunities for encounters between people of different cultures, either in restaurants, shops, public transport, in a discotheque or on excursions, either accidentally, spontaneously or intentionally controlled [...] interests for such intercultural encounters can be conditioned by different factors and at the same time lead to different results and consequences (p. 24).

One of the important aspects of analyzing interculture as a concept is the role and meaning of tour guides in intercultural encounters. One definition comes from the International Association of Tour Managers (IATM) and the European Federation of Tourist Guide Associations (EFTGA). According to Ap & Wong (2001) the tour guide is a person who interprets in an inspiring and entertaining manner, in the language of the visitors' choice, the cultural and natural heritage and environment.

On the other hand, the "interpretive function" involves the understanding of other cultural systems and thus contributes to building bridges between cultures. Tour guides can mediate between groups and people from different cultural systems and are thus able to reduce prejudices, reduce conflicts and initiate a change in thinking. As a result, tour guides are also involved in intercultural encounters, for example in restaurants, in accommodation, shopping or on the road, in public transport. They can organize arranged meetings as part of sightseeing or directly in the form of an exchange dinner.

According to Kahlenbach (2013), in practice, the importance of learning foreign languages in the field of hotel industry is closely connected with the main subject of this filed – communication and interaction both with domestic and foreign tourists. In the future, younger generations may be more willing to approach foreign guests' cultures in their domestic tourism and see it as enrichment (p. 117).

A model proposed by Herdin (2008) shows tour guides as mediators between cultures, as a mediator of knowledge and as an ambassador of one's own culture. The model focuses on the features of tour guides for travelers. For the announced strategy, the author proposes to extend this model by one dimension, namely that of the traveled ones (p. 270).

Language knowledge as inevitable factor of successful intercultural communication

According to Breede (2008) some problems may arise in intercultural communication situations. Causes can be communication problems due to the lack of language knowledge. Furthermore, unpleasant situations can arise because you have inadvertently addressed a taboo topic or asked an inappropriate question. In addition, wrong interpretation and decoding of silence, emphasis, tone of voice, etc. inhibit communication. A different style of speech and different discourse strategies also lead to communication problems (p. 36). In the field of non-verbal communication, it becomes problematic when gestures such as laughter or gaze behavior are used differently by the cultures of the two parties. On the basis of previously mentioned, success criteria were derived in the literature, which show how such communication problems can be reduced. For example, Müller-Jacquier, Professor of Intercultural German Studies, deals with the limits of the cultural-contrastive approach. He judges that 90 percent of the empirical work in the field of intercultural

communication deals with comparative recruitment studies on cultural value orientations and thus uses a culture-contrasting approach. Müller-Jacquier (2004), however, doubts the relevance of the results of such work for practice, as this is mainly the clash of differences in the context of emphasized intercultural encounters. He points out that today's society is more often confronted with intercultural encounters and therefore people have developed better abilities to deal with foreign cultures. So it should not be considered as a clash of different communication styles. In extreme cases, this approach of clashes can even reinforce stereotyping by emphasizing the differences between the alien and the self (p. 106).

Intercultural concept in teaching modern languages

In modern times, speaking more than one language is an assumption, since around two thirds of the world's population is bilingual or multilingual. Neuner et al. (2009) in the German-foreign language study define multilingualism, in the context:

- Mother tongue (L1) as the primary language,
- the first foreign language (L2) as a secondary language,
- other foreign languages (L3, L4, Ln) as tertiary languages (p. 6).

In most of the schools English is taught as the first foreign language. However, students also learning another foreign language, which can be German, French, Russian, or even Italian. These languages may be called tertiary ones / tertiary languages. The basic starting point for adopting tertiary languages is finding ways to facilitate the application of already acquired knowledge and structures from native and previously learned foreign languages in the current foreign language. According to Krumm & Tselikas (2006) it is a pedagogical task to continue learning German using previously adopted knowledge. This implies greater demand for authentic texts, more complex tasks, a more comprehensive understanding of scenarios in textbooks and teaching itself (project teaching, drama pedagogy, narration and complex tasks for written production, intercultural content, linking literature and multilingual works). Learning interferes with socio-cultural development, and therefore the topic of encountering other cultures and topics on experiences from other cultures should become the leading point in the development of curricula and materials. It is a greatest task for teachers to encourage their students to recognize and find cultural contexts that are related to the German language (p. 39). They suggest that perhaps the best role German can fulfill today, is in fact German as the language of

confronting a students with a new person he becomes in the process of learning this language – with a new self, a new person (p. 40).

Landeskunde vs. Cultural Studies

An inevitable segment of education in the field of tourism is, according to Zerajic (2018a) foreign language teaching, which, besides communicative, should aim at acquiring intercultural competences. Numerous studies and research testify there is a need for foreign language skills for anybody who works in tourism. (p. 161).

According to Zerajic (2018b) various circumstances have made tourism a significant phenomenon; it has become an inseparable part of life, it influences the economy of many countries and this is why it became even more interesting field for researches in language for special purposes (p. 748).

The basis of the new intercultural concept in teaching foreign languages makes comparison of a language in the sense of comparing cultural specifics and certain individual factors, comparing the details of learners' source culture and target-language culture (culture, politics, social perspective), and German *Landeskunde*[2] or Cultural Studies are becoming an integral, inevitable element of language learning, and consequently stereotypes and prejudices are an ideal incentive for a dialogue based on intercultural exchange.

Under the term "Landeskunde" or pragmalinguistics, foreign languages teaching refers to the transfer of cultural and material information and the knowledge of a country or region whose language is taught or studied. In particular, it refers to the current life and to the possible perspectives that students of German language as a foreign language meet in the German speaking area or in contact with speakers of the German language. Until recently, the Landeskunde area had no role in teaching German as a second language (DaZ). The importance of this field in teaching German as a foreign language has been valued differently over time. In post-war Germany, the transfer of information about the country was at the center of interest. Then Landeskunde was defined as an independent area which, due to its demands of universality and objectivity, could be offered exclusively to the "advanced" individuals, limiting itself to institutions,

[2] The German term means the study of the geographic, regional, and cultural aspects of a country.

states and "high society" cultures. During 1970's, in the context of the communicative approach, the term "Leutekunde" was used to refer to information and activities. Since it was related to everyday life, it could also be used in teaching beginners.

Since the beginning of the 1970s, the Council of Europe has been striving to create a somewhat more communicative approach to learning foreign languages, which aims not only to learn foreign language by adopting and training linguistic skills, but also implies to some extent a kind of socio-cultural emancipation. Therefore, the question arises as to whether communicative didactics can be viewed as a pragmatic-functional and/or pedagogically-oriented concept. The Council of Europe defines the CEFR's basic goals and the planned outcomes of learning a foreign language, so the acquisition of the so-called multilingual and multicultural competences becomes the most important. Since the language is the instrument of man's action, the focus is on the use of language (pragmalinguisics), on understanding (and understandability) rather than on accuracy. New approaches to the adoption of foreign languages also entail a drastic change in social forms of work, so that group and pair-work becomes much more popular in relation to frontal teaching and lessons based on textbook units so that teachers in practice face the strategic, yet everyday dilemma - whether to develop more linguistic or communicative skills.

Competences are described in the ZEO[3] as the sum of (declarative) knowledge, (procedural) skills and components that relate to personality, as well as general cognitive skills, which allow one man to perform actions. As a whole, general competences are those which are not linguistically specific, but that are applied in actions of every kind, especially in language actions. Whether it is about those who learn the language or those who use it, they consist of knowledge and competence, competence oriented to personality and attitudes, as well as the ability to learn. Knowledge, that is, declarative knowledge *savoir (Fr. know)* is considered the result of learning from experience (knowledge of the world) and formal learning processes (theoretical knowledge). On the other hand, according to GER (2011)[4], communicative competences train

[3] Zajednički evropski okvir za učenje jezika (Eng. Common European Framework of Reference for Languages: Learning, Teaching, Assessment) - in further text: ZEO (Backovic, 2003).

[4] Gemeinsamer europäischer Referenzrahmen für Sprachen: lernen, lehren, beurteilen, Eng. Common European Framework of Reference for Languages: Learning, Teaching, Assessment– in further text: GER (Trim et al, 2011).

a man to work with the help of specific language tools, while the procedural knowledge *savoir-faire (Fr.)* is based more on the ability to perform actions and processes than on declarative knowledge, although such abilities can be encouraged by the adoption of the declarative knowledge 'that can be forgotten' (p. 21-23).

According to CEFR (2003), in this sense, "insisting on adhering to the concept of language diversity and learning more foreign languages in school gets its full meaning. Learning foreign languages at the current historical moment in Europe is not only important for political reasons or no less significant perspectives that are pointed out to young people for whom language learning comes naturally", but it is also very important because of the opportunity to help students build linguistic and cultural identity by integrating different experiences of other people and cultures, and developing learning abilities through the same diversified experience of interweaving different languages and cultures (p. 136).

Since 1990, as Röhner (2008) says, thanks to the intercultural concept, the understanding of foreign culture has become an inevitable and integral part of teaching German as a foreign language, and in the context of *Landeskunde* the *Tübinger Modell* integrative concept of *Landeskunde* with interdisciplinary orientation is developed (p. 132). This model emphasized the authenticity of content selected for didactic reasons, which requires its own experience with countries as well as applications in the role of teachers, as a form of work and evaluation within the so-called *"Experienced Landeskunde"* (Wicke, 1995). Veeck & Lindmayer (2001), distinguish linguistically and realistically oriented concepts that can be target-oriented but can also be in-cultural-specific for the addressee (p. 1163). Hans Werner Hess (2004) criticized this concept of pragmalinguistics[5] concentrated solely on communication, because he could only come into the cognitive, rather than communicative pragmalinguistics. He strives for an information-oriented pragmalinguist who emerges from the framework of didactics of German as a foreign language and strives for the cognitive competence of analysis and understanding. In practice, this would mean that teachers of German as a

[5] There are different or even contradictory opinions about what pragmalinguistics is and what should be taken as its research object. Prucha (1983: 13) distinguishes four main directions:

1. Pragmalinguistics as a theory of instructional styles (registers) of language.
2. Pragmalinguistics as a theory of the communicative (pragmatic) component of the utterance.
3. Pragmalinguistics as a theory of influencing people through verbal messages.
4. Pragmalinguistics as a theory of verbal activity in social intercourse.

foreign language should be educated not only in philological but also in terms of general knowledge of the country, culture, society, politics, economics, etc. of that language. The quest for integrative knowledge of culture and the language taught is defined by DaF Liu Liu from China Li Yuan, which offers a more comprehensive concept that has an intercultural competence as its goal. It proceeds from the model of the competences of the famous psychologist Alberto Bandura, according to which the competence of acting develops with the mutual effect of factual, methodical, social and self-competence. Li Yuan summarizes social and auto-competence and formulates intercultural skills for each of the three areas. What was completely new and very attractive is her attempt to formulate the professional competence of D-A-CH in the context of *Landeskunde* and thus create a close connection with the country of the addressee, in this case China.

As above mentioned, according to Röhner (2008), a decisive turning point, however, occurred in 1990 with the introduction of the so- ABCD thesis (A - Austria, B - Germany / Bundesrepublik Deutschland /, C - Switzerland / Conferederation Helvetica /, D - DDR). Based on these theories, Landeskunde is not a separate subject, but a combination of cultural information and the sensitization of feelings for foreign language interaction, taking into account the entire German speaking area, as well as the phonological, lexical and morphosyntaxic diversity of German (p. 131). From the very beginning, there was a tendency to include authentic, socially critical materials from all regions of the German speaking region, and insisted on the active participation of pupils in the selection of these materials in order to find an appropriate approach on their own, not relying solely on teachers as intermediaries. Today's equivalent of ABCD-thesis is D (Germany) - A (Austria) - CH (Switzerland) - L (Liechtenstein) principle driven by triple integration:

- the countries of the German speaking region in all their diversity,
- students in planning and flow, and
- language teaching and *Landeskunde* (p. 132).

First of all, interculturalism as a concept gives rise to numerous reflections and opens many possibilities for designing new, interesting content and materials. Consequently, it implies a step forward from stereotyped forms of teaching and adoption of L2 and provides an entire network of innovative tasks and forms of material adoption, which automatically implies greater engagement of teachers / lecturers in processing of inputs that students offer. The communication concept

emphasizes that the content and meaning of linguistic expression have a much greater significance than the accuracy of the form itself, i.e. successful communication is more important than linguistic accuracy. Accordingly, when the sequence of adoption and mastering of language skills in a foreign language is concerned, it is first necessary to master receptive language skills in order for production (writing and oral expression) to be possible.

In intercultural comparison, grammatical progression is no longer the most important, but rather the so-called communicative progression or mastering certain structures that are necessary in communicative acts in a foreign language. Consequently, intercultural input gets more important than grammatical. Among other things, there is a need for regional textbooks, so that a textbook itself supports intercultural comparisons and provides additional ideas and incentives.

The communicative ability and activity of students is not only influenced by knowledge, understanding and their skills, but also by individual and for their personality characteristic factors such as motivation, attitudes, beliefs, cognitive styles and personality types *savoir-être (Fr.).* Personality factors and attitudes do not only affect the role of learners in communicative situations, but also their ability to learn.

In order to achieve their communicative intent, students apply their general abilities and specific language competences.

In this narrow sense, communicative competence consists of:
1. linguistic competences;
2. sociolinguistic competences, and
3. pragmatic competences.

Foreign language teaching has changed greatly in recent decades, the audiovisual has followed the cognitive phase. Although these processes of change primarily relate to sciences such as linguistics and psychology, they certainly have to do with the learning of foreign languages. There is a great discrepancy in Europe when it comes to foreign language learning. Despite the steadily growing interest and the need for foreign languages, not only in Germany, but in other European Union countries, there is a general tendency to reduce foreign languages in practical institutionalized use, primarily as regards the time base as well as the number of foreign languages in general. The knowledge of foreign languages that are in

decline is related to the state of didactic practice of a foreign language in schools. The communicative approach, which is considered to be dominant in Europe, has brought about the return to some traditional and conventional forms of language learning. Most teachers return grammar and rules to instruction, and although communication in itself represents the interaction of teachers with students, they do not sufficiently process authentic content. One of the current concepts recommends early language learning for faster and better learning of foreign languages, which is noticeable from the earliest primary school when introducing the first foreign language. Children work with the current textbooks of the modern concept. Although there is an adequate curriculum to which they are oriented, they have foreign language at least two hours a week, if one looks at the very concept of teaching it can be concluded that it is similar if not the same as the traditional one with a frontal type of lectures and stress on grammar and vocabulary. When all this is taken into account, there is clear evidence that foreign language teaching at an early stage has yielded significantly better results than in adult learners, except in the area of pronunciation that is certainly better and almost close to native speakers in children learning a language.

Very important aspect of teaching foreign languages as languages of profession is adequate textbooks. Textbooks still play a very important role in foreign language teaching and the quantity and quality of intercultural content are very significant. Is it possible for a learner to actively, autonomously and holistically develop his intercultural skills with the help of a textbook? Can he achieve better understanding in a foreign language through socialization and identity formation? Another question is how authentic the material is, since this aspect is central for acquisition of intercultural competence. For publishers, it is now fashionable to emphasize in the advertisement the textbooks (e.g. New Address) that are abundant in intercultural or cultural communication and that follow the European Framework of Reference and the renewed curriculum, both of which emphasize intercultural communication.

According to Neuner (1994), textbooks are shaped by certain didactic-methodological guiding concepts of an epoch (p. 111). In language teaching, according to Roche (2001), intercultural communication takes place simultaneously on four levels: between textbooks / teaching materials and learners / teachers, between learners (for example, from different source cultures), between learners and teachers, and between the group and other foreign cultures (p. 48).

According to Gerighausen & Seel (1983), in each foreign language teaching always - whether deliberately accomplished, organized or unconscious, concurrent tracking - processes one, intercultural communication 'take place' (p. 5). The latest textbooks bring these processes into the awareness of teachers and students.

Vocational language studies for the travel and tourism studies in higher education institutions of applied studies

In spite of the fact that English does not lose the status of a globally significant language, the so-called *lingua franca*, the knowledge of every other foreign language is additionally of enormous importance in tourism. According to Kusluvan (2003), the intensity of dependence on human factors is more pronounced in tourism than in other sectors, since the provision of services and interactions with clients is the basis of this activity. The tourism sector implies a higher share of the labor force in total investments compared to other economies. Therefore, tourist activity puts all employees in front of great demands in terms of communicative and intercultural competence, as well as knowledge of at least one foreign language.

A foreign language as the language of profession is obligatory from the first year at all faculties of academic and professional studies, and this is most often, but not exclusively, English. Students enrolled in a higher education institution are highly expected to master professional terminology in the practical application of their knowledge after completing their education. Considering that German is one of the languages offered by the College of Hotel Management since the first year (the foreign language has the status of an elective and apart from German, French and Russian are offered. The elective foreign language is taught during five of the total of six semesters according to prescribed syllabus with a fund of 3 hours per week, which means one hour of lectures and two hours of exercises and we start with expectation that their higher education in the area of the foreign language will end at the A2 / B1 level crossing. At these language levels students should:

A2 - The student has a wide range of elementary language resources that allow him to solve everyday situations with the help of the previously given content. As a rule, a student can make compromises in relation to the realization of the spoken purpose and to search for words. In addition, he may use short, useful expressions to meet simple, specific needs and

ask, for example, for certain information about a person, everyday routines, desires or needs.

He/she can use simple sentence forms and express them using memorized sentences, short group words and speech patterns about himself and other people, what they do or own, etc.; has a limited repertoire of short memorized statements that satisfy the simplest basic speech situations. In situations that come out of the daily routine, there is often an interruption and misunderstanding.

B1 - The student has sufficient language resources to handle. The dictionary satisfies the need to be apologetic with hesitation and with the help of individual descriptions, to talk about various topics, such as family, hobbies, interests, business, travel, current events; however, the limited vocabulary leads to frequent repetitions and difficulties in formulations. (GER, 2001: 111).

How can the process of language teaching and learning be improved?

Student autonomy is a concept of European glotodidactics, which has been developed rapidly on the basis of the Council of Europe's assumptions in recent decades; applicable at all levels of education, and also in the higher education of languages. This concept implies that during the process of their socialization in schools students will be able to take their own learning independently and genuinely into their own hands. According to Wolff (1994), this understanding of learning relies heavily on the ideas of constructivists and cognitivists. According to Dam (1994, 1995), Wolff (1997), Bach & Neuner (2008) propose the essential characteristics of autonomous learning in the classroom by the following points:

1. Working in small groups, with individual groups simultaneously carrying out various activities. The results are later shown on posters in the classroom in frontal work;
2. Activities within small groups open a much broader field that involves the creation of images, writing grammar for other students, listening to CDs, including the independent writing of different essays;
3. Group work is encouraged by the preparation of materials that are constantly available to them. In addition to textbooks, grammar and dictionaries offer materials related to the process itself;

4. Students can even bring their own materials, even those that they themselves have developed or prepared;
5. Each student writes his / her diary in which he / she lists the activities he / she participated in, what he / she has learned, how the results of individual small groups are evaluated;
6. The foreign language must be the only language in the classroom. This approach can best be explained to pupils by the fact that the goal of learning and teaching itself is to master foreign language, which can best be achieved by using it;
7. A shared evaluation of the learned takes place in equal intervals and relates to the most diverse elements of the teaching process, to goals, activities, materials, results, social aspects, roles of teachers / learners, testing in foreign language;
8. Interaction on the process of learning a foreign language;
9. The teacher assumes a new role in this situation - he is no longer a competent instructor who plans and controls, but is more a moderator who monitors the process, and helps the students make language teaching as efficient as possible.

This concept can contribute to improving multilingualism in Europe more than the traditional communicative approach in teaching.

Conclusion

Tourism researcher Freyer (2011) states that in the future, it would be important to develop tourism as a cultural sociology research field better and extensive research on the cultural and sociological impact on the travelers would be desirable.

English is the most often used language around the world and it applies to the hospitality industry as well, but other languages should not be forgotten, bearing in mind the importance of the intercultural concept and plurilingualism. Foreign language in the hospitality industry is needed when working in a non-English speaking country. Also, students of hospitality programs benefit immensely from learning a foreign language. Many universities with hospitality management majors have been providing study abroad programs, and foreign language has become crucial to the education of the industry. It is well known that colleges that offer hospitality degrees which integrate foreign language learning contribute to the success of the hospitality industry in general and to the success of the individual students in their future careers as managers.

Such in hospitality degree courses, the teaching of foreign languages has focused on the learning for professional purposes that students may likely be facing in their future career.

According to Žerajić (2011), a foreign language professor is familiar with the material. He comes across various sources and uses a myriad of methodical, didactic and linguistic information and resources. They may not always be transparent, and it may be difficult for a teacher / professor to estimate their efficiency in teaching. Nevertheless, the teacher / professor is the one who shall decide when, how and what he will teach, and to what extent teaching should be based on vocational language.

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THE POTENTIALS OF HIGHER CATEGORY HOTELS FOR ORGANIZING WORLD EVENTS: A CASE STUDY OF BELGRADE LUXURY HOTELS[1]

Dejan Sekulić[2]; Marija Mandarić[3];

Abstract

The aim of this paper is to explore the potentials of luxury hotels in Belgrade to organize world events. These events include conferences, congresses, seminars and other events that involve a large number of participants. On the basis of the conducted research, the capacities of the congress halls of the hotels with four and five stars in Belgrade were analyzed. The analysis includes 12 hotels of a higher category with more than 100 rooms that have adequate space for organizing world events. The results of the survey have shown that the largest capacities of halls are if the style of sitting is "theater" or "cocktail". The average hall room has 533 seats in the "theater" or 585 seats in "cocktail". Considering 82% of international events in 2018, it can be said that the higher category hotels of in Belgrade have adequate space (hall rooms/venue) for organizing world events of up to 500 participants. For organizing events for more than 1,000 participants, there are "Sava Center"and "Belexpocenter" with the capacity of 4,000 and 2,000 participants respectively.

Key Words: *high category hotels, world events, luxury hotels, Belgrade*
JEL classification: *D11, M21, M31, Z30*

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Introduction

Events have gained importance for the tourism offer and can, therefore, contribute to the economic development, image and relevance of a region (Pechlaner et al., 2007).

The meetings, incentives, conventions and exhibitions (MICE) sector emerges as one of the fastest growing components of tourism worldwide. In addition, MICE can assist in the marketing and branding of tourism destinations (Van Niekerk, 2017). This type of tourism includes all individuals who travel to specific destinations for professional reasons. It is among the most profitable types of selective tourism that requires modernization of hotel accommodation, modernization of capacities and improvement of the overall quality of services. Carriers of the mentioned tourist product are the largest cities in Serbia - Belgrade, Novi Sad, Niš and Kragujevac, where fairs, scientific and other conferences are held, although such gatherings are increasingly organized outside cities, in spas and in the mountains (Milovanović & Milićević, 2014).

According to statistics by the International Congress and Convention Association (ICCA) 400,000 conferences and exhibitions are held annually. The largest exhibitions, such as IMEX (The Worldwide Exhibition for Incentive, Travel, Meetings and Events), based in Frankfurt and Las Vegas, and EIBTM (European Incentive and Business Travel and Meetings Exhibition), based in Barcelona, host over 3,000 participants from over 100 countries annually. According to the World Tourism Council (WTC), approximately 30% of the tourism industry is business tourism, while business tourists themselves comprise only 22.5% of the total international tourist flows which indicates high solvency of this segment (World Tourism Council, 2018). This situation makes MICE tourism market more attractive (Katsitadze & Natsvlishvili, 2017).

For many years, the USA represented the largest market for MICE tourism. At $291 billion, China surpassed the United States as the largest business travel market in the world in 2015. India and Indonesia are also showing double-digit growth rate. In 2015, with 11% growth of business tourism, India ended up in the world's top ten, its market comprising $29.6 billion. Other countries in South-East Asia also display significant MICE growth rate, especially Taiwan, Singapore and Hong Kong, which make very effective use of the tourist market's tendencies and adapt them

to country's opportunities making use of innovations (Katsitadze & Natsvlishvili, 2017).

There are two ways of measuring the economic impact of world events. First, Demand side measurements include such variables as expenditure by meeting participants on specific services supplied by the meetings industry or other industries. Non-monetary variables to be related to the expenditure data include: number of participants, length of meetings, number of nights in hotels or other accommodation, distance travelled to get to the meeting and size of the travelling party. 2) Supply side measurements include such variables as income (represented by fees and commissions), value added and employment. In addition to businesses offering conference services as their primary activity, it is important to include also other relevant businesses which provide such services as a secondary activity, e.g. government agencies, hotels, etc. These variables are the main reference points used to measure the contribution of the meetings industry to the Gross Domestic Product (World Tourism Organization, 2006).

As with expenditure on other forms of tourism, expenditure related to MICE tourism has *direct effects* on suppliers who meet the incremental demand for goods and services, eg. who sell goods to and provide services to MICE tourists. *Indirect effects* then result from 'flow ones' when direct suppliers purchase inputs from other firms who themselves purchase further inputs and so on. These direct and indirect effects can be augmented by *induced effects*. These arise when the beneficiaries of the direct and indirect expenditure - owners of firms and their employees - spend their increased incomes on consumption goods and services or on investment goods.

The MICE industry generates expenditure which supports employment with the region. Through the economic multiplier effect, responding within particular industries generates an increase in economic output, household incomes and gross operating surpluses of business to support an increased number of jobs. The extent of the indirect impacts on employment, output and value added depend on the magnitude of leakages out of the regional economy by way of taxes paid and the import content of goods and services demanded (Dwyer & Forsyth, 1997).

The industry consists of multi-sectors of hospitality services, including lodging, food and beverage, catering, convention service, convention

facility supply, transportation, tourism, retail, and entertainment and thus bears great importance for the local economy of a destination (Yang & Gu, 2012).

In this paper, the term world events covers all business meetings, incentives, conventions and exhibitions of international caracter. In this regard, the paper analyzes the potentials of luxury hotels in Belgrade to organize these events.

World events and the hotel industry

There is no generally accepted definition of business tourism. At the macro level, the term business tourism is usually used, while the terms of the congress, conferences, conventions, meetings are used at the micro level, and often treated as synonyms. Some terms do not have the same meaning in different parts of the world that further complicates the problem and leads to confusion and misunderstanding (Dimitrovski, 2018).

Under world events organized in hotels, the authors of this paper include various meetings, conferences, conventions, congresses and exhibitions that are joined by a large number of participants from different countries of the world and that have an international character.

The meeting can be defined as any gathering of people for the exchange of information. These are the events that require the presence of different sessions, participation in discussions, socializing or attending other organizational activities. They gather from 10 or more people who spend together at least 4 hours in a certain place.

The conference is a participatory meeting intended for discussion, fact-finding, problem-solving and consultation. It covers the period before opening, and ends with closing. The goal of the conference is to exchange opinions, initiate debates and provide publicity on certain issues.

The convention is an official set of legislative bodies, delegates of associations or representatives of consultative organizations with the aim of providing information on a particular topic or situation, agreeing to the attitudes and principles of the participants and voting on them. Conventions are usually held every year. They require the use of a congress center and more hotels in the destination. This term is in use in

the United Kingdom and the USA and marks a major event, while in Europe more is used the term congress which is a big conference.

The congress is a regular gathering of a large group of individuals that presents a periodic, scheduled meeting of delegates or representatives of interested groups organized to discuss a specific topic. The congresses are attended by full members of certain associations or associations. They last for several days, have several parallel sessions and are usually held at annual level.

Exhibitions include journeys whose main motive is participation in cultural, music, sports and corporate events.

In theory, almost any object can be seen as a place for organizing congresses. Maintaining a congress means the most often closed space where participants can interact during the event. Spaces can vary from small independent objects to large multifunctional objects (Holloway et al., 2009).

Before the appearance of large congress centers, congresses were most often organized in hotels. In recent years, there has been a noticeable trend of increasing space in hotels designed for the organization of the congress. Hotels make up more than half of the congress area in the international market. Conference organizers are important hotel clients and they have different requirements regarding capacity, quality and organization. In addition, hotels can be the seat or partner of some major congresses and associations. If they are located near the congress center, hotels also have significant incomes from the accommodation of participants in the congress. The choice of hotels for the organization of the congress is influenced by their location, design, technical equipment and quality of services (Rogers, 2008). There are special types of hotels in the world (congress hotels) that are specialized for this type of event, have adequate space and capacity to organize gatherings for thousands of people. In addition they provide a variety of additional services such as food and beverage, spa, sports facilities.

Besides hotels, large cities have specially built congress centers dedicated to organizing large events. Congress centers are the most attractive places to organize events where hundreds of delegates take part. Because of their high capacity, congress centers are the most common choice for organizing congresses of medical associations, which are the most

numerous events of this type. These spaces are of great capacity, specializing in organizing large events that can not be organized in hotels, due to which they become increasingly larger and larger (Fenich, 2011). Because of the possibility of joining and sharing space, congress centers can organize several events simultaneously in different halls. These spaces are usually located in the center of the city, with a recognizable design, which is why they are often a tourist attraction and a symbol of the city in which they are located (Holloway et al., 2009). Conference centers globally are especially characteristic of Europe and North America. In recent years, a significant congress tourism market become Asia.

Specificity of hotel product is reflected in inseparability and complexity of service itself and physical product. That is, hotel product represents a group of tangible and intangible attributes which satisfy needs and wishes of hotel guests. Quality of services represents one of the most important factors which influence satisfaction and loyalty of customers (Sekulić & Mandarić, 2014).

The main characteristic of luxury hotels is the delivery of high quality services. To create a first class service in addition to the tangible elements of hotel services such as high quality furniture in the rooms, modern AV equipment, the diverse range of food and beverages, the presence of additional facilities such as swimming pool, wellness center, sports facilities, and employees of the hotel are a significant component. Employees are responsible for creating an invisible part of the hotel's service. Kindness, empathy, service, security are intangible components of hotel services that greatly affect their quality.

Hotels can be categorized in several ways. In this paper, the quality of equipment and services is taken as a dividing criterion. So we distinguish hotels with one, two, three, four and five stars.

One-star hotels have clean, preserved and simple equipment. They offer a minimal service. Often the reception does not work for 24 hours. They do not have a phone in the room and sometimes do not have a restaurant, but they offer very good prices and attract guests.

Two-star hotels have better furniture compared to one-star hotels, larger rooms, restaurant, TV and telephone in the room and oriented to guests whose price is the most important factor in the choice of accommodation.

They meet standards of functionality and cleanliness, while quality of equipment is not particularly important.

Hotels with three stars are hotels with fewer rooms, but they are characterized by comfort. Furniture and equipment can be older but well preserved.

Four star hotels have modern equipment, providing a high level of service and various options for the use of leisure time, as well as suitable conditions for the meeting. They have rooms that are larger than average, well-trained staff ready to respond to everyday wishes and requirements of guests. They satisfy the high architectural standards in terms of spatial-functional layout and arrangement.

Five-star hotels (luxury hotels) provide a high level of service to meet the exact requirements of guests. The restaurant is of superior quality. Rooms are cleaned twice a day. They have exclusive and unique equipment of high quality. The architecture of the building is unique (Sekulić, 2014).

Successful hotel companies are trying to create and deliver to the guests services that meet or exceed their expectations. This strategy aims to create customer satisfaction or even their enthusiasm. Delivered services of superior value that exceed customer expectations are the source of sustainable competitive advantage (Sekulić & Mandarić, 2017).

The subject of this paper are the hotels of higher categories, or hotels with four and five stars, located in Belgrade.

Research methodology

For the purposes of this research, the data from the Tourism Sector - Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia were used. In January 2019, a total of 393 hotels were registered. Hotels (62.6%) and Garni hotels (30.8%) have the largest share in the accommodation capacities, which together account for 93.4% of the accommodation offer. Other accommodation facilities are apart hotels, pensions, motels, marinas, campsites, apartment and tourist resorts.

The higher category hotels are hotels that are categorized with 4 and 5 stars. In Serbia, there are 105 such hotels. The highest number of hotels of the highest category is in Belgrade, 46 hotels or 44% respectively. Of

these hotels, the survey included only hotels that have more than 100 rooms and have the corresponding venue necessary for the organization of congresses, conferences, seminars and other events. Based on this, a sample of 12 hotels listed in Table 1 was selected.

Table 1: *Higher category hotels in Belgrade (4* and 5*)*

No.	Hotel	Category	Apartments	Rooms	Apartments + Rooms	Beds
1	Crowne Plaza	* * * *	29	387	416	535
2	Hyatt Regency Beograd	* * * * *	43	265	308	371
3	Hilton Belgrade	* * * *	14	228	242	309
4	Radisson Blu Old Mill	* * * *	10	226	236	300
5	Metropol Palace	* * * * *	33	203	236	259
6	IN Hotel	* * * *	31	156	187	281
7	Hotel "M"	* * * *	8	172	180	232
8	Falkensteiner Hotel Belgrade	* * * *	8	162	170	294
9	Holiday Inn	* * * *	0	140	140	170
10	Hotel "Zira"	* * * *	2	125	127	161
11	Hotel "Moskva"	* * * *	10	113	123	142
12	Courtyard Marriot Belgrade City Center	* * * *	2	112	114	139

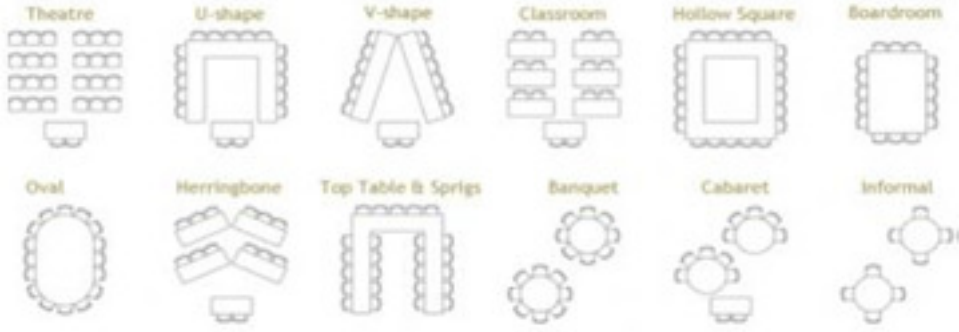
Source: *Ministry of Trade, Tourism and Telecommunications, 2019.*

Hotel *"Crowne Plaza"* has the largest capacity of 29 apartments and 387 rooms with 535 beds. The second in capacity is *"Hyatt Regency Belgrade"* which has 308 rooms and apartments and 371 beds, and the third *"Hilton"*, which has 242 accommodation units and 309 beds. The smallest capacity is *"Courtyard Marriot Belgrade City Center"* of 114 rooms and suites with 139 beds.

Results and discussion

Events organized in hotels represent various formal and informal gatherings for a number of people. The organization of these meetings is under the responsibility of the sales and marketing department. Depending on the number of participants, different table settings (seating styles) can be organized in the hotel room. The most common seating arrangements at the hotel's events are: U-shape, T-shape, Classroom, Conference, Square, Theater, Cabaret, Banquet and Cocktail (Stutts & Wortman, 2006).

Figure 1: *Seating plan*



Source: *Stutts & Wortman, 2006.*

In order to receive information about the capacity of the hall for organizing various events in the hotels, a request was sent to hotel managers in these 12 hotels, which refers to the number of rooms that the hotels have, their surface and capacity depending on the seating arrangement. The results of the research are shown in Table 2.

Table 2: *Hall capacity depending on the seating plan*

Hotel	U-shape	T-shape	Classroom	Conference	Square	Theater	Cabaret	Banquet	Cocktail	Total m^2
Hotel Metropol Palace										
Ivo Andrić Ballroom	240	-	364	-	286	870	-	640	656	800
Ivo Andrić Ballroom A	129	-	195	-	154	467	-	339	350	430
Ivo Andrić Ballroom B	111	-	168	-	132	403	-	291	306	370
Nikola Tesla Ballroom	91	-	181	-	108	329	-	280	248	303
Nikola Tesla Ballroom A	31	-	61	-	36	111	-	80	84	102
Nikola Tesla Ballroom C	24	-	47	-	28	86	-	62	65	79
Nikola Tesla Ballroom B	37	-	73	-	44	133	-	96	100	102
Lavender room	100	-	150	-	-	220	-	150	220	240
The Plato Room 1	15	-	23	-	18	50	-	30	41	51
The Socrates Room 2	10	-	-	-	-	-	-	-	-	22
The Aristotle Room 3	21	-	32	-	25	70	-	50	58	75
Bašta	299	-	455	-	357	1087	-	787	820	1000
Hotel Hyatt Regency Belgrade										
Kristalna dvorana	-	-	300	-	-	600	-	450	600	559
Kristal A	55	-	100	55	65	200	-	120	150	184
Kristal B	55	-	100	55	65	200	-	120	150	190
Kristal C	55	-	100	55	65	200	-	120	150	184
Kristal A + B	75	-	200	-	92	400	-	250	350	374
Foyer	-	-	-	-	-	-	-	-	500	191

Hotel	U-shape	T-shape	Classroom	Conference	Square	Theater	Cabaret	Banquet	Cocktail	Total m^2
Budva + Beograd	45	-	90	50	60	150	-	100	150	156
Beograd	32	-	50	34	40	80	-	60	80	93
Budva	24	-	24	22	30	40	-	40	40	63
Kopaonik	22	-	18	20	28	40	-	20	30	51
Kalemegdan	15	-	12	12	18	28	-	12	20	44
Boardroom	-	-	-	12	-	-	-	12	-	38
Focaccia	32	-	36	22	34	50	-	80	150	202
Ellington's	-	-	-	24	-	60	-	-	150	204
Hotel Hilton										
Tsar Dusan	72	-	270	72	-	526	-	300	600	407
Conference Room 1	40	-	54	40	-	100	-	96	120	96
Conference Room 2	22	-	36	22	-	50	-	36	50	48
Conference Room 3	22	-	36	22	-	50	-	36	50	48
Boardroom	-	-	-	14	-	-	-	-	-	-
Hotel Crowne Plaza										
Atlantic/Pacific	160	-	400	190	-	800	340	450	900	760
Pacific	80	-	200	90	-	500	190	300	440	410
Atlantic	90	-	200	84	-	380	90	240	360	350
Atlnatic 1	35	-	80	30	-	120	56	70	120	115
Atlantic 2	35	-	80	30	-	120	56	70	120	115
Atlantic 3	35	-	70	30	-	100	48	60	110	110
Mediterranean/Adriatic	50	-	80	50	-	160	80	100	150	170
Mediterranean	30	-	35	30	-	70	30	40	50	80
Adriatic	30	-	35	30	-	70	30	40	50	90
Baltic/Aegean	50	-	80	50	-	150	80	90	150	150
Baltic	-	-	35	30	-	70	30	40	50	75
Aegean	28	-	30	20	-	60	25	30	75	75
Danube	18	-	20	14	-	20	24	-	-	50
Tisa	18	-	20	14	-	20	24	-	-	50
Sava	18	-	20	14	-	20	24	-	-	50
Drina	-	-	-	10	-	-	-	-	-	27
Executive Boardroom	-	-	-	20	-	-	-	-	-	70
Foyer	-	-	-	-	-	-	-	-	800	400
Exibition hall	72	-	150	80	-	300	100	190	360	304
Exibition hall foyer	-	-	-	-	-	-	-	-	200	180
Hotel Falkensteiner										
Diamond	-	-	-	16	16	-	-	-	-	40
Platin	-	-	-	12	12	-	-	-	-	35
Tourmaline	28	28	26	32	32	60	-	24	80	64
Iolite	32	32	30	38	38	70	-	28	95	75
Tourmaline + Iolite	60	60	60	70	70	130	-	60	175	139
Rhodonite	26	26	26	30	30	58	-	22	76	61

Hotel	U-shape	T-shape	Classroom	Conference	Square	Theater	Cabaret	Banquet	Cocktail	Total m^2
Spinel	26	26	26	30	30	58	-	22	76	61
Rhodonite + Spinel	52	52	56	60	60	120	-	50	152	123
White Pearl	100	100	160	-	-	360	-	180	450	299
Hotel Holiday Inn										
Studenica	22	22	30	16	28	50	-	24	45	60
Ravanica	25	25	34	16	31	60	-	24	40	70
Gračanica	22	22	30	16	28	50	-	24	35	62
Ostrog	16	16	22	14	20	35	-	16	25	47
Žiča	20	20	24	14	26	35	-	16	25	52
Mileševa	14	15	18	10	18	35	-	16	15	42
Hilandar	-	-	-	12	-	-	-	-	-	37
Studenica + Ravanica	45	45	60	-	50	120	-	56	75	129
Ravanica + Gračanica	45	45	60	-	50	120	-	56	75	131
Studenica + Ravanica + Gračanica	-	-	100	-	-	160	-	80	120	191
Ostrog + Žiča	35	35	46	-	40	70	-	48	50	98
Žiča + Mileševa	35	35	40	-	40	60	-	48	50	94
Ostrog + Žiča + Mileševa	60	60	64	-	64	100	-	64	70	140
Foyer	-	-	-	-	-	-	-	-	120	268
Belexpocentar hala	-	-	1250	-	-	1700	-	1200	2000	2500
Courtyard by Marriott										
Meeting room	20	30	18	22	20	45	-	10	25	53
BoardRoom 1	-	-	-	8	-	-	-	-	-	-
BoardRoom 2	-	-	-	8	-	-	-	-	-	-
Hotel Moskva										
Balkanska	75	60	90	60	78	220	50	100	120	174
Terazije	35	35	40	35	38	70	25	50	60	77
Moskva	40	30	24	25	43	80	15	30	80	108
Kralj Milan	20	20	28	20	23	40	-	-	-	54
Hotel Radison Blu Old Mill										
Foaje	-	-	-	-	-	-	-	-	90	107
M1	24	-	36	24	30	70	36	60	80	80
M2	27	-	48	24	36	112	48	90	120	130
M1+M2	60	-	108	48	66	225	90	150	240	210
Brain Box	-	-	12	10	-	15	6	10	15	22
M3	21	-	32	18	24	45	24	30	30	53
M4	19	-	24	18	20	35	12	20	25	39
M5	19	-	24	18	20	35	12	20	25	39
M4+M5	30	-	48	28	34	70	30	50	60	78
M6	22	-	36	18	26	50	24	40	40	60
Hotel "Zira"										
Zira	100	70	160	100	65	400	-	340	600	485
Mikonos	60	40	80	40	55	200	-	130	200	220

Hotel	U-shape	T-shape	Classroom	Conference	Square	Theater	Cabaret	Banquet	Cocktail	Total m^2
Rodos	40	30	60	30	40	160	-	100	150	200
Santorini	20	15	20	20	10	50	-	25	50	65
Boardroom	-	30	-	-	-	-	-	-	-	80
Akropolis	90	100	200	100	100	450	-	400	700	700
IN Hotel										
INdex	50	50	60	50	50	100	-	60	100	91
INvent	30	30	35	30	30	60	-	40	60	68
INform	-	25	15	20	-	35	-	30	40	55
INcognito	-	30	21	25	-	35	-	40	120	119
Boardroom	-	-	-	15						
Hotel "M"										
Avala	100	80	200	10	100	500	-	300	600	535
Atrijum	50	50	80	50	50	200	-	150	300	160
Forum	40	40	60	45	45	100	-	60	80	75
Beograd	30	30	70	40	40	80	-	-	-	110
Dijalog	18	18	20	20	20	40	-	-	-	46
Horizont	60	60	110	70	70	220	-	130	180	224
BW klub	40	40	100	50	50	230	-	140	180	234
Idea	15	12	40	20	20	50	-	-	-	52

Source: *Authors*

In the analyzed hotels, the most common events are: congresses, seminars, weddings, presentations, celebrations of companies, birthdays, banquets, gala receptions, meetings, cocktails, exhibitions, promotions and symposiums. Table 2 shows the capacity of the room depending on the seating arrangement in the events. Based on the data view, the following can be determined:

- The hotel "Metropol Palace" has the largest number of seats 870 in the hall "Ivo Andric Ballroom", if the setting is - Theater type.
- Hotel "Hyatt Regency", the largest number of seats 600, has in the hall "Crystal Hall" the setting - Theater or Cocktail.
- Hotel "Hilton" in the hall "Car Dusan" has 526 seats if the style of seating is Theater and 600 seats style - Cocktail.
- Hotel "Crowne Plaza" has 800 seats if it is a seating style Theater and 900 seats in the set Cocktail.
- Hotel "Falkensteiner", the largest number of places in the hall "White Pearl", 360 Theater and 450 Cocktail.
- Hotel "Holiday Inn" if there is a Theater setting, in the rooms "Studenica + Ravanica + Gračanica" there are 160 seats. In the

immediate vicinity of the hotel for organizing large gatherings there is "Belexpocenter" where in the setting Cocktail can accommodate 2000 people, and in the Theater 1700.
- Hotel "Courtyard by Marriott" Belgrade has a small meeting room with a capacity of 45 seats in the Theater setting.
- Hotel "Moskva" in the hall "Balkanska" can accommodate 220 people, in the Theater setting.
- Hotel "Radison Blu Old Mill", has rooms that can be connected. By joining M1 and M2, 240 people can be accommodated if the setting is Cocktail or 225 people if the setting is Theater.
- Hotel "Zira" can accommodate from 400 to 600 people in its largest hall, if the style of sitting is Theater or Cocktail.
- Hotel "IN", has a modest capacity sale. The INdex room is for 100 people with the setting Theater.
- Hotel "M" in Avala hall can organize an event for 500 people (Theater) or 600 people (Cocktail).

The analyzed hotels have the possibility to organize conferences from 70 to even 2,000 people in one room. The most adequate seatting arrangement for larger gatherings is "Theater" and "Cocktail". These two seating styles allow you to accommodate the largest number of guests. On the other hand, the smallest capacity is available if the "U-shape", "Squares" and "Conference".

According to the data of the National Tourism Organisation of Serbia in 2018, 50 world events were organized in Serbia. The number of participants in these events is from 100 to 2,300. The largest number of events has from 200 to 500 participants (42%). Up to 200 participants were at 40% of events. From 500 to 1,000 participants were on 5 events (10%), and more than 1,000 participants in 4 events (8%). (National Tourism Organization of Serbia, 2018).

Overall, the average sitting-class sitting room "Theater" has 533 seats, while "Cocktail" has 585 seats. Considering that at 82% of the events were up to 500 participants, it can be said that hotels of high category in Belgrade have adequate space for organizing world events of this capacity.

The most important venue for organizing international events for more than 1,000 participants in Belgrade's "Sava Center", which is the largest

business and convention center in Serbia built in 1977. "Sava Center" was the place of maintenance of the largest international congressional meetings, including the General Assembly of the World Bank and the International Monetary Fund, the General Assembly of UNESCO, the 9th Summit of Non-Aligned Countries, the EBRD Assembly, the world congress of miners, orthopedist, dentist, etc. To date, over 9,700 domestic and international meetings and events have been held with more than 1,900,000 participants. The "Sava Center" hosted the greatest names of the world art scene, and for many years there have been significant cultural events such as FEST, BEMUS, BITEF. "Sava Center" has 15 conference rooms, with the largest hall "Blue Hall" receiving up to 4,000 participants (style Theater). The most favorable position in relation to "Sava Center" is the hotel "Crowne Plaza" located in the immediate vicinity and which is directly connected to the center.

If we observe events for more than 1,000 people, besides "Sava Center", the only adequate space for these events is "Belexpocenter", with a capacity of up to 2,000 people (style Theater), located next to the "Holiday Inn" hotel. However, "Holiday Inn" does not have the possibility of accommodating this number of guests since it has 140 rooms and 170 beds.

Conclusion

The rapid growth and development of business tourism occurs in Europe and North America, spreading in recent decades, to the Asia-Pacific region. Today, these events have global importance because they affect the growth of investment in this tourism segment, as well as the continuous growth of international passengers. World events organized in the hotels include various meetings, conferences, conventions, congresses and exhibitions of an international character.

The results of the research conducted in 12 hotels of four and five stars in Belgrade, showed that all hotels have a multifunctional space adapted to maintain various events up to 600 participants. The most adequate seating arrangement, which allows the accommodation of the largest number of participants, is "Theater" and "Cocktail". The biggest capacity of the hall are hotels "Metropol Palace" (870 seats), "Crowne Plaza" (800), "Hilton" (600), "Hyatt Regency Belgrade" (600). In addition to hotel venue for major events, there are the "Belexpocentar" with a capacity of 2,000

people connected to hotel "Holiday Inn" and "Sava Center" with a capacity of 4,000 people connected to "Crowne Plaza".

It can be said that the hotels of higher categories in Belgrade have the capacity and ability to organize various events from meetings, conferences, congresses, festivities, promotions, weddings and numerous other gatherings. It should be noted that in addition to a capacity hall, for the successful organization of the event a properly equipped space, inventory, audio-visual equipment, qualified and well-organized staff are also required. These are preconditions that are necessary to meet in organization of world events in order to satisfy the needs, desires and expectations of modern guests.

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HOTEL ARCHITECTURE AND AMBIENCE AS AN ANSWER TO THE CONTEMPORARY CHALLENGES OF TOURISM

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Abstract

Hotel architecture and ambience are in the focus of hoteliers' interest. The influence of architecture and ambience on the guest's impression is undisputable, since they represent the most important variable factor that crucially affects guests' sastisfaction, without neglecting the influence of other factors. The service environment in hotel industry has two dimensions: aesthetic and attractive dimension, on the one hand, and the space (place) where the service is delivered, on the other. The first impression that the hotel architecture leaves often proves to be decisive for the entire perception of a hotel. The influence of hotel architecture on environment, in addition to sustainable development and cultural policies, is increasingly gaining on importance, being recognised as a tourist and economic potential. The dynamics and rapid flow of information cause the need for the development of various types of hotel product-architecture and design development. Original and autochthonous solutions are given advantage.

Key Words: *hotel architecture, ambience, satisfaction, hotel guests*
JEL classification: *Z32, L26, Q13*

Introduction

A tourist destination is a place where a traveler finds the answer to his question which initially was the cause of a trip. Unforgettable cities leave some remarkable picture in one's memory. The traveler finds some of his past by coming to a new destination, which he did not know that he had: the strangeness of something that you no longer are or no longer own is waiting at the doorstep of foreign and unowned places (Calvino, 2011).

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The relationship between society and space, which is realized within the modern city, is conditioned by the specific constellation of factors in the aspects of politics, economy and culture (Stojanović, 2017).

A man has a fundamental need for visual expression. The fashion and the mass culture of the modern world, the need to market newer types of products, as well as the necessity of increasing demand in order to increase purchase, i.e. consumption, have decisively influenced the development of design and its application in all areas of production. Visual arts have in this way become a part of our everyday life, and here we will pay attention to architecture in particular (Dragičević-Šešić & Stojković, 2011).

Design in architecture has always played a significant role in tourism, especially in hotel industry, where it becomes one of key factors in positioning of a hotel and therefore significantly affects its business performance. The ubiquitous eco-trends are also reflected in architecture which strives to apply the principles of sustainable development (Mustapić & Vlahov, 2015).

Sustainable urban organization and sustainable urban design create places of distinctive character that meet the standard requirements of functionality, at the same time attracting and ennobing with their uniqueness, atmosphere or beauty, connecting people and space, movement and urban form, natural and created environment. They are the answer arising from the special features of environment or which are complementary to environment (Bajić-Brković, 2009).

The architecture of hotels today takes a more significant role in tourism market than it used to, since it has the ability to respond to the contemporary requirements of supply-demand in tourism. Conscious, professional and well-measured use of visual effects is a way to create a good architectural opus, but also a way to reach those who are the reason for the existence of such architectural objects and space, that is their users. The research in this area found that 73% of the respondents pointed out the design of a hotel as its most important segment (Štiklica, 2015).

Surrounded by the overall sensory impetus and the demand for new experiences and more intense feelings, tourism, and therefore hotel industry, do not remain immune to the constant dynamics and ephemerality. The ontology of the market itself is in unison with the

contemporary speed of change. In this way, tourism (under the influence of new challenges) and, therefore, environment, architecture, design and the aesthetics of a hotel contribute to the creation of a specific identity of the overall sensual impetus that surrounds us, the demand for new experiences and more intense feelings. It is an efficient way and an opportunity to create a unique and exclusive tourist destination. Deviation from monotony and uniformity contributes to tourists' faster and easier perception and selection of hotels that can offer something different in current information overload: diversity and specificity. Understanding the needs of tourists to be stunned, surprised, constantly overwhelmed with new, unusual visual stimuli, the Hyatt Hotel chain tends to meet the needs of guests when it comes to architecture (Čerović & Čomić, 2011).

Architectural and urban relations, i.e. the influence of design on the context can contribute to the animation of the place itself, where well-designed cultural policies, on the basis of aesthetics and the artistic value of the design of A hotel, can recognize the entire architectural opus as a catalyst for cultural tourism and as a contributor to the branding of a tourist destination. Contextual architecture, which is oriented towards sustainable development, involves the use of local materials and the integration of the object into environment, and as such is authentic and created for a particular place and environment, forming a specific identity.

Urbanization has often been a development factor in industry, since architecture in general, the construction process and the various facilities, also require employment of various branches of industry, so that in addition to the contribution to tourism, there would be multiple benefits (Stojanović & Lošonc, 2017). Although there are contradictory opinions about the Bilbao effect (the architectural work that has propelled the development of the whole area, a museum designed by one of the most famous current architects Frank Gehry and has become one of the most visited attractions of Spain), it is a fact that architecture could not be a sole condition for the development of the area without other circumstances and factors, but it is undisputed that it has been precisely the driving force and motive (Krivošejev, 2015). In the past decade, many of the leading museums and concert halls have hired architects such as Gehry, Calatrava, Libeskind and others to create unique structures that, like massive titanium magnets, attract visitors, while hoteliers rebuild significant buildings in major cities in order to use them as new hotels.

Branded destinations export their architectural concepts abroad. Historic hotels have gained loyalty of passionate guests (Poimiroo, 2015).

Hotel ambient and its aspects in tourism

A hotel product implies heterogeneous, interconnected and conditioned services and as such is an ideal area for the introduction of technological and social innovations that imply improvement of the quality of hotel product. Improving hotel product by implementing innovations in business is the response of hotel management to technological, economic and sociopsychological changes in environment. The critical point in this process is the identification of those innovations by hotel management, which will contribute the most to the improvement of hotel product quality (Đenadić et al., 2014).

How consumers perceive the quality of services received depends significantly on the characteristics of physical environment or service space. This element of service marketing mix is especially emphasized in tourism and hotel industry, because service environment or space is a significant part of hotel-tourist product.

Staying at a hotel can be pleasant due to the impression that the restaurant is intended for higher classes because of its attractive visual appearance and the like. By accomplishing the so-called scene illusions, physical stimuli are based on symbolic values. The influence of individual stimulants such as the colors and furniture combinations used when arranging hotel interior, pleasant sounds and smells, and so on, causes different feelings with consumers ranging from enthusiasm to disappointment. The space, as an element of service marketing mix in tourism and hotel industry, has a special impact accomplished in two ways:

1. *As an arranged tourist space (place)* where the service takes place, whose components are: a tourist-designed destination with all the necessary amenities, hotel and other tourist facilities integrated aesthetically, functionally and stylishly into exterior, as well as other tourist objects and facilities in which various contents of complex tourist services are provided.
2. *As a place of interaction* between service provider (tourist-hotel company) and recipient of services (tourists) where the consumer-tourist makes the decision to purchase a service. For this reason it is necessary that tourist (hotel) space be equipped and arranged in

accordance with the wishes of target market segments (impeccably clean, functional, attractive, etc.).

The ambience or physical aspects of tourism and hotel industry are in the focus of interest of tourist and hotel product creators, as well as management structures in tourism and hotel industries. There is no universally accepted definition of ambience, since each individual has their own personal impression and experience. Here we can list the author's most interesting opinions about the significance and influence of the environment on the level of consumer satisfaction. The influence that ambience has on the behavior of consumers in general is undoubted, but the specific impact that it has in the process of providing hotel services is explained by the fact that the environment is the most important variable factor that decisively influences the satisfaction of hotel guests, without neglecting the influence of other factors.

While observing the business of travel agencies, it is noticed that ambience, being the crucial part of a tourist agency's physical stimulus, can be an indicator of the overall quality of tourist service in the very initial segment of tourism. Design and decor, as the most conspicuous elements of physical characteristics of space, are recognized as main ambient factors. The definition of ambience from the point of view of hotel-tourist activity as a variable that drives the inner impression of a hotel guest is interesting, consequently, the choice from the various hotel-tourist services is based on rational and irrational decision-making factors. Common to all these theories is that a subjective ambience experience can lead to a certain emotion, conviction and psychological state that has a return impact on behavior.

Atmosphere often equals the quality of the surrounding space. In other words, atmosphere implies an ambiance that includes *elements of environment*. In accordance with the understanding of internal and interactive marketing, ambiance represents a creation that is formed through the interaction between an individual and their environment. Other authors point out that it is necessary to differentiate between the atmosphere/ambience and the physical environment in which the service is created. Physical environment is the place where the hotel service is delivered, and ambience is created in the process of interaction between service provider and recipient (people), on the one hand, and physical environment, on the other (Rosenbaum & Wong, 2007). The authors set out three groups of external factors that are important for creating a

desirable hotel environment: (1) atmospheric factors, (2) social factors, and (3) design factors (Heide et al., 2007).

1. *Atmospheric factors* represent the basis of a hotel-tourist area: light, smell, sound and temperature.
2. *Social factors* represent the human component of the physical environment. This group of ambient factors determines the perception of the hotel environment.
3. *Design factors* include functional and aesthetic content, such as the architecture, style, and the like, and they represent factors that are manageable, that can be influenced by the controlling structures. In this sense, they play a major role in ambience formation. Here we can include the tourist factor as an integral part of the ambience, also being of importance for the realization of tourist activities and representing those contents that enable the arrival, reception and stay of tourists in a certain area. In this way, we add a new dimension to ambience that marks the tourist arrangement of space.
4. *Tourist factor* represents the arrangement of space in accordance with the tourists' needs and represents a conscious and planned activity, whose aim is the optimal equipment of facilities and space, on the basis of the implemented valorization (determination the volume of demand, bid potential and socio-economic goals of society).

Managing hotel ambience in the function of impact on consumer perception and consumption

Marketing management of manifestation forms in hotel industry is by default understood as the impact of everything that is tangible, visually present and affecting the users' experience in the process of delivering hotel services: physical environment (ambience), the appearance of employees, the design of cards, and appealing brochures. Physical environment - ambience can influence the customers' experience as:

- *Exterior features* (environment, surrounding landscape, parking arrangement).
- *Interior features* (architectural interior solutions, quality and aesthetic properties of equipment used for catering to hotel guests, air conditioning).
- *Other tangible forms* (appearance of hotel employees, uniforms by sector, way of delivering the hotel bill, brochures) (Babić-Hodović, 2002).

The role of manifestation forms (physical ambience) in hotel industry as an element of service marketing mix is most commonly manifested in these forms:

- *"Packaging"* Bearing in mind the physical inviolability of services, including hotel services, this does not mean packaging in the literal sense of the word. By "packing" the service into the selected physical ambience of hotel environment, a message is sent to customer-user about the quality of service, which increases its value and contributes to the improvement of hotel company image. A better image of a hotel company in turn raises guests' perception of the level of services of a particular hotel company, which significantly lowers the perceived risk when buying a new service and possible level of dissatisfaction with purchase.
- *Improving service delivery process.* The next role that physical ambience has in hotel industry is a contribution to the improvement of service delivery process. The hotel's ambience and environment can provide the hotel guests with information on the way hotel services are delivered.
- *Socialization of employees and customers*. Socialization in a hotel company is understood as the process of adaptation and adoption of values, rules and forms of behavior required from the employees by organization of a hotel company. Physical environment plays an important role in the process of socialization of an individual by linking and transmitting information of expected forms of behavior, roles and relationships between employees and those of employees and guests. These processes significantly contribute to the establishment of a positive public image of a hotel company, which is successful to the extent to which the image that employees create in interaction with public is successful.
- *Differentiation mode*. Hotel companies with their physical ambience (exterior, interior, appearance of the personnel, space) significantly affect the differentiation of their offer or their repositioning in hotel services market.

The influence of physical ambience on the perception and behavior of consumers and its use as a service environment is called *environment psychology*. The effect of customer service environment on customer behavior is explained via a model consisting of three components: a stimulus set, an organic part toward which the stimuli are directed, and *a response or reaction* resulting from the stimulus action. In this context, various elements of physical environment, such as the appearance of the

exterior, the interior design, lighting, color choices and other elements, represent a set of stimuli. The response of employees and consumers to the action of a stimulus from the environment can be acceptance (or at least approximation) and rejection (or avoidance), the results of the action of the stimulus can therefore be presented as a combination of four ways:

- Desire to stay (accept) or leave (avoid) the service environment.
- Desire for further use and interaction with the service environment (acceptance) or urge to ignore (avoid).
- Desire to communicate with others (acceptance) or ignore the efforts of the service provider to communicate with the buyer (avoidance).
- A sense of satisfaction (acceptance) or disappointment (avoidance) by the service environment.

Tourism development motivated by architectural heritage

Urban environment, architecture and urbanism have an important role in the development of tourism. Urban, ambient units and facilities can be a very important part of the development of tourism, thanks to their architectural and historical values. The role of physical structure in achieving the attractiveness of a place is always present in cases where tourism potential is recognized in other values. It formulates urban memory and contributes to the creation of a rounded image and understanding of some space. There are different ways of presenting and affirmation, through the media, direct experience of the city, etc.

The significance of architecture for tourism development is recognized today by entrepreneurs as a factor of attraction and marketing, which is also influenced by the identity and recognition that places have acquired thanks to physical structure. Not only do places get their final shape by building, but they also gain on importance. The architectural heritage of an area is a pulsating and dynamic segment and there are various types of its use with the purpose of achieving attractiveness in order to develop tourism (Vaništa-Lazarević, 2003).

Efforts and endeavors are needed to help rural tourism development in Serbia, i.e. to encourage all those who intend to launch tourist services in their rural households. Additional motivation for preservation is necessary: ambient architecture, country houses, local specificities, traditions and customs, old interesting skills and crafts, biodiversity, agricultural production on small surfaces, original products (Đenadić et al., 2016a).

In addition to economic, spatial and social aspects, the arrangement of an area with a special touristic purpose and the integral approach to the organization, are increasingly promoting the current approach to planning long-term sustainable development, one of whose parts is the preparation of study and program documents for the protection of the natural environment (Spasić, 1998). With an adequate application of a marketing concept, small family hotel industry in Serbia can become one of the important factors that will contribute to the development and balancing of Serbia's tourist offer in future. This segment of receptive tourism can become a trademark of Serbian authenticity with a tendency to increase in the overall hotel offer, due to its competitiveness, flexibility and personalized approach, which results in increased quality of supply. Small family hotels are developing a program of individual, personalized services for hotel guests, where all processes and activities are subordinated to the guest and their individual and family needs. All this, *with a specific, autochthonous architecture and a special interior of small hotels creates an impression of satisfaction, acceptance and respect for a hotel guest as a person* (Đenadić et al., 2016b). In multifunctional systems such as historical cores, sustainable development can only be achieved through holistic principles and understanding that a city must be regarded as a built environment, including spatial forms, infrastructure, functions and population (Đokić et al., 2008).

Revitalization of the cultural heritage of public spaces and facilities, in accordance with the prescribed standards, would contribute to its affirmation and presentation within tourist offer. In the current situation, in our area, we need to develop an image of the entire history and rehabilitate and those parts that were neglected or ignored in some periods. Abandoned objects of industrial heritage have stood at the entrances of cities for a long time, not looking representative at all. Renaming of their purpose to cultural and their restauration in accordance with natural conditions could create a very attractive environment. This would significantly improve the presentation of cities for the purpose of tourism development.

One of the cultural affirmation ideas would be the expansion of museum space beyond facilities, which would intensify the existing activities and create new opportunities for scientific, cultural and tourist contents. Space conceived in this way gains economic potential to maintain and innovate its own infrastructure and employ a large number of locals. The possibilities of sports and recreational programs and offers are notable,

and with the existing or reconstructed infrastructure adapted to visitors and enriched program contents, they represent an additional economic benefit for our environment. The development of tourism certainly contributes to the growth of economic potentials. This can also contribute to the employment of a large number of local residents.

Cities are now engaged in creation of their own image in order to make it a "brand" of their national culture. They create this image on the basis of cultural history and cultural policies that they promote through art (works, projects, festivals, congresses, events, etc.) (Dragičević-Šešić & Stojković, 2011). More interest is needed in the development of cultural policies as image strategies (Bjankini) or their direct linking to tourism and cultural projects (Dragičević-Šešić & Stojković, 2011).

New trends of architectural design in the function of tourism

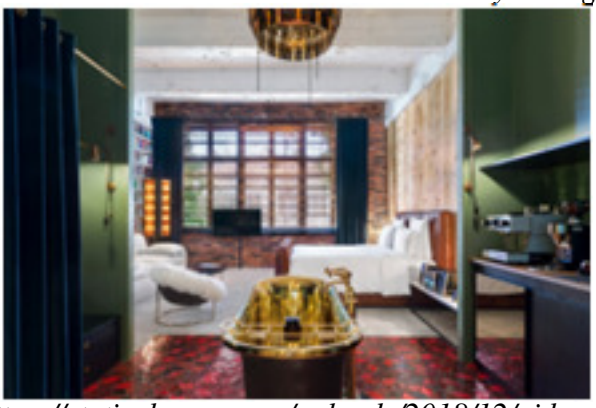
Art is the actuator of the most modern trend in design of tourism facilities and tourism in general. Revitalization, changing the purpose of an object, the assignment of a new function and the preserved architectural heritage are a part of sustainable development, and they offer the possibility of development and cultural tourism, since in this way visitors can feel and see a part of the history and the spirit of the former and the present place. Today, tradition and technology contribute to the creation of contemporary ambiences which can offer a cherished and valuable moment to enjoy the artistic and cultural heritage, apart from top performances. Coming to a place for a wide variety of touristic reasons, they also receive cultural experience within the service.

There are always several different parameters to consider when designing a hotel, such as owner requirements, the required standards of the selected hotel chain, the target market, the location of the hotel, the history of the building and the style of its architecture, and so on, and all these elements need to be combined in order to create a quality and useful design (Mustapić & Vlahov, 2015). The new architectural hotel design trends, which we have presented theoretically, can be analyzed on successfully realized examples.

The Stamba is a hotel located in a building of Soviet architecture in the city of Tera in Tbilisi (Tbilisi). Originally the building used to be a publishing house which published the first communist list in Georgia. It received the New Concept of the Year award at AHEAD Europe 2018.

Many of the original characteristics of the building have been retained during the revitalization of the building, such as printing equipment. According to the architect, the space was designed to show its history. The hotel rooms provide guests with a unique experience, with their high ceilings and curated artwork of Georgian artists. Tourists can enjoy the artwork displayed in their rooms as if they visited a museum or an exhibition. The design allows interaction between the guests and the local residents. Tourism that offers characteristic relationships, interaction and direct contact with local cultures and social classes is gaining on popularity.

Figure 1: *A hotel room in the Stamba with artwork by Georgian artists*



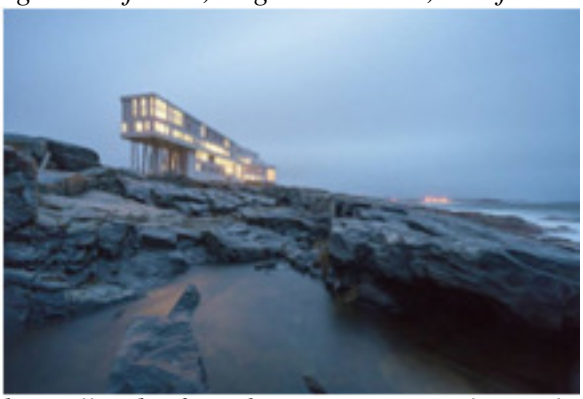
Source: *https://static.dezeen.com/uploads/2018/12/video-stamba-hotel-tbilisi-georgia-valeri-chekheria-brutalism-ahead-europe-awards-movie_dezeen_2364_col_20.jpg (25 December 2018).*

Figure 2: *Frank Lloyd Wright's masterpiece – Park Inn Hotel, Mason, Iowa*

Source: *https://media.fromthegrapevine.com/assets/images/2016/12/park-inn-1207.jpg.824x0_q71.jpg (25 December 2018).*

Great names in the world of architecture, i.e. their works, attract tourists, especially if they are already legendary designers such as Frank Lloyd Wright. He designed the Park In Hotel in Iowa, which was opened in 2011 after its restoration and has since attracted not only architects who want to study the style and original elements of contextual architecture, in this case mixtures of the Prairie and Japanese according to some interpretations, but also tourists who want to stay in a hotel of prestigious design, history, architecture and thus value.

Figure 3: *Unforgettable fusion, Fogo Island Inn, Newfoundland, Canada*



Source: *https://media.fromthegrapevine.com/assets/images/2016/12/canada-inn-1207.jpg.824x0_q71.jpg (25 December 2018).*

While the architectural heritage in the function of tourism has enormous multiple potentials, contemporary architecture that follows the latest trends also attracts another type of visitors. The aesthetic experience one obtains when visiting a hotel like the Fogo Island Inn in Newfoundland, Canada's eastern coast, certainly offers an unusual combination of architecture in context, and in this way, nature becomes a part of the artistic concept. The building is partially located on sloping cross-stairs, which gives the impression of fragility and lightness, at the same time being surrounded by rough rocks, which creates a magnificent and unique architectural-urban connection.

Today, a hotel in the countryside has to pay special attention to architectural design, because it does not have a city as a brand in its surroundings, nor the cultural contents that the most visited world destinations offer. In addition to nature, walks and paths, the rural environment, architecture can and should be one of the trumps you need in order to improve the guests' stay.

Figure 4: *Olea All Suite Hotel*

Source: *https://images.adsttc.com/media/images/5c05/9005/08a5/e5c7/1100/058e/slideshow/-_Featured_Image.jpg?1543868362 (25 December 2018).*

For example, the Olea All Suite Hotel. The Olea Hotel is located on the slope in Tsilivi (Tsilivi), a small seaside village. Its design harmonizes the guest's stay with the nature by connecting the interior with the environment.

Figure 5: *North Asian hotel as a representative of modernity*

Source: *https://www.tandfonline.com/doi/abs/10.1080/13602365.2017.1365270?needAccess=true&journalCode=rjar20 (25 December 2018).*

The architecture of a hotel can have a political impact. Building a luxury Southeast Asia hotel during the 1960s and 1970s was an instrument for transforming and consolidating the global image of modernity for the region (Seng, 2017). The luxurious hotel represented a sharp contrast to the slums of the poor with images of industrially developed cities, while its advocates - governments, builders and architects - sought to replace

the impressions of the "third world" with experiences of the "first world". As an answer to the political and economic circumstances of the Cold War, these temporary areas of households and consumption were part of the initial complex of regional cultural identification in which architecture was the most important, and the question of reading the hotel's interior as a simply oriented space for foreign tourists assumes an accomplice in the production of citizens as participants in these emerging public spaces of the developing economies of Hong Kong and Singapore (Seng, 2017).

Hotel ambience under the influence of postmodern consumer culture

Manifestation forms (hotel ambience) in hotel industry as an element of service marketing mix have so far generally reflected the time and epoch when they were created via their architecture, exterior design, interior design, furnishing, design and the like. In this context, it is expected that the contemporary and future solutions in this area will be a reflection of contemporary tendencies which are shaping the taste, preferences and desires of potential users under the influence of postmodern consumer culture. It is considered that the beginning of the third millennium will be significantly influenced by the global expansion of the postmodern consumer culture that will manifest itself in all aspects of life.

We are particularly interested in this influence in the domain of leisure time and tourist trips organization and in relation to the appearance of modern and future hotels as a response to the expected demand, wishes and tastes of potential guests. It seems that the new concept of hotel ambience and the appearance of future hotels already has its beginnings in currently most advanced tourist destination in the world, where the concept of postmodern architecture and thematic hotel management was born - in Las Vegas (Čomić, 2004).

By analyzing certain thematic hotels, the principles of postmodern, thematic hotel management can be observed, not only as the beginning and the inspiration for the hotels in future, but also the principles applicable (with respect to particularity) to other destinations in the world, as well as in Serbia.

The postmodern character of thematic hotels is based on virtual reality technologies, electronic simulations and special effects and elaborates the concept of Disneyland as the world's first theme park, where the effect of

hyperrealism is eliminated by deleting the boundaries between illusion and reality.

A logical continuation of thematic approach to hotel management is the principle of distinction and differentiation, in which way modern hotels stand out significantly as a special building complex in relation to urban environment in a city environment or a natural environment with a certain degree of originality, recognition, monumentality and unrepeatability.

The inclusion and use of autochthonous aesthetic content of a certain region can be a special factor in distinction and differentiation of thematic hotels in relation not only to buildings in the surrounding area, but also to other thematic hotels. Hotels get a dash of exoticism by using motifs of traditional art in their architecture and interior.

Predictability and control. Although the main motive for a tourist trip is the desire for different, unusual and uncustomary in relation to the uneventful everyday life, there is a strong desire for security, controllability and predictability in some aspects of stay. The desire for the exotic, adventure and getting to know new countries and customs in a single dimension does not exclude the sense of family friendliness, safety and stability of regular life.

Once a topic which originates from an earlier epoch, imagination, natural or social environment and the like is selected in advance, all activities related to a hotel (exterior, interior, appearance and behavior of employees, organizations, etc.) are chosen and are subjected to this topic. This thematic-centred orientation significantly contributes to the creation of a recognizable image of a hotel. One of the characteristics of postmodern consumer culture is the absence of higher spiritual aspirations, and obsession with fun and attractiveness. For this reason, a significant emphasis is placed on organizing various entertainment activities in the function of continuous animation of hotel guests that are attractive and for external users, so that additional income is generated, and a professional entertainer is often engaged for that purpose when designing a hotel product.

The hotel brand, as well as any brand, gives potential users a sense of security and predictability, as well as a high quality standard of hotel services. *Hotel branding* is often the result of exceptional entertainment

and recreational content, but more often it is the result of imposing already existing corporate hotel brands in a new destination.

Consumers of postmodern consumer culture have a certain fear of emptiness and cessation of fun, they are accustomed to the ubiquitous situation of *continuous functioning of entertainment industry*. By accepting this tendency, the postmodern hotel industry actively practises after-midnight content through themed night clubs and late-night party entertainment.

Postmodern culture hotels have a *modular character*. The program of the highest rank hotels includes contents such as large aquariums, spectacular concerts, top sports events, exceptional restaurants and more. Over time, efforts towards originality are transformed into different variants of combining standard and similar components-modules, and in this way hotels start to resemble one another.

Tourist objects of postmodern orientation are increasingly obtaining a form of exclusive tourist ghettos, where outside of the enclosure with exclusive contents (hotel chains, modern marinas, luxury casinos, tourist resorts from fairy tales) there is an uneventful local community that is in stagnation or decline and its only connection with a "forbidden city" is recruiting labor. The rounded tourist villages of Club Mediterranee are in complete disagreement with their environment in developing countries, hotel complexes and resorts in Cuba are drastically different from the surrounding environment.

At one place in the world, Las Vegas, hotels are concentrated and reflect the styles and spirit of different points of the world, as well as those of different epochs. Everything that can be attractive and interesting for tourists has been moved to one place. Medieval Venice and Pharaonic Egypt, Paris from the Impressionist age and New York from the 1920s all meet in a small area. Of course, they are copies and fictions of distant tourist attractions which are not in the function of promoting the original. This is an *authentic tourist attraction* that by overcoming spatial and temporal barriers does not stimulate the tourists' desire to visit the original, but makes the destination attractive in itself.

Nostalgia and retro style do not only refer to certain countries and cultures with a nostalgic look, they also refer to hotels newly attired to maintain an atmosphere from over a hundred years ago: equipping with

antiques, documents proving famous guests' stays and their photographs, designing the interiors of social spaces in hotels in the style of Victorian clubs, medieval castles turned into hotels, replicas of palaces from the era of ancient Rome, etc.

Conclusion

A new hotel service, or a new hotel brand to be launched should be selected in accordance with the results of communication with hotel service users. One of the crucial factors in choosing between two similar hotel services is the very hotel brand which has influence on the overall position of a hotel company and its relation to its competitors.

Marketing management of a hotel's ambience (physical dimensions) in hotel industry is understood as the influence of everything that is tangible, visually present and affecting the users' experience in the process of using hotel services: the characteristics of the exterior (environment, surrounding landscape, parking arrangement, other accompanying facilities), interior design characteristics (design and architectural interior solutions, quality and aesthetic features of hotel service equipment, air conditioning, etc.) and other tangible forms (appearance of hotel personnel, uniforms by sector, way of delivering the hotel bill, brochures).

Architecture is important for obtaining leading positions in tourism market. Specificity, singularity and uniqueness are some of the important characteristics of a hotel when meeting the needs of modern tourists. In this research based on examples of hotels of top-notch architecture, it has been determined that revitalization and change of purpose of architectural heritage can contribute to the development of hotel management, likewise the world's top architects' works, history, art, environmental care and sustainable development, local and contemporary connectivity, and that architecture can be a means of presenting and creating a desired political image of a society.

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THE IMPACT OF SERVICE USERS' SATISFACTION ON FINANCIAL PERFORMANCE OF HOTEL ENTERPRISES

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Abstract

The purpose of this study is to explore the relationship between hotel service users' satisfaction and financial performance of hotel enterprises. There is an intention to determine empirically the direction or the course of researched relation of these two variables. The empirical research included 420 respondents from 15 hotels in Serbia as well as 8 hotels belonging to the European Union countries. The survey was conducted in 2017. The research results were obtained by using the Statistical Package for Social Sciences - SPSS 20. It was determined that the input for output creation emerges from interaction with of hotel service users which are seen as partners from the enterprise's standpoint. Therefore, the satisfaction represents an important guideline for financial performance of hotel enterprises as well as for multiplication factor of tourism development.

Key Words: *hotel service users, service quality, satisfaction, loyalty, financial performance*
JEL classification: *L83, C81, M31, Z33*

Introduction

The key segment in determining the market position of hotel enterprises and its competitiveness lies on the consumer demand side, where a particular place in the research is occupied by the hotel service users' satisfaction. This is confirmed by the views of Kotler (2000) and Blackwell et al., (2001), according to whom one of the most significant marketing strategies in the 21st century is to create or provide value for

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consumers or service users. This approach is at the essence of many domestic and especially foreign theoretical and empirical studies, that acknowledge the fact that the high level of quality of the package components of the hotel service offer has positive implications on the consumers' satisfaction, and therefore on the business performance of hotel enterprises and their competitive advantage (Ashton et al., 2010; Bei and Chiao, 2001; Wang and Hong, 2006; Lukić and Nikolić, 2009). Accordingly, the research subject refers to identifying and comparing the most important components of the hotel service offer structure (restaurant, additional facilities, rooms, etc.) and based on their value to establishing a clear diagnosis of how in the future (through the improvement of service quality etc.) more efficient drivers of customer service satisfaction may arise. On this basis, satisfaction of hotel service users is the key determinant of achieving not only long-term profitability and development of hotel industry, but also the factor of tourism development in our country.

Starting from the above mentioned concept and the research subject, this paper starts from the following hypotheses:

H1: There is a correlation between the components of the hotel service offer structure;

H2: There is a strong correlation between the hotel guest satisfaction and loyalty;

H3: The hotel service offer components have a statistically significant impact on the guest satisfaction.

For the purpose of proving the above mentioned hypotheses, a research model for the empirical verification of the impact of the package value of the hotel service offer components on the hotel guest satisfaction has been developed. This approach involves the application of methods and models of customer satisfaction measurement and the interdependence arising from the variable value of the hotel service offer components and the customer service satisfaction in the hotel industry. Regarding the aspect of direction or course of the research the results of the survey show that financial goals and financial performance of the hotel industry are limited by non-financial performance resulting from the customer service satisfaction in the hotel industry. In other words, according to Andjelković and Ivkov (2013) it is a matter of balancing all the actors ("financial and non-financial") that form the basis of company growth (p. 31). In this way, the research results contribute to the creation and delivery of higher value for the customers, and thus to the increase in the

profit of the hotel enterprise in the long run, which contributes to its growth and development, and consequently to the development of tourism in Serbia. The hotels need to be directed to their guests in order to achieve a competitive advantage in the services market, and based on that to achieve a better financial perspective "expressed by the indicators of profitability and market value, as the indicators of how successfully the enterprise satisfies its owners and shareholders (Kaplan and Norton, 1996)". The research carried out by Vujić (2018), served as the basis for further researches in this paper. The research is carried out based on implementation of the statistical software package SPSS 20. Some data and assumptions are taken and adjusted for the purpose of these researches. In accordance with this approach, the first part of the paper illustrates the concept of satisfaction and its impact on the profit of the hotel enterprise. The quality of hotel services is seen as a determinant of satisfaction and a multiplicative factor of tourism development. At the end of the paper, the methodology is illustrated and the results of the empirical research are indicated.

The concept of satisfaction and its impact on the profit of the hotel enterprise

The concept of customer satisfaction is one of those that cause the least differences and contradictions when being defined. It is mainly analyzed as a function of the expectations and performance of a purchased product or the use of a service (Oliver, 1980). A consumer is satisfied when a product or service meets or exceeds his/her expectations. Hence the level or degree of customer satisfaction depends, in the first place, on whether the characteristics or performance of the product/service are in line with the expectations of the consumer. Javalgi et al., (2006), view consumer satisfaction in their research papers as the three interdependent and conditioned concepts. The first concept refers to the expectations of consumers from products or services. The second concept refers to the fulfilment of consumer's expectations. The third concept referring to consumer satisfaction compares the value delivered to previous expectations. If the consumer's previous expectations are met, then a satisfied consumer appears as a result. Otherwise, when previous expectations are not met, then dissatisfaction of the consumer appears as a result. Certain authors believe that in service industry, such as hotel management, service satisfaction assessment is based on the assessment of satisfaction by individual elements of the service (Marinković et al., 2013). Such an assessment provides detailed information, and guests'

satisfaction or dissatisfaction with individual elements of the service affects the assessment of overall satisfaction regarding the service provided. Therefore, in the hotel industry, the guests' satisfaction can be linked to different components of the service, such as the appearance and facilities of the hotel building, appearance, expertise and professionalism of staffs, additional facilities, etc. Satisfaction with individual components of the service determines the overall satisfaction of guests (Ekinci et al., 2008; Grigoroudis and Siskos, 2010).

The concept of consumer satisfaction should also be viewed from the aspect of its contribution to the increase in profitability and the growth of revenue. In other words, the orientation towards customer satisfaction provides the enterprise with concrete advantages that result in the increase in profitability and the growth of revenue. In this regard, six advantages are listed, three of which have the impact on the increase in profitability, and three that have the impact on the growth of the enterprise's revenue. Concrete advantages that have the impact on the increase of profit are: 1) efficiency (decrease) of costs through repeated purchases; 2) premium prices for regular consumers and 3) consumer loyalty in periods of crisis that enterprises undergo. Concrete advantages that have the impact on the growth of revenue are: 1) the positive effect of oral propaganda, 2) increasing the number of trial purchases and 3) innovations - new products (Sheth et al., 1999). Maximizing customer satisfaction will maximize the profitability and market participation of the enterprise. If an enterprise creates a sufficient number of satisfied and loyal consumers, it will meet the basic prerequisite for achieving long-term profitability. Referring to Maričić's previous quotation, the mentioned ones and other authors state that consumer satisfaction is one of the key factors of growth in competitive advantage and profitability of an enterprise. In this context, *customer satisfaction* is a valuable market benchmark and an indicator of *future revenue and profit*. From that point of view, customer satisfaction is an indicator of business success of a forward looking enterprise that measures how consumers react to the future of the enterprise. Other benchmarks, such as sales and market participation, are backward-looking benchmarks when it comes to measuring business success. They are talking about what happened in the past, not about the future. Thus, consumer satisfaction is the leading performance indicator in the future. In this context, Maričić et al. (2012), point out that consumer satisfaction in modern business management is one of the key factors of growth of the competitive advantage and profitability of an enterprise. According to Andjelković et al. (2018), "Satisfaction and customer loyalty represent the

primary growth factors of the profitability of the enterprise that imply the value for investors and partners" (p. 93-109). A hotel enterprise may have good financial indicators, and poor satisfaction, because consumers cannot change the source of supply in a short period of time. Consumers' dissatisfaction precedes the departure from a hotel enterprise and a decrease in sales and profit. Consumers who are very dissatisfied usually do not complain, but leave the enterprise. In order to maintain market participation, new consumers must be attracted. Acoording to Marinković et al., (2013) "Hence, the elements other than food which are of importance to the guest, and which trigger satisfaction and revisit intention in restaurants, must be identified" (p.312). Customer satisfaction or dissatisfaction depends on how much the purchase of a product or service met their expectations both in terms of feelings as well as the comparison of performance of a product or service in relation to competitive products or services.

Milisavljević (2006), as the most famous author in the field of marketing in our country, starting from the illustration of quadrant data analysis of satisfaction provided by Daniel and Gateas (2006), states that if an enterprise creates sufficient number of satisfied and loyal consumers, it will meet the basic prerequisite for achieving long-term profitability. This is in line with previously illustrated concept of satisfaction as a function of expectations and performance of products or services. In other words, expectations and performance determine the profit of each enterprise, and therefore the hotel enterprise. It is stated that there are four reasons why customer satisfaction reduces costs. Firstly, it costs less to retain existing consumers than to attract the new ones. It is estimated that on average, the costs of attracting new consumers are almost five times higher than the retention of existing consumers. Secondly, increased consumer satisfaction reduces dealing with complaints, which leads to a decrease in operating costs. Thirdly, existing consumers give a possibility to an enterprise to reduce transaction costs. This is especially true when it comes to consumers who buy large quantities, which allows economies of scale in the activities such as distribution, invoicing and maintenance. Finally, satisfied customers increase the productivity of staff in the enterprise, which leads to a reduction in operating costs. The hotel enterprise can always increase the level of consumer satisfaction by lowering prices or improving the service quality. However, this rarely results in profit reduction, and this is certainly the least desirable business option. Therefore, the purpose of the hotel enterprise's orientation to reaching a higher level of consumer satisfaction is to offer them greater

value in products and services at adequate prices, which is at the same time profitable for the enterprise. Finally, what is crucial in this paper, when it comes to analyzing hotel enterprises about the impact of customer service on the financial performance of hotel enterprises, is that the process of value creation is not based on the traditional formula where it begins with input and ends with output. According to Andjelković (2018) "input to create output comes from interaction with service users that the company sees as partners" (p.274).

The quality of hotel services as a determinant of satisfaction and a multiplicative factor of tourism development

The quality of hotel services in the function of customer satisfaction and loyalty becomes a key factor in choosing a tourist destination. This approach predetermines the content of this part of paper illustrating the multidimensional significance of the quality of hotel services, their relationship with consumer satisfaction and the multiplicative factor of tourism development. The fact that hotel facilities with their content are vital resources without which the development of tourism is impossible and which, with their service quality, build the image and the brand, have a decisive impact on the results of the tourist industry. In the modern business management of hotel enterprises, the service quality is a key determinant of customer service satisfaction. This statement is confirmed by numerous researches carried out in the field of tourism and hotel management, based on the assumption that the service quality has impact on the consumer satisfaction. A number of authors confirmed the existence of dependence between these two concepts, that is, the service quality has the impact on the consumer satisfaction of hotel guests (Sivadas et al., 2000; Namkung and Jang 2008; Ryu et al., 2012). Basically, all components of hotel service quality can be classified into two basic groups: tangible and intangible elements of quality. Sekulić (2016), within the empirical researches on the impact of quality on consumer satisfaction, provides a detailed tabular illustration of the definitions of many authors when it comes to tangible and intangible elements of service. According to the mentioned author, the results of the regression analysis have unambiguously shown that the service quality and the hotel image significantly affect the satisfaction of the users of hotel services, while satisfaction with the service quality implies their loyalty. If the quality of hotel services is viewed as the interdependence of the above-mentioned classification: tangible and intangible components of the hotel service, the results of the research show that intangible

component of quality has somewhat greater impact on guest satisfaction compared to tangible. On the basis of this, the results of the research show that intangible component of quality, which depends on the staff services, has a significant impact on guest satisfaction. The results of the descriptive analysis show that the respondents assessed as the best the service quality components related to the "accuracy of the reservation", "accuracy of the bill", "room cleanliness", "availability of rooms in accordance with reservation" and "staff tidiness". On the other hand, the research showed that the respondents assessed as the worst the quality of the internet in hotels as expected, i.e. the basic service of the hotel. Hotel guests gave some lower scores regarding the availability of various hotel facilities, as well as room facilities. Likewise, the hotel guests rated lower the statements that the quality of received service was in line with the ideal and the price they paid, which indicates that it is necessary to increase the service quality in order to bring the hotel's offer closer to the ideal offer. According to Vujić et al., (2017) "Quality of hotel service has positive implications on consumers' satisfaction as service users, therefore on competitiveness when choosing tourist destination" (p.20-29).

Based on the previous discussion, it can be stated that the service quality becomes a key determinant of satisfaction, business performance and competitive advantage of the hotel enterprise. In addition, from the aspect of the participants in the tourist offer, and the hotel as the carrier of the offer, the quality of hotel services is becoming an important determinant of *the multiplicative factor of tourism development.* When there are direct effects from the hotel activity, there is a chain reaction and the development of many other indirect industry branches, that is, the direct effects also cause an increase in indirect effects. Spending of a tourist enterprise (for example hotel), in non-tourist sectors, such as food, beverage, equipment also counts as an indirect impact. The analysis of the concept of a tourist multiplier shows that each spent monetary unit has a multiplicative effect, which in fact means that "a tourist multiplier or multiplicative effects occur when money generated by the tourist consumption of foreign guests in a receptive tourist country or destination is returned through many transactions in the national or local economy, thus contributing to all participants in these transactions through increased income, employment, etc. Namely, money spent by foreign tourists never stops returning (Tiebout, 1960). "It should be emphasized that the structure of tourist consumption is very important, and that the domestic component, that is domestic products, goods and services, should be used

as much as possible. Only then will the true strength of a tourist multiplier, that is, the multiplicative function of tourist consumption, come to light. Therefore, the multiple effects of tourism are seen through the purchase of goods and services produced in the country. The tourist multiplier can be explained by the example of hotel enterprises that spend earned money partly in non-tourist sectors for the purchase of food and beverages, equipment, which represents the income of the producers of these products. Spending of a hotel as a tourist enterprise in non-tourism sectors, counts as an indirect impact on its development. The higher the number of transactions, the greater the multiplier on the condition that the money from tourist consumption is not spent on imported goods. If the import component or savings is higher, the tourist multiplier is lower and vice versa. An analysis of the structure of the tourist product is very difficult to determine, and therefore it is very difficult to find out how much each of the activities directly and indirectly participates in the tourism product (Milićević, 2016). Based on the above mentioned statements, it is necessary to create tax, monetary and credit policy and adapt to tourism development. According to Petrović et al., (2018), "The impact of fiscal policy is great on economic growth, as well as the stability of the financial system and its efficiency" (p. 115-124). This is due to the need to also stimulate those participants who have direct economic effects from tourism spending and who cannot achieve positive business results and financial position due to high investment and business costs they cannot have an impact on. This is particularly the case with hotel enterprises.

Research results

In the first phase of the statistical analysis, the reliability of the designed research model was tested. *Reliability analysis* has determined the Cronbach's alpha coefficient for each individual variable (Staff, Hotel, Reception, Room, Restaurant and Bar, Hotel Facilities, Price, Image) defined by the corresponding statements from the survey. The value of the calculated Cronbach's alpha coefficient for the purposes of this researches indicates that all the variables formed are internally consistent when it comes to respondents from Serbia and abroad. As far as *hotels from Serbia* are concerned, based on the results of a descriptive analysis for the formed variable, it can be concluded that the hotel guests are most satisfied with the Staff (the arithmetic mean is the highest with the value of 6.14), the work of the Reception (6.08) and the work of the Restaurant and Bar (6.00).

On the other hand, guests are least satisfied with the available Hotel Facilities (parking, spa, etc.), where the arithmetic mean is the lowest (5.46). The most homogeneous attitudes of respondents from Serbia are noted in the variable Reception, because the value of standard deviation is the lowest. The variables Hotel and Room follow. When it comes to *hotels from abroad*, the guests are most satisfied with the work of the Reception (arithmetic mean = 6.18), received Room, and only then by the Staff. Guests from abroad are least satisfied with the Hotel Facilities (5.00), which is also the case with guests from Serbia.

The correlation analysis was carried out to determine the level of linear dependence between the observed variables. The results of the correlation analysis are presented for Serbia in Table 1.

Table 1: *Results of correlation analysis*

	Hotel	Staff	Reception	Room	Restaurant	Facilities	Price	Image	Satisfaction	Loyalty
Hotel	/	0.716*	0.689*	0.780*	0.759*	0.578*	0.631*	0.718*	0.714*	0.679*
Staff	0.716*	/	0.725*	0.608*	0.684*	0.525*	0.624*	0.638*	0.684*	0.621*
Reception	0.689*	0.725*	/	0.631*	0.647*	0.516*	0.591*	0.598*	0.648*	0.613*
Room	0.780*	0.608*	0.631*	/	0.741*	0.503*	0.584*	0.634*	0.671*	0.595*
Restaurant	0.759*	0.684*	0.647*	0.741*	/	0.614*	0.702*	0.692*	0.755*	0.687*
Facilities	0.578*	0.525*	0.516*	0.503*	0.614*	/	0.583*	0.582*	0.641*	0.631*
Price	0.631*	0.624*	0.591*	0.584*	0.702*	0.583*	/	0.728*	0.786*	0.771*
Image	0.718*	0.638*	0.598*	0.634*	0.692*	0.582*	0.728*	/	0.779*	0.853*
Satisfaction	0.714*	0.684*	0.648*	0.671*	0.755*	0.641*	0.786*	0.779*	/	0.781*
Loyalty	0.679*	0.621*	0.613*	0.595*	0.687*	0.631*	0.771*	0.853*	0.781*	/

** The value is statistically significant at the level 0.01*
Source: *Vujić, M. (2018), Market research of the hotel service users as a factor of tourism development in Serbia, doctoral dissertation, Faculty of Business and Financial Studies, Banja Luka, pp. 188.*

As can be seen from the previous table, all Pearson linear correlation coefficients are statistically significant at the level of 0.01. When it comes to hotels in Serbia, the highest level of linear correlation is present between Loyalty and Image, where Pearson coefficient is 0.853, and this is a strong linear correlation. There is also a strong linear correlation between Satisfaction and Loyalty (Pearson coefficient is 0.781). Hotel is in closest connection with the Room variable (0.780). The Staff is in

closest connection with the Reception (0.725). the Restaurant and Bar variable is in the largest quantitative connection with the Hotel variable (0.759). When it comes to Other hotel facilities, they are in the highest correlation with Restaurant (0.614). And finally, the Price variable is in closest connection with the guest Satisfaction (0.786). All of the above correlations are strong linear correlations. As is the case with a sub-sample from Serbia, in the sub-sample from abroad, all Pearson linear correlation coefficients are statistically significant at the level of 0.01. The highest level of linear correlation is present between Loyalty and Image (0.853), which is the case with hotels in Serbia. There is a strong linear correlation between the Satisfaction and Loyalty of the guests from abroad (Pearson coefficient = 0.893). There are strong linear connections between all variables, while moderate correlations (for example, Hotel Facilities - Reception) can be noticed in several pairs, while weak linear correlations do not exist.

Correlation analysis tested hypotheses H1: There is a correlation between the components of the hotel service offer and H2 structure structure: There is a strong correlation between satisfaction and loyalty of the hotel guests. Between all the variables (value components) there are moderate to strong correlations, which makes *hypothesis 1 proved*. Also, Pearson linear correlation coefficient between Satisfaction and Loyalty is positive and amounts to 0.781 for Serbia and 0.893 for abroad (strong linear correlations), which leads to the conclusion that *hypothesis 2 is proved.*

Through *multiple regression analysis*, the impact of independent variables on the dependent variable was measured (guest satisfaction). If independent variables would have impact one on the other, there would be a problem of multicolinearity, and in that case the values of the beta coefficient (β) showing the impact of independent variable on dependent variable would not be realistic and regression would not yield reliable results (Hanić, 1982). In order to look at the problem of multicolinearity, it is necessary that the values of variance inflation factors (vif - *variance inflation factor*) are less than 10. The value of t corresponds to the beta coefficient, and the higher the t value, the higher the beta coefficient. The results of the conducted multi-regression analysis for Serbia related to satisfaction are illustrated in Tables 2 and 3. Since the inclusion of a large number of variables in a multiple regression model can lead to less accurate results, two regression models are formed. The first model will measure the impact of the Hotel, Staff, Reception and Room variables on the dependent variable Satisfaction. The other model will measure the

impact of the Restaurant and Bar, Facilities, Price and Image on Satisfaction.

Table 2: Impact of independent variables on Satisfaction - Regression *model 1*

Variables	β	t	sig.	vif
Hotel	0.256*	5.522	0.000	3.558
Staff	0.267*	6.494	0.000	2.803
Reception	0.128*	3.182	0.002	2.667
Room	0.227*	5.547	0.000	2.768

** The value is significant at the level of 0.01; R^2=0.702*; F=248.931*
Source: *Vujić, M. (2018), Market research of the hotel service users as a factor of tourism development in Serbia, doctoral dissertation, Faculty of Business and Financial Studies, University of Business Studies, Banja Luka, pp. 190.*

The data in the given regression model are suitable for analysis because the values of of variance inflation factors (last column) are less than 10. The determination coefficient is 0.702, which means that 70.2% of the variability of the satisfaction (dependent variable) is described by this model, which means that this regression model is a good one. The value of the determination coefficient is statistically significant at the level of 0.01. All four variables have a statistically significant impact on the satisfaction of guests (all sig values are less than 0.05). In the given regression model, there is also no multicolinearity problem, all data are suitable for analysis (vif <10). The determination coefficient is 0.751, which means that 75.1% of the dependent variable (satisfaction) is described by this regression model. So, this regression model is a good one too. The value of the determination coefficient is statistically significant at the level of 0.01. Also in the Regression model 2, all four variables have a statistically significant impact on satisfaction. When comparing the impact of all eight variables processed in these two regression models, we come to the conclusion that Price has the greatest impact on the satisfaction of hotel guests (since the β coefficient is the highest and amounts to 0.384). The second strongest impact is the hotel Staff. On the other hand, the lowest impact on the guest satisfaction is provided by other hotel facilities (spa, playgrounds, parking, etc.). When comparing the impact of all eight variables processed in these two regression models, we come to the conclusion that for hotels in Serbia the

Price has the greatest impact on the satisfaction of hotel guests (since the β coefficient is the highest and amounts to 0.384).

Table 3: *Impact of independent variables on Satisfaction - Regression model 2*

Variables	β	t	sig.	vif
Restaurant and bar	0.186*	6.632	0.000	2.579
Hotel facilities	0.101*	4.265	0.000	1.861
Price	0.384*	17.210	0.000	2.607
Image	0.238*	8.576	0.000	2.532

** The value is significant at the level of 0.01; R^2=0.751*; F=659.416*
Source: *Vujić, M. (2018), Market research of the hotel service users as a factor of tourism development in Serbia, doctoral dissertation, Faculty of Business and Financial Studies, University of Business Studies, Banja Luka, pp. 190.*

The second strongest impact is hotel Staff. On the other hand, the lowest impact on the guest satisfaction is provided by other hotel facilities (spa, playgrounds, parking, etc.). All variables have a statistically significant impact on the satisfaction of guests from Serbia. As for hotels abroad the hotel Facilities (β = -0.003) and Reception (β = 0.109) do not have a statistically significant impact on the guest satisfaction. When it comes to the remaining variables, Image has the strongest impact (β = 0.638), Price has a significant impact (β = 0.217), while Restaurant and Bar has the smallest impact (β = 0.137). Using the previous two regression models, H3 hypothesis was tested: The hotel service offer components have statistically significant impact on the guest satisfaction. Regression models 1 and 2 show that all 8 analyzed variables have a statistically significant impact on the satisfaction of hotel guests from Serbia, with the Price having the greatest impact. In this case, when it comes to Serbia, the hypothesis 3 is proven. However, when looking as a whole, when it comes to hotels abroad, hotel Facilities and Reception abroad do not have a statistically significant impact on satisfaction, so the hypothesis 3 is partly proven.

Conclusion

The research model in this paper was set up in line with the basic purpose and the subject of the research, that based on the identification of various components of the hotel service offer, we determine and prove the extent

to which they had an effect on the consumer satisfaction in the past, and how they can appear as more efficient drivers of the satisfaction of the hotel service users in the function of increasing the profitability of the hotel enterprise in the future (by improving the service quality, etc.). Based on the empirical research in this paper, the most important components of the hotel services determining its quality and having impact on the guest satisfaction are identified.

The price offered by the hotel has the strongest impact on satisfaction when it comes to the guests from Serbia, while it has a moderate impact on the guests from abroad compared to the strength of impact of other variables (see the results of the regression analysis). Hotels must take care to ensure the satisfaction of their guests by the price, while remaining in the competitive race with other hotels. In addition to the price, *staff* have a key role in ensuring satisfaction (especially with respondents from Serbia). Hotel management is a service industry, where huge part of the service provided largely depends on the service provider itself. Therefore, in order to ensure the guest satisfaction, hotels must motivate and train their staff well. Professional and satisfied staff will provide a high level service, and exactly this has one of the greatest impacts on the guest satisfaction. The results of the research show that the highest level of guests' satisfaction is present exactly because of the hotel staff (in Serbia), and that the staff is one of the factors that most respondents from abroad are most satisfied with. However, when it comes to the price, this is the variable that after additional hotel facilities occupies the penultimate place, which is an indicator for the managers that the decrease in prices of hotel services would definitely lead to the increase in satisfaction. *The room* has a very strong impact on the guest satisfaction, primarily the guests from abroad. Room is the primary service that guests expect when buying and using hotel services, therefore it is very important that functionality, facilities and cleanliness of the room are at the right level. Lack of these characteristics would lead to the guest dissatisfaction. *The image* of the hotel has the strongest impact on the satisfaction of the guests from abroad. Guests will feel more comfortable at a well-knownhotel and will be able to retell about their stay at the renowned hotel to their friends, rather than at a hotel with poor image. *The hotel* variable has a significant impact on the guest satisfaction. Guests will be satisfied and return to the renowned hotel, at a favourable location, with luxurious appearance, etc. even if they are less satisfied with the prices. Hotel management is the industry intended in the first place for rest and relaxation and that is the reason why all those invisible elements, such as

the image, have a very important significance. *The restaurant and bar* variable has no particular statistically significant impact on the guest satisfaction. Hotels are mostly visited for accommodation, while restaurant services are in the second place. Guests will revisit the hotel again if they are in the first place satisfied with the accommodation they received.

The value of the research results given in this paper is reflected in the fact that concrete actions can be carried out, important business decisions can be made and strategies for increasing the satisfaction and loyalty of the guests can be formulated, on the basis of the obtained results. The results of empirical researches raise the level of hotel managers' knowledge about the components of the service offer package that have the impact on satisfaction, as well as about the strength of their impact, which is especially important for the establishment and development of long-term relationships with the users of hotel services and their retention. Such an approach to the marketing strategies of hotel enterprises further leads to the creation of superior i.e. higher value for the consumers as hotel service users, on the one hand, and consequently to the provision of long-term profit to hotel enterprises, on the other hand. Based on this, the components of the value of the hotel service offer in the function of satisfaction of a consumer as a service user are a key factor in achieving not only long-term profitability and the hotel management development, but also the factor of tourism development in our country. Also, the value of this paper is reflected in its international approach, since other countries from our near and wider international surroundings are included in the research.

The tested model provides a reliable basis for future researches on quality and satisfaction of the hotel service users both at the level of individual hotels and at the level of the entire hotel industry in Serbia. The results of the tested hypotheses showed the following:

- Test H1: "There is a correlation between the components of the hotel service offer structure" showed that among all the variables (service offer components) there are moderate to strong correlations, thus the hypothesis H1 is proven.
- Test H2: "There is a strong correlation between satisfaction and loyalty of the hotel guests" showed that Pearson linear correlation coefficient between Satisfaction and Loyalty is positive and amounts to 0.781 for Serbia and 0.893 for abroad (strong linear correlations), which leads to the conclusion that the hypothesis H2 is proven.

- Test H3: "Hotel value components have a statistically significant impact on the guest satisfaction" showed that all 8 analyzed variables, that is hotel service offer components have statistically significant impact on satisfaction of the hotel guests from Serbia, with the Price having the biggest impact. Based on this, H3 hypothesis is proven. However, by observing the hypothesis as a whole, when it comes to the guests from abroad, Hotel Facilities and Reception abroad do not have a statistically significant impact on satisfaction, which on the whole affects that the hypothesis H3 is partially proven.

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INNOVATION IN CONTEMPORARY TOURISM – CHALLENGES AND POSSIBILITIES

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Abstract

Innovation is a key factor of competitiveness in nearly all industries. The shifting focus towards innovation of services is caused by the increasing role services play in developed economies. Today, tourism is undergoing a fundamental change which necessitates the ability for innovation. Tourism has a number of characteristics that specifically influence innovation. One such characteristic is the heterogeneous structure of the industry, which connects diverse actors and sectors, including businesses, consumers and the government. The paper aims to analyse innovation in tourism and its main trends using a literature review and examining different approaches and perspectives, with the goal of offering a synthesis of the findings and a point on which to base further research. The findings suggest that the collaborative environment fosters a joint approach to solving different challenges in tourism and recognizing innovation opportunities, and that the efficacy of such an undertaking far outweighs what the individual actors would be able to contribute by acting alone.

Key Words: *tourism, innovation, technology, collaboration*
JEL classification: *L83, O31, O33*

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Introduction

Service sector dominates in contemporary conditions in developed countries. According to the European Central Bank (2017) in the Eurozone, the service sector accounts for 73.0% of gross domestic product in 2017, 79.5% in 2016 in the United States, and 69.3% in Japan in 2016. Similar situation is with employment - more than two thirds of employees are employed in the service sector in the EU (European Commission, 2017), and the participation of employees in the service sector in the United States was 80.3% in 2016 (United States Department of Labor, 2017). While gross domestic product and employment in agriculture, production, construction, mining and other branches of the primary and secondary sectors are stagnating or declining, service sector is rising, which also relates to the strong growth of tourism in the whole world. This is partly because production has become highly automated and efficient, production processes have been dramatically innovated over the past century, which mainly resulted in a decrease in workforce and an increase in productivity. Other trends also affected the growth of employees in services, including the development of technology and entrepreneurial activity, which led to the introduction of a number of new services, as well as increased interaction with customers and other stakeholders, which among other things led to the discovery of their needs and expectations and efforts to meet them.

Innovations are seen as a critical factor of competitive advantage and business success. Today, the rate of innovation is accelerating. According to the United Nations Economic and Social Council (2017), we live in the time of the fourth industrial revolution that is strongly building on the foundations of the expansion of information and communication technologies and is characterized by qualitatively different technologies and capabilities. Radical innovations and changes in many areas, including robotics and digital technologies, bio-technologies, nano-technologies, neuro-technologies and green technologies have been fueled by the growing capabilities of artificial intelligence systems that are rapidly progressing to autonomously address increasingly complex problems leading to an explosion of intelligence that will produce superintelligence (Agar, 2016). This was possible with a remarkable increase in computing power and significant cost reduction, fast-growing datasets, and advanced learning algorithms and other related areas.

Tourism is a service branch that is recording rapid growth. It is one of the largest industries in the world today, accounting for 9.9% of the world's total workforce and 10.4% of global GDP (WTTC, 2018). Many positive effects of tourism can be distinguished, including income growth, employment growth, currency inflow, investment stimulation, local communities development, the recovery and valorization of the declining areas in economic and social aspects, improving infrastructure, protecting and conserving natural, social and cultural heritage, social and educational function (Pedrana, 2013). On the other hand, tourism may have some negative effects, among which are: conflicts with local communities, unequal distribution of revenues, infrastructure costs, over-exploitation of natural resources, land conversion for tourism, disruptions and destruction of natural habitats, environmental pollution, etc. (Gebhard et al., 2009).

Modern tourism has been going through constant change and development, transforming itself through innovation (Zsnaroszcky, 2018). A number of works highlight the positive effects of innovation on the performance and value of tourism enterprises (Nikolau & Santa Maria, 2013; Szutowski, 2015; Čivre & Gomezelj, 2016). The need for innovation has almost become a precondition for survival, sustainability and future growth of companies operating in a highly competitive global market. However, the study of innovation in tourism is still in its infancy (Carvalho & Costa, 2011; Slivar et al., 2016). Studying innovation in tourism is further aggravated by some other service branches, bearing in mind the complexity and heterogeneous structure of the tourism industry that connects many participants and sectors, including businesses, customers and government. According to Aldebert et al. (2011), the tourism sector has undergone major changes with the development of technology and changes in the market and industry, including the evolution of the boundaries between competition and cooperation - while in the past the sector was organized through a fixed commissions system involving all agents from airline companies to travel agencies, today this system has dissolved, leading to a significant intensifying of competition. Thus, airlines and travel agencies can compete for the same customers, and new entrants can play a stronger role and introduce new rules, for example operators of mobile phones in the field of m-tourism (Aldebert et al., 2011).

Although innovations are critical to the business success of the innovation study, generally most attention is focussed on innovation in

manufacturing companies, with insufficient literature on tourism innovation (Alford & Duan, 2018). Traditionally, the literature on innovation has largely ignored innovation in service sector (Coombs & Miles, 2000; Leich et al., 2010). However, with the increasing role of services in the economies of developed countries since the 1990s, research into service innovation has seen significant growth (Carlborg et al., 2014). In the literature on innovations in tourism, innovations related to a company, a group of companies, or partners in the network and collaboration with customers can be highlighted as the main topics (Gomezelj, 2016; Marasco et al., 2018). In recent years, researchers have recognized the gap in the literature, so it is to be expected that with the growth of innovation studies in tourism, they will be established as a vital discipline with important research directions and application in tourism practice.

The paper is organized in five sections. After the first section (introduction), we consider the factors that influence the innovations in tourism in the second section. In the following sections we present innovations related to the company and a group of companies (network partners) and collaborative customers. The final section is the conclusion.

Factors that influence innovations in tourism

Different factors that are crucial for innovation in tourism can be identified. In the literature, globalization, competence, deregulation, technology development and changes in customer needs and expectations stand out (OECD, 2006; Carvalho & Costa, 2011). Globalization includes economic integration, policy transfer across national boundaries, knowledge transfer, cultural stability, reproduction, relationships and discourse of power; it is a global process, concept, revolution and the establishment of a global market (Nazef et al., 2006). Globalization is accompanied by deregulation and increasing competitiveness in tourism (Weiermair, 2004). Deregulation leads to the reduction or elimination of specific state rules and regulations in tourism and close economic sectors. The hypercompetition is increasing today, making the competition in a tourist market game more intense and aggressive than ever before.

One of the consequences of these trends is the growth of global alliances involving networks of businesses on different continents. The main catalyst for the growth of global alliances is the intense global competence in various production and service sectors (Rajnović, et al.,

2016). Tourism also witnesses the growth of international alliances among different actors including carriers, accommodation and catering sectors (Brondoni, 2016).

The development of science and technology is taking place simultaneously with globalization, creating the compression of space and time limits making the world a "global village". The development of information and communication technology has created unprecedented opportunities for networking and communication around the world, and computers, robots and other intelligent machines have been increasingly used and replacing workforce. New knowledge and the use of new technologies result in the creation of new products, services and jobs that were unimaginable in the previous century (Kozma, 2008). The development of information and communication technology affects all aspects of social life including economy, politics, the sphere of well-being and culture (Talimonchik, 2018).

One of the main ideas in the product and process innovation model presented by Utterback and Abernathy (1975) is that in a fluid phase, where product and market uncertainty is huge, product innovation dominates compared to process innovation. With the maturing of business, the basis of competition moves from product innovation to innovation of the process. As market matures and customer needs are better defined, businesses shift focus of competitions on cost and economies of scale, investing more in process innovation to make them more efficient and effective (Zakić & Vukotić, 2013).

Today, the needs and expectations of the customers are changing rapidly, especially with new generations that are rapidly adopting new trends and using technology in creative ways, making companies have to meet these needs and be able to create value for customers. In tourism industry, for example, by searching the Internet customers come to the websites of travel agencies, which promote and sell their offers. Agencies are increasingly investing in the modernization and graphic design of their websites, as well as in their informativeness (Vukotić & Maksimović, 2017). The interaction exists and requires that time requirements are followed. The tourist profile has been changing, tourists are becoming more experienced and much more informed, and information and communication technology greatly facilitates access to information and the growing demand for alternative and much more sophisticated tourist products (Carvalho & Costa, 2011). Tourists are now much more

independent and can organize their own trips, find accommodations and plan how they will be implemented, which even applies for very distant destinations. Technologies have transformed not only the way the tourism industry works, but also the tourist experience that is no longer limited to on-site services, but has been expanded and dynamically created in both physical and virtual spaces (Neuhofer & Buhalis, 2014).

It can rightly be said that the tourist market is not only an extremely dynamic but also an open system. This is achieved through interaction, that is active participation of all participants in the market, as well as with interaction with many other disciplines from which it collects and which the tourist market supplies with information. There is also an increase in the representation or increase of the heterogeneity of the customers of "small tourism" - excursionists, transiters and local border traffic. Contrary to the uniqueness of the tourist demand in relation to the set of tourist services, there must be time and space harmonization of the participants of a tourist offer. Tourist demand is moving towards tourist offer, but not vice versa as on the commodity market. This is due to the relationship of the tourist service to a certain space and its properties (Cvijanović et al., 2016).

According to Carvalho & Costa (2011), sustainability is another factor when it comes to innovation in tourism, where three key dimensions are needed: economic, social and environmental. The purpose of sustainable tourism is to make the balance between protecting the environment, meeting the needs of the local population, maintaining cultural integrity, establishing social justice and promoting economic benefits (Liu et al., 2013).

Innovations in tourism that relate to companies and groups of companies

The focus on a company offers alternatives for analyzing the innovative capabilities of firms, including small and medium-sized enterprises, as well as for studying innovative processes in tourism. The key determinants of the innovative capability of a tourism company according to Koziol and Karas (2015) are: (1) competence of employees, (2) modern infrastructure (based on information and communication technologies), (3) workflow and business processes, (4) knowledge protection and (5) external cooperation.

Since tourism is a labor-intensive industry, human capital (a set of knowledge, skills and abilities) owned by employees (managers and workers) plays a key role in innovation and is an indispensable factor for innovation performance in tourism and catering businesses (Grissemann, et al., 2013). Modern infrastructure refers to methods of communication within and outside a company and the level of use of modern infrastructure based on information and communication technologies. According to the literature, information and communication technology stand out as the driving force for innovations in tourism, supporting internal and external coordination and communication, creating significant opportunities for e-business and reengineering operations, challenging the role of intermediaries and shortening the value chain, increasing mobility and accessibility, etc. (Stamboulis & Skyannis, 2003; Lopes et al., 2014). According to Aldebert et al. (2011), there is a growing intensity of innovation under the influence of new applications of information and communication technology in the tourism sector, contributing to efficiency, productivity and improving the competitiveness of a company.

Workflow and business processes are lifelines in any company in a certain industry. According to Pechalner et al. (2009), innovation processes in tourism are, in contrast to some other industries, highly informal, non-standardized through procedures and routines, often consisting of ad hoc individual activities, while certain elements, such as research and development activities are missing. The lack of a comprehensive approach to innovation management causes significant inefficiencies in terms of the absorption of knowledge, accumulation, transfer and integration (Sorensen, 2011). There are numerous constraints that can affect innovation and the implementation of an innovation process within a company, including the lack of financial resources, the lack of formal innovation strategy, organizational rigidity, inadequate rewards and incentives for innovation, unsustainable culture and many others (Zakić et al., 2014).

Tourism companies show a limited interest and engagement in research and development activities, which also applies to services in general. According to Weidenfeld, Williams and Butler (2010), services are less reliant on research and development within a company, and more on purchasing knowledge and innovations from providers. The situation is similar with the protection of intellectual property. Service innovations, in general, despite their economic importance, cannot be effectively

protected by intellectual property rights. According to Blind et al. (2003), the role of the intellectual property protection system has diminished the importance of a set of innovation strategies. In the service sector, in contrast to the manufacturing sector, innovations are often intangible and represent gradual improvements that build on existing knowledge of service products and processes. Although important for the success of a company, such innovations cannot meet the criteria of novelties that are necessary for patent protection, and can be relatively easily copied from the competitors (Paallysaho & Kuusisto, 2008).

External cooperation is crucial for innovation especially in the industry such as tourism. According to Carlsen et al. (2008), innovations rarely appear in isolation, and collaboration or network are essential for the development, implementation, diffusion and continuous success of innovation. Tourism industry consists of activities that are scattered by nature, time, and space that need to be combined and dynamically combined, and bring together actors who are distant in physical, organizational, and cognitive terms (Aldebert et al., 2011). Collaboration adds value to companies through gathering information, building on accumulated knowledge, practice, experience, stakeholders' capabilities, in co-production of integrated tourism services and enhancing the attractiveness of tourist packages (Divisekera & Nguyen, 2018).

Research shows that different types of networks are essential for innovation in companies in tourism since they allow the creation of value-adding relations by accessing external resources and knowledge, extending their offer through new or improved services, reducing costs and meeting the needs of different stakeholders (Novelli et al., 2006 Denicolai et al., 2010). Networks stimulate and improve the transfer of knowledge, identify potential innovations, develop solutions, and lead innovative behavior (Chen & Paulraj, 2004; Hoarau & Kline, 2014). The process of networking small and medium-sized enterprises provides numerous positive effects including new technologies and innovations (Aničić et al., 2016). Due to limited resources, small and medium-sized tourism enterprises can significantly expand innovation opportunities through inclusion in networks and clusters (Tinsley & Linch, 2001; Fuglsang & Eide, 2013).

The literature highlights the many advantages of network membership which lead to the development of ideas and the creation and implementation of innovations (Gomezelj, 2016). However, there is still a

limited number of studies on networks and co-operation in tourism that address key practical innovation challenges. Exploring small tourist organizations, Zach (2016) reports that leadership support for innovation and collaboration is the most important driver for cooperation with partners in the innovation process. In another study, Zach and Hill (2017) found that existing cooperation, knowledge sharing and trust have an impact on innovative behavior among partner firms in tourism. However, when it comes to choosing most prominent innovation partners, the network position becomes dominant. The actors at the center of the network are capable of collecting and integrating ideas and resources and have a rich combination of indirect and direct links (centrality and mediation) which improves the access to new ideas and generate innovations (Paruchuri, 2010). The importance of the network structure suggests that it is good for tourism companies to strive to find innovative partners that provide new information and ideas even if relations prove to be unconformtable (Zach & Hill, 2017).

Innovations in tourism that relate to customer collaboration

Service innovation researchers emphasize customer co-creation and inclusion in the innovation process as a prominent aspect of collaborative innovation (Hurni & Grosser, 2017). Co-creation appears when a customer and a firm are intimately involved in creating the value that is unique to the customer and sustainable for the company (Prahalad & Ramaswamy, 2004). The literature emphasizes the importance and the need for co-creation in the new services development (NSD), which is made possible by the advancement and use of information and communication technology. The Web 2.0 technology and social media phenomenon have dramatically changed the way travellers find, consume and create travel information, allowing consumers not only to consume information, but also actively collaborate with peers in information production (Yoo & Gretzel, 2010). Web 2.0 and related technologies have opened up numerous opportunities to involve participants at some stage of the NSD process.

Web 2.0 presents advanced internet technology applications that create a space for collaboration, conversation and interaction, the space is highly dynamic, flexible and adaptable (Coombs, 2007; Anderson, 2008). Web 2.0 enables customers to become content co-publishers with little effort (Lindmark, 2009). Social media (Facebook, Pinterest, Twitter, Youtube, TripAdvisor, etc.) are a group of Internet-based applications based on the

ideological and technological foundations of Web 2.0 and enable the creation and exchange of user-generated content (Ballew et al., 2015). Web 2.0 and social media jointly include the sharing of digital content around the world, allowing customers to navigate through the virtual world, unlimited in space and time, as well to affect and co-create instead of being passive participants who only observe and download content.

In order to effectively generate and implement the ideas of new services, the tourism companies develop flexible NSD processes, enabling the integration and collaboration of different participants. Leading online platform customers or online communities are selected to participate in the process of developing ideas, screening and evaluating services. According to Sigala (2012), three key roles that customers can play to develop new tourism services based on Web 2.0 exploitation are: (1) resources to identify and evaluate opportunities and new ideas; (2) co-creators for designing and improving new services, and (3) co-marketers for the adoption and commercialization of new services. To consider this approach, you need to consider: drivers - factors on the side of the company and customers, the degree of customer involvement, customer involvement management including risks and issues to indicate, as well as the benefits of involving customers in the process - benefits for businesses and customers.

Mobile technologies and m-commerce contribute significantly to co-creation. Sarmah et al. (2017), researching co-creation through mobile technologies in the innovation of hotel services, find that guest innovation and the need for interaction with hotel staff significantly influence their innovation, and that innovative guests are more willing to co-create with hotel staff using smart mobile devices. Using smart mobile devices to ease the co-creative innovation of services can be the beginning of personalized interaction, which would lead to the development of new services.

By co-creation, customers can contribute directly to innovating the tourist offer. According to Neuhofer (2016), the key to this process is the adoption of a philosophy that places the customer right in the center. The primacy of co-creation requires that tourism companies identify the goals of customer involvement, identify and develop the original, unique and innovative co-creation processes, and make it easier for customers to have the necessary resources and tools to become a part of the innovation process. A constant assessment and review of existing practices are

needed in order to overcome technological challenges, take advantage of opportunities and facilitate innovations that enable the most effective co-creation with modern customers.

Conclusion

In this paper, the focus is on innovation in tourism at the level of a company or group of companies (networks), as well as innovation in collaboration with customers. The specificity of innovations in tourism in relation to the production sector is less reliance on research development departments and intellectual property protection, while the key competences are related to employee competencies, investment in modern infrastructure, especially information and communication technologies, creation and implementation of superior business processes and external cooperation. Research on tourism innovation highlights collaboration and networks by demonstrating the various benefits associated with collaborative efforts and requiring organizations to incorporate new capabilities within the network to engage in innovative efforts. Particularly important are the innovative efforts in collaboration with customers that can bring many benefits to organizations.

Innovation in tourism offers many opportunities, as well as new challenges that need to be addressed. One of the problems that tourism organizations and related disciplines face is that a more serious study of innovation in tourism has begun in the recent times, and there are neither clear guidelines in literature, nor consulting practice. Although general innovation in the service sector as a research topic significantly lagged in relation to the manufacturing sector, the issue of innovation in tourism has long been neglected as an exploratory topic. Since tourism is today one of the largest industries in the world, and innovation is essential for acquiring and holding competitive advantages, it is expected that the research of innovation in the field of tourism will be significantly more represented in the upcoming period, including the response to many open issues and synthesis of knowledge in this field.

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CONTEMPORARY TECHNOLOGIES IN SUSTAINABLE TOURISM MANAGEMENT

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Abstract

Contemporary technology is used as a key resource in which business organizations can provide increased revenues and increase competitiveness in the market in the long run. Technology in sustainable tourism management is particularly important because new technologies should find alternative solutions to the use of natural resources. The work will explore the impact of modern technologies in managing sustainable tourism. The application of modern information and communication technologies makes tourism products and services complementary, and the tourist offer is more attractive and competitive. This paper seeks to show how to manage sustainable tourism, through new technologies, and thereby positively affect the competitiveness of the tourist destination in order to make progress in the long run and benefit from its business.

Key Words: *contemporary technology, sustainable tourism, management, resources management*
JEL classification: *M14, M15, O32, L83*

Introduction

Tourism is one of the largest drivers in the world, and as such is seeking its place in sustainable development. The intensive development of tourism sector has a strong impact on natural resources and environment, so that the survival of tourism requires responsible behavior and preservation of nature. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Report, 1987).

Contemporary technologies add value to sustainable tourism, and as such can be part of the solution to the problems of environmental protection

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and the establishment of sustainable development. The very nature and significance of the local population in sustainable tourism is great, because the main initiative and action must start from them. Managers must also be equipped with practical tools and mechanisms to make sure they use the best possible decision that will be in line with the sustainable tourism of the destination, as well as with the business itself. Today, the world is extremely focused on application of technologies, and tourism sector must recognize and use the advantages of such business. Instead of limiting the number of tourists using certain resources, sustainable tourism has to manage existing resources and change the behavior of tourists (Ali & Frew, 2013).

Contemporary technologies in today's world are extremely important in sustainable business due to the synergy existing between technologies and the main components of sustainable tourism (economic, environmental, socio-cultural component) (Basiago, 1999). Economic component of sustainability can be applied using technologies for better management, as well as for mapping and monitoring economic performance. Ecological sustainability technologies can also help identify vulnerable areas, control destination development, and provide quick and accurate information to decision makers. Technologies related to socio-cultural sustainability help the local community to have the right to vote in terms of tourism development processes, which today represents one of the major problems of development and promotion of the very destination.

Concept and importance of sustainable tourism

Tourism and sustainable development are interconnected and dependent, as for tourism, sustainability of resources is the foundation of development (Liburd & Edwards, 2010). Tourism, as one of the leading and fast-growing branches of industry, is the main source of income for many countries, and its development entails the development of other industries (Marinović Matović, 2017). Such an overall development of the economy is desirable for each country because it brings profit, but it can also have certain consequences. These consequences can be detrimental to the tourist destination if everything is focused solely on making a profit, while resources remain neglected.

There is a need for sustainable tourism to meet the needs of current tourists and the entire local community, as well as to protect and enhance opportunities for future generations (Scutariu et al., 2017). In order to do

this, many strategies and principles have been developed to show how to operate in a sustainable way and how to develop such tourism (Butler, 1999). The main idea is that tourism will cease to be an environmental pollution generator in tourist destinations, and that it will not destroy the tourist offer of destinations in which future generations of tourists will enjoy. Tourism is developing in a highly competitive environment, bringing together a large number of private and state entities that offer a wide range of products and services for different tourist segments (Reige & Perry, 2000). With the aim of maintaining sustainable development of tourism in present and future, it is necessary to provide a quality strategy, as well as financial resources for tourism management. There are three most important components of sustainable development that should be applied: economic, environmental and socio-cultural sustainability (Basiago, 1999).

There are 17 main objectives of sustainable development that are described in the publication of the World Tourism Organization (UNDP, 2015). The first important goal is to end poverty and all its forms everywhere. The second goal is to end hunger, achieving food security and improved nutrition and promoting sustainable agriculture. The third goal is to ensure healthy lives and promote well-being for all ages. The fourth objective is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The fifth goal of sustainable development is to achieve gender equality and empower all women and girls. The sixth objective relates to ensuring availability and sustainable management of water and sanitation for all. The seventh objective relates to the welfare of the community, i.e. ensuring access to affordable, reliable, sustainable and modern energy for all. The eighth goal is related to the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The ninth goal relates to building resilient infrastructure, promoting inclusive and sustainable industrialization and foster innovation. The tenth target is related to the previous one, and refers to reducing inequality within and among countries. The eleventh goal is focused on making cities and human settlements inclusive, safe, resilient and sustainable. The twelfth objective is to ensure sustainable consumption and production patterns. The thirteenth goal is to take urgent action to combat climate change and its impacts, while the fourteenth is to conserve and sustainably use the oceans, seas and marine resources for sustainable development. The fifteenth goal is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage

forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. The sixteenth goal is to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. The last, seventeenth goal is to strengthen the means of implementation and revitalize the global partnership for sustainable development (UNDP, 2015). Each of these seventeen goals is extremely important in the implementation of sustainable tourism development and they are all mutually dependent on one another (Figure 1). Fulfilling all the goals leads to the long-term development of sustainable tourism and the creation of positive effects on tourist destinations. It is therefore important that each destination is analyzed through these seventeen goals in order to state the situation and possibly deviate from the stated standards.

Figure 1: *Sustainable development goals*

Source: *UNDP (2015). Sustainable Development Goals. Retrieved from https://www.undp.org/content/dam/undp/library/corporate/brochure/SDGs_Booklet_Web_En.pdf*

UNWTO (the UN World Tourism Organization) proposes measurement of indicators of sustainable development in the segments of satisfaction of the local population by tourism, the effects of tourism on the local community, the satisfaction of tourists, the seasonality of tourism and the economic benefits of tourism WTO (2004). It also proposes measuring indicators in the category of energy management, availability and preservation of water, quality of drinking water, treatment of waste water from households, solid waste management, development control and control of the intensity of tourism (Table 1).

Table 1: *Baseline indicators of sustainable tourism*

Baseline Issue	**Baseline Indicator(s)**
Local satisfaction with tourism	➢ Level of local satisfaction with tourism (Questionnaire)
Effects of tourism on communities	➢ Ratio of tourists to locals (average and peak period/days)
	➢ % of those believing that tourism has helped bring new services or infrastructure (questionnaire-based)
	➢ Number and capacity of social services available to the community (% of those attributable to tourism)
Sustaining tourist satisfaction	➢ Level of satisfaction by visitors (questionnaire-based)
	➢ Perception of value for money (questionnaire-based)
	➢ Percentage of return visitors
Tourism seasonality	➢ Tourist arrivals by month or quarter (distribution throughout a year)
	➢ Occupancy rates for licensed (official) accommodation by month (peak periods relative to low season) and % of all occupancy in peak quarter or month)
	➢ % of business establishments open all year
	➢ Number and % of tourist industry jobs which are permanent or full-year (compared to temporary jobs)
Economic benefits of tourism	➢ Number of local people (and ratio of men to women) employed in tourism (also ratio of tourism employment to total employment)
	➢ Revenues generated by tourism as % of total revenues generated in the community
Energy management	➢ Per capita consumption of energy from all sources (overall, and by tourist sector – per person/day)
	➢ Percentage of businesses participating in energy conservation programs, or applying energy saving policy and techniques

	➢ % of energy consumption from renewable resources (at destinations, establishments)
Water availability and conservation	➢ Water use (total volume consumed and litres per tourist per day)
	➢ Water saving (% reduced, recaptured or recycled)
Drinking water quality	➢ Percentage of tourism establishments with water treated to international potable standards
	➢ Frequency of water-borne diseases: number/percentage of visitors reporting water-borne illnesses during their stay
Sewage treatment (wastewater management)	➢ Percentage of sewage from site receiving treatment (to primary, secondary, tertiary levels)
	➢ Percentage of tourism establishments (or accommodation) on treatment system(s)
Solid waste management (Garbage)	➢ Waste volume produced by destination (tonnes) (by month)
	➢ Volume of waste recycled (m^3) / Total volume of waste (m^3) (specified by different types)
	➢ Quantity of waste strewn in public areas (garbage counts)
Development control	➢ Existence of a land use or development planning process, including tourism
	➢ % of area subject to control (density, design, etc.)
Controlling use intensity	➢ Total number of tourist arrivals (mean, monthly, peak periods)
	➢ Number of tourists per square metre of the site (e.g. at beaches, attractions), per square kilometre of the destination, mean number/peak period average

Source: *WTO (2004). Indicators of Sustainable Development for Tourism Destinations: A Guidebook. World Tourism Organization, Madrid, retrieved from http://www.adriaticgreenet.org/icareforeurope/wpcontent/uploads/2013/11/Indicators-of-Sustainable-Development-for-Tourism-Destinations-A-Guide-Book-by-UNWTO.pdf, pp.244-245.*

In order to manage the development of sustainable tourism, it is necessary to determine the current situation in relation to all three components of sustainability (economic, environmental and socio-cultural). Only by assessing the status and continuous monitoring, they create the necessary information for effective development management in a sustainable direction (Basiago, 1999).

Tourism, if properly managed, can be an economic activity that is one of the most sustainable ways of using natural resource in existing economy (Kline, 2001). Healthy and attractive environment is among the basic resources for most types of tourism, because tourism has the opportunity to use preserved nature and the environment as an economic value, and thus has a direct interest in preserving and increasing this value (Kent, 2003). Although there is awareness of the importance of preserving natural and cultural values, it often comes to their destruction. Because of this, there is a growing regulation and a more pronounced change in legislation, especially when introducing standards and certificates that regulate quality. It is impossible to completely eliminate wastes, but rather to keep it minimized by sustainable approach. In tourism, there is insufficient awareness and information about the abovementioned possibilities, i.e. there is no established effective model of planning and management of destination development, and lack of leadership and provision of timely support (Kent, 2003).

Use of technology in sustainable tourism

Each country in the world, in accordance with its national circumstances and priorities, has at its disposal various approaches, visions and means for achieving sustainable development. Sustainable development should contribute to the eradication of poverty and continuous economic growth, with the improvement of people's well-being and the creation of employment opportunities for all, while maintaining the healthy functioning of ecosystems. Sustainable development should contribute to overcoming technological differences between developed and developing countries (Hall & Ashford, 2012). The implementation of sustainable development in all countries is a common task with the possibility that each country chooses the appropriate approach in line with national plans, strategies and priorities for sustainable development.

There are several possible approaches to technological innovations in the tourism sector, which help attract tourists. These are primarily the use of

solar energy; hybrid or electric vehicles in traffic; virtual walks; and a software solution to reduce food waste (Styles at al., 2013).

Solar energy - Using cleaner and cheaper energy sources helps reduce operational costs and increase competitiveness and sustainability (Owusu & Asumadu-Sarkodie, 2016). The solar rays offer a huge potential source of energy that can be used for heating and cooling. Continuous improvement of technology makes solar energy more convenient and more profitable. The Solar Thermal Market in the European Union showed a strong growth in 2008 with an increase of over 60% (Green Hotelier Newsletter, 2009). Solar technology is constantly evolving, as governments and manufacturers invest large amounts of money in research and development.

Hybrid and electric vehicles - Hybrid or electric vehicles are road motor vehicles that produce less harmful environmental effects than comparable conventional vehicles with internal combustion to petrol or diesel (Leitman & Brant, 2008). Using hybrid or electric cars increases traffic safety and reduces environmental pollution by noise. By December 2020, each EU member state should have a minimum set of electric vehicle chargers with a special emphasis on the construction of infrastructure in cities (Mathieu, 2018).

Virtual walks - Virtual reality becomes more important in the world of tourism, both as a tool for promoting tourism as well as for the tourist destination itself (Simić & Marinović Matović, 2018). It can be expected that virtual tourism will improve over time and meet some of the traveler's demands for travel experiences. It is likely that tourism experience will increasingly become a blend of reality and virtual reality, which will meet sustainability requirements (Just Traveling, 2016). Virtual reality devices become more and more available and various applications for this type of technology began to develop, and the tourism industry quickly recognized them and accepted them. Virtual reality offers a realistic tourist experience to those who are not able to travel due to physical, financial or time constraints. The virtual reality application can also provide travel assistance to tourists and travelers in real time, and based on this, the virtual assistant can provide additional information about nearby locations (Simić & Marinović Matović, 2018).

Software solutions for reducing food waste - Software designed to help restaurants limit their waste is doing everything from collecting real-time

data to waste, to seeing potential cost savings for the rest of the food (Tuppen, 2014). Power Knot Company has launched a solution for the management of food residues that does not affect the environment (Shine, 2016). It is a Liquid Food Compostor (LFC) that exploits microorganisms that help decompose food residues into wastewater, which is then safely released into the sewage system within 24 hours. The product can have a significant impact on business in terms of cost reduction, improvement of hygiene conditions, and easing of the business itself. By 2030, the task is to halve global food waste per capita at consumer and retail level and reduce food loss to production and supply chains (Shine, 2016).

Sustainable technologies will improve the ability to manage natural resources in a sustainable manner and with less negative impact on the environment and will increase the efficiency of resource use and waste reduction. Various innovations in sustainable development would encourage all stakeholders to work together and to exchange experience and knowledge. That would greatly help countries to learn from one another in finding appropriate sustainable development policies in an open and transparent manner. Governments should create the circumstances that encourage ecological technologies, research, development and innovation.

Managing the sustainable tourism technologies in developed economies

Developed economies are oriented towards the adoption of sustainable tourism-related technologies. They strive towards a sustainable way of life, that is, towards innovations that will be sustainable. A survey conducted on the attitudes of tourists from the United States on sustainability and tourism, shows that tourists who have a sustainable tourism trip on average spend more money on average, stay longer on vacation and contribute more to the development of local communities (Penz et al., 2017). The survey also shows that more and more tourists are considering traveling to destinations that pay attention to environmental protection. With the help of sustainable tourism, developed economies can have competitive market positioned, as it is already implemented in several countries.

Energy sustainable town in Italy - The Italian town of Varese Ligure in La Spezia province is a sustainable tourist destination known for its ecological production based on sustainable energy sources. In 1980, the

city's industry was on the verge of collapse, which led to a decision to restore the agricultural sector and protect the environment itself. The vision of the town was to create a sustainable tourist destination by introducing renewable energy sources. Initially, an educational system was created that pointed to the importance of sustainable development for the future (Greenbiz, 2014). The city demonstrates its sustainability through the use of solar panels, wastewater treatment plants, and eight kilowatts of hydroelectric systems that contribute to local energy production. The population returned to the city to join in organic farming, beekeeping and cheese production (Lamialiguria, 2014).

Luxury eco camp in Antarctica - Camp Whichaway, a luxury eco-camp located in Antarctica is the first and only luxury camping in the Antarctica, which is powered exclusively by the sun and the wind. It has no environmental impact and consists of several glass fiber dome that can withstand weather problems. It has a sleeping area, a dining room, and a private bathroom with a toilet. In addition to private cabins, the guests have common rooms that are filled with seating areas, a dining room, and a wood-burning oven. Visit to the camp includes meetings with local wildlife as well as exploration of blue ice caves (https://www.naturalworldsafaris.com/polar-regions/antarctica/whichaway-camp).

A Spanish hotel powered by renewable energy sources - ViVood Landscape Hotel is located in the Spanish city of Guadelest near the city of Alicante. It consists of 25 prefabricated modular apartments powered by renewable energy sources (Designboom, 2015). The hotel operates in an energy-sustainable way where the local materials and workforce were used during the construction.The hotel is ecologically oriented, the kitchen and restaurant on the roof have installed solar panels, and recycling is used in all the activities of the building. The hotel is designed in such a way that all objects are wood-lined and raised from the surface of the ground to avoid changing the original topography (www.vivood.com).

Energy-sustainable hotel in Argentina - Hotel Palo Santo in Argentina is the first boutique hotel built according to LEED standards. The LEED certificate refers to the creation of energy efficient buildings and sustainable accompanying content and environment (https://new.usgbc.org/press/about-leed). The Palo Alto Hotel stands out with a 20-meter waterfall that collects irrigation rainwater, locally-

produced furniture and a specific facade, where more than 800 different types of plants are planted, which besides visual give additional insulation to the hotel and oxygen. Floors are made of local wood and all textiles used in the hotel are also locally produced without the use of harmful chemicals (http://www.region.com.ar/productos/semanario/archivo/ 1130-noticias-la-pampa/hoteles-mas-verdes-edicion-2014-1130.html).

Treehotel - Tree Hotel was founded in 2010 in Sweden (The Cultureist, 2014). The hotel consists of various wooden houses that have a unique structure built on an aluminum frame. House logs are built on and around living trees. There were no trees removed in the construction of buildings, small paths are built to reach the houses, which fit perfectly into the woods. Each house made of wood is made of environmentally friendly materials and construction techniques. The electricity is generated by the daily operation of the building is carried out through a local hydroelectric power plant. It consists of a low-energy LED system. Instead of the sewage system, the rooms are equipped with stainless electric incinerators that burn waste (www.welcomebeyond.com/property/treehotel/).

Morgan's Rock Resort - Morgan's Rock Resort is located 15 miles north of the Costa Rica border. It is located on 4,000 hectares of the width of the Nicaraguan jungle and almost half of Morgan's Rock is a private protected reservation (Ecosalon, 2011). Access to bungalows may require staircase climbing or crossing the bridge. The resort is one of the oldest and best ecological resorts in the country (http://www.morgansrock.com /sustainability/).

H2 Hotel - H2 Hotel, California, is designed with ecological awareness and the latest environmental technology. It is located in the immediate vicinity of the square, at a walking distance from social services, shops and restaurants. The hotel offers bicycles and bicycle parking for guests and staff. Sustainable technologies used in the hotel relate to innovative heating and cooling systems, underground water storage tanks, construction using sustainable and local materials (http://architypereview.com/project/h2hotel/).

Chumbe Island - Chumbe Island is a private island of 16 hectares and an ecological refuge located 8 miles from the southwestern coast of Zanzibar. On the island is the Coral Park Resort, an exclusive and secluded accommodation, stunning natural wildlife. One of the main attractions of Chumbe Island Coral Park is its ecological infrastructure.

Since there is no groundwater source on the rocky base of the island, each bungalow collects its own fresh water from the rain during the rainy season. This rain passes through a complex filtration system and is stored in underground tanks located below each living room. The water is then pumped manually through the solar heating system into hot and cold water showers in the bathroom. Used water from the showers of the bungalow is filtered through particulate filters, and ends in specially sealed vegetable beds. Beds are planted with species that require water and nutrients, and therefore easily absorb all remaining nitrates and phosphates (https://chumbeisland.com/).

Conclusion

If the fundamental values and characteristics of the area are violated, if natural and social attractive resources are destroyed, not only will the interest of tourists be reduced to that destination, but tourism may also disappear. Sustainable development is essentially dependent on long-term preservation of the quality of the natural environment and vital resources such as water, food, air, energy. Namely, without this component, social and economic welfare and sustainability can not be discussed at all. The development of tourism on the principles of sustainable development must take into account the interests and attitudes of different stakeholders, groups, organizations and institutions that directly or indirectly influence the development of tourism. They must therefore be educated in the field of environmental management where strong cooperation is needed between all fields of science and experts.

Despite the availability, attractiveness and preservation of natural resources, sustainable tourism in the Republic of Serbia is still very poorly developed. Modern technologies as such substantially support the concept of sustainability in tourism. But the difference between the Republic of Serbia and developed economies is that in domestic practice, the concept of a sustainable tourism is poorly understood and implemented than in the world. Sustainable development requires a new way of thinking about sustainability itself. In achieving sustainability, in the Republic of Serbia, institutions and state administration bodies do not participate sufficiently in the promotion of sustainable technologies. The biggest problem is the insufficient attraction of funds that would enable the development of sustainable technologies and innovations in the Republic of Serbia. Likewise, our state needs the laws that determine and regulate sustainable tourism. Local self-government bodies play an

important role in achieving the main goals at the local level. Residents of a specific destination and tourists are equally important stakeholders as state institutions, as they have the ability to direct and encourage processes, for example by selecting products that are produced in accordance with the principles of sustainability.

Continuous development of sustainable technologies contributes to the development of business, especially in tourism. Contemporary technologies as such greatly support the implementation of the concept of sustainability in tourism. They influence the reduction of costs, but also time savings for all stakeholders in tourism. The communication of all stakeholders, from the individual to the authorities, is essential in order to better apply technologies related to sustainable development. The Republic of Serbia, looking at positive examples from the practice of developed economies, has to focus its future on the use of sustainable technologies because, over time, tourism becomes one of the main branches, which greatly affects the economy of a given country.

With the help of sustainable tourism, countries can achieve competitive position on the market. The growth of tourism by itself is a matter of sustainability. Sustainability as such would contribute to the Republic of Serbia, as more jobs would be created, and with the help of enriched offer, tourism seasonality would be reduced. Sustainable technologies as such offer a wide range of services for the tourists themselves. The guests in time become more and more demanding and in that sense it is important that sustainability be accepted as such for all branches, not just for tourism. It is important that the Republic of Serbia finds the best possible approach to sustainable tourism that suits her. It is also important to carry out preliminary research and create the necessary prerequisites to avoid the negative effects of sustainability.

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CONTEMPORARY INFORMATION SYSTEM DEVELOPMENT METHODOLOGIES IN TOURISM ORGANIZATIONS[1]

Brankica Pazun[2]; Zlatko Langovic[3];

Abstract

The modern business environment requires new methodologies for development of information resources of a business systems. They represent the basis for development of information systems in industrial sector, telecommunications sphere, and other socio-economic structures. From technological point of view development directions of information systems can be defined in the form of Cloud computing, Big Data system, Internet of Things, 5G, process virtualization, agile methods and DevOps concept. The new platform DevOps enables a stronger interaction between development team and operations in business system. It provides more attention to minimizing the impact of barriers between potential users and development team.

The aim of this study is to show that development concepts provide flexibility and rapid implementation of new business solutions, ie, a positive impact on productivity and efficiency enhancement in companies. It is essential that tourism organizations in Serbia become aware of contemporary IT trends in order to improve their own business.

Key Words: *agile methods, Big Data, IoT, development methodologies, DevOps, virtualization*
JEL classification: *D83, M15, Z32*

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Introduction

The success of projects in every business, including software engineering, is conditioned by a regular organization. Project management aims at the efficient use of resources, the equal distribution of jobs, i.e. the plan creating in order to implement the project well. The important concept of managing information technology projects is the software development process. This paper examines the traditional, as well as agile, i.e. DevOps methodologies of software development.
Due to applying development methodologies in process of software development, the percentage of failed projects is not small. This fact defines the need to improve existing methodologies.

Basic concepts of development methodologies

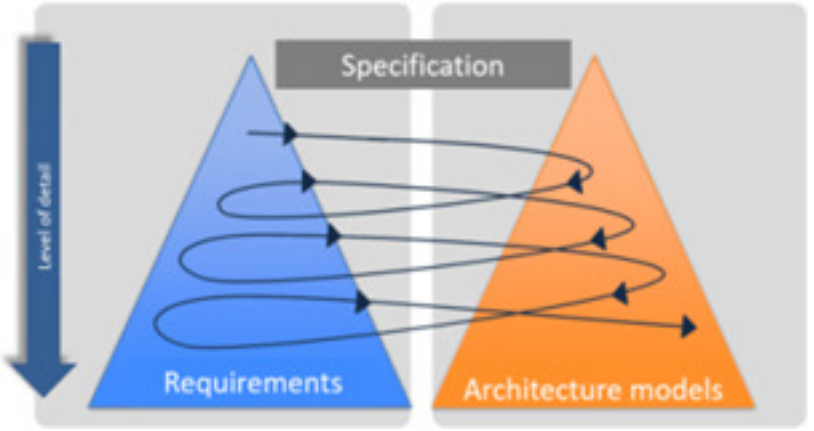
Basic concepts of information system architecture are common to the most software system development methods. The concepts that influence the process of development of software architecture are the static and dynamic structure of the system, the characteristics of the information system (IS), the primary elements of the given architecture, as well as stakeholders and documentation.

The development of software architecture requires the analysis or description of system features at a high level of abstraction, validation of software requirements of users, development costs estimation, a possibility of re-use of software, and creating the basis for system design.

The concept based on description, i.e. software architecture documentation, is provided by using documents, modeling languages, code, etc. A set of interconnected models defines the software architecture of complex systems. The model sets make views that describe certain aspects of architecture.

Back to 2001 Nuseibeh suggested the Twin Peaks model to develop both requirements and architecture iteratively and parallel. The term Twin Peaks model which consists of dilemma: what is "older", the requirements or the architecture? According to Stal (2016), drafting about 30 % of the most important system requirements rudimentarily has been suggested.

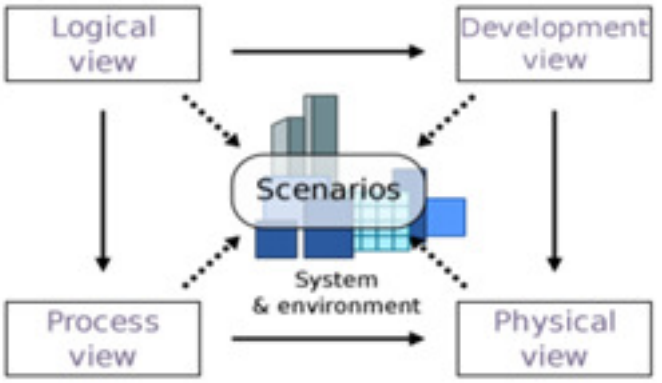
Figure 1: *The Twin Peaks model*



Source: *Nuseibeh, 2011*

A relatively large number of different methods, processes of software architecture development are in use. The application of a particular method is in the function of IS type, the organization size, the size of the development company, and so on. The development of complex systems through functional and non-functional requirements cannot be defined by a unique model. The development of these systems is based on a certain number of views that are in a certain interaction with each other.

Figure 2: *4+1 Architectural View Model*



Source: *Kruchten, 1995*

Kruchten 4+1. The 4+1 view model describes the software architecture using five simultaneous views, each of which deals with a specific set of requirements: the logical representation describes the object model of the

design; the process view describes the aspects of competitiveness and design synchronization; the physical view describes the mapping of software to hardware and shows the distributed aspects of the system, and the development view describes the static organization of the software in the development environment. (Kruchten, 1995; Kontio, 2005)

RUP. RUP development framework, developed by Rational Software company, is an object-oriented development process, based on the unified software development process.

It represents well defined i.e. structured traditional software development process. RUP is a working framework that contains a set of recommendations and guidelines for the development of software solutions. RUP has found its application in the development of large and complex projects, but also small and medium-sized projects.

Companies in a dynamic business environment with the impact of rapidly developing technology cannot effectively apply traditional approaches. RUP framework enables the development of high-quality complex software solutions. Conceptuality on information system architecture, iterative and incremental, and demand management are basic RUP principles. RUP is realized through two variables: time and content.

This concept is effective. By applying the time and content aspect, development is enabled through a large number of iterations. The four phases of the software development, such are lifecycle, introduction, elaboration, construction and transition, constitute a time dimension. The substantive dimension consists of six basic and three auxiliary disciplines.

In the analysis of architecturally significant activities, the following RUP disciplines differ:

1. Discipline business modeling that defines the relationship between business architecture and architecture of the developed system;
2. Discipline requirements define the process of collecting requests from the stakeholders of the future system as well as their mapping into a set of software requirements;
3. Discipline analysis and design collects system requirements and maps them into classes and sub-systems;
4. Discipline implementation defines the process of testing and integration. (Shuja & Krebs, 2008)

ADD method. ADD development method is based on non-functional requirements of the system, which are in function of the business goals of an organization. The ADD development method is analogous to the RUP platform. It does not go to the formal level in relation to RUP, and it does not deal with implementation. Given method has a high-quality approach to defining architecture. It is useful to implement ADD method in RUP analysis and design in the initial stage of elaboration. RUP's behavior analysis is in relation to certain ADD activities (Hofmeister et al., 2005).

RUP is mapping defined requirements into the set of software elements, and the ADD defines functionality based on the architecture structure. Certain RUP activities are not part of the ADD method and are realized singly (Kazman et al., 2004).

Contemporary development processes

Rapid development realization and, consequently, the production of quality business software, has influenced the development platforms. The variability of the requirements over the entire life cycle of software development is an important aspect in the development of a business solution. In the new environment, traditional development processes do not fully meet modern business requirements. Well-defined processes, with a large number of roles, as well as extensive documentation, were not effective in developing small business solutions. For example, establishing a RUP development process is a more demanding task than a business solution (Cockburn, 2001).

Agile processes are based on an iterative and incremental development model. The development is realized through a large number of small iterations, which last about four weeks. Iteration is a rounded cycle of software development. The result of the iteration is the new functionality of the software.

The appearance of agile processes generates changes in software development. As a result of these changes the agility of the dominant RUP platform appears. Agilization process is enabled through a common iterative incremental principle. The following methodologies appear: Agile Unified Process (AUP), Essential Unified Process (EssUP) and Open UnifiedProcess (OpenUP).

The observed methodologies have retained the basic RUP structure, but they have implemented certain agile methods: Test Driven Development (TDD), Agile Model Driven Development (AMDD), Agile Change Management (ACM) and Database Refactoring.

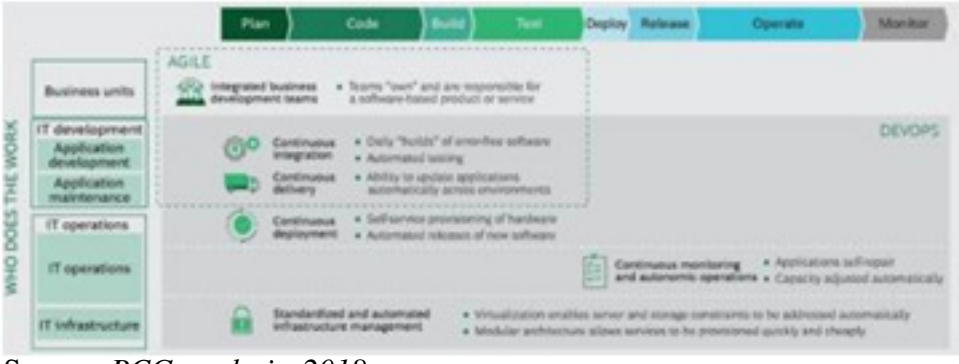
Users are involved in the entire development process, which enables quick definition of the necessary changes, as well as new software requirements, as inputs for the next iteration. Such an organization allows the flexibility of the project, through rapid adaptation to change (Ambler, 2001; Jacobson et al., 2006).

On the other hand, the Scrum framework contains a set of managerial recommendations, and does not have the activities of the development process itself, therefore is often used in combination with RUP and Extreme Programming development process (XP), with its basic proclaimed values as simplicity and communication (Sato et al., 2007).

Furthermore, Womack and Jones considered that general Lean principles can be applied in almost all types of organizations, with some adjustments to the specific context of application. (Womack & Jones, 2003) Different authors dealt with the general principles of Lean's software development domain.

Finally, DevOps methodology includes the entire development process: programme development (developers, software engineers), quality control (QA), as well as operations in information technology (IT operations or system administration). Following figure 3 shows the place in software development process, as well as role and description of each phase.

Figure 3: *Where agile and DevOps fits in SDLC*



Source: *BCG analysis, 2018*

DevOps can be viewed from three aspects: people, processes and technology. It is a philosophy that seeks to overcome traditional organizational systems, that is, to bring development and administration teams closer. DevOps integrates the principles of agile development.

This concept automates development processes by using the Gerrit, as a free, web-based team code collaboration tool, as well as Puppet, SaltStack, etc, for configurations managing. Furthermore, some of the tools for quick and modest adjustment of the development environment are Vagrant, as well as Jenkins, the tool that enables the creation of so-called tasks for continuous integration, delivery, testing, and so on.

For example, considering a web application, it is simple to monitor the server's work and, if necessary, run scale-up/ down in order to maintain the desired response with minimal costs.

The DevOps practice has been adopted in the management of network services. Hardware, configuration tools, and application modes have facilitated configuration programming and automatization of network devices and functions (Hoda & Noble, 2017).

IoT (Internet of Things) is something that comes into play with automated security testing (continuous testing), as well as integration testing (continuous integration) and continuous introduction.

The IoT system testing process uses DevOps methodology. During testing, it is necessary to consider the security of the information collected through the sensors. These are simply compromised entries. DevOps security testing tools allow you to see the weaknesses and benefits of a given system (Langovic & Pazun, 2016).

Software-defined networking (SDN) and virtualization of network functions (NFV) represent the backbone of the 5G network, enabling providers to deliver better quality services (Stallings, 2016). SDN makes the network programmable and centrally controlled, while NFV replaces dedicated network devices with software systems (Langovic & Pazun, 2016; Pazun et al., 2015a; Pazun et al., 2015b; Langovic et al., 2014). More important, a cloud-based approach allows virtualization of the network by service providers in order to use DevOps (continuous implementation and integration) methods for automating the process of developing network resources within information systems (Pazun, 2018).

Finally, comparing characteristics of both, agile and traditional methodologies, following table is given.

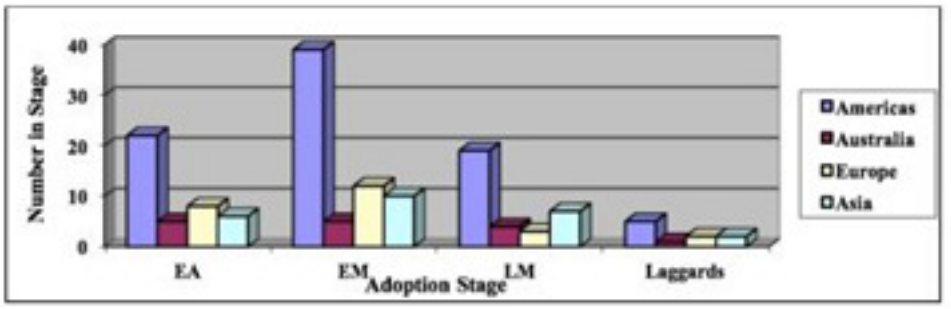
Table 1: *Comparison between agile and traditional methodologies*

Features	Traditional approach	Agile approach
Organizational structure	Linear	Iterative
Scale of projects	Large-scale	Small and medium scale
Development model	Life cycle	Evolutionary delivery
Involvement of clients	Low	High
User requirements	Clearly defined before implementation	Interactive input
Customer involvement	Customers get involved early in the project	Customers are involved from the time work is being performed
Reviews and approvals	Excessive reviews and approvals by leaders	Reviews are done after each iteration

Development concepts and the tourism sector

Agile methods continue to be predominate approach used for software development. According to research done by Reifer & Hastie in 2017, most of companies have adopted agile development within period 2009-2014 (bellow expressed by EM Adoption Stage), then there is so called early adoption (EA) – period within 2004-2009, as well as LM stage, after 2014. Last set of data refers to firms which consider, but not currently use agile methods.

Figure 4: *World wide agile introduction in period 2004-2017*



Source: *Reifer & Hastie, 2017*

Some of DevOps's usage features in the tourism sector are reflected in cost optimization, improving company loyality, as well as insuring business continuity. Lately, companies have been applying given methodology to automate business processes due to increasing productivity.

Figure 5: *DevOps benefits for tourism industry*

Some of examples using DevOps and agile development methodology are following.

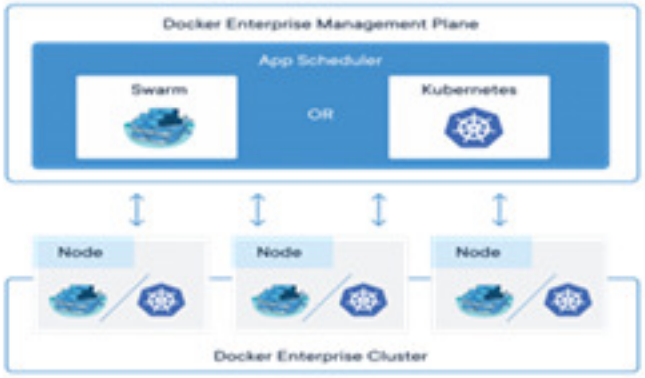
Online P2P platforms have become very popular in recent years. One of the most popular and fast-growing platforms is Airbnb established in 2008 with idea to enable owners to offer their house or rooms for short term rental (Kuzmanovic & Langovic, 2018). It acts as third party between these two groups. It is growing and currently operates in cca 65,000 cities across 191 countries and currently offers 4 million listings. As it grows rapidly, as well as acording to latest reports and job announcement (Frank, 2018), human resource, which would be part of DevOps development team for system operations, is needed.

The other case is the cloud application on Amadeus company, leading IT provider headquarted in Madrid, and one of the most renowned travel operators in the world. Their systems are linked to 90% of all passenger transactions, serving more than 700 airlines and about 600,000 hotels, and fixing about 55,000 operations per second (Amadeus, 2018).

The company has used a private cloud with virtual machines interacting with Vagrant and vSphere. The high intensity of computer resource loads used to work on the hypervisor was high, while processing speed was not optimal. Given company has chosen the company Docker instead of Vagrant and has decided to move to cloud systems running through OpenShift, Docker and Kubernetes. By using DevOps systems for

development management, they were able to efficiently use their entire IT infrastructure. That was about 20% of their computing power, and the company has received several million computing systems.

Figure 6: *Docker system (retrieved from https://www.docker.com/products/orchestration)*



Another case in tourist sector is the Pan-Australian tourist platform which uses DevOps. In previous year, in 2018, the Australian Tourism Data Warehouse (ADTW) has started to work. It is a joint venture of the Australian Tourism Association, Rackspace Cloud Provider and DevOps, as well as the consulting company for digital marketing SapientNitro. The platform supports more than 40,000 passenger processes in 10 categories and provides multiple travel opportunities of all sizes, from multinational companies to small family businesses.

Working on a centralized platform, that is, using cloud technology and DevOps processes, during the first day of launch, ADTV-Online has processed more than 1.6 million requests, therefore has provided more than 350,000 unique visitors and served around 1,800 business travel operators.

According to previous analyses, it can be pointed out that examples define the successful implementation of given developed methodologies.

Conclusion

Most companies point to the need for using agile practices in business, where implementation is not broad or deep. From the technological aspect

organisations have advantages in terms of process automation, high-quality software implementation, larger reliability of infrastructure, a shorter reaction time, therefore the solution of requirements.

The tourism industry can benefit from using the DevOps platform that enables cost optimization, minimizing the time for placement of new products or services, then creating more stable business processes, better control, that is enabling high-quality business continuity.

According to Institute for Project Management'S Pulse of the Profession (Institute for Project Management - PMI, 2018) 46% of surveyed organizations use or have used Agile or hybrid Agile approach in 2017. The KPMG research on the agile implementation of projects in 2017 states that 76% of respondents in Belgium and the Netherlands believe that the agile methodology will prevail over the waterfall method by 2020, while 85% of companies believe that the waterfall will not gradually disappear and will survive.

The importance of the computerization of the tourism sector, as well as following the latest developments in the field of information technologies, can be seen through the fact of increasing the share of this industry in the global GDP. According to the WTTC (World Travel & Tourism Council) from 2019 (WTTC, 2019) contribution to total world GDP amounted to 10.4% in 2018, with 319 million jobs, that is, for every eleven one position belongs to the tourism sector. It also states the fact that in this field today is present the fastest growth, compared with i.e. the automotive industry, the financial sector, the health care industry, etc. (according to WTTC report, in 2018, the Travel & Tourism industry experienced 3.9% growth, compared to the global economy (3.2%); one in five new jobs were created by the industry over the last five years)

Considering domestic tourism market, according to Statistical Office of the Republic of Serbia, there has been the trend of increasing income (from tourists, both domestic and foreign). In February 2019, compared to February 2018, number of tourist arrivals was by 5,0% greater, while number of tourist overnight stays was by 4,1%. The domestic number of overnights was increased by 2,8%, and foreign by 7,0%, as well (RZS, 2019).

Finally, we can emphasize the importance of computerization of the tourism sector, and hence the development of information system. Given

methodologies represent the managing framework in the IS development process of tourist organizations. The fact is that both methodologies, traditional as well as agile, consist of many disadvantages and advantages. This is another in a series of information that indicates the necessity of keeping track of the world trends in the field of information technologies, that is information system development.

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THE IMPACT OF E-COMMERCE ON ORGANIZATIONAL PERFORMANCE OF THE INDIAN TRAVEL AGENCIES

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Abstract

E-commerce can create a sustainable competitive advantage for the travel agencies through enlarging their market base, increasing efficiency and thus profitability. Therefore, this study attempts to assess the impact of e-commerce applications usage on the performance of Indian travel agencies. The components of e-commerce applications were categorized into five categories, namely: electronic advertising, electronic payment system, electronic marketing, electronic customer support service, and electronic order and delivery. Performance measures were also identified from the literature. Analysis was done using appropriate tools and techniques. The results indicated a significant relationship between the two variables. The study also highlighted the barriers that are currently faced by the industry.

Key Words: *electronic commerce, E-commerce applications, Indian travel agencies, tourism industry*
JEL classification: *Z31, Z32*

Introduction

The emergence of e-commerce has transformed the way business is done across the globe. The development of information communication technology (ICT) has further strengthen and improved the performance of travel agencies. According to Quaddus & Achjari (2005), e-commerce has ventured new ways of performing tasks, interacting with customers and conducting businesses. This technological revolution has also impacted the tourism industry all across the globe.

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Tourism & travel industry are the largest contributor to the service sector in India. There is a positivism about the growth of tourism in India and people believe that it will further grow with continuous government support (Prakash et al., 2010a). With a rich cultural diversity, tourism plays a major role in economic development, employment generation, and earning foreign exchange. Digital tools are remarkably used in India for planning, booking and even experiencing a journey, professing the most advanced traveller nation digitally (IBEF, 2018).

E-commerce is changing the way in which a business is conducted globally. The impact is much greater on the travel industry which is totally information-centric. Considering this fact, it has been argued that e-commerce can create a sustainable competitive advantage for the travel agencies, enlarging their market base, increasing efficiency and thus profitability (Magobe et al., 2015).

Given the scope of e-commerce, it can be used to expand the global reach and serving the customers even better. Travel agencies are increasingly experiencing the benefits from the application of e-commerce as expanded geographical coverage and customer base giving them a larger potential market into which they can sell their products and services.
This study is, therefore intended to examine the relationship between the electronic commerce application usage in Indian travel agencies and their impact on the organizational performance. The study will also endeavour to identify the potential barriers in the adoption of e-commerce applications. At the end, measures will be suggested to overcome the barriers and increase the adoption of e-commerce applications in the travel agencies.

Literature review

The following literature will help to understand the adoption of e-commerce applications in the tourism and travel industry and its effect on the organizational performance. This section is divided into four parts. The first part explains e-commerce and identifies its determinants. The second part evaluates the concept of organizational performance. The third part assesses the link between organizational performance and adoption of e-commerce applications and the final part identifies the barriers in e-commerce applications adoption.

Electronic Commerce and its determinants

E-commerce can be simply defined as the activities that incorporate Information and communication technology in its operations. A broader definition by Barkley et al. (2007) entails a whole lot of activities right from the marketing, buying and selling to electronic data interchange (EDI), and also includes research and information transfer. Another view is proposed by Kaynak et al. (2005), who describe e-commerce as an economic activity, forming contractual agreement in which the transaction is completed through the payment and delivery of goods/services.

E-commerce has made a significant impact on almost every type of business activity, covering every sphere of it. This is due to the efficiency and the ease that it brings. A lot of researches have focused on small and medium-enterprises and e-commerce applications (Poon & Huang, 2004; Raymond, 2001; Savrul et al., 2014). Some studies have also focused on the banking sector (Kardaras & Karakostas, 1999; Lawal, 2010).

The use of electronic commerce in travel agencies have created new avenues for innovative opportunities and ideas. Lately, a lot of literature has focused upon the tourism and travel industry and e-commerce (Maswera et al., 2008; Salwani et al., 2009; Kant & Sharma, 2016).

Different approaches have been adopted by different researchers to study the e-commerce in the travel industry. Maswera et al. (2008) have incorporated the Technology acceptance model (TAM) to study the adoption of e-commerce in the tourism industry of South Africa. Gibbs & Kraemer, (2010) have embodied technology-organization-environment (TOE) framework in a cross-country investigation of the scope of e-commerce.

Electronic commerce encompasses various applications within itself, some of which are unique to some businesses and others can be generally applied to any business. For the purpose of this study, five different categories of e-commerce applications have adopted from Jahanshahi (2012). The applications in their study were for SMEs which included both the manufacturing and services sector. Improvements were made to adjust the items according to the requirement of the study. The categories have been summarized in Table 1.

Concept of organizational performance

Organizational performance is by far the most widely used determinant or variable whether to measure the impact of any activity or to assess the importance of that activity. Organizational performance has been defined in various ways by various researchers. The instrument for measuring performance is not well defined yet. Pierre et al. (2009) have divided these measures into the outcomes based on financial performance, product market performance and shareholder return. Subjective performance measures are also used in some studies to evaluate the performance based on perceptions of the owners (Wollf & Pett, 2006). Some authors have also distinguished the performance measure as financial and non-financial indicators (Laitinen, 2002; Harris & Mongiello, 2001).

In this study, performance indicators were adopted from different studies and were based on the subjective evaluation of the respondents.

Table 1: *Electronic Commerce Applications*

Electronic Commerce Applications	Improvements
Electronic Marketing	The scale for suppliers' research seems to be less important in the services industry, hence eliminated.
Electronic Advertising	Advertisement through social media and mobile marketing were added.
Electronic Customer Support Services	Includes online support system and queries.
Electronic Order and Delivery	Coordinating with suppliers and tracking of goods were irrelevant, hence eliminated.
Electronic Payment System	The payment through online wallet is added owing to its increased use.

Source: *Authors*

Link between organizational performance and the adoption of e-commerce applications

Irrespective of the type of performance measure, the relationship between the two variables have been assessed in various studies. Magobe et al. (2015) argued that the tourism which is information intensive sector is

highly affected by the revolution in IT sector and its degree of impact depends on the intensity of the usage of its value chain activities. The results indicated a positive relationship between business performance and the scope of e-commerce. It leads to improved customer service delivery, competitive position, increased customer base and an overall increase in business performance. A positive relationship is also examined by Jahanshahi (2012), who have studied the commonly used e-commerce applications in SMEs and their impact on organizational performance. Igwe et al. (2014) have proposed a model and assessed that adoption of e-commerce applications in businesses can lead to better information flow and quick decision-making, which will further improve the performance of the organization.

Some studies have also focused electronic commerce in India. Shahjee (2016) have studied the use of e-commerce in business from Indian scenario. the study focused on the MIS, finance and accounting, marketing, etc. The results concluded that e-commerce in India has to face many infrastructural barriers with low knowledge among the majority of the population residing in rural areas. Kant & Sharma (2016) examined the importance of e-commerce in Indian tourism development. They have studied how e-commerce can be utilised in tourist destination promotion and the benefits it could bring to the tourists and services providers.

Barriers of e-commerce applications

The adoption of electronic commerce applications comes with several barriers. The adoption in developing countries is further slow because of lack of infrastructure and expertise in these countries, whereas regulatory and legal framework are also less supportive.

Standing & Vasudavan (2001) provided a micro and macro level view of Australian travel agencies. Through their study, they have pointed out that the most important barriers in the adoption are infrastructural and operational cost, whereas a lack of expertise and training also poses a major barrier. Abou-Shouk & Eraqi (2015) have assessed the perceived barriers by the travel agents in Egypt. They identified the technological aspects and resource limitations are the two major barriers in the adoption of e-commerce applications.

Abualrob & Kang (2015) have studied the Palestinian small business to

know the barriers that inhibit the adoption of e-commerce applications. They identified the major barriers for these businesses were political factors and occupation restrictions. Financial losses were also one of the factors. Zaeid (2012) have studied the Egyptian SMEs and pointed out that the most important barrier in the adoption of e commerce are technical barriers and internet security, also followed by regulatory and legal factors.

Rajasekaran & Sudarsan, (2018) have conducted research on Indian tourism industry and identified the major opportunities and challenges in the adoption of electronic commerce applications. The major barrier according to their study is the absence of face to face interaction between the concerned parties. The problem of obsolescence and updating of information is yet another challenge facing the industry. Prakash et al. (2010b) through review of literature, have identified the challenges faced by the tour guides and presented various approaches to build the competence among the tour guides. Lawrence and Tar (2010) argued that in order to adopt electronic commerce in developing countries, cultural issues have to be considered. The barriers that these countries face are lack of infrastructure and Government support framework, lack of banking facilities and training and education also hinders the adoption.

Proposed research model

The model in Figure 1 shows the relationship between the electronic commerce applications and organizational performance. The independent variables are e-commerce applications comprising advertising, marketing, customer support, order & delivery, and payment. The dependent variable in the study is organizational performance. The arrow shows the cause and effect relationship between the two variables.

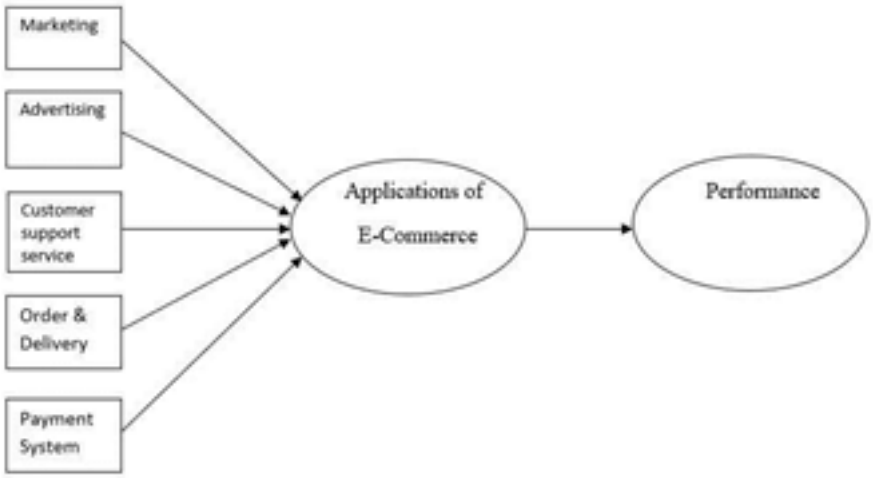
Hypotheses

Based on the above model, hypotheses have been formulated to know the impact of individual category on performance and also the impact of e-commerce applications as a whole.

- **H1:** Electronic marketing has a positive effect on the organizational performance of Indian Travel Agencies.
- **H2:** Electronic advertising has a positive effect on the organizational performance of Indian Travel Agencies.

- **H3:** Electronic Customer support services have a positive effect on the organizational performance of Indian Travel Agencies.
- **H4:** Electronic order and delivery have a positive effect on the organizational performance of Indian Travel Agencies.
- **H5:** Electronic payment system has a positive effect on the organizational performance of Indian Travel Agencies.
- **H6:** Electronic commerce applications have a positive and significant effect on the organizational performance of Indian Travel Agencies.

Figure 1: *The proposed research model*



Source: *Authors*

Research methodology

The following section deals with the methodology of data collection and analysis. The sources and sample of data collection are also explained.

Data/sample

The data for the present study is extracted from the website of the Indian Association of Tour Operators (IATO), which is an apex body of tour operators in India. It is a national body which covers all the segment of the tourism industry. Tour operators from all over the country are listed in the membership list of IATO. For the purpose of our study, three locations namely: Delhi, Jaipur, and Agra were taken as the sample site. These three locations are together known as "Golden Triangle of India", based on the fact that they are the major tourist's attraction sites in India.

All three locations have their own cultural variations, with their unique architecture and cuisine and best represent the tourism in India. Below are the population and sample of the study.

Table 2: *Sample and Responses*

City	Total agencies listed	Responses	Response Rate (%)
Delhi	167	58	34.73
Jaipur	78	37	47.43
Agra	24	20	83.33
Total	**269**	**115**	**42.75**

Source: *Authors*

Measures and survey instrument

The indicators for the constructs of hypothesized model were identified from the literature review. All the items were measured on a five-point likert scale. Measures for electronic commerce were adopted from Jahanshahi, (2012), with improvements according to the requirement of our study. Performance measures included both financial and non-financial indicators which were recorded through subjective evaluation of the respondents.

A structured questionnaire was used to collect the data from the respondents. The questionnaire was divided into three sections. The first section included the socio-economic profile of the respondents and included questions related to age, gender, experience in the industry, qualification, etc. The second section of the questionnaire included 11 items related to the electronic commerce application and 6 items related to organizational performance. The final section of the questionnaire included five items to measure the barriers in the adoption of e-commerce application in travel agencies.

Reliability analysis

The reliability of the measurement instrument was tested through the Cronbach's alpha coefficient. The alpha value of more than 0.70 is an acceptable range which indicates internal consistency amongst the items. However, the value of more than 0.95 would generally mean that the items are redundant, and the internal consistency is lost. (Tavakol &

Dennick, 2011; Streiner, 2003). The results of the reliability analysis are presented in the Table 3. The results show that the instrument is reliable because all the alpha values lie between 0.742 and 0.941.

Table 3: *Reliability Analysis*

Measurement Scale	Number of Indicators	Cronbach's Alpha (α)
Electronic Marketing	2	0.941
Electronic Advertising	3	0.856
Electronic Customer service	2	0.941
Electronic Order & Delivery	2	0.759
Electronic Payment System	2	0.875
E-commerce applications (overall)	11	0.930
Organizational performance	6	0.742
Barriers	5	0.787

Source: *Authors*

Analysis and interpretation

This section includes the results of both descriptive and inferential analysis of data. The results are presented in the tables and interpretation is made thereof.

Socio-economic characteristics of the respondents

The characteristics of the respondents are presented in the Table 4. Of the total 115 respondents, 58(50.4%) belonged to Delhi, 37(32.2%) belonged to Jaipur and remaining 20(17.4%) were from Agra. 72 respondents that represent 62.6% of the total, were male. 43 respondents were female. A majority of respondents (34.8%) belonged to the age group of 20-30. This may be because maximum respondents (54.78%) were either HR manager (17.39%) or operations manager (37.39%). A good number of respondents (47%) have qualified their master's degree.

32.17% of respondents have employees ranging from 11-20. 82.6% of respondents have their own website but still, a majority of 80% does not employ IT personnel more than 5. Only 23 companies have more than 10 IT personnel. This may be because the requirement of IT personnel in the travel sector is relatively less.

Table 4: *Characteristics of the respondents*

Variables	Numbers	Percentages
City: Delhi	58	50.4%
Jaipur	37	32.2%
Agra	20	17.4%
Gender: Male	72	62.6%
Female	43	37.4%
Age: 20-30	40	34.8%
31-40	36	31.3%
41-50	36	31.3%
50 & above	3	2.6%
Designation: CEO/owner	28	24.35%
Senior executive	15	13.04%
HR manager	20	17.39%
Operations manager	43	37.39%
Not responded	9	7.83%
Qualification: High School	8	7%
Bachelor's	53	46.1%
Master's	54	47%
Experience: Less than 5	30	26.1%
5-10	36	31.3%
11-15	22	19.1%
16-20	12	10.4%
20 & above	15	13.0%
No. of employees: Less than 10	28	24.3%
11-20	37	32.17%
21-30	35	30.4%
30 & above	15	13.04%
IT Personnel: Less than 5	92	80%
5-10	23	20%
Do you have your Yes	95	82.6%
own website? No	20	17.4%

Source: *Authors*

Descriptive statistics for the usage of e-commerce applications

Table 5 shows the mean of the items indicating e-commerce application usage. Based on the mean of responses, the analysis shows that the highest mean importance is given to the payment system through debit/credit cards (3.99). This shows that this medium of payment is

widely used amongst travel agencies. Advertisement through social media and mobile marketing (3.55) have also received a greater response. Social media is truly transforming the way of advertisement and provides a broader platform to reach the intended customers. Customers queries and feedback online (3.42) also received a good response, because it increases the effectiveness of prompt reply and quick solution. The least use of internet was for identifying the market trends (2.45). This is contradictory to the previous studies which hold the opinion that internet can be a good source for identifying the current trends and technology in market.

Table 5: *Descriptive statistics for usage of e-commerce*

Statements	Mean importance of rating
Use for research on consumer and competitors	2.39
Use for identifying market trends	2.45
We display information about products/services on website	2.96
We do Search engine optimization (SEO)	3.14
We use Social Media/ Mobile Marketing	**3.55**
We provide options for personalized email communication	3.17
We handle customer queries/feedback online	**3.42**
Scheduling and tracking become easy due to E-commerce applications	3.11
We use Electronic data interchange (EDI) to connect with similar businesses in the industry	2.49
We accept payment through Online wallets	2.59
We accept payment through credit/debit cards	**3.99**

Source: *Authors*

Descriptive statistics for barriers in the adoption of e-commerce applications

To evaluate the perception of the respondents regarding the low adoption of e-commerce, their views on the barriers were recorded. Table 6 presents the result of the mean of their responses. According to the table, the most critical barrier according to them is the cost of infrastructure (4.03) that includes installation and internet charges, etc. The next most critical barrier was online fraud and cyber security (3.83) because they opined that the problem of cybercrimes is increasing, and the data is not

safe online. Whereas, they do not think that the government norms and procedures (2.66) were hindering their adoption of e-commerce applications to that extent.

Table 6: *Descriptive statistics for the barriers in adoption of e-commerce applications*

Statements	Mean importance of rating
Cost of infrastructure (installation, internet charges, etc) is very high	**4.03**
Risk of online fraud and cyber security is very high	3.83
Problem of online payment (Security, failed system)	3.33
Absence of face to face information (lack of interpersonal relationship with customers)	3.29
Strict norms and procedures imposed by Government	2.66

Source: *Authors*

Model Fit: Goodness of fit indices

The results for the measurement model are given below. There is no thumb rule for measuring the goodness of model fit, but some indices have attempted to do so, like GFI (Goodness of fit), introduced by Jöreskog & Sörbom (1989), NFI (Normed Fit Index) by Bentler & Bonett (1980). Generally, the model fits the data when CFI is close to 0.95 or higher (Iacobucci, 2009) or the χ^2/DF is less than or equal to 3 (Kline, 2004). Table 7 shows that the values are within the desired range and indicates a good fit of data.

Table 7: *Goodness of fit indices*

χ^2	DF	P	χ^2/DF	GFI	CFI	NFI
1276.242	465	.000	2.74	0.946	0.963	0.940

Source: *Authors*

Results of hypotheses testing

The results of hypotheses testing are presented in Table 8. The analysis was carried out on AMOS. The table indicates a significant p values for

all the hypotheses ($p<0.05$) which means that all the relationships are supported. Hence, it can be concluded that there is a positive and significant relationship between the applications of e-commerce and organizational performance.

Table 8: *Results of hypotheses testing*

Hypotheses	Parameter Estimates	Standardized Estimates	Critical Ratio (CR)	P	Results
EM→OP	.461	.039	12.650	***	Supported
EA→OP	.188	.021	4.312	***	Supported
ECSS→OP	.151	.024	4.296	***	Supported
EO&D→OP	.279	.038	12.594	***	Supported
EPS→OP	.354	.030	12.423	***	Supported

EM=Electronic marketing; EA=Electronic advertising; ECSS=Electronic customer support system; EO&D=Electronic order & delivery; EPS=Electronic payment system; OP=Organizational performance.
Source: *Authors*

Results and discussions

Undoubtedly, the use of e-commerce has created a favourable environment for travel agencies to develop in broader range, but it also poses new challenges. This study has attempted to assess the relationship between e-commerce applications and organizational performance of Indian travel agencies. The results of hypotheses indicated a positive relationship between both the variables.

The results also unveil that the most common usage of e-commerce amongst the tour operators is for accepting the payments through debit/credit card followed by social media and mobile marketing for their services. Social networking enables the travel agencies to reach the people more effectively with the help of word-of-mouth promotions. Online advertising is used to reach the customer through the internet. The use of social media, digital banners, pop-ups, etc (McCoy et al., 2007) have revolutionized the advertising process. This creates cost effectiveness for the travel agencies, which is the main advantage of social media marketing (Weinberg, 2009). The use of debit/credit cards has seen an upsurge due to the "Digital India" movement through which an attempt is made to make India digitally efficient and advanced. This

explains the respondents' inclination towards debit/credit card use.

This study has also focused on the barriers that travel agencies face while adopting e-commerce. Based on the descriptive analysis of the data, the critical most barrier was infrastructural cost that includes computers and software installation, internet connection, and other communication networks. This is in coherence with the responses which show that 80% of the agencies have no or less than five IT personnel. This is because the travel agencies cannot afford to recruit IT experts at high salaries and training the existing employees for successful adoption of the new technology is also a costly process.

The next concern for the tour operators was online fraud and security. To build a transparent and trustworthy online relationship with the customers, it is important for the travel agencies to create value and develop customers' confidence in e-commerce through additional support and assurance. Government intervention is also needed for developing strong regulatory bodies and improving cybercrime acts that would benefit both the travel agencies and the customers.

At the end, it can be concluded that the application of e-commerce in travel agencies is still new and at an initial stage, and the importance of electronic commerce is not realized yet. This study will not only help those who are already using it, but also to those travel agencies which are planning to adopt and use e-commerce.

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THE INTERNET PRESENCE OF BELGRADE MUSEUMS IN THE SERVICE OF CULTURAL TOURISM

Dragana Ćamilović[1];

Abstract

Statistics show that the number of tourists visiting Belgrade has been increasing in recent years. Considering the city's rich cultural and historical heritage and abundance of museums, there is a significant percentage of cultural tourists among them. When exploring a specific destination, cultural tourists search for information on the Internet. Therefore, the presence of Belgrade museums on the Internet through their websites and profiles on social networks is important for attracting cultural tourists. The aim of this paper is to evaluate websites of several Belgrade museums and their Facebook pages. A comparative analysis of selected websites will be presented in detail, and suggestions concerning their improvement will be given. A special attention is paid to social media marketing. The author has investigated Facebook pages of the selected Belgrade museums, and this analysis will also be presented in the paper.

Key Words: *the Internet, museum websites, Facebook, cultural tourism, Belgrade*
JEL classification: *Z10, Z30, M15*

Introduction

The number of tourists visiting Belgrade has been increasing in recent years. According to the Statistical Office of the Republic of Serbia (2019 & 2018), Belgrade had 1,160,582 arrivals and overnight stays in the period from January to December 2018 (comparing to 1,035,205 in the same period the previous year), of which 971,942 stays were generated by foreign tourists (comparing to 863,162 the previous year). Belgrade is the centre of culture and art of Serbia, and therefore many tourists have cultural motivation to visit it. Since there are many attractive cultural

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tourism destinations all over Europe, Belgrade should do everything in its power to promote its culture, including its museums. Since many cultural tourists, when choosing and planning their next trip, intensively use the Internet, and museums (as it would be discussed in the next section) are the most important attraction for them, the presence of the Belgrade museums on the Internet through their websites and profiles on social networks is important for attracting such tourists. This motivated the author to choose five Belgrade museums and do a comparative analysis of their websites and Facebook pages.

Cultural tourism and cultural tourists

Although there is no unique definition of cultural tourism, many authors mention the definition formulated by the World Tourism Organization (UNWTO) in 1985 (Ćamilović, 2018b). In its "narrow definition", UNWTO describes cultural tourism as the "movements of persons for essentially cultural motivations such as study tours, performing arts and cultural tours, travel to festivals and other cultural events, visits to sites and monuments, travel to study nature, folklore or art, and pilgrimages" (Richards, 2003). Cultural tourism is, therefore, an area of tourism concerned with a tourist's engagement with a country or region's culture, including their art. It includes tourism in large cities and their cultural facilities, such as museums and theatres (Singh, 2008).

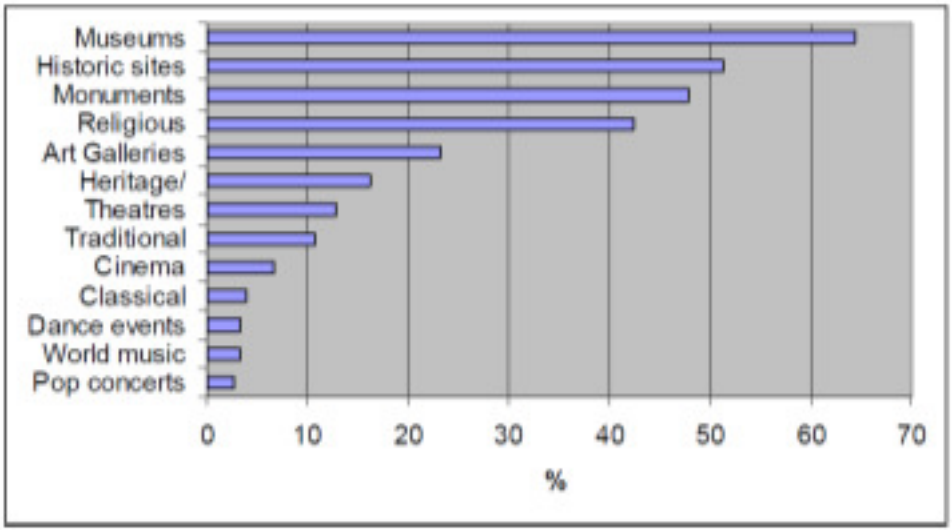
Cultural tourism has a great potential for growth. UNWTO forecasted that global cultural tourism would grow at a rate of 15% in the coming years (Goss, 2016). The Tourism Development Strategy of the Republic of Serbia for the Period from 2016 to 2025 also recognized an upward trend in visits to the most important segments of cultural heritage, whether mobile, immobile or immaterial (Government of the Republic of Serbia, 2016).

What is the profile of a cultural tourist? According to Silberberg (1995) and ATLAS Cultural Tourism Survey 2007 (Richards, 2007), cultural tourists are more highly educated than the general public, they tend to have higher level occupations (and therefore earn more money), spend substantially more than standard tourists, are more likely to shop, and usually like to stay at hotels. Silberberg (1995) noted in his paper that cultural tourists tend to be in older age categories. CBI (2018) came to a similar conclusion. They revealed that the segment of middle-aged people (between the ages of 40 and 54) is the largest cultural tourist segment and

that cultural holidays are the most popular holidays among older generation (between the ages of 55 and 70). However, the young travellers' segment is also becoming important for cultural tourism. Reduced costs of air travel (caused by an increasing number of destinations covered by low-cost flights) and the availability of cheap accommodation (hostels, etc.) influence young people to travel more often. According to CBI (2018), around a third of this segment are interested in holidays with an emphasis on culture. The segment of young people is important for cultural tourism for one more reason: the experiences that tourists acquire in their youth can greatly influence their tourist behaviour later in life (Ćamilović, 2018b).

ATLAS Cultural Tourism Survey 2007 (Richards, 2007) showed one more interesting finding: In terms of the types of cultural sites and attractions visited, museums are the most important for cultural tourists (as illustrated in Figure 1)

Figure 1: *Types of cultural attractions visited*



Source: *Richards G. (2007) ATLAS Cultural Tourism Survey 2007, http://www.tram-research.com/atlas/ATLAS Cultural Tourism Survey 2007.PDF*

Cultural tourists are increasingly finding information about cultural sites and attractions over the Internet. Therefore, the presence of Belgrade museums on the Internet through their websites is the imperative. The

author selected five Belgrade museums and conducted a comparative analysis of their websites.

Comparative analysis of Belgrade museums' websites

A website should be a starting point of a museum's interaction with its customers. Before making a list of museums to visit, a cultural tourist usually searches them on the Internet. In fact, most of the Internet users rely on search engines (such as Google, Bing, Yahoo, etc.) to look for travel information (Qian et al., 2015). Therefore, it is not only important for a museum to have a good website, but it is also extremely important that its website appears at the top of the search engine results. Therefore, a special attention should be given to the search engine optimization (SEO). SEO should bring potential cultural tourists to the museum's website (Ćamilović, 2018b).

A website needs to be functional, simple, and aesthetically pleasing (Lončarić et al., 2015). Functionality and content of the website are critical success factors that help attract tourists (Lončarić et al., 2015). It should provide tourists with access to the relevant general information that they might want to know in advance when planning a visit (Welie & Klaasse, 2004). These include the address, email, telephone and fax number, opening hours, home rules, etc. It is advisable to add a Google Map to the contact page, since many tourists use this application on their mobile phones. Tourists need a mobile-friendly museum website that works well on smaller screens, is easy to navigate, and does not take much time to load. There are several features that indicate wheatear a website is mobile-friendly or not (Kelly-Barton, 2018): responsive design (automatically displays the website properly on whatever type of device a visitor is using), readable fonts and proper text formatting, optimized media display, mobile-friendly navigation, short page load time, etc.

Besides general information, the website should provide additional information about ticket prices, exhibitions, guided tours, etc. All the events can be presented on a calendar. Online booking and ticket purchase are preferable. The museum website could also have an online shop, since visitors might want to buy museum-related products online (Welie & Klaasse, 2004). Since the collection is the main asset of a museum, it should also be clearly featured on the website in the form of information about the pieces, but also in the form of a photo gallery (Welie & Klaasse, 2004) or even a virtual tour. The museum website

could also have a news section, newsletter sign-up plugin, guestbook and comment space, and a chat option. Among other functionalities, it should have good navigation, search button or search box, and a sitemap if possible. Since one of the purposes of a website is to attract foreign tourists, the website should be at least bilingual: English and Serbian (of course, the more foreign languages, the better).

The website and social media platforms should be working together to maximize museum's online exposure. Therefore, the social media buttons should be visibly displayed on the website. They can be added on the top, bottom, or along the side of the home page. Social media sharing links/buttons to some pieces of the content can be added as well.

Website personalization is one of the important additional functionalities of a website, since it enhances visitors' experience and, on the other hand, gives the museum a chance to collect important data that could be used for marketing purposes. It requires visitors to register and login in order to get additional functionalities on the website. Customer data could be imported in a data mart or a data warehouse (a data mart design and development, with a special focus on data modelling, is discussed by Ćamilović et al., 2009), or they could be stored in a data lake. These can be analysed by employing different data mining techniques. Ćamilović (2018a) researched this topic and presented some important data analysis applications in marketing. Kotler and Keller (2017) also emphasized personalization as one of the important elements of an effective website.

As noted previously, there are many museums in Belgrade, but for the purpose of this study, five are selected by the author. The list of the museums that are covered by the study and their official websites are presented in Table 1. The study was conducted in November and December 2018.

Table 1: *Belgrade museums and their websites*

Museum	Museum website
National Museum	http://www.narodnimuzej.rs/
Museum of Contemporary Art, Belgrade	http://www.msub.org.rs/
Nikola Tesla Museum	https://nikolateslamuseum.org/
Museum of Yugoslavia	https://www.muzej-jugoslavije.org/
Military Museum, Belgrade	http://www.muzej.mod.gov.rs/

Source: *Author*

Considering the importance of SEO, the author has analysed the Belgrade museums' websites by using a free online tool called SEO Web Page Analyzer (available at http://www.seowebpageanalyzer.com/), that assesses the built quality and the content quality from an accessibility, usability and search engine point of view, and gives the overall score. The scores of the museums' websites are presented in Table 2.

Table 2: *The overall SEO scores of Belgrade museums' websites*

Museum website URL	Overall score
http://www.narodnimuzej.rs/	51
http://www.msub.org.rs/	57
https://nikolateslamuseum.org/	48
https://www.muzej-jugoslavije.org/	53
http://www.muzej.mod.gov.rs/	51

Source: *Author*

These results show that most websites have scores of around 50. The Museum of Contemporary Art has performed a slightly better SEO and its score is 57. Other famous world museums' websites usually have a better score (for example, the Louvre website has 65, the Museum of Modern Art (MoMA) website has 68, etc.). In general, there is room for improvement. Fortunately, for each URL (Uniform Resource Locator) provided, the SEO Web Page Analyzer suggests what should be upgraded in order to improve the website's optimization for search engines.

General information availability was analysed next. This was done by the content analysis of both Serbian and English versions of the museums' websites. The results are shown in Table 3.

Table 3: *General information availability*

Museum	General information						
	Address	Email	Phone	Fax	Google Map	Opening hours	House rules
National Museum	√	√	√	√	√	√	×
Museum of Contemporary Art, Belgrade	√	√	√	×	√	√	×
Nikola Tesla Museum	√	√	√	√	√	√	√
Museum of Yugoslavia	√	√	√	×	√	√	×
Military Museum, Belgrade	√	√	√	√	√	√	×

Source: *Author*

At the Serbian version of the National Museum's website, the link to opening hours is available at contact page, but that is not the case with the English version of the website. It would be helpful if this information were included. Although, in both Serbian and English versions, opening hours can be found at "Visit us" section. The Museum of Contemporary Art, on the other hand, shows the information about opening hours on its homepage, so they are found instantly. The Nikola Tesla Museum's website has separate pages for contact information, address and map, and opening hours. The website navigation makes this information easy to find. This is the only website among the analysed ones that has listed the house rules as well. The Museum of Yugoslavia shows most general information on their homepage, but they also have a separate page called "Visit us" where the Google Map is available. The Military Museum's website has a separate contact page available. It can be accessed from the main menu on the website, and it contains all the necessary information.

The author also investigated whether the websites listed in Table 1 are mobile-friendly by accessing them on a mobile phone. It is very surprising that two of them are not. That is the case with the website of the Museum of Contemporary Art and the website of the Military Museum. These two websites should be improved, since many cultural tourists search the information about museums on their mobile devices to plan a visit.

As far as the additional data is concerned, all the websites contain the information about the ticket prices. Most of them also show guided tours terms. The exception is the Military Museum in Belgrade that requires advanced reservations by phone for guided tours (the telephone number is provided on the website). The Museum of Contemporary Art's website provides scheduled tours time and date information for several exhibitions, but there is no daily or weekly schedule of the tours. The Nikola Tesla Museum's website has a pop-up window with the schedule for several days. As presented in Table 4, only two websites have an event calendar: the National Museum and the Museum of Yugoslavia websites. Information about the events on the other websites is not presented in the form of a calendar.

The Museum of Yugoslavia is the only among the analysed ones that has a contact/reservation form on its website. Other museums usually provide a telephone number and/or an email address for this purpose.

Table 4: *Additional information and online purchase availability*

Museum	Additional information & online purchase					
	Ticket prices	Guided tours schedule	Event calendar	Online contact/ reservation form	Ticket purchase	Online store
National Museum	√	√	√	×	×	×
Museum of Contemporary Art, Belgrade	√	√	×	×	×	×
Nikola Tesla Museum	√	√	×	×	×	×
Museum of Yugoslavia	√	√	√	√	×	×
Military Museum, Belgrade	√	×	×	×	×	×

Source: *Author*

Unfortunately, visitors cannot purchase the tickets for any of these museums online. This is not the case with the famous world museums, since many of them enable this option. Furthermore, visitors also like to buy gifts or souvenirs online. None of the websites included in the study has an online store. They should consider these options.

All analysed websites provide the information about museums' collections, illustrated with photographs of some pieces. The Nikola Tesla Museum is the only one among the analysed that offers a mobile application which includes a virtual tour preview, among other things. The application is available on Google Play Store, and this information, with the link to download page, is available on the website.

The news section could be implemented in a news box that could be integrated in the homepage (Welie & Klaasse, 2004). A website menu can also lead to news. Almost all analysed websites have a news section. Only the Museum of Yugoslavia's website does not contain an explicit news section (although it does show information about exhibition and programs, but not in the form of news). A newsletter sign-up plugin is available on the Museum of Contemporary Art and the Museum of Yugoslavia websites.

The author has also examined some important websites functionalities that allow a visitor to easily and quickly find the information on the

website: the presence of a search button or a box and a sitemap. The results are shown in Table 5.

Table 5: *Search button/box and sitemap functionalities*

Museum	Museum website functionality	
	Search button/box	Sitemap
National Museum	√	×
Museum of Contemporary Art, Belgrade	√	√
Nikola Tesla Museum	×	×
Museum of Yugoslavia	×	×
Military Museum, Belgrade	√	×

Source: *Author*

All the museums analysed have bilingual websites in the English and Serbian languages. Most offer both Serbian Latin- and Cyrillic-letter versions, except for the Nikola Tesla Museum that has only a Cyrillic-letter version. They should consider adding other foreign languages versions as well (for example, on the Louvre's website visitors can choose among more than 20 languages).

As already noted, it is very important for a museum's website to have social media buttons visibly displayed. This analysis is illustrated in Table 6.

Table 6: *Social media buttons availability*

Museum	Social media buttons				
	Facebook	Twitter	Instagram	YouTube	Pinterest
National Museum	√	√	√	√	√
Museum of Contemporary Art, Belgrade	√	√	√	√	×
Nikola Tesla Museum	×	×	×	×	×
Museum of Yugoslavia	√	√	√	×	×
Military Museum, Belgrade	√	×	×	√	×

Source: *Author*

Unfortunately, the Nikola Tesla Museum does not use the opportunity to connect their website with social media profiles. On the other hand, in addition to social media profiles, the Museum of Yugoslavia also has a

blog. The author noticed that the Military Museum's website has social media sharing buttons, as well.

Marketing potential of social networks

A very large number of people use social networking sites, and those numbers are constantly increasing. One study conducted in Australia shows that visitors to museums are using social media in larger numbers than non-visitors (Kelly, 2013). Thus, it is very important for a museum to be active on social networks. This gives a museum the opportunity to develop productive relationships with its existing and potential visitors, and to gain insights into their perceptions, likes and dislikes.

Some important aspects of engaging on social media sites are:

- *Getting information about the fans' preferences and opinions*. Since social networks encourage a two-way communication, the valuable insights can be gained from this. Sometimes, this is the way to avoid conducting expensive marketing researches about customers' sentiments and opinions (Ćamilović, 2018c). As Ryan and Jones (2009) point out, "Knowing your customers is the key to effective digital marketing" (p. 156).
- *Online word-of-mouth*. Online word-of-mouth is a kind of word-of-mouth that uses the Internet, particularly social networks, but in this case the word can travel much further and much faster (Ryan & Jones, 2009). Marketers can perform activities to create and spread commercial messages as part of viral marketing, and online word-of-mouth can be one of the effects of viral marketing strategy (Petrescu, 2014). This means that consumer-to-consumer communication can be influenced by managers and marketers (Petrescu, 2014).
- *Brand advocacy*. Positive interaction with people who already have a positive attitude toward a brand can create the biggest brand advocates, who will happily recommend and support the organization all over social networks for free (Ryan & Jones, 2009).
- *Promoting events*. This can help increasing both registration and attendance.
- *Advertising on social networks*. This type of advertising allows reaching a huge community of online users, supports a wide segmentation (which means advertising to specific users with predetermined characteristics), and increases overall market visibility (Cyberclick).

Facebook is a social network with the largest number of active users. According to Statista (2019), Facebook was the first social network to surpass one billion registered accounts and had 2.27 billion monthly active users in January 2019. Facebook can stimulate new travel ideas of cultural tourists, and this is why it is important for museums to create a Facebook page and manage it in a proper manner. The comparative analysis of Facebook pages of the five selected Belgrade museums is presented in the next section.

Comparative analysis of Belgrade museums' Facebook Pages

As discussed earlier, most museum websites have social media follow buttons that connect the website to museum's profiles on social media platforms. All five Belgrade museums selected for the purpose of this analysis have Facebook pages, as presented in Table 7.

Table 7: *Belgrade museums and their Facebook Pages*

Museum	Facebook Page
National Museum	https://www.facebook.com/narodnimuzej
Museum of Contemporary Art, Belgrade	https://www.facebook.com/MSUB.MoCAB
Nikola Tesla Museum	https://www.facebook.com/teslamuzej/
Museum of Yugoslavia	https://www.facebook.com/MuzejJugoslavijeBeograd/
Military Museum, Belgrade	https://www.facebook.com/vojnimuzej

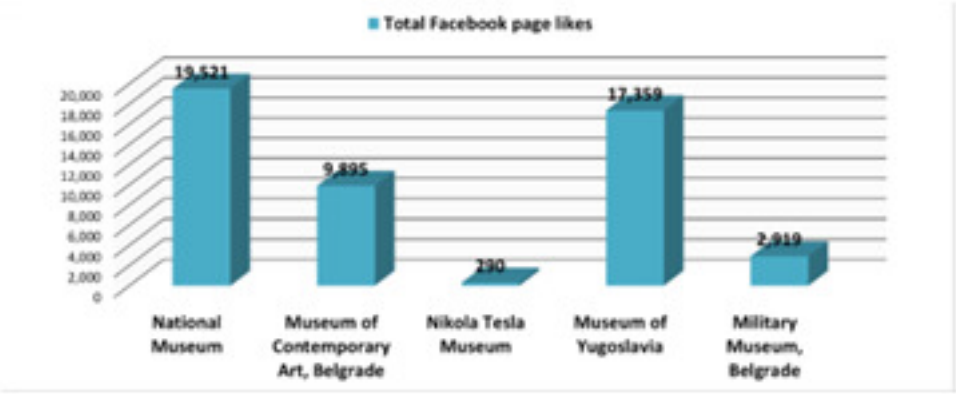
Source: *Author*

These pages were analysed with Facebook Pages to Watch feature in Facebook Insights (Facebook's tool for page analysis). This feature enables monitoring of several Facebook pages and their comparison by activity, engagement and audience growth (Miller, 2014). The analysis was conducted on the 18th of January 2019, at around 11 pm.

The Facebook pages were compared by total page likes, as illustrated in Figure 2. The National Museum has the largest fan base with about 19,500 page likes. It is followed by the Museum of Yugoslavia with almost 17,400, and the Museum of Contemporary Art with almost 9,900 page likes. The other two museums have fewer fans. It is easily noticeable (in Figure 2) that the Nikola Tesla Museum has an extremely small number of page likes – 290. The reason for this is the fact that the page is

created just recently (their very first update was done on December 6, 2018).

Figure 2: *Comparing Facebook pages by the total page likes*



Source: *Author*

The audience growth is one of the indicators that are very important to track over time, and this information is shown in Table 8. The data show that the Nikola Tesla Museum has the largest audience growth (5.5%). Among other museums, only the National Museum has the increment in total page likes from the previous week close to one (more precisely 0.8%). Others have 0.1% or less.

Table 8: *Comparing Facebook pages by the total page likes growth from the previous week*

Museum	Total page likes growth from last week
National Museum	0.8%
Museum of Contemporary Art, Belgrade	0.1%
Nikola Tesla Museum	5.5%
Museum of Yugoslavia	0.1%
Military Museum, Belgrade	0%

Source: *Author*

In order to retain the existing fans and attract new ones, and also to encourage their interaction with the Facebook page, it is important to pay attention to the frequency of posting and the quality of content. Choosing the right measure in the number of posts per day is important for managing the Facebook page in a successful manner. Excessive posting

can lead to the risk of losing followers (i.e. them clicking the Unfollow button). Posting too little can also damage fan engagement and result in losing followers (Ćamilović, 2018c). Facebook Pages to Watch feature gives the information about the number of posts from the previous week. These are presented in Figure 3.

Figure 3: *Comparing Facebook pages by the number of posts from the previous week*

Source: *Author*

Figure 3 shows that the National Museum, the Museum of Contemporary Art and the Nikola Tesla Museum had four posts in the previous week, while the Military Museum had one post. The Museum of Yugoslavia did not post at all in the previous week, and this should raise a red flag – they should be continuously active in order to engage their fans.

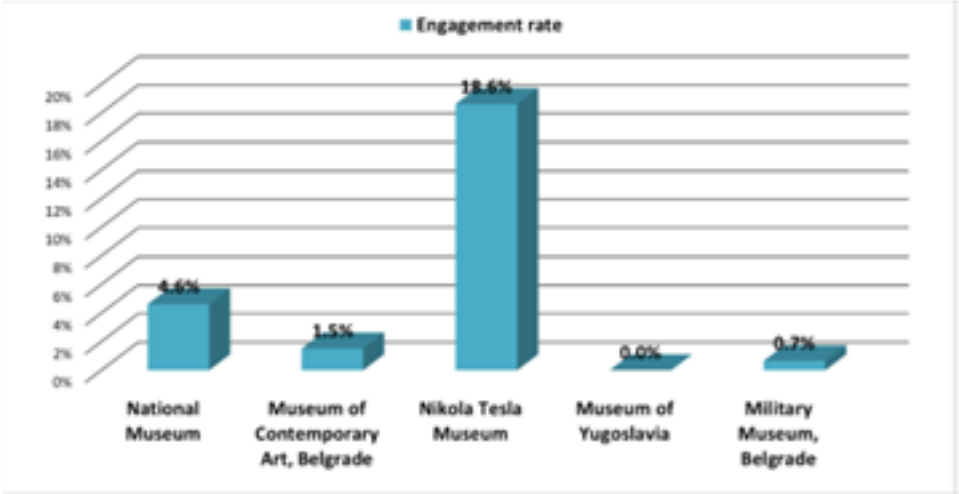
The question is: What is the optimal number of posts? According to Social Report (2018), it depends on the number of fans. If a Facebook page has less than 10,000 followers, the ideal number of posts is one or fewer per day. However, if a page has more than 10,000 followers, posting one or two times per day leads to the most clicks per post (Social Report, 2018). Nevertheless, this cannot be a general rule, and every museum should experiment with the time of posting and the number of posts in order to get the best results.

Every Facebook page strives to get the right eyes to its content and not just to grow its audience, but also to improve fan engagement. User engagement is a parameter representing the sum of reactions, comments and shares. Facebook reactions allow the user to react to posts with six

different animated emotions, and in this way, users can express their sentiments to posts (Russel, 2017). Comment represents the reaction of a user to a post that reveals their opinion on it. Facebook allows a user to share a post with other users. Shares are very important since they multiply certain post on this social network.

The analysed museums' Facebook pages have had different user engagement in the previous week, from around 900 (National Museum) to zero (Museum of Yugoslavia). Since the number of likes of each of the analyzed five pages has varied wildly (from around 19,500 to just 290), user engagement is not a proper parameter for their comparison. To really compare them, the percentage of followers who engage should be determined (Gingold, 2017). Engagement rate is calculated by dividing engagement by the number of total page likes and it is illustrated in Figure 4. The figure clearly shows that the Nikola Tesla Museum fans were very active, with 18.6% engagement rate. The National Museum had 4.6% engagement rate, while other museums had less than 2% engagement rate. Since the Museum of Yugoslavia had no posts in the previous week, their fans did not make any interactions.

Figure 4: *Comparing Facebook pages by the engagement rate*



Source: *Author*

The numbers show that the National Museum and the Nikola Tesla Museum manage their Facebook pages better than the other museums. However, since the latter became active on Facebook in December 2018, it is still early to make general conclusions and it would be interesting to

study their Facebook statistics in the future to check whether they will manage to grow their fan base and still keep their fans active on Facebook.

Conclusion

For the first time in history, more than half of the global population is online. The Internet has changed not only the way people communicate and use their free time, but also the way they search for information and get ideas for their next trip. Since the ATLAS Cultural Tourism Survey has shown that cultural tourists are generally more educated than average tourists (Richards, 2007), they certainly use the Internet and social networks to a larger extent. The research conducted in Australia supports this conclusion, since it has shown that visitors to museums are using social media in larger numbers than non-visitors (Kelly, 2013). On the other hand, it has also been shown that cultural tourists consider museums most important in terms of the types of cultural sites and attractions visited (Richards, 2007). Therefore, it is necessary for museums to be present on the Internet through their websites and profiles on social networks, especially Facebook, since it has the largest number of active users.

European countries recognize the importance of cultural tourism. Given its rich history, Europe has many traditionally attractive and highly visited cultural destinations and Belgrade needs to engage in a race to attract cultural tourists. For this reason, the author has chosen to conduct a comparative analysis of websites and Facebook pages of several Belgrade museums in order to estimate the extent to which they are beneficial to cultural tourists. The analysis shows that websites, unfortunately, only have versions in Serbian and English, but not in other foreign languages. Therefore, foreign tourists who do not speak English have no use of them. Generally speaking, all the useful and necessary information is available on the websites. However, it turns out that not all websites are mobile friendly, which is a problem for those who access them from their mobile devices, and many tourists do. But the biggest limitation is the absence of option to make any kind of online purchase: It is not possible to buy tickets online, nor is it possible to buy souvenirs and other gift shop products online.

The analysis also shows that museums have their Facebook pages, but some were created just recently (Nikola Tesla Museum became active on

Facebook in December 2018). There are significant differences in the number of Facebook fans, and the comparative analysis also shows differences in the number of posts and engagement rates. This means that some museums run their Facebook pages more successfully than others. Certainly, there is room for improvement.

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SOCIAL MEDIA MARKETING OF NTO SERBIA AS THE GENERATOR OF TOURISM DEVELOPMENT

Sonja Zlatanov[1]; Marko Gašić[2];

Abstract

The global changes the world has experienced over the past two decades have had a huge impact on the tourism sector and have led to the need for better ways of informing potential tourists of the various travel options available to them. National tourism organizations have always had multiple channels they could use to communicate with their potential visitors, and global use of modern technologies has provided them with a new one. There are multiple digital marketing activities the national tourism organizations can take part in, such as the creation of an official website that contains basic information about the tourism destination, optimization of the website in order to attract as many visitors as possible, numerous forms of paid advertising, and probably the most important element of digital marketing – social media marketing. Accordingly, this paper presents a survey on the degree of use and quality of social media marketing by the National tourism organization of Serbia. This paper will present a detailed analysis of NTO Serbia's accounts on the most imprtant social media platforms. The survey covered all posts by NTO Serbia on Facebook, Twitter and Instagram during the period from January 1st 2016 to December 31st 2018, as well as all posts on Pinterest and YouTube since the date of opening official accounts on these social media. All the data collected were analyzed using the statistical analysis software SPSS.

Key Words: *Digital marketing, national tourism organizations, Facebook, Instagram, digital promotion of tourism destinations*
JEL classification: *M31, M37, L83, Z33*

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Introduction

Tourism companies and organizations nowadays perform their activities and achieve their business goals in a highly turbulent and competitive environment. The turbulent environment is characterized by rapid changes and a strong interaction between the company's actions and the response of other organizations operating in the environment (Popesku, 2013, p. 75). Tourism plays an important role in the development of the economy and society in the world (Gašić & Ivanović, 2018, p. 6). Over the past few decades, the world has experienced a number of changes that have had a huge impact on the tourism sector. Among these changes were the introduction of jet aircraft, global recognition of sustainability issues, vast changes in information sharing field, globalization, disintermediation and online distribution, information communications technologies and social media networking, as well as the emergence of low cost carriers and last minute discount pricing. These global changes have led to the decline of the traditional package arrangements and the rise of independent travelers, the rise of short breaks and cruising, backpackers, adventure travelers and ecotourism, dark tourism and medical tourism (Pike & Page, 2014). There is a constant struggle for survival and accomplishing competitive advantage in the tourism market (Čerović, 2009, p. 112), hence finding new and innovative ways of establishing an active relationship with potential tourists is of great importance. The modern market and the business environment are characterized by turbulence and unpredictable changes which cause organizations to be flexible, adaptable and innovative in order to maintain their competitiveness and to survive on the market (Perić at al., 2018, p. 617). Accordingly, the need for better ways of informing potential tourists of the various travel options available becomes more important than ever. That goal is common for all tourism companies, as well as destination marketing organizations (DMO) in charge of achieving and maintaining competitive advantage of the destination.

In most countries, there are four levels of DMOs: national, state, regional and local tourism organization (Wang & Pizam, 2011, p. 6). National tourism organizations (NTO) are the most important level of DMOs and are in charge of the marketing activities of the whole country as a tourism destination. NTOs are dedicated to the development of tourism at the national level and primarily focus on destination marketing, as well as activities aimed at ensuring the appropriate delivery of value within the destination. In 2009, the World Tourism Organization conducted a survey

on national tourism organizations in cooperation with the European Travel Commission (UNWTO & ETC, 2010). This study showed that more than 30% of 62 countries that were part of the study did not even have a specific NTO or NTA, that is, national tourism administration, the government body responsible for tourism development, most often the ministry in charge of tourism development. However, things changed by 2015, when European Travel Commission conducted another survey (ETC, 2015), which showed not only that all the researched countries had NTOs, but also all of them engaged in promotional activities - 29 NTOs engaged in international marketing and 21 NTOs engaged in domestic marketing activities. These two studies only 5 years apart show great progress in importance given to the NTOs by the European countries.

National tourism organizations have always had multiple channels they could use to communicate with their potential visitors, and global use of modern technologies has provided them with a new one, which is gradually taking the leading role in every modern tourism marketing strategy (Oklobdžija & Popesku, 2017). According to authors Baker & Hart (2008, p. 381) digital marketing is actually just direct marketing that is being implemented through a new medium. Literature review showed that there are authors claiming digital marketing planning process is not so different from the traditional marketing planning process. Accordingly, Miller (2012, p. 94) suggests that digital marketing planning includes executive summary, mission statement, situational analysis, defining goals and objectives, formulating marketing strategy, writing the action plan and planning the budget. Similarly, authors Chaffey & Smith (2017, p. 4) provide a digital marketing planning framework that includes situational analysis, objectives, strategy, tactics, actions and control. However, according to Frick (2010, pp. 10-16), elements of the digital marketing planning process differ to a certain extent from the traditional marketing planning process. This author suggests that digital marketing planning process starts with defining goals and determining digital marketing approach, continues with competitive analysis, determining the content which will be provided, deciding whether email marketing plays a role in the strategy, managing resources, planning the budget, determining the technology that will be used and choosing the right analytics to interpret the data, and ends with establishing deadlines, documenting the plan, as well as deciding on the path when it comes to the user-generated content.

Digital marketing activities of the NTOs

The first and most basic digital marketing activity of the NTOs is the creation of the official website that contains basic information about the destination, as well as the NTO itself. The official website must also contain information about the destination's main attractions, as well as some kind of tourist guide. The existence of a website is an indispensable part of any digital marketing strategy (Ryan, 2014, p. 32). A well designed website that contains plenty of information and pictures can attract a large number of tourists, however, it is necessary to attract the tourists to visit the website first. This is achieved with the help of the modern day intermediaries in finding the right source of information – search engines.

Search engines, such as Google and Yahoo, are specialized databases that contain software called robots or spiders that scan all websites and arrange them based on their relation to a particular query made by the search engine user. While search engine spiders crawl the web in order to collect all the necessary information and arrange them in their database, they use special mathematical formulas called search algorithms that help them organize, mark, and rank information according to the degree of their relevance in relation to a certain query (Croft et al., 2010, p. 2). After that, the websites fulfilling conditions of the search query are returned to the user (Ledford, 2009, p. 8). The goal of every website is to be listed at the top of the search engine results, or at least on the first page. However, there are no paid techniques that can ensure high listing within the unpaid, organic results. However, the strategy that helps the websites optimize their content and increase their chances of being at the top of the results is called search engine optimization (SEO) and it is one the most important and most complex parts of the digital marketing strategy. The most important aspects of SEO of the NTOs' websites are the use of the right keywords that best describe the tourism destination, that is, the keywords the tourists are most likely to use while searching for the destination (Ledford, 2009, p. 79), the hierarchy of content, that is, easy switch from one page to another and from general information to specific (Google, 2019), as well as linking with as many other websites that refer to or recommend the original website (Ledford, 2009, p. 264). One of the biggest advantages of SEO is the fact that users do not perceive organic results as marketing tricks, but consider them impartial, and therefore have more confidence to visit a particular website (Yang & Ghose, 2010). However, organic results are not the only possibility, there

are also paid results known as Pay-per-click (PPC) advertising.

Google completely changed Internet advertising when they introduced AdWords service in 2000, allowing marketers to pay only when the user actually clicks on the ad (Mehta et al., 2007). Before that, ads were charged per impression, which meant that businesses and organizations advertising had to pay even for ads shown to those users who did not care about their product or service at all, which in turn meant huge costs and low return on investment (ROI). With PPC advertising, the NTOs must bid on how much they are willing to pay if a user clicks on the sponsored result, which determines the position of the result - the more they are willing to pay, the higher on the list their sponsored link will be (Goel & Mehta, 2008). Xiang & Gretzel (2010) argue that due to the large amount of information available, searching the web became the dominant way of using the Internet by travelers. Search engines have become a powerful link between tourists and travel related information, as well as an important communication channel between the NTOs and potential tourists.

Nowadays NTOs simply have to use social media marketing as well in order to foster direct contact with tourists, increase traffic to their official websites, create virtual communities, and access tourists' feedbacks (Michaelidou et al., 2011). Social media are various forms of user-generated content such as blogs, virtual communities, social networks and review websites that have gained significant popularity in the recent years and are largely used by the tourists (Xiang & Gretzel, 2010). Social media provide NTOs with possibilities of communication that were not possible with traditional media (Tuten, 2008, pp. 19 - 20). The most important category of social media is social networks. There are numerous social networks available, but only some of them have been present in our everyday lives for a longer period of time, such as Facebook, Instagram, Twitter and Pinterest. Besides social networks, the most popular video sharing website YouTube also plays a very important role in marketing activities of the NTOs.

Besides the mentioned digital marketing activities, there are also others such as email marketing, affiliate marketing, mobile marketing, banner ads and pop-ups. The best way of properly implementing all digital marketing activities and combining them with the traditional ones, while also ensuring consistency of the message sent, would be the development of an overall marketing strategy. An integral part of this marketing

strategy should also be a digital marketing strategy. However, National tourism organization of Serbia, case study of this paper, does not have an official digital marketing strategy. Nevertheless, they actively rely on the possibilities of digital marketing.

Research methodology

This paper presents a survey on the degree of use and quality of social media marketing by the National tourism organization of Serbia. The research presented is a part of a wider research related to overall digital marketing activities of NTO Serbia, as well as provincial, regional and several local tourism organizations in Serbia. This paper will present a detailed analysis of NTO Serbia's two Facebook accounts, in Serbian and in English, as well as accounts on Twitter, Instagram, Pinterest and YouTube. The research presented includes all posts by NTO Serbia on accounts on Facebook, Twitter and Instagram during the period of three years, from January 1st 2016 to December 31st 2018. As opposed to these social media where published posts are in chronological order, Pinterest does not offer information on the date of posts, while on YouTube videos are sorted by popularity and not by date. Therefore, all posts published on these two social media until December 31st 2018 were analyzed, regardless of the date NTO Serbia posted them.

Research results

NTO Serbia started realizing the Internet offers opportunities for promoting tourism in Serbia in 1997, when the first official website was launched. The first social media account was created on YouTube in 2006, without a lot of activity at the beginning, while in 2010 NTO Serbia created accounts on Facebook and Twitter, as well as on Instagram in 2013, and thus started engaging in social media marketing. Nowadays NTO Serbia has six accounts on Facebook, in Serbian, English, Spanish, French, German and Italian, as well as unique accounts on Twitter, Instagram, Pinterest, YouTube, Chinese social network Weibo and Russian social network VKontakte. Considering the fact that the Chinese and Russian social networks cannot be accessed from Serbia, these two social networks were not part of this research. Table 1 offers information on total and average number of posts during the researched period, as well

as on different performance measurement parameters3.

Table 1: *Performance measurement parameters*

	№ posts / Avg.	Followers	№ reactions (views) / Avg.	№ comments (replies) / Avg.	№ shares (retweets, repins) / Avg.
Facebook Serbian	722 / 0.66	212,985	868,893 / 1203.5	11,107 / 15.4	51,701 / 71.6
Facebook English	650 / 0.6	76,500	273,181 / 420.3	14,616 / 22.5	21,557 / 33.2
Twitter	1,171 / 1.1	42,337	234,322 / 200.1	3,605 / 3.1	46,879 / 249
Instagram	638 / 0.6	72,977	2,700,056 / 4232.1	5,466 / 8.6	-
Pinterest	550	1,000	-	3 / 0.01	224,613 / 408.4
YouTube	200	6,955	9,798,247 / 48,991.2	2,772 / 13.9	-

Source: *Authors*

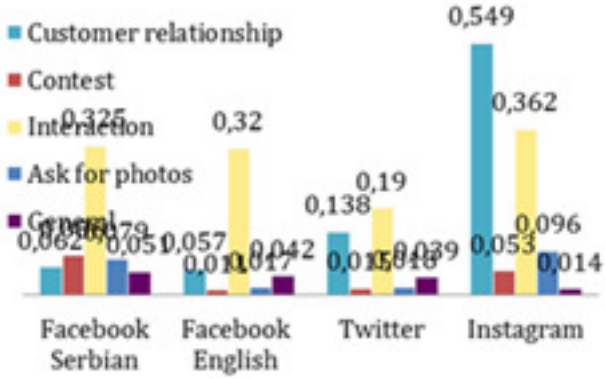
As it can be seen in Table 1, NTO Serbia posted the highest number of posts on Twitter, little over 1 tweet per day, while the frequency of posting on both accounts on Facebook and on Instagram is pretty similar, around 0.6 posts per day. Rival IQ, one of the leading digital marketing analytics companies shared a report on social media marketing usage by companies across all industries (Rival IQ, 2018). The report showed that in 2018 the median frequency of posting per day across all industries was 1.1 posts per day on Facebook, 1.12 on Twitter and 0.69 on Instagram. If we compare those numbers with the frequency of posting by the NTO Serbia, we can conclude that the frequency of posting on Twitter and Instagram is satisfactory, while NTO Serbia does not publish often enough on their accounts on Facebook. The most popular account is the one on Facebook in Serbian, with the highest number of followers. However, the account with the highest number of reactions is the account on Instagram, showing that NTO Serbia's Instagram followers are the most engaging ones. When it comes to the popularity of YouTube videos, it is quite good, at almost 49,000 views on average per video, considering the fact that the average number of views per travel related video is around 3,070 (Tubular Insights, 2015). It must be mentioned that not all videos are equally popular: there are a number of videos with less than 1,000 views, with the least popular one having only 82 views, while on

[3] Number of followers, reactions, comments and shares were registered on February 25th 2019.

the other hand there is a video about Danube with little less than 2 million views.

Posts by NTO Serbia were analyzed according to numerous criteria, including whether they enhance customer relationship, whether they invite users to take part in a contest, or whether they called for interaction, either by asking them a question or by asking users to share their photos. The posts used for changing profile photos, wishing happy holidays or informing about subjects not related to tourism were marked as general. Considering the fact that Pinterest and YouTube posts cannot be used for these purposes, these two social media were omitted from this analysis. Figure 1 presents the data on posts used for enhancing customer relationship, invitation for contests or interaction.

Figure 1: *Posts used for enhancing customer relationship, invitation for contests or interaction*



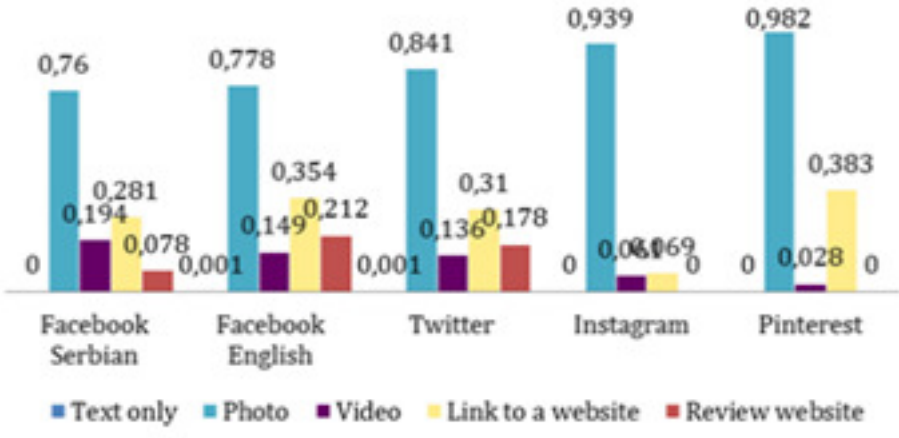
Source: *Authors*

Posts marked as the ones enhancing customer relationship were the ones where NTO Serbia communicated with a certain user directly, which was achieved mostly by thanking the user for sharing a photo with the NTO. As it can be noticed in Figure 1, Facebook and Twitter accounts were not used that often for enhancing customer relationship, however, the account on Instagram was largely used for this purpose. The explanation lies in the fact that Instagram is the leading photo sharing platform and therefore NTO Serbia used a great number of their posts to share users' photos and thus increase the amount of user-generated content. Posts were used for inviting users to take part in a contest only on Facebook in Serbian and on Instagram. This does not come as surprise considering the fact that besides the Facebook account in English, the posts on Twitter were also

mostly published in English, that is, in 82% of the cases, therefore it can be concluded that NTO Serbia did not organize that many contests for international tourists. When it comes to call for interaction, it can be seen that the lowest level was registered on the Twitter account. This is probably due to the limited number of characters used for tweeting. However, even though almost every third post on other social media accounts was used for calling users to interact with the NTO, it must be noted that those posts rarely asked users to share their photos, but were mainly just regular questions.

The posts by the NTO Serbia were also analyzed according to the type of content used - text only, a photo, a video, or a link to a website. The data is presented in Figure 2. The only account excluded from this analysis is YouTube. The reason for this lies in the fact that by default all posts published on this social medium must contain a video and no other type of content, therefore this type of analysis was considered unnecessary.

Figure 2: *Type of content used in posts*



Source: *Authors*

The research showed that there were almost no posts without additional content, that is, with text only. Most of the posts contained a photo, and not so many of them contained a video, up to 19.4% on the Facebook account in Serbian. Around 30% of all posts on all accounts contained a link to a website, so it was further investigated how often were those websites travel related review websites. The research showed that travel related review websites were mostly used on the Facebook account in English, as well as on Twitter. Since these two accounts are used for

communicating with international tourists, it can be concluded that NTO Serbia wants to attract international tourists by providing them with impartial reviews, as well as with the ones by the most popular review websites such as TripAdvisor and Lonely Planet.

Promotion is a vital part of every business and is an integral ingredient of the total marketing process (Khan, 2014; Al Muala & Al Qurneh, 2012). Therefore, promoting different parts of tourism destination such as the most important attractions, as well as smaller tourism destinations available to tourists within the whole country as a tourism destination is the most important task an NTO has. In addition, NTOs have the option of promoting their own websites, as well as other social media accounts. Accordingly, the degree of promotional posts was analyzed. The data is presented in Table 2.

Table 2: *Promotional posts*

	Facebook Serbian	Facebook English	Twitter	Instagram	Pinterest	YouTube
Promotion	95.2%	96.2%	94.3%	98.7%	88.4%	98%
Official NTO website	14.7%	6%	4.4%	6.6%	0%	0%
Another NTO social media account	5.7%	9.1%	8%	1.9%	3.4%	0%
National food	16.2%	26.9%	13.9%	8.9%	10.5%	49%
Events	19.1%	10.2%	10.5%	3.9%	2.9%	12%
Tourism attraction	46.8%	51.1%	47.1%	51.9%	52.5%	44%
Tourism destination	92.8%	95.5%	93.3%	97.5%	73.5%	97.5%

Source: *Authors*

The percentage of promotional posts is high on all social media – Pinterest is the only social media account where less than 90% of posts were used to promote a certain part of the destination, a tourism destination, or NTO's website or other social media account. Even though NTO Serbia used around 30% of their posts on all social media accounts to promote a certain website, not so many of them were the official NTO website. The only account where majority of the websites promoted was the official website is Instagram, with 6.9% of the posts promoting a certain website, and 6.6% of them being the official one, however, it must be noted that the frequency of promoting it was still extremely low. Promotion of another social media account was also fairly rare - the most frequently promoted social media account was the one on Instagram, and sometimes the YouTube channel. Promoting official website and other social media accounts could help NTO Serbia connect better with their potential tourists, therefore, it is recommended that they promote this type

of content more often in the future. While investigating how many posts promoted national food, it was noticed that almost half of the YouTube videos promoted food. The explanation lies in a large number of videos that were part of the series called "Soulfood Serbia" that NTO Serbia filmed and published during the period from 2012 to 2017. Every video was dedicated to a different type of food. Besides YouTube, promotion of national food is far more frequent on the Facebook account in English compared to the other social media accounts. The account that promoted events in the highest number of posts was the Facebook account in Serbian. Events are an important motivator of tourism (Getz, 2008) and they greatly influence the development of a destination (Oklobdžija, 2015). However, even though there are numerous events held in Serbia during one year (Tourist Organization of Serbia, 2019), most of the social media accounts rarely promote them.

A large number of posts on all social media accounts, around 50% of them, were used for promoting a certain tourism attraction, hotel or restaurant. In addition, more than 90% of all posts on all social media, besides Pinterest, promoted certain tourism destination in Serbia. Accordingly, the promotion of tourism attractions and destinations available to domestic and international tourists was rated as the most important activity of the NTO Serbia on social media, hence posts promoting tourism attractions and destinations were analyzed in more detail. As a result, the most frequently promoted tourism attractions were established. The data is presented in Table 3.

Table 3: *The most frequently promoted tourism attractions*

Facebook Serbian	Danube	Drvengrad, Šargan Eight	Drina, Saint Sava Temple, Studenica Monastery
	2.3%	1.2%	1.1%
Facebook English	Kalemegdan	Danube	Saint Sava Temple
	4.3%	4.1%	3.7%
Twitter	Kalemegdan	Saint Sava Temple	Danube
	3.9%	3.6%	3.4%
Instagram	Kalemegdan	Avala	Saint Sava Temple
	2.6%	2%	1.7%
Pinterest	Kalemegdan	Petrovaradin Fortress	Danube
	7.1%	5.8%	3.2%
YouTube	Danube	Rajačke pimnice	Open air museum Old Village in Sirogojno, Viminacium
	2.6%	1%	0.9%

Source: *Authors*

As it can be seen in the data presented, Kalemegdan, the Belgrade fortress, was the most frequently promoted tourism attraction on four out of six researched social media accounts. Besides Kalemegdan, the Danube was among the top three most frequently promoted tourism attractions on five accounts and the most frequently promoted one on two accounts, while Saint Sava Temple was among the top three attractions on four social media accounts. In addition to the mentioned tourism attractions, there were very few attractions promoted that were not from Belgrade. Besides further researching tourism attractions, the tourism destinations promoted were also analyzed in more detail. Table 4 presents the data on most frequently promoted tourism destinations.

Table 4: *The most frequently promoted tourism destinations*

Facebook Serbian	Serbia	Belgrade	Novi Sad	Zlatibor	Stara Planina
	14.4%	8.6%	3.7%	3.4%	2.9%
Facebook English	Serbia	Belgrade	Novi Sad	Zlatibor	Đerdap National Park
	21.2%	14.6%	6.3%	3.8%	3%
Twitter	Belgrade	Serbia	Novi Sad	Zlatibor	Đerdap National Park
	18.5%	18.2%	5.9%	4.9%	3.1%
Instagram	Belgrade	Serbia	Novi Sad	Zlatibor	Kopaonik
	15.3%	9.8%	5.4%	5%	4.7%
Pinterest	Belgrade	Novi Sad	Niš	Kragujevac, Đerdap National Park, Serbia	Subotica
	33.8%	8.3%	3.2%	2.9%	2.4%
YouTube	Serbia	Belgrade	Zlatibor	Golija, Stara Planina, Leskovac	Arilje, Sjenica, Zlatar
	20%	4.5%	3.9%	2.2%	1.9%

Source: *Authors*

As it can be seen in Table 4, most frequently promoted tourism destinations are either Serbia or Belgrade. In more detail, the top five most frequently promoted tourism destinations on both Facebook accounts, on Twitter and on Instagram are pretty much the same – besides Serbia and Belgrade there are also Novi Sad and Zlatibor. The distribution of the most frequently promoted tourism destinations on Pinterest and YouTube is a bit different, so there we can see other tourism destinations as well, including smaller towns like Leskovac, Subotica, Arilje and Sjenica. However, if must be noted that the percentage of promoting Belgrade on Pinterest is significantly higher than the second most promoted tourism destination, Novi Sad. In addition to analyzing the most frequently promoted tourism destinations on all social media

accounts by NTO Serbia, tourism destinations were also divided into five statistical regions regulated by the Law of the Regional Development and the Law of the Official Statistics. The statistical regions are Vojvodina, Belgrade, Šumadija and Western Serbia, Southern and Eastern Serbia and Kosovo and Metohija. The distribution of promotion of the statistical regions is presented in Table 5.

Table 5: *Most frequently promoted statistical regions of Serbia*

	Statistical region	Percentage of promotion
Facebook Serbian	Šumadija and Western Serbia	42.5%
	Southern and Eastern Serbia	28.9%
	Vojvodina	14.6%
Facebook English	Šumadija and Western Serbia	39.8%
	Southern and Eastern Serbia	18.95%
	Vojvodina	15.1%
Twitter	Šumadija and Western Serbia	32.9%
	Southern and Eastern Serbia	20.8%
	Belgrade	17.2%
Instagram	Šumadija and Western Serbia	51.8%
	Belgrade	18.7%
	Southern and Eastern Serbia	18.1%
Pinterest	Belgrade	34.1%
	Šumadija and Western Serbia	26%
	Vojvodina	17.8%
YouTube	Šumadija and Western Serbia	35.1%
	Southern and Eastern Serbia	28%
	Vojvodina	19.8%

Source: *Authors*

Šumadiia and Western Serbia was the statistical region that was the most promoted one on all social media accounts but Pinterest, where it was the second one. Since it was already mentioned that the majority of the pins promoted the capital city, quite expectedly, Belgrade was the most promoted statistical region on this social medium. Besides Šumadija and Western Serbia, Southern and Eastern Serbia were also regularly promoted, mostly due to regular promotions of Đerdap National Park and Stara Planina. Tara, Zlatibor and Mokra Gora were tourism destinations from the statistical region of Šumadija and Western Serbia that were most frequently promoted and are responsible for the most frequent promotion of this region.

Conclusion

There are multiple digital marketing activities the national tourism organizations can take part in, such as the creation of an official website

that contains basic information about the tourism destination, optimization of that website in order to attract as many visitors as possible, numerous forms of paid advertising, and probably the most important element of digital marketing – social media marketing. The possibilities of the Internet continue to grow on a daily basis, as well as its use by various tourism companies and organizations, while at the same time it became a powerful technology millions of tourists turn to each day in search of information, contacts and recommendations. Therefore, in order to expand their markets and succeed in attracting more tourists in search for information for their next trip on the Internet, an increasing number of national tourism organizations is making digital marketing part of their marketing strategies, while a number of them developed a separate marketing strategy dedicated exclusively to digital marketing. Unfortunately, the National tourism organization of Serbia does not have a digital marketing strategy. However, even without the official strategy, the National tourism organization of Serbia actively takes part in digital marketing activities.

The analysis of social media accounts by the National tourism organization of Serbia showed that Facebook is the only social medium where NTO Serbia has more than one account, six to be exact. Other social media accounts are unique and NTO Serbia posts mostly in English. First of all, it was established that NTO Serbia does not publish content often enough of Facebook, even though it is the most popular social network in the world and it is considered the leading one when it comes to social media marketing. In addition, it was concluded that NTO Serbia does not engage in enhancing customer relationships through their posts on social media, except for their account on Instagram. It can be assumed that they sometimes communicate with their users via private and direct messaging, however, that cannot be confirmed. Since being able to easily access the users' feedback and enabling user-generated content are one of the most important aspects of social media marketing, it was investigated how often the posts by NTO Serbia posed a question to users, and how often they asked them to share their own photos of Serbia. It was established that NTO Serbia used on average every third post on their Facebook accounts and on their Instagram account to ask users a question, while they did it less frequently on Twitter. However, although social media allows users to share their own content, based on the data analyzed it can be concluded that NTO Serbia does not use this feature sufficiently enough since they rarely invited users to share their own content related to Serbia as a tourism destination.

Content analysis also showed that the majority of posts on all social media were of promotional character. It was noted that the promotion of the official website by NTO Serbia, as well as of their other social media accounts, were extremely rare. Posts published by NTO Serbia on all social media accounts can be used much better in order to increase traffic on the official website, as well as to increase the number of followers on all their social media accounts. National food was largely promoted on YouTube, as well as on the Facebook account in English, thus concluding that NTO Serbia considers national food an important part of international tourists' visits. The data on frequency of promoting certain events shows that NTO Serbia considers event tourism as an important factor only for the domestic tourists since only the Facebook account in Serbian promoted events from time to time. Every year there are numerous events of all different types that take place in different parts of Serbia, and the international tourists frequently visit some of them as well. However, extremely low number of NTO Serbia's posts was dedicated to events, even the successful ones.

Lastly, the frequency of promoting certain tourism attractions and tourism destinations was analyzed. It was determined that on average almost every second post was used to promote tourism attractions, while more than 90% of all posts were used for promoting tourism destinations. It was established that the most frequently promoted tourism attraction was Belgrade fortress Kalemegdan, followed by Danube. In addition, it was established that there were very few top three promoted attractions on all social media accounts that are not from Belgrade, concluding that NTO Serbia sees Belgrade attractions as the most important ones, even though other parts of the country also offer multiple natural and cultural attractions to both domestic and international tourists. When it comes to tourism destinations, it was established that Serbia as a tourism destination and Belgrade were the most frequently promoted ones. Besides them, Zlatibor and Novi Sad were largely promoted as well on all social media accounts. In addition to determining the most frequently promoted unique tourism destinations, the promotion of statistical regions of Serbia was also investigated. The research showed that Šumadija and Western Serbia was the statistical region that was the most frequently promoted one on almost all social media accounts, except for Pinterest, where Belgrade region was the most promoted one. Considering the fact that almost one third of all tourists in Serbia in 2017, both domestic and international ones, visited Šumadija and Western Serbia, and one third of tourists visited the Belgrade region (Statistical Office of the Republic of

Serbia, 2018), it can be concluded that NTO Serbia mostly promotes already developed touristic regions. Overall, it may be said that NTO Serbia recognized the most important parts of the country when it comes to tourism and thus met the needs of tourists by promoting these regions, however, further promotion of less developed regions can be advised. These and many other conclusions that can be drawn based on the data presented can be used to further develop social media marketing activities of the National tourism organization of Serbia.

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ROLE AND IMPORTANCE OF PROMOTION THROUGH SOCIAL NETWORKS ON THE EXAMPLE OF TOURIST ORGANIZATIONS

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Abstract

This paper analyzes the importance of social networks as a means of promoting the tourist offer of destinations, carried out by tourist organizations on the territory of the Republic of Serbia. The aim of the paper is to indicate the importance of promotion through social networks in the context of strong competition between tourism destinations in order to survive on the tourism market and attract more tourists. The paper presents the results of empirical research on a sample of 42 local tourist organizations about the types of social networks and the ways of their use in order to effectively promote tourism destinations and their offer.

Key Words: *promotion, social networks, tourist organization, Republic Serbia, tourism destinations*
JEL classification: *L83, M31, M29*

Introduction

Modern trends in the tourism market point to the necessity of applying modern information technologies to the tourism industry. At a time of complex change, technological innovations are the leading driver of economic growth and the development of the economies of all countries (Nestorović & Petrović, 2019, p. 675). The advantages conferred by these technologies to creators and vendors of tourism services have heralded changes in the way enterprises conduct business and helped facilitate cooperation with other entities in the tourism industry (Jovanović-Tončev & Podovac, 2016, p. 78). Innovation has the key role as a driver of

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economic growth and prosperity (Milenković et al., 2019). In conditions of intensive competition in the tourism market, management of tourist destinations tends to identify and use the most optimal means of promotion, which will enable them to present their offer to a great number of tourists and to motivate them to visit a certain destination, with lower costs. Due to continuous development and improvement of modern information technology, traditional ways of communication with the target market lose their significance. The speed of information exchange and the possibility of changing the content of tourist offer with the usage of visual effects offer the destinations a possibility to differentiate themselves in comparison to their competitors. Social networks are classified as all types of platforms where you can find *on-line* communities, which are used by the people from different parts of the world in order to communicate (Martin-Fuentes & Ramon, 2014, p. 37). They provide a great number of possibilities to interact for the users, from a simple conversation, through multiple video conferences up to the exchange of messages and participation in blogs and groups for discussion. Social networks enable the people to be in contact with the other people, to connect themselves to the friends and the possibility to give recommendations for different objects or activities (Miguéns, et al., 2008, p. 1). In addition to the fact that their application is wide in daily life, social networks are also significant for the development of the tourism industry. Social networks have a significant role both in the aspect of tourist demand and tourist offer because they provide a destination a way to have a direct interaction with tourists through Internet platforms, as well as the possibility to review and react to the opinions of other tourists and the level of satisfaction with service quality (Kiráľová & Pavlíčeka, 2015).

According to the Law on Tourism of the Republic of Serbia (Law on Tourism of the Republic of Serbia, 2015), local tourist organizations perform the tasks from the domain of promotion, which refer to: the promotion and development of tourism in the unit of local self-government; coordination of activities and cooperation between economic and other subjects in tourism, which directly and indirectly affect the improvement of development and promotion of tourism; providing an improvement of informative and propaganda material, which promotes tourist sights of the local self-government unit; collection and publishing of the information on overall tourist offer on their own territory, as well as other tasks significant for tourism promotion. Local tourist organizations are significant not only because of the promotion of tourist

offer, but also due to the fact that they coordinate the activities of individual carriers of tourist offer. In this paper, the role and significance of social networks in the promotion of tourist offer of destinations were analyzed, which is mainly the task of tourist organizations. In order to obtain an insight into the manner of their application, there was an empirical study performed, in which the employees in local tourist organizations of the Republic of Serbia participated. The goals of this paper imply pointing out to the significance of social networks in the promotion of tourist offer of destinations and empirical study of the manner of their application in practice. According to that, local tourist organizations were identified as the target audience, i.e. their employees. Respondents were asked the questions regarding the manners of using social networks, types of social networks, which are used in promotion and manners of measuring the results achieved through their usage in the promotion of tourist offer.

Role and significance of social networks in the promotion of tourist destinations

The development of information technology and the Internet has largely changed and improved the functioning of modern society. The daily life of humanity cannot be imagined without the Internet. To support this, we have information that 3.9 billion of people, i.e. 51.2 % of the global population, in 2018 used the Internet (International Communication Union: Statistics, 2019). In addition, the number of smart phone users will increase from 2.6 billion registered in 2014, to 6.1 billion people, which is 70% of the global population up to the year 2020 (*Digital trends: The number of smartphone users in the world is expected to reach a giant 6.1 billion by 2020*). Expansion of the smart phones enables people to be online and on different social networks during the entire day, and to share content and communicate with other people. Globally observed, the greatest part of global population uses the Internet on daily basis as means of shopping, communication, sharing different content, collecting information and in that manner, they save time and money, and they also entertain themselves by using different sites, applications and social networks. It was inevitable for technological achievements to change previous lifestyle, as well as a manner of business performance of big systems. In order to be efficient and competitive, the companies continuously innovate their business operations by advanced information systems and software solutions. Extension of business at the global level

is conditioned by the advancement of information-communication infrastructure.

Social networks are an inevitable segment of communication in all spheres of the economy and society. They are primarily a phenomenon, which is globally present. Social networks are used for data collection, and are inevitable in the process of making decisions on the purchase of products and services, as communication means and as means of collecting information and recommendations for travelling (Cheng & Edwards, 2015). Kaplan and Haenlein (2010, p. 63), by the term social networks imply applications which enable the users to connect by creating the profile with personal data enabling friends and colleagues the access to those profiles, sending *e-mails* and messages.

Leonardi et.al. (2013), dealing with social networks from the aspect of their significance as the tools for communication between the employees in an organization, point out that they enable the employees to: communicate with other employees through messages; to explicitly point to or implicitly reveal certain cooperatives as adequate partners in communication; publish and edit texts and files, which are shared with other people and to review messages, contacts, texts and files, which were published and edited by someone of the employees in an organization at any time and by their own choice. Social networks can also be defined as new forms of the media, which are based on technologies, facilitate interactivity and enable development and exchange of contents, which are generated by the users within or between organizations (teams, management bodies, agencies, etc.) or individuals (e.g. consumers) (Filo et al., 2015.). Although social networks in academic circles are defined in different manners, their main function is reflected in providing the possibility to the people and enterprises to communicate in a simple and efficient manner and to achieve their goals through sharing the information and content.

Social networks represent a complex subject of the study, which includes different approaches, tools and techniques, where it is possible to identify a greater number of different types of social networks, i.e. media (Minazzi, 2015, p. 5-6):

- Common projects, within which the users can add, remove and change textual content (e.g. Wikipedia);
- Virtual community, where people can share information, content (textual, audio and video) (e.g Twitter), and their attitudes regarding

specific themes, as well as to write their own impressions (e.g. Tripadvisor, Virtual Tourist), or to keep diaries (personal blogs).
- Communities, within which different content is shared in the form of texts, images, videos, etc., (BookCrossing, Youtube, Flickr, Pinterest, Instagram etc.).
- Social networks sites, (SNSs), which enable people to create their profiles with personal information and share those and other contents with friends and colleagues. People who use this type of networks are engaged in communication with other people through their e-mail addresses and through instant messages (Facebook, Linkedin etc.).
- Platforms for virtual games, where the users can appear in a form of an avatar and interact with other users as they do in the real world (online games such as Sony Playstation or sites such as Second Life).

The process of globalization and change in tourist offer, as well as in tourist demand, have conditioned the changes in the manner of communication between the users and providers of tourist services (Jovanović-Tončev & Podovac, 2018). Tourism contributes to meeting different cultures, lifestyles, and consequently better understanding of different people (Podovac et al., 2019). Modern development of tourism is characterized by the necessity of continuous adaptation of tourist offer to the needs and habits of tourists, whose IT literacy is at a high level. Social networks have brough about the revolution to the communication process in the tourist industry (Nezakati et al., 2015; Sotiriadis & Van Zyl, 2013). According to that, it is inevitable for tourists today to possess a great deal of information before travelling, due to which it is important to use modern means in communication with potential tourist demand. Specifics of modern touristic demand point to the existence of diverse and multiple travel motives, as well as different ways to meet them (Jovanović Tončev, Podovac, 2016, p. 123). The advent of Internet-based social media technologies has enabled travelers to quickly and conveniently share their travel experiences. Shared information on social media sites is recognized as an important information source which may influence travel decision making for potential travelers (Kang & Schuett, 2013, p.93).

In the digitalization era, social networks represent one of the inevitable means in the promotion of the offer of tourist destinations. Having in mind the changes in needs and behavior manner of modern tourists, one of the preconditions for a successful development of tourist destinations is the implementation of social networks in their promotional policy.

Having in mind that tourist destinations are, according to Buhalis's definition (2000, p. 97), *amalgams of tourist products, which offer an integrated experience to consumers,* the application of social networks in their promotion enables a more efficient, simpler and visually more attractive presentation of their tourist offer. Social networks enable the destinations to contact tourists at relatively low costs and at a higher efficiency level than it would be achieved by traditional communication tools (Kiráľová & Pavlíčeka, 2015, p. 359). Tourist organizations, as carriers of the promotion of tourist offer of destinations, must use social networks in their promotional activities and in contacts with potential tourists. The main reason for the application of social networks in the promotion of tourist destinations and their offer is the establishment of communication with potential tourists, which should result in a desire of a tourist to visit the destination. Tourists use social networks as a source of information in three phases: before, during and after the travel (Amaro et al., 2016). Continuous usage of social networks by the tourists enables the carriers of tourist offer to update new content on their profiles and thus be present in the mind of tourists.

In relevant literature, there are many studies that describe the research carried out regarding the application of different social networks in performance of promotion functions by tourist organizations. The fact is that tourist organizations can use social networks primarily to make contact with potential tourists, but also that they pay attention when choosing social networks and their efficiency in presentation of tourist sights of a particular destination. Dwivedi et al. (2011), analyzed the range of social networks usage in their study on a sample of 195 organizations. The results of their study have shown that 81 tourist organization of the total number uses at least one social network, i.e. 41,5%. In addition, they have found that the greatest part of 81 tourist organizations, which use at least one social network, use Facebook (64 organizations, i.e. 79%), Twitter (50 organizations or 61.73%) and Youtube (48 organizations or 59.26%). By analyzing the usage of Facebook by European tourist organizations, Zouganeli et al. (2011), have determined that among 49 official web pages of European tourist organizations, only 32 organizations are connected to their Facebook account. In the paper, the authors have pointed out that European tourist organizations are found before a challenge to establish an interactive communication with potential tourists and that they did not understand the crucial role of feedback for sustainability of their account on social

network Facebook. Hruška and Pásková (2018), analyzed the manner in which national tourist organizations in countries with a great number of foreign tourists use social networks in their marketing. Their conclusion is that Facebook is a widely used social network, as well as Twitter and Instagram. Instagram is a social network, which shows great potential for a systematic approach to the marketing of tourist destinations, but it is not dominant as much as Facebook. Although by using Facebook we can obtain a great number of followers, there are rules that limit the publishing of the content. The results show that although tourist organizations have fewer followers on Instagram in relation to Facebook, the number of responses to posts on Instagram is higher.

Research methodology

The analysis of the attitudes of the employees in local tourist organizations of the Republic of Serbia on the significance of social networks in promotion tourist destinations and their offer was carried out in the period from 28 April 2016 to 20 February 2018 by sending *on-line* questionnaire to the official *e-mail* addresses of local tourist organizations. The study included 42 local tourist organizations where the questionnaire was filled in by their employees. The primary goal of the research was to study the attitudes of employees in local tourist organizations on the territory of the Republic of Serbia on the manners and effects of using social networks in the promotion of the offer of tourist destinations. The primary function of local tourist organizations is the promotion of tourist offer of a certain destination in order to attract tourist demand and building a recognizable image on the market, because of which the employees in tourist organizations are selected to be the respondents in this study. A questionnaire has got three parts, within which there are 12 questions defined. The first part of the questionnaire refers to basic information on tourist organization and employees, who have filled the questionnaire in (length of the existence of tourist organization, length of the years of service and work position of the employees, length of using social networks for promotion, significance of social networks for the promotion of the offer of tourist destination). The second part of the questionnaire contains questions, which refer to: the advantages of social networks and manners of using social networks in the promotion of tourist offer of a certain destination, frequency of updating contents and the employees who take part in this activity and types of contents that are published. The third part of a questionnaire refers to the questions on: the types of social networks, which are used in

promotion and the level of their usage, as well as measurement of the effects of promotion of the destination's offer through social networks. The primary goal of this study is to point to the significant role of social networks in the promotion of the offer of tourist destinations, which is performed by local tourist organizations in the Republic of Serbia.

Research result

The employees of 42 local tourist organizations in the Republic of Serbia took place in the survey research on the significance of social networks in the promotion of the offer of tourist destinations.

Table 1: *Basic information about respondents*

	Answers	N	(%)	Mean	St.dev.
The length of tourist organization's existence	5-10 years	15	35.7	2.00	.937
	11-16 years	15	35.7		
	17-22 years	9	21.4		
	More than 23 years	3	7.1		
Working position of the respondents	Management	8	19.0	3.10	1.265
	Employees in the tourist info center	3	7.1		
	Employees on administrative affairs	12	28.6		
	Employees in tourism improvement and promotion activities	15	35.7		
	Employees on the tasks of planning, finances and marketing	4	9.5		
Years of working engagement of respondents	1-5 years	17	40.5	2.02	1.093
	6-11 years	12	28.6		
	12-17 years	10	23.8		
	18-23 years	1	2.4		
	More than 24 years	2	4.8		
The length of applying social networks in the promotion of tourist offer	1-3 years	20	47.6	1.98	1.259
	4-6 years	12	28.6		
	7-10 years	5	11.9		
	More than 10 years	1	2.4		

Source: *Research results*

As for the question regarding the length of tourist organization's existence, the most widely present are the organizations that record the tradition of work from 5 to 10 and from 11 to 16 years, i.e. 15 organizations each, or 35.7 %, while the least present are those organizations, which have existed for more than 23 years, those are three organizations (7.1 %). The greatest number of respondents, i.e. 15 (35.7 %) of them were engaged on the tasks of tourism promotion, which is

especially important having in mind the subject of the study. 12 respondents, i.e. 28.6 % perform administrative tasks, while 8 respondents or 19% are at management positions. The least share in the sample have the employees in tourist info-center (3 respondents or 7.1 %) and employees on the tasks of planning, finances and marketing (4 respondents or 9.5 %).

As for the question regarding the length of the years of service, the greatest number of respondents, i.e. 17 of them or 40.5 % have declared that they work in a tourist organization from 1 to 5 years, while 12 of them are employed in tourist organization from 6 to 11 years. 10 respondents, i.e. 23.8 % work in a tourist organization from 12 to 17 years. The least share have the respondents who work in a tourist organization from 18 to 13 years (1 respondent or 2.4 %) and more than 24 years (2 respondents or 4.8).

Regarding the question on the length of applying social networks in the promotion of tourist offer of the destinations, where they perform their activity, 20 respondents, i.e. 47.6 % have declared that in their tourist organization social networks are used from 1 to 3 years, while 12 respondents or 28.6 % have declared that they use social networks in promotion from 4 to 6 years. The least share is recorded by those organizations, where social networks are used from 7 to 10 years and for more than 10 years. As for the question *Are the social networks important for the promotion of tourist destinations*?, all the respondents have answered affirmatively.

Table 2: *The advantages of the application of social networks in the promotion of tourist offer of destination*

Answers	N	%
Higher coverage of the market	26	61.9
Low costs of promotion	30	71.4
Strengthening the destination's image	16	38.1
Direct contact with the target group of tourists	22	52.4
Loyalty of tourists	3	7.1
Increase of tourist consumption	13	31
Increase in the number of tourists	7	16.7
Possibility to measure and observe the results of promotion	13	31
Monitoring the competition	3	7.1

Source: *Research results*

Respondents were asked a question regarding the advantages of the application of social networks in the promotion of tourist offer of destination where they had the chance to choose up to three answers from nine given. Due to the possibility of giving more answers and the fact that the respondents have also given fewer numbers than the number allowed, the statistical package SPSS recognized the missing data. In most cases, respondents have declared that the advantages of using social networks in the promotion of tourist offer of destinations are: *low costs of promotion, higher coverage of the market, strengthening the destination's image, an increase of tourist consumption and a possibility to measure and observe the results of promotion.*

Table 3: *Answers of respondents about using social networks in promoting tourist offer by tourist organizations*

	Answers	N	%	Mean	St. dev.
Frequency of updating content	**Everyday**	22	52.4	1.67	.816
	Several times a week	13	31.0		
	Once a week	6	14.3		
	Once a month	1	2.4		
Persone, who update the contents on social networks	**Marketing**	20	47.6	2.48	1.700
	IT experts	5	11.9		
	Employees in tourism service	3	7.1		
	Employees in tourist organizations	7	16.7		
	Management	5	11.9		
	Other	2	4.8		
Importance of contents on social networks	**Publishing photos**	15	35.7	2.24	1.226
	Event announcement	11	26.2		
	Texts	10	23.8		
	Other	3	7.1		
	The answer is not valid	3	7.1		

Source: *Research results*

In Table 3, there are presented the respondents' answers to the questions regarding the manner of using social networks in the promotion of tourist offer of destinations where they perform their activity. To the question *How often do you update content on social networks?,* 22 respondents, i.e. 52.4% have responded that they update content on daily basis, while 13

respondents, i.e. 31% of the total number update their content on social networks a few times a week. The least share is recorded by respondents who have declared that they update content once a week (6 respondents or 14.3 %) and they, who update content once a month (1 respondent or 2.4 %).

Contents on social networks are mainly updated by the employees in marketing service (20 respondents or 47.6 %), IT experts (5 respondents or 11.9 %), employees in tourism service (3 respondents or 7.1 %). 7 respondents have declared that the content is updated by all the employeed in a tourist organization, while 5 respondents have declared that this activity is performed by the executive. 2 respondents, i.e. 4.8 % of the total number haven't precisely mentioned who is in charge of this activity in a tourist organization, but it depends on current circumstances. To the question *Which content do you attribute the greatest significance while creating the promotion of tourist offer?,* 15 respondents, i.e. 35.7 % have declared that they attribute greatest attention to posting photos, while 11 respondents, i.e. 26.2 % of the total number have declared that the greatest attention is paid to the announcement of events in a tourist organization.

Table 4: *The level of using certain social networks in the promotion of tourist offer by local tourist organizations*

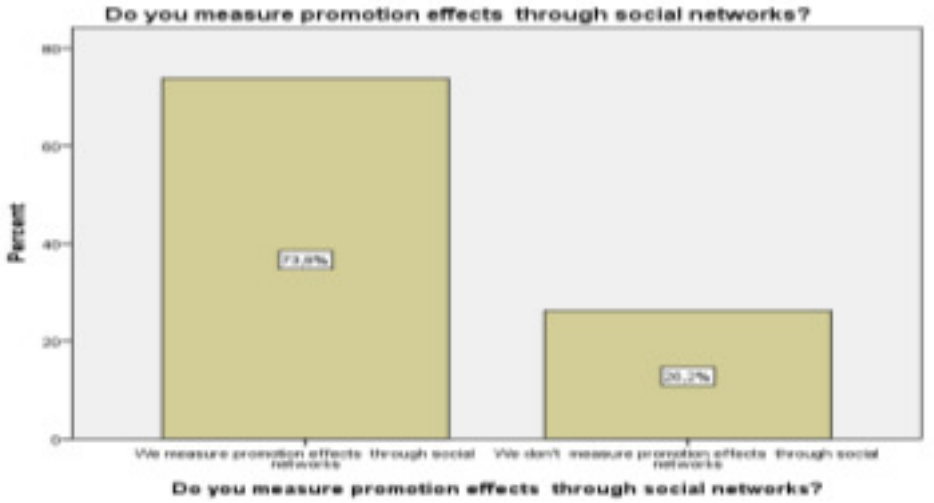
Type of social networks	Not fully applied	Insufficient applied	Sufficiently applied	Partially applied	It is fully applied
Facebook	/	4.8	7.1	23.8	64.3
Twitter	57.1	7.1	16.1	9.5	9.5
Instagram	71.4	4.8	7.1	7.1	7.1
Foursqaure	95.2	4.8	/	/	/
Pinterest	90.5	4.8	2.4	2.4	/

Source: *Research results*

Respondents have answered the question regarding the level of using certain social networks in the promotion of tourist offer by tourist organizations giving answers on Likert scale from 1-it is not applied at all to 5-it is fully applied. According to the respondent's answers, Facebook is a social network, which is entirely applied in the promotion of tourist offer of destinations in favour of which, there is information that this was the attitude of 64,3 % respondents. The greatest number of respondents have declared that social networks Twitter (57.1%), Instagram (71.4%), Foursquare (95.2%), and Pinterest (90.5%) are not entirely applied in the

promotion of the offer of tourist destination by tourist organizations.

Figure 1: *Measuring of promotion effects through social networks*



Source: *Research results*

Regarding the question *Do you measure promotion effects through social networks?*, 31 respondents, i.e. 73.8% from the total number have answered affirmatively, while 11 respondents or 26.2% have answered that tourist organization does not measure the effects of promotion, which are achieved through the promotion of tourist offer through social networks. Respondents, who have declared that they measure the effects of the promotion of tourist offer of the destination, were asked about the manners in which they do it. The greatest number of respondents, i.e. 20 of them or 47.6% have answered that the effects of promotion are measured by the number of followers on social networks, while 9 respondents, i.e. 21.4 % does it based on the data on tourist circulation (a total number of tourists or a total number of nights).

Table 5: *Measures for measuring the effects of promotion of the tourist offer of the destination of destination by local tourist organizations*

Answers	N	%
Number of social media users	20	47.6
Number of tourists	9	21.4
Other	2	4.8
We do not measure the effects of promotion	11	26.2
Total	42	100.0

Source: *Research results*

Conclusions

Social networks have a significant role in the promotion of the tourist destinations offer, which is performed by local tourist organizations of the Republic of Serbia. Their role in the promotion of tourist offer is big having in mind that the tourists today mainly rely on information on the destination that can be obtained through the Internet. On the other hand, feedback that organizations obtain after ending the travel through the evaluation of tourist destination offer on social networks or sharing photos and videos is also very important. In addition, social networks have a dual function. Firstly, they enable tourist organizations to place a great number of information regarding the destination's offer with the aim to attract tourists to visit the destination. Secondly, tourist organizations can have an insight into the satisfaction level of tourists, who can evaluate service quality and motivate other people to visit the destination by sharing different content.

In this paper, the significance of social networks in the promotion of tourist offer of destinations, performed by local tourist organizations in the Republic of Serbia, was analyzed. Based on the results of the empirical study, we can conclude that social networks are present in all local tourist organizations as a means of promoting tourist offer of destination, where they operate. Mainly the employees with significant work experience in long-established local tourist organizations took place in this study. Although all the respondents have expressed the attitude regarding the fact that social networks are important in the promotion of the offer of tourist destinations, it is defeating that social networks have been in use from 1 to 3 years in most cases. Another disadvantage is reflected in the fact that activities regarding social networks are not entrusted to one or a certain number of people, who have the knowledge and experience for performing it. Therefore, it is required to solve this problem and unify the activities of promotion through social networks.

Local tourist organizations in the Republic of Serbia dedicate attention to different content, which they share on their profiles. The greatest attention is paid to the content which refers to posting photos, whose attractiveness and uniqueness should attract the tourists to visit the destination. In that regard, the greatest number of tourist organizations tend to update the content on a daily basis on their profiles so that the tourists could have updated information about the destination's offer available. The results of the study have shown that local tourist organizations mainly use

Facebook, which provides them significant advantages in the aspect of attracting a great number of followers, i.e. potential tourists and the possibility to update content and observe the reactions of followers. Local tourist organizations tend to define the effects of offer promotion through social networks in different manners where it is usually done by analyzing the number of followers on social networks and the number of tourists, i.e. number of nights in the destination.

The advantages of using social networks for promotion of tourist offer of destinations, which is performed by local tourist organizations in the Republic of Serbia, enable the destinations to be available in a wider market with significantly lower costs of promotion. On the other hand, through promotion, which is performed by local organizations, the benefits are obtained also by the individual carriers of tourist offer, whose offer is also promoted by those institutions. In order to achieve their goals, which mainly refer to attracting tourists, creating a destination image, etc, local tourist organizations should make a greater use of social networks so that they could present their offer to a wider market. Having in mind that tourists use the information on travelling they find online when making the decision on the journey, it is a challenge to local tourist destinations in the future to find a manner to continuously follow technological achievements and implement them in their promotion activities.

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WHAT DO BOOKING.COM REVIEWS SAY ABOUT THE SERVICE QUALITY OF SERBIAN SPA HOTELS?

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Abstract

Information and communication technologies are the most important component of modern business. This is especially emphasized in industries whose services are characterized by intangibility and inability to try out services before purchase. Therefore, these industries show extremely high sensitivity to information. Today, the availability of information has reached a higher level thanks to the wide spreading of the Internet. This paper investigates guest reviews on Booking.com website, in order to determine the service quality in Serbian spa hotels. The research included 20 spa hotels, for which a total of 3,617 reviews were analyzed. The data was analyzed through the SPSS platform, using descriptive statistics. The results show that hotel guest are satisfied with service quality in Serbian spa hotels.

Key Words: *service quality, online reviews, Booking.com, spa hotels, Serbia*
JEL classification: *L15, L83*

Introduction

The quality of services is important for the business of a hotel company. It needs to be managed and controlled in an adequate way to ensure the guests satisfaction. Satisfied guests are the best advertisement for the hotel, especially nowadays when their satisfaction can be seen worldwide through reviews on online platforms. The primary goal of this paper was to investigate the service quality of hotels in the spa destinations of Serbia by analyzing guest reviews on the Booking.com website. Spa destinations

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were selected because, according to the report of the Statistical Office of the Republic of Serbia, for the period January-September 2018 they were the most frequently visited tourist destinations, measured by the number of tourist overnights. About 2.1 million overnight stays were recorded in the spas, representing 28% of the total number of tourist overnights in the Republic of Serbia. The visitors were mostly domestic tourists (87.6% of the total number of overnights) (Statistical Office of the Republic of Serbia, 2018). Although various factors may have an impact on visiting the spa, Lučić et al. (2016) pointed out that, besides health centers, the spa offer has been supplemented with wellness and spa facilities, which led to the spa being visited throughout the year. Such spa offer contributed in making these destinations popular for people who realize that health is the most valuable thing one can have (Čelić et al., 2019), as well as for young and healthy people (Čerović, 2015).

This situation on the market also requires an adequate offer of accommodation capacities. Today, various accommodation facilities are available in spa destinations, from private apartments and rooms, motels, tourist resorts, to hotels. The focus of this research will be on hotels in spa destinations. According to the data of the Ministry of Trade, Tourism and Telecommunications in the Republic of Serbia there are 371 categorized hotels (hotels, garni hotels and apart hotels) (Ministry of Trade, Tourism and Telecommunications, 2019), of which 30 are located in spas. Of the total number of hotels in Serbia, 255 hotels offer the possibility of online booking via the Booking.com platform (Mašić & Konjikušić, 2017).

The emphasis of this paper will be on defining the quality of hotel services, exploring the quality attributes on the Booking.com platform and presenting the results of the conducted research.

Service quality in the hotel industry

Quality can be everything that a consumer thinks it is. Thus, the ability of a product or service to meet or exceed consumer expectations is crucial (Sekulić & Mandarić, 2013). According to Kosar (2015), "the quality of a hotel product is a market category that includes the emergence of its material and non-material components, integrating it into an integrated whole, as well as the realization of related services, at the level that ensures the compliance of these processes with the requirements of users - hotel guests" (p. 232).

Service quality measurement is becoming more and more important (Vojinović et al., 2016). Ryglová et al. (2013) stated that the quality of services in the hotel industry can be measured by expectations and perceptions of customers, when the contradiction between these two characteristics is expressed by customer satisfaction or dissatisfaction. In the tourism and hotel industry, some models have been developed to assess the quality of services such as HOLSERV and LODGSERV (for accommodation sector), DINESERV (for restaurants), CASERV (for casino sector) (Al-Ababneh, 2017).

To measure attitudes and customer satisfaction, SERVQUAL can be used. This research instrument covers five dimensions of the service quality: *Tangibles* (physical objects, equipment and staff appearance); *Reliability* (the ability to perform the promised service reliably and accuracy); *Assurance* (knowledge and kindness of employees and their ability to inspire confidence); *Empathy* (the amount of caring, individualized attention the company provides to its clients); *Access* (includes accessibility) (Stefano et al., 2015). The research findings of SERVQUAL technique in the West Moravian spa zone of Serbia show that the determinants of quality, such as safety, reliability and responsibility, are most important, whereby employees in the hotel industry are most responsible for creating good service (Blešić et al., 2009). Blešić et al. (2010) stated that quality is most perceived in the determinant of safety, followed by responsibility and reliability, and, finally, least perceived in tangibility.

Quality dimensions can be different. Barjaktarović (2013) stated that in addition to the technical and functional dimensions of quality, spatial, ecological, aesthetic, economic, ethical, security, ergonomic and other dimensions should be considered. Senić & Senić (2008) explained that technical quality, for example, includes food in the restaurant, room and bed in the hotel, while the functional quality is the looks of the receptionist, the behavior of waiters. The quality of hotel services, according to research carried by Knežević et al. (2017a) and Knežević et al. (2017b), is determined by the following dimensions: *Cleanliness* (in corridors, the cleanliness of kitchen and restaurant, surroundings of a hotel); *Comfort* (comfortable beds, room comfort, comfortable chairs in the restaurant, pleasant atmosphere, noise reduction); *Location* (near a bus station, distance from an airport and the city center, distance from cultural and historical attractions); *Amenities* (wellness facilities, spa facilities, opportunities for sport and recreation, entertainment facilities,

possibilities of organizing different meetings); *Staff* (kindness of staff, professionalism of staff, communication of staff, knowledge of foreign languages, ability of employees to cope with unexpected situations); *Free Wi-Fi*; *Value for money*.

For spa tourists or visitors, the quality consists of several elements that can affect their perception of the spa or destination, even before their arrival. Information obtained before arrival, infrastructure, air quality, water, environment, food, attractiveness, etc. can have a major impact on the overall perception of quality (Berber et al., 2010). Phillips et al., (2016) conducted a survey that examined the impact of online reviews on hotel performance. The results indicate that hotel attributes, including room quality, the Internet and hotel building, have a great impact on the performance of a hotel as well as on tourist demand. The service quality is also reflected in the guests' reviews on different Internet portals. Some of these portals are Travelocity, Expedia, Booking.com, TripAdvisor (Knežević et al., 2014). Therefore, these reviews should be included in the quality research as they can be valuable source of information.

Social networks as instrument for assessing the quality of hotel services

The development of modern information and communication technologies has contributed to the improvement of the hotel industry. Information and Communication Technologies (ICT) have significantly revolutionized the travel industry in the last decades (Li et al., 2009).

Today, hotels use different technologies to improve the services they provide and thereby gain an advantage on the market. These technologies are used before, during and after the service delivery process. For example, social networks and websites that help customers find and reserve accommodation, and later share their experiences. Thus, it is important to seriously understand and take advantage of the growing importance of information and communication technologies, especially online business (Pavlović & Čelić, 2018).

Brake & Safko (2009) stated that "social networks relate to activities, practices and behaviors among communities of people that are gathering on the Internet to share information, knowledge and opinions, using the media for conversation" (p. 6). Dickinger & Mazanec (2008) noted that online hotel reservations have risen dramatically over the years.

According to users, the advantages of this type of reservation are: time savings, advance bookings and discounts (Kumar et al., 2017).

Electronic word-of-mouth (eWOM), especially on-line reviews by guests, significantly influences decisions for online hotel reservation (Emir et al., 2016; Alabdullatif & Akram, 2018). Öğüta & Cezara (2012) stated that customers who are more likely to leave reviews are actually those with extreme satisfaction or those who were extremely dissatisfied.

Many companies have recognized the importance of such communication, which further led to the development of companies with online business only, and the best examples are TripAdvisor, Booking.com and others (Đurić, 2018).

Booking.com

Booking.com is a company that connects travellers with the largest choice of places to stay (apartments, holiday homes and family boarding houses with breakfast, luxury 5-star resorts, tree houses and even igloos) (Booking.com, 2019). Only reviews of users who booked accommodation via this portal are published on Booking.com (Balagué et al, 2016).

Ilieva & Ivanov (2014) stated that a higher category does not necessarily mean a higher rating on Booking.com. Wulandari et al. (2017) recognized that the price is the most dominant variable that affects the loyalty of Booking.com users, in terms of further use of services on this website.

Booking.com has defined six criteria for assessing the quality of hotel services. These criteria are related to the price and quality, kindness and expertise of staff, free WiFi, comfort, location, facilities (Čerović et al, 2016), cleanliness and comfort (Rodríguez-Díazet et al., 2017). Limberger et al. (2016) stated that comfort and facilities affects the assessment of other criteria, as well as the overall satisfaction of tourists.

In order to express their satisfaction / dissatisfaction with the quality of hotel services, guests fill out a survey containing six questions with scales ranging from 1 to 10 (1 = very poor rating and / or experience, 10 = very good rating and / or experience) (Agušaj et al., 2017; Rodríguez-Díaz et al., 2018). This survey is optional, and is intended only for those who have booked accommodation via Booking.com. According to Bjørkelund

et al. (2012), for over 80% of reviews on this portal, the average rating is greater than 6.0.

Research methodology

Using Booking.com, one of the largest and most well-known online booking platforms, as a data resource, this study involves the use of various research methods. First, content analysis was used to analyze guests reviews related to the quality of services in Serbian spa hotels. Analysis of collected data was completed in the SPSS (SPSS 20), using descriptive statistics, in order to acquire standard deviaton, minimum, maximum and mean values of hotel service quality attributes, as well as to compare the mean values from the perspective of a particular spa.

For better understanding of the guests reviews, text analysis was also performed. After the key words have been extracted and after the weight factor has been assigned, visual representation of text data is applied using word cloud. In a word cloud, the words that are used more frequently in the text appear larger, while words that are less frequent appear smaller.

The aim of this study is to analyse the guests ratings and reviews using statistical analysis, and to explore whether guests who leave reviews on Booking.com are satisfied with the service quality in Serbian spa hotels.

The study included nine Serbian spas, with a total of 22 hotels offering online booking on this platform. Other spas in Serbia do not have hotels on Booking.com, so they are not the subject of this research. Data were gathered from February 1 to March 1, 2019. The research included 20 spa hotels (for 2 hotels there are no reviews yet). A total of 3,617 reviews were analyzed. Each of the 20 hotels was analyzed according to different criteria (rating of reviewers, type of travel, country of origin, keywords used in reviews). Summarizing reviews for all 20 hotels, a general picture of the service quality in Serbian spa hotels is provided.

Results

The quality of hotel services was analyzed through eight different attributes offered on Booking.com. Obtained results based on customer ratings showed that mean value for each variable were over 8, which point to the fact that they were generally satisfied with all aspects of hotel

service quality (Table 1). The lowest rating is 6.5 (Value for money) while the highest is 9.7 (Cleanliness and Comfort). The highest mean value recorded a variable that refers to the staff (8.83), while the lowest was for the attribute "Value for money" (8.04).

Table 1: *Descriptive statistics of service quality*

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Staff	20	7.60	9.60	8.83	.66671
Facilities	20	6.90	9.20	8.22	.69802
Cleanliness	20	7.30	9.70	8.59	.79333
Comfort	20	6.90	9.70	8.42	.80973
Value for money	20	6.50	9.60	8.04	.82556
Location	20	7.50	9.60	8.76	.60210
Free WiFi	20	6.50	9.40	8.18	.84808
Breakfast	5	7.70	9.00	8.28	.47645

Source: *Research by the authors*

In order to obtain the complete information that may be helpful to potential guests, after booking a hotel, customers are asked about who they are traveling with. This is useful because after that, potential guests are able to see how different groups of travellers rated their stay at the hotel. Based on the analyzed reviews, it can be concluded that the majority of guests who stayed in one of the spa hotels were couples (49.73%), while the smallest number traveled with a group of friends (Table 2).

Table 2: *Type of travellers in Spa hotels*

Type of traveler	Number of reviewers (%)
Families	**868** (24.39%)
Couples	**1,770** (49.73%)
Groups of friends	**99** (2.78%)
Solo travellers	**449** (12.62%)
Business travellers	**373** (10.48%)

Source: *Research by the authors*

Reviews on Booking.com also provide information on the home countries of the users who book hotels on this website. Based on a sample of 3,617 reviews, it was found that 1,791 reviewers or 49.52% of persons, who booked Serbian spa hotels via Booking.com, were foreigners. The data are presented in the following table.

Table 3: *Country of origin of Booking.com reviewers*

Country of origin	***No.***	**Country of origin**	***No.***	**Country of origin**	***No.***
Russia	177	Poland	29	Finland	2
Bulgaria	141	Israel	26	Kazakhstan	2
Hungary	125	Belgium	16	Kuwait	2
Macedonia	113	Canada	16	Latvia	2
Germany	108	United Arab Emirates	16	Luxembourg	2
Romania	97	Norway	15	Bhutan	1
Bosnia and Herzegovina	88	Slovakia	14	Estonia	1
Montenegro	82	Spain	11	India	1
Switzerland	78	Turkey	9	Indonesia	1
Sweden	68	Denmark	9	Japan	1
Austria	64	Greece	7	South Sudan	1
Slovenia	62	Malta	7	South African Republic	1
Croatia	61	Ukraine	6	Kenya	1
China	50	Portugal	4	Liechtenstein	1
United States	43	Brazil	3	Malaysia	1
Italy	39	Georgia	3	Samoa	1
United Kingdom	39	Ireland	3	Sudan	1
Czech Republic	34	Qatar	3	Tanzania	1
Australia	32	Cyprus	3		
France	32	Libya	3		
Netherlands	30	Belarus	2		

Source: *Research by the authors*

Based on Table 3, it can be seen that reviewers come from 60 different countries around the world (Figure 1), with the largest number of reviewers from Russia, Bulgaria, Hungary, Macedonia and Germany.

Figure 1: *Territorial distribution of foreign reviewers of spa hotels*

Source: *Work by the authors*

As previously mentioned, the authors have analyzed eight key dimensions: Staff, Facilities, Cleanliness, Comfort, Value for money, Location, Free WiFi and Breakfast. In order to get a more detailed insight into the service quality, the obtained results for these attributes were observed for each spa separately (Table 4).

Table 4: *Mean values of reviewers ratings for each spa*

Spa	**Staff**	**Facilities**	**Cleanliness**	**Comfort**	**Value for money**	**Location**	**Free WiFi**	**Breakfast**	**Total**
Bukovička Banja	9.10	9.20	9.30	9.10	8.20	8.80	8.70		8.91
Vrnjačka Banja	8.81	8.01	8.44	8.31	7.99	8.71	8.00	8.27	8.32
Sokobanja	8.50	8.00	7.90	8.00	7.00	8.20	7.20		7.83
Banja Koviljača	8.10	7.70	7.70	7.70	7.70	8.50	6.50	8.20	7.76
Prolom Banja	8.40	7.70	8.30	7.70	7.30	8.20	8.00		7.94
Banja Kanjiža	8.60	8.15	8.55	8.30	8.40	8.65	9.00		8.52
Banja Vrdnik	9.50	9.00	9.50	9.40	8.00	8.60	9.40	8.40	8.98
Palić	8.95	8.45	8.82	8.60	8.30	9.27	8.27		8.67
Lukovska Banja	9.60	8.70	9.20	9.10	8.80	8.80	8.80		9.00

Source: *Research by the authors*

Based on the results given in the table above, we can conclude that the hotel guests who booked the hotel via Booking.com were most satisfied with the quality of the *staff* in Lukovska Banja (rating 9.6), and the least satisfied in Banja Koviljača, as evidenced by the score of 8.1.

Guests assessed the quality of *hotel facilities* with the highest rating in Bukovička Banja (rating 9.2), while guests who stayed in Banja Vrdnik highly rated the *cleanliness and comfort* of the hotel. Guests, who stayed in Banja Koviljača, together with the guests who stayed in Sokobanja, were least satisfied with facilities and comfort.

The attribute that received the lowest average rating, *value for money*, is best rated by guests who stayed at a hotel in Lukovska Banja (rating 8.8), while the least satisfied guests were those who stayed at hotels in Sokobanja.

Location is highly rated by Booking.com reviewers. With the average rating of 9.2 it can be concluded that guests who visited Palić were very satisfied with the location of the hotel.

Compared to all observed attributes, *free WiFi* recorded the highest difference in ratings. The highest average score of 9.8 was received from guests who stayed in Banja Vrdnik, while the lowest average score recorded Banja Koviljača (6.5).

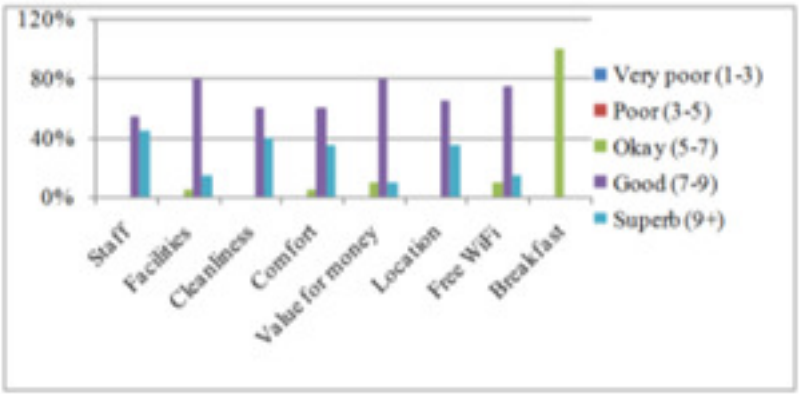
For the last component, *breakfast*, there were data for only three spas from the observed sample. The data show that this attribute is almost identically rated by all reviewers.

Booking.com converts each grade into a set of linguistic terms (very poor, poor, okay, good, superb) so that people who read reviews can also see which range of ratings is considered terrible, or very well rated. We applied this standardized grading method to our data, which converted the average grades we previously obtained for each attribute, into their linguistic counterparts (Figure 2).

Figure 2 shows that each of the observed attributes in the highest percentage is rated in the range of 7 to 9, which is perceived as good service. None of the attributes has an average grade of less than 5, while a small percentage is rated by grades 5 to 7. A significant percentage of

reviewers estimate the service quality in Serbian spa hotels, for almost all attributes, as superb (except for breakfast).

Figure 2: *Recorded ratings*



Source: *Research by the authors*

In order to further understand customer satisfaction with hotel services in Serbian spas, text analysis was performed on the reviews. Reviews were analyzed for all 20 hotels. Based on the identified key words, Word cloud is formed (Figure 3).

Figure 3: *Key words from Booking.com reviews*

Source: *Research by the authors*

Based on the text analysis, the most frequently used words were staff, food, location, hygiene and bed. The most positive comments of the guests are related to the staff. Positive characteristics of hotel staff, according to guest reviews from Booking.com: friendly, professional, helpful and speak English. Opinions about food, location and hygiene are

divided, but they are certainly one of the most frequently mentioned words. Guests' comments were often about the room, with a special accent on the size of the room and the comfort of the bed. Most of the comments about the hotel room were positive. On the other hand, guests often complained about noise, lack of facilities for children and additional hotel facilities.

Discussion and conclusion

Tourism and hotel industry are industries with intangible character of the final service (Dimitrovski & Seočanac, 2018). Such nature of service has made tourism and hotel industry extremely sensitive to information. This is especially important after the wide spreading of the Internet, when information becomes available worldwide (Kraguljac, et al., 2019).

The results of the study conducted by Google/IPSOS OTX (2011) showed that 45% of people are planning their vacation based on online reviews. This indicates that information on the Internet, and in particular reviews and ratings of tourists who have already visited the destination/hotel, play an important role in the travel decision-making process. It also serves as a means of reducing uncertainties caused by the nature of services in tourism and hotel industry (Castro & Ferreira, 2018).

The website Booking.com discloses, for each hotel, guests' ratings for Staff, Facilities, Cleanliness, Comfort, Value for money, Location and Free WiFi. In order to determine the quality of hotel services in Serbian spa hotels, published reviews, for each of these categories, were used as inputs for this study.

One of the important conclusions of the conducted study is the fact that reviewers were generally satisfied with the service quality in the spa hotels they stayed in. Such results confirmed some of the earlier studies that examined the service quality in Serbian hotels (Knežević et al., 2017).

Reviewers expressed their satisfaction with high ratings for hotel quality attributes but also with comments that emphasized the positive side of hotel service. The average rating of service quality is 8.44. This result is in line with a study conducted by Bjørkelund et al. (2012).

Reviews also provided insights into the types of travelers visiting spa hotels. Their analysis led to the conclusion that 49.73% of guests who booked their stay via Booking.com were couples.

It was interesting to investigate the home country of the foreigners who have booked their stay in spa hotels. The collected data showed that foreigners came from 60 different countries, with the most tourists from Russia.

Observing the reviews from the aspect of individual spa, Lukovska Banja proved to be the spa with best average rating on Booking.com. Lastly, the quality of service in spa hotels was rated as good by the majority of reviewers.

Limitation of the study is the fact that only guests who booked and reviewed their stay via Booking.com were taken into account when analyzing the quality of hotel services. Future research should include not only guests who reserve their stay via Booking.com, but also other guests in Serbian spa hotels.

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MARKETING BRIDGE OF GLOBAL COMPANIES FROM WEST TO EAST: CREATE, COPY AND PASTE OF GLOBAL CONSUMER CULTURE

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Abstract

This paper is focused on 'marketing bridge' from West to East. On the basis of marketing activities and by using opportunities in environment, global companies influence the creation and transfer of global consumer culture (GCC). The basis is presented by "patterns" of global consumer behaviour by product categories. In the process: creating, copying and pasting, "patterns" of global consumer behaviour by product categories are mostly transferred on relation West - East, i.e. from Western countries and regions to Eastern ones. Consumers, by purchasing global brands and in general by their behaviour according to certain patterns contribute to the survival and development of global companies (which are, for the time being, from the West).

Key Words: *global marketing, global consumer culture, global brands, global consumer behaviour, Western countries, Eastern countries*
JEL classification: *M31*

Introduction

Global companies are trying to create global market by marketing activities - consumers with the same (or at least similar) wants and behaviour. In order to realise their goal, global companies create and promote "patterns" of global consumer behaviour by product categories (PGCB/PC) and in that way influence the global consumer culture (GCC). Global consumers participate as co-actors in the process of creation of GCC by purchasing and using global brands (see Figure 1).

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Figure 1: *The process of GCC creation based on marketing activities of global companies*

Source: *Authors*

After the introduction, drivers of global culture and GCC have been presented. Creating, copying and pasting of PGCB/PC are in the focus.

Drivers of global culture and GCC

According to definitions of numerous authors, the culture is the sum of the attitudes, beliefs, values and norms learned and shared by a group of people (individuals as members of society) and it is transferred from generation to generation. Hofstede defines culture as "the collective programming of the mind that distinguishes the members of one category of people from those of another" (Hofstede & Bond, 1988). From the marketing perspective, social-cultural environment affects wants, preferences and consumer behaviour. Briefly and simply, culture can be presented "as the shaper of behaviour" (Terpstra & Russow, 2000) because it "directs" and "shapes up" consumer behaviour.

Numerous elements of culture can be divided in two groups: non-material and material culture. Non-material elements of culture are attitudes, beliefs, values, norms, language (verbal and non-verbal), religion, education, etc. Material culture refers in the first place, to technologies and the manner of organisation of economic activities based on available infrastructures (economic, financial, marketing, social, etc.). All elements of culture are interrelated.

Culture is characterised by two opposing, yet simultaneously occurring and reinforcing movements: the homogenization and heterogenization of cultures, which affects acculturation. Acculturation to global consumer culture (AGCC) is the process in which individuals learn and adopt the norms and values of a culture different from the one in which they grew up; that is the process in which individuals acquire the knowledge, skills and behaviours that are appropriate to global consumer culture. Acculturation in general, as well as acculturation to global consumer culture, occurs along two often conflicting dimensions, those of the original and mainstream cultures (Cleveland & Laroche, 2007).

"The forces that Levitt described didn't produce a homogeneous world market; they produced a global culture" (Holt et al., 2004). As Bird and Stevens (2003) point out, members of homogeneous group neither share a common geographic location, socioeconomic class, religion, native language, nor a national culture (p. 397). However, on the other hand, they share a common set of values, attitudes, norms, language and behaviours.

Authors point out the following forces that affect the creation of global culture and GCC: capitalism (Cleveland & Laroche, 2007), global consumer culture positioning (GCCP) (Alden, et al., 1999; Gammoh, et al., 2011), reputation and organisational culture (Alon & Higgins, 2005; Shih, 2017), integrated marketing communications (IMC) (Cleveland & Laroche, 2007; Holt, et al., 2004; Rakic & Rakic, 2015a), global branding and brands (Bird & Stevens, 2003; Holt, et al., 2004; Holt, 2006; Tosun & Yuksel, 2009), media (Bird & Stevens, 2003; Hoover, 2011; Kavka & Weber, 2017; Lundgren & Evans, 2017), technology advances, development of ICT and digital revolution (Quelch, 1999; Rakic & Rakic, 2015c; Shih, 2017), accepting the English language as the "world language" (Bird & Stevens, 2003), global transport (Cleveland & Laroche, 2007), the increase of number of tourists (Quelch, 1999), labour mobility (Quelch, 1999), global mindset - view of consumers – want for global linking and ties, membership in global culture, transnational cosmopolitanism (Bird & Stevens, 2003; Cleveland & Laroche, 2007; Zwigle, 1999), existing global consumers – business and consumer markets (Quelch, 1999), sustainability orientation (Rakic & Rakic, 2015b, Rakic & Rakic, 2015c), etc.

"A recent, very successful historical form of globalization is the Euro-Atlantic model of human integration, the so-called Westernization. Yet,

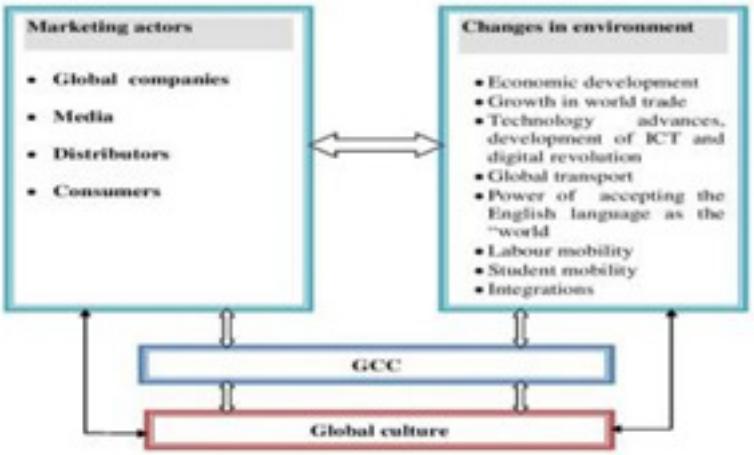
the author believes that the future of globalization is not ultimately associated with the Westernization of countries of the second world" (Granin, 2014).

Drivers of global culture and GCC that are pointed out in this paper are:

1. Marketing actors
   - Global companies
     - Process of rationalization: cost-benefit analysis as indicator - small market potential in the home country compared to world market potential, economies of scale, utilization of global resources (human resources, raw materials, etc.)
     - Global marketing strategy of global companies: model – behaviour pattern of global consumer (by category of products), i.e. "pattern of using products in certain category of products" (the culture of using products) - (PGCB/PC)
     - GCCP, IMC, global brand(s), exemplary persons – celebrity endorsements
   - Media, and especially, social media (social networks etc.), consumers as viral media;
   - Distribution channels – retailers and wholesalers
2. Changes in environment
   - Economic development
   - Growth in world trade
   - Technology advances, development of ICT and digital revolution
   - Global transport
   - Power of accepting the English language as the "world language"
   - The increase of number of tourists
   - Labour mobility
   - Student mobility
   - Integrations
3. Consumers
   - Rational mindset – view of consumers (economic benefits - greater value)
   - Global mindset – view of consumers – want for global linking and ties, membership in global culture, cosmopolitanism, better image of brand(s)
   - Existing global consumers - business and consumer markets as a promoter and media of GCC (see Figure 2).

Consumers are specific co-actors; because by purchasing and using of global brands they (un)consciously contribute to the survival of global companies.

Figure 2: *Interrelations of drivers of global culture and GCC*



Source: *Authors*

Emergent global culture, was described by Bird and Stevens (2003, p. 395) as: one world, one language (English); one world, one thirst (Coca-Cola); one world, one food (Nestle); one world, one car (Toyota); one world, one worldview (global media). Based on the aforementioned, the conclusion may be derived, that the goal of global companies is the creation of GCC, and the following leads to that: one world, one worldview; one world, one (PGCB/PC).

Global companies behave, in the first place, rationally-profitably. Small market potential in the home country compared to world market potential caused orientation from home market to global market.

Rational behaviour also means achieving economies of scale – bigger production, means lower costs by product unit, i.e. lower product price, i.e. more competitive products (based on cost leadership strategy). Besides achieving economies of scale, on the production side, economies of scale can also be realised in marketing and advertising by aligning spending behind a limited number of brands rather than across a larger number. Additional economies can be achieved by only having to produce

one television ad that may require dubbing, as opposed 20 or 30 different advertisements (Craig & Douglas, 2000).

Rational behaviour implies rational using of resources, as well. Global companies research ("scan the world") and use quality global resources (human resources, raw materials etc.) at as much low price as possible.

In order to achieve revenues and profit as big as possible, as big as possible production volume is required, and that further means, as big as possible number of "won global consumers". In such a way, creating and communicating of PGCB/PC is imposed as the next goal. Global companies create patterns of modern - "in" behaviour of global consumers, i.e. the culture of using products – by certain product categories. PGCB/PC includes all marketing activities of companies, which are oriented towards creating desired manner of behaviour of global consumer. Some cultures are associated with specific product categories, so that marketers speak about "`fast-food culture`, `credit card culture`, `pub culture`, `coffee culture`, and so on" (Keegan & Green, 2011). Figure 3 shows local and global patterns of behaviour for selected product categories in Serbia.

Figure 3: *Local and global patterns of behaviour of consumers – the culture of using products for selected product categories in Serbia*

Culture of using products by product categories	**Traditional domestic "patterns of behaviour"**	**Accepted regional and global "patterns of behaviour"**
"Water-culture"	• Tap water • Bottled water – domestic brands	Bottled water – regional and global brands
"Soft-drinks culture"	• Domestic fruit drinks – domestic "home-made" soft-drinks (made of cherries, apricots, etc.) • Domestic (local and national) brands	• Carbonated soft drinks • Brands: Coca-Cola, Pepsi, etc.
"Coffee culture"	"Domestic" ("Serbian", "Turkish") coffee	• Instant coffee • Brands: Nescafe, Jacob's, etc.
"Fast-food culture"	• Sales places of fast-food: meat ball houses, the "Leskovac grill" • Domestic brands	• Fast-food chains • McDonald's, etc.
"Alcohol culture"	• Domestic "home-made" brandy • Domestic brands	• Regional and global brands
"Music culture"	Domestic rock, pop and folk music	Foreign music – e.g. rock, hip-hop, punk, etc.
"Product categories culture"	**Domestic brands**	**Regional and global brands**

Source: *Authors*

In Serbia, for example, in addition to tap water, bottled water is used more and more, both domestic and regional and global brands. Domestic "home-made" fruit drinks (made of cherries, apricots etc.) have been replaced to a great extent by domestic brands and carbonated drinks based on cola, and in the first place by Coca-Cola. Furthermore, different kinds of domestic "home-made" brandies, such as "sljivovica" (brandy made of plums), "kajsijevaca" (brandy made of apricots), "viljamovka" (brandy made of Williams pears) have been replaced by domestic, regional and global brands of bear, vine, whiskey etc. For decades, so-called domestic (terms are also used - traditional, "Serbian", "Turkish") coffee had been drunk in Serbia. Over time, besides domestic coffee, different types of instant coffee have begun to be used. Nowadays, hotels, restaurants and cafes (HoReCa) in which domestic coffee can be ordered are rare. On the other hand, even at home, different types of instant coffee are prepared more and more. Formerly, there was a custom of serving domestic coffee with sugar cube or Turkish delight. Nowadays, there are rare households, mostly in rural areas, in which that custom has been maintained. However, today, different types of instant coffee are served with biscuits at HoReCa. Marketing activities of global coffee producers and distributors have lead, to a great extent, to changes in behaviour of consumers of coffee in Serbia. Media, mobility of people - tourists, students, employees etc. have contributed to mentioned changes. In the field of fast-food, fast-food places, such as "meat ball houses", the "Leskovac grill" etc., have been replaced to a great extent by chains of fast-food restaurants. In older times, children used to go out and play outside, in parks, on playgrounds etc., and now they play "games" in front of a computer, send messages over the Internet and mobile telephones, gather via social networks (Facebook etc.). The payment is redirected from cash to cards. Orthodox families in Serbia celebrate certain Orthodox holidays. Some families in Serbia, for many years have been celebrating an Orthodox holiday of the Holy Martyr Trifun on 14th February. Nowadays, numerous young people, who perceive themselves as young and in love, celebrate 14th February as Valentine's Day. In Serbian language, there are more and more foreign phrases and words (such as "cool", "extra", "ok"). Latin alphabet is more and more in use compared to Cyrillic alphabet, even in school workbooks. Based on examples from Serbia, the conclusion may be derived that the "pattern of cool behaviour" is being created in the process of digitalisation and globalisation.

Alden, Steenkamp and Batra (1999, p. 76) suggested a new brand positioning strategy, which they labelled as global consumer culture positioning (GCCP) as contrasted with two other types of consumer culture positioning: local consumer culture positioning (LCCP), in which the brand is associated with the local consumer culture, and foreign consumer culture positioning (FCCP), in which the brand is associated with a specific foreign. GCCP should not be confused with globally standardised advertising because GCCP refers to positioning of GCC, whereas globally standardised advertising is in focus - similar content around the world. According to Alden, Steenkamp and Batra (1999, p. 76), a GCCP strategy is defined as one that identifies the brand as a symbol of a given global culture-for example, the post-WW II, cosmopolitan segment. According to Alden, Steenkamp and Batra (1999) three central components of a cultural symbol set are: 1. language (English), 2. aesthetic styles (use of spokespersons in advertising – e.g., Michael Jordan for Nike; the aesthetic construction and display of brand logos), and 3. story themes. "For example, the young, professional businessperson who is on the rise uses a Toshiba laptop whether in New York, New Delhi, or Paris. Thus, the story theme implies that ownership of this brand signifies that the consumer is a member of the 'transnational commerce culture'" Alden, Steenkamp and Batra (1999, p. 78).

Brands such as, Coca-Cola, Rolex, Nike, Gucci, McDonalds, Mercedes-Benz, Marlboro, and Sony are characterised by uniform positioning and image worldwide (Craig & Douglas, 2000).

"Culture is created and preserved mainly by communication (Holt, et al., 2004). Global companies, based on integrated marketing communications (IMC) and holistic marketing activities create global consumer cultures, which affect the creation of global culture (see Figure 1). Besides traditional media and communications (by means of newspapers, magazines, radio, television etc.), digital communications via Internet, mobile telephones and other digital media are of great significance in today's digital environment. Social media (and especially social networks, such as Facebook, Twitter etc.) can influence both consumers (their perceptions, preferences and decisions about purchasing) and companies (e.g. on image). The influence on consumers is also performed by means of books, movies (e.g., Hollywood movies), music etc. Viral communications have special significance among consumers via social networks, considering the speed and coverage of communications.

"The rise of a global culture doesn't mean that consumers share same tastes or values". The rise of a global culture means that people "participate in a shared conversations, drawing upon shared symbols. One of the key symbols in that conversation is the global brand". The three key dimensions of global brand (the reasons why consumers pick global brands) are: quality signal, global myth and social responsibility". "When a brand is marketed around the world, that fact alone gives it an aura of excellence – and a set of obligations" (Holt, et al., 2004). Holt (2006) analyses brands as symbols and points out as the most powerful brand symbols in the world - iconic brands: Coke, Nike, Apple, Starbucks and the like (p.357). Important logos are for AT&T (abstract globe), Nike (swoosh), Royal Dutch/Shell (shell), Mercedes-Benz (star), and so forth (Alden, et al., 1999).

In the process of creating and maintaining global brand, it is essential that it is not just about building a brand that meets the needs of consumers in a single market, but developing brands that transcend national boundaries. Changes are necessary and constant - the product may be modified, improved and changed, however, in fact one of the few things that remained constant is the brand. For example, the original Sony transistor radio of the 1950s is an antique today. Since then, until today, regardless of numerous changes, the brand remains on global market (Craig & Douglas, 2000).

For consumers, global brands are symbols of cultural ideals. Consumers use brands to create an imagined global identity that they share with like-minded people. It follows that companies need to create, deliver and communicate not only the highest value, but also global myths - cultural myths with global appeal (Holt, et al., 2004).

The coverage of already "won" global market by company Coca-Cola is shown best by following data: The Coca-Cola Company has been present on the market for 126 years; it has more than 500 sparkling and still brands and nearly 3,900 beverage choices, which are available in more than 200 countries (Coca-Cola, 2017). Bird and Stevens (2003) point out that "perhaps, the dogma of McDonaldization is true-at least when it comes to beverages" (p. 398).

Whereas the Coca-Cola Company is the first in the world of soft drink market, the company Nestle is the first in the field of food. The company Nestle has proclaimed itself as "Food Company of the World" (Bird &

Stevens, 2003, p. 398), i.e. as "the World's leading nutrition, health and wellness company" (Nestle, 2019). Nestle products are available for sale in nearly every country (Bird & Stevens, 2003).

Companies hire celebrities and exemplary persons during the promotion of products. Endorsements of celebrities and exemplary persons consuming the company's products can influence consumers' decisions. "Exemplary persons are public carriers of culture as well as vehicles of intergenerational transmission of cultural values". These cultural icons particularly affect children in their socialisation and educational experiences (Fu & Chiu, 2007).

Media lead towards "a single worldview", which "have a single central voice and message, even though they are often regionalized to reflect local needs and interests" (Bird & Stevens, 2003). "Worldwide access to television and other forms of mass media has helped to create a global culture of consumption. European, Asian, and especially, American television shows and films are increasingly available around the globe" (Cleveland & Laroche, 2007). Consumers are exposed to advertising messages from numerous media. Besides ads, with the help of movies and TV programs show life-styles and products that extend beyond a single culture (Craig & Douglas, 2000).

Distributors, by placing a product in their retail facilities, contribute to the presentation of global brands.

Changes in environment are constant. But nowadays, the speed and coverage are significantly greater. "Still, the basic dynamic remains the same: Goods move. People move. Ideas move. And cultures change. The difference now is the speed and scope of these changes. It took television 13 years to acquire 50 million users; the Internet took only five" (Zwigle, 1999).

Changes in environment, like the development of ICT for example, enable fast, simple communications, informing "all" potential consumers (everywhere in the world) about brands of a company. "For decades, communication had circulated mostly within the borders of countries, helping to build strong national cultures. Toward the end of the twentieth century, much of popular culture become global" (Holt, et al., 2004).

The acceptance of the English language worldwide is of particular importance (Alden, et al., 1999; Zwigle, 1999; Bird & Stevens, 2003). English is quickly becoming the most commonly taught second language language (Bird & Stevens, 2003) and it itself speaks enough about the possibilities of influence through one language - English. English also has "…clearly become the lingua franca for communication in multinational business, diplomacy, international institutions, tourism, and aviation" (Cleveland & Laroche, 2007). The advantages of the use of English in IMC are: it is the primary language of international business, the mass media, and now, the Internet, and social media; English symbolises modernisation, social mobility, and an internationalised outlook; additional message to consumers that they are cosmopolitan (Alden, et al., 1999).

Relaxing barriers, and increasing access to low-cost and speedy transport lead to mass migration as a hallmark of today's world, which results in increasing numbers of direct and indirect contacts with peoples (tourists, students, workers, government officials) of different countries and cultures (Cleveland & Laroche, 2007). People visit other countries, face other cultures, goods and services, they are directly informed, they research, compare with their own culture and values.

Quelch (1999), as the key "reasons for the global convergence in consumer tastes and values" points out "increased cross-border population mobility – whether as a result of leisure travel or for work – and from electronic mobility facilitated by cross-border television and the internet. These trends resulted in faster transfer of ideas than in the past: consumers in one culture learned what was going on in another culture more readily" (p. 1).

As companies, so consumers are rationally oriented and guided by rational reasons in the decision making process of purchasing and using the products. Consumers want to get the most possible value at certain price. They are choosing products and companies based on rational criteria.

"Linking: This is what the spread of global culture ultimately means" (Zwigle, 1999). Cosmopolitanism is driver of AGCC. "Cosmopolitans want to immerse themselves in other cultures, and have necessary skills to do so" (Cleveland & Laroche, 2007). People want to connect with other people, cultures, learn, see and try something new, different, better. In

accordance with global mindset - view, consumers have wants for global linking and ties, membership in global culture.

Based on the influence of personality traits and environment, people develop views of the "self" in relation to the rest of the world. People tend to develop attitudes and behaviours that reinforce their identity; therefore the identity is relevant to positioning strategy. Identity can be perceived as individual and collective - global and national. Global identity - identification with the global community suggests that the person identifies with humankind as a whole, while national identity - identification suggests that the person has a psychological investment in the national community (Westjohn, et al., 2012).

Ger (1999) states that the image of a products manufactured by European, American, or Japanese TNCs is better, compared to local corporations (p. 67). Global products of the "good life" are well accepted everywhere. Consumers perceive products of TNCs as state-of-the-art, modern, original, high-quality, and as a result highly desirable. On the other hand, consumers perceive products of LCs as low-quality, cheap imitations, old and outdated products etc. Often, the image of foreign and global products is better, compared to image of local products. "This fascination with global goods breeds an inability to respect domestic products or to notice their potential, and it results in a cultural dependency on foreign products and images". Even the Chinese, as one of the most self-respecting people say: "Heaven is abroad" (Ger, 1999). However, many research results of Chinese consumers affirm their commitment towards Chinese culture and traditional moral values. Lin and Xue (2010) explore the way in which Chinese consumers integrate both global culture and local culture through the change of intergenerational residence in Urban China (p. 643). They find that Chinese consumers tend to maintain their traditional moral values and assimilate socio-political values from global culture. "More importantly, the assimilation of socio-political values rooted in Western individualistic cultures is for the purpose of local collective goodness, and the performance of traditional moral values is shifting from the compulsory rule based on traditional social norms to the spontaneous rule based on human demand" (Lin & Xue, 2010). In accordance with the social identity theory: people in the local culture tend to maintain favourable perceptions of their culture by affirming their culture's social and moral values. Results suggest that Chinese moral values are more resistant to change; Chinese young people continue to look up to the Chinese exemplary persons (particularly the historical

ones) who carry these values (Fu and Chiu, 2007). Existing global consumers - business and consumer markets are excellent "live media" of global culture. By purchasing and using global brands (goods and services), existing global consumers additionally contribute to promotion and greater acceptance of global culture.

Figure 4 is summarized overview of this paper.

Figure 4: *Marketing bridge of global companies from West to East – create, copy and paste of global consumer culture by product categories*

Source: *Authors*

Conclusion

Global companies continue the process of creating, copying and pasting of global culture. This raises a logical question – what are the opportunities for domestic brands and least-developed countries. First, the basic possibility – the "foundations" of development are education and implementation of knowledge for development of brands, companies and economies. In global environment, for survival, the knowledge is

necessary for development of global brands and companies. Bearing in mind that the previous education and knowledge did not lead to significant results of least-developed and developing countries, new - different education and knowledge are necessary. As Fu and Chiu (2007) pointed out "to compete in the global market, instead of relying on traditional knowledge and experiences, local economies need scientific knowledge and professional training in business administration (p.637). It is not surprising that globalization in many developing countries is often accompanied by a vast demand for science education and MBA programs".

The education for development of brands, companies and countries (on the production side) should not be mixed with the behaviour of more educated consumers (on the consumption side). The frequent problem of least-developed and developing countries is that numerous global brands are better and/or they are perceived as better. Educated, informed consumers with purchasing power are rationally oriented and they try if they can (if they have enough purchasing power and products are available) to purchase better products. This brings us to the seemingly paradoxical situation. Namely, educated people as consumers are lead by their individual goals, rational reasons in the decision making process of purchasing and they are purchasing if they can and if global brands are better, although there are local brands. On the other hand, as if they were "divided personalities" – educated people are as employees at domestic companies oriented towards production and promotion of domestic products. Besides the aforementioned, we could post a question – is it possible that more educated people "fly away from their roots"? Answering this question – we return to the beginning, i.e. to the process of rationalisation. Consumers are, as well as producers, rationally oriented and they are purchasing (if they can) better products. Besides, they can be emotionally oriented as well. "At its root, culture is not an intellectual thing – it operates on an emotional not on an intellectual level" (Hofstede, 2006). As such, Hofstede (2006) doesn't believe that educational level impacts on sensitivities. If long-term national goals would be the priority, then domestic products and brands compared to foreign and global products and brands would have the advantage (p.14). The culture - national identity perspective can influence to a great extent the choice of local compared to global brands (as this is typical for China). However, national identity has "deep roots" and it takes a lot of knowledge, time, capital, and other forms of power for national identity perspective to "take roots" if it does not exist or if it is weak.

Another opportunity for least-developed and developing countries is the creation of culture of purchasing and using local – domestic products. In order to be bought by consumers, local products should be better - have lower prices and/ or be differentiated (e.g. of a better quality); and/or that there is a distinctive national identity and ethnocentrism of consumers. Domestic companies with the support of government can influence emotions and awareness of consumers when purchasing by underlining the importance of domestic products. In order to create the culture of consuming domestic brands, engagement at all levels is necessary – from the population, through companies to the government. Companies should produce better products, but also convince population about the quality, as well as the significance of consuming domestic products – e.g. by advertising. Different government ministries should define and implement the strategy of a country positioning, determine sources of competitive advantage of a country, redirect investments into key industry branches, influence the minds of consumers by emphasising the necessity and importance of purchasing domestic products. For the mentioned activities of population, companies and government, the following is required: professional and motivated leaders, who will direct population, companies and ministries in the right direction; time (for initiating and implementing changes) and money.

Unlike unprofitable domestic companies, least-developed and developing countries, global companies have the power – the leaders, capital and created image of popular products, so that they can expand further their influence by creating and maintaining global culture. Instead of conclusion, we could even post a question – as a recommendation for new researches - whether PGCB/PC leads to a model – pattern of people's behaviour in the world (in different fields) and whether it is an introduction into a full globalisation.

Schools and universities are myopic if they do not educate pupils and students, if they do not offer and do not convey the knowledge that is applicable in practice and at a global level. The result is unknowledge and the impossibility for the population to employ itself; greater unemployment and the smaller GDP of the country. Schools and universities are myopic if they do not update their curricula, if they do not use digital technologies and if they fail to engage pupils and students in the knowledge transfer process. Knowledge, digitalization, the co-creation of value, interactions and sustainability orientation are the imperatives (Rakic & Rakic, 2017).

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THE POSSIBILITY FOR INCREASING SECURITY PERSONNEL IN TOURISM

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Abstract

In this paper, we will aim to identify the need for cooperation on a professional and scientific basis by connecting the profession with the science, between tourism and security institutions in the Republic of Serbia. This paper will address the need and attempt to prove the necessity for increasing cooperation between security entities and travel agencies regarding the engagement of professional security personnel and members of security institutions in providing protection from all forms of threats. Tourist infrastructure in modern times and contemporary civilization is under threat from numerous forms of dangers, hazards and crises, and if it does not embrace greater cooperation with security institutions, it may be significantly endangered. Contemporary threats and risks may be manifested, and may come, from numerous groups, organizations and individuals, such as: terrorist organizations, mafia, criminal groups, destructive sects and individuals embodied in adventure seekers, psychopaths, criminals, mobsters, terrorists, etc. State security, and public sector, institutions in the Republic of Serbia are able to provide necessary, and high-quality, protection.

Key Words: *tourism, hotel industry, threats, risks, protection, security*
JEL classification: *Z32, Z39*

Introduction types and sensitivity of tourism infrastructure

In order to discuss the types and problems associated with tourism infrastructure, it is necessary to explain the problem of tourism, its

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contents and types, which may be the target of various forms of dangers and threats, as well as the sensitivity to these threats and, consequently, the difficulties associated with protecting them.

Traffic infrastructure and threats. - Traffic infrastructure, one of the inevitable forms of infrastructure utilized in every form of infrastructural exploitation, is the initial phase of a successful cooperation with tourism agencies, or other tourism and infrastructural institutions. In this respect, traffic infrastructure, in addition to external factors and forms of endangerment, is in itself often the endangering factor to its own infrastructure and its users.

Possible forms and social threats to traffic infrastructure. - Therefore, possible forms which compromise traffic from the inside, *i.e.* from the carrier of tourism beneficiaries, may endanger in the following manner. Threats and hazards may come from the framework, or from the organization, dealing with traffic or transportation of tourists, itself as follows: fast, or driving too fast, inexperienced drivers, obsolescence of transportation infrastructure, malfunction of vehicles, driver's use of alcohol or narcotics, fatigue, poor road infrastructure, arrogance of drivers of tourism beneficiaries as well as that of other traffic participants. Accordingly, we will point out some threats and hazards to traffic infrastructure. First of all, we would like to point to some definitions related to this issue.

Possible threats and risks influenced by the human factor

Aggressive driving. - "Aggressive driving is almost a 'characteristics' - a relatively stable characteristic of an individual rooted in his consciousness as such" (Kasum et al., 2013). This is one of the definitions in nautical tourism. Authors have pointed to a very common problem that threatens traffic infrastructure, not only in tourism but other activities as well. In our opinion, *aggressive and risky driving during the tourist season is one of the most frequent problems that threaten people, traffic safety, resources and infrastructure.* Hence, in most cases, the arrogance of drivers, both of vehicles transporting tourists and other traffic participants, contributes to aggressive driving. For the most part, aggressive drivers are individuals who are aggressive in their daily lives as well, thus they cannot but behave in this manner while driving. However, a driver's aggressiveness may also be caused by the aggressive behavior of passengers, both amongst the passengers themselves as well

as towards the driver. Therefore, a driver who is easily irritated needs only a little incentive to cause an increase in his/her nervousness level, and hence aggressiveness in a countless number of problems encountered on a journey, as we have already mentioned.

Criminal groups and individuals as a threat to traffic infrastructure. - Traffic infrastructure is vulnerable to and comes under threat from a number of different forms of crime. Among the many forms of threats, we list those that are most common for this field. Individuals and criminal groups also threaten traffic infrastructure. Criminal threats to traffic infrastructure are possible during pursuit by police, when they have to resort to fast and aggressive driving techniques which jeopardize the transportation of tourist resort guests. Secondly, criminals often take their mutual vendettas to the street, and then, in pursuit of their rivals or escaping from them, also resort to aggressive driving. However, members of criminal groups also resort to damaging infrastructure, in order to prevent the police from catching them, by placing heavy objects such as boulders, logs, landslides, as obstacles. Not uncommon are obstacles placed on the route of vehicles transporting tourists with the aim of intercepting them in order to rob passengers and members of the tourism agency. Premises within which tourism agencies are housed may also come under this form of threat, as may other facilities such as resorts, hotels, beaches, ski resorts and other tourism facilities. When it comes to criminality, one of the newer forms of criminality is ecological criminality. Members of these groups collect, in other countries as well as in the Republic of Serbia, radio, chemical, biological and radiological waste, which they pack and bury in the soil, an activity which generates tremendous material benefits for the perpetrators. During 2018, large quantities of this waste were discovered in Obrenovac, Kikinda, Novi Sad and Loznica. In that sense, there is certainly a possibility that such and similar waste will be discarded in tourist areas and facilities.

The NATO aggression over the Federal Republic of Yugoslavia in 1999, bombing raids carried out with the use of chemical, biological, radiological and nuclear materials, is the most terrifying form of pollution, and threat, to the population, living beings and plant life in the history of Serbia, and the region in general. Thus, the most polluted cities are Pančevo, Belgrade, and Novi Sad. Depleted uranium ammunition was used over Kosovo and Metohija, as were rockets and tomahawks (Pavlović, 2012). "When it comes to the discarding of dangerous substances, this implies an accident, *they are considered a deliberate act*

whose goal is the destruction of material values, a healthy life and the murder of people. While, under an accident, it is otherwise considered, "(collisions or accidents) fall into the order of unintentional occurrences" (Jović & Jović, 1989). In this case, an accident occurred which was caused not intentionally but through negligence. However, the most severe substances listed above, have polluted the territory of the Republic of Serbia, and its most important natural resources, water, air and soil, and thus constitute a threat to its tourism facilities.

Terrorist organizations. - Terrorism in its modern form is an international problem that poses a great threat to human lives, infrastructure and material assets as a whole (Pejanović & Stojanović, 2018). There are terrorist organizations from different religions and nations, most of which have ceased their terrorist activities. However, Islamist terrorist organizations are all-inclusive, numerous and active in recent years. Thus, terrorism is "a doctrine, method and means of provoking fear and insecurity among citizens with the systematic use of violence in order to achieve certain, primarily political goals" (Pejanović, 2017). Terrorist organizations often attack and threaten citizens, institutions, the state, government representatives, and may also threaten travel agencies and their infrastructure. Therefore, the target of terrorist organizations may be the tourists themselves as well as tourist infrastructure and other facilities used in tourism. In this regard, some of the many threats to tourist facilities are as follows: one of the latest examples is an attack by the terrorist group Al-Shabab on the luxury hotel Dusit D2 in Nairobi. The attack was performed by a suicide bomber, followed by gunfire from the terrorists, while reported losses were 47 people, according to the terrorists themselves, and 15, according to the authorities, with 700 being evacuated. This group has been very active in Somalia, including a shopping center in Nairobi in 2013 which claimed the lives of 67 people. When it comes to terrorism and terrorist threats, we can say that only a very few have been spared from the consequences of terrorist organizations. When it comes to the Balkans and the Republic of Serbia, our society must learn to deal with threats from these groups. The Republic of Serbia could be under threat from Islamic terrorism and regional terrorist groups. We need to keep in mind that there are over 10,000 registered Wahhabi members in Bosnia and Herzegovina, a large number of whom have been on the battlefields of the Middle East. The same large number of terrorists and Wahhabis is also present in Kosovo and Metohija with some data suggesting that there are as many as 4,000 members of the Wahhabi movement in the Republic of Serbia and 300 in

Montenegro. It is necessary to explain that the Wahhabi movement is not registered as a terrorist group, but rather a movement, but they support terrorism and take part in it. During the month of January, a member of the Wahhabi movement was discovered in Novi Pazar, at which time he was found in possession of terrorist materials, manuals, weapons-knives, explosive materials as well as other items. Regarding terrorist threats and risks to the security of people and property, there are many examples of this form of violence at the international level, and we will now recall one of the most recent examples. A terrorist organization of the Jihad orientation, Abu Sayyaf, activated two bombs, one on the inside and one of the outside of a Christian chapel in the city of Jolo, on the island of Mindanao in the south of the Philippines, killing 21 and seriously wounding 83, before managing to evade capture. The cathedral was full of pilgrims at the time of the attack, something terrorists rely on in order to be able to claim as many victims as possible. This Islamic group was formed in 1991 by Abdurajak Abubakar Janjalani, their current leader being Isnilon Hapilon. The terrorist group's headquarters is in the city of Jolo, their affiliation first being to Al Qaeda, which they changed in 2014 when they pledged allegiance to the Islamic State (ISIS). Their main goal is to implement Sharia law in the Philippines, as well as other states controlled by ISIS. We would like to remind the readers that this is not the only Islamic group, there are many others, but here we are constrained by how much space we can dedicate to dealing with this topic, thus we have only mentioned them as the latest example.

Destructive sects. - When it comes to destructive sects, it is necessary to say that not all sects are destructive. Destructive sects are those that commit criminal and terrorist acts thus posing a threat to both the safety of their members and their families. Professor Simeunović's research has led him to the conclusion that some destructive sects are the forerunners of contemporary terrorism. This assumption is founded on their activities and customs which are closest to terrorism. Zealots, Thuggees, Assassins, *etc*. (Simeunović, 2009). In order to connect terrorism and sects, with similar or the same forms of violence, it is necessary to refer to the definition of both groups. "Terrorism is primarily political violence and a deliberate activity for the intimidation of masses and individuals, with the people and representatives of authorities, as well for achieving material goals and domination over a particular society" (Pejanović, 2016). Given that we have defined terrorism as an act, or phenomenon, it is necessary to try to define sects, something which is in itself very difficult as these associations are very different from terrorist ones. *Religious sects are*

associations that try to establish their own church and represent their own God while annulling existing and recognized churches as well as the existing God. They are characterized by persistence, consistency, fanaticism, and a willingness to convince others that they are the ones to believe, and not the ones thus far believed in. They use fraud, seizure of property, crimes as well as other unlawful activities. In order to confirm this definition, we shall refer to some traits of sects that are the forerunners of terrorism. Thuggees are a religious sect, in conjunction with road robbers and religious fanatics, who believe in their goddess Kali. In order to ingratiate themselves to the goddesses they kill their victims, as sacrifice to the goddesses, while keeping money, gold and other valuables for themselves. The religious sect Assassins is a branch of the, Muslim Shia sect, Ismailis in the Arabian Caliphate, and are considered a tribal religion. The religious Jewish sect Zealots are portrayed as true freedom fighters for the Jewish people. However, in modern times we have witnessed numerous satanic and destructive sects among which are: Satanists, a satanic sect originating in India, who perpetrate violence both against their own members, as well as their families. Followed by the Aum Shinrikyo, the Black Rose, the Red Rose, *etc.*, which have much in common with the sect of the Ancient and Middle Ages (Assassins, Thuggees, Zealots).

If we were to look at the characteristics of and our experiences with destructive sects, we can assume that they can pose a threat to either members of agencies, agencies or the users of tourist packages.

Russia banned destructive sects in 2018 precisely because of the unlawful actions and activities we have mentioned. This year, security services are checking the property of members of the Jehovah's Witnesses.

"There are as many as tens of thousands of sectarians in our country who are members of sects that have totalitarian and destructive goals. Many of them hide under the guise of various organizations", warns Srđan Mijaljević. Mijaljević pointed out that there are satanic, as well as Eastern sects which are equally dangerous, in Serbia. According to him, the most dangerous sects in Serbia are those that have totalitarian and destructive goals and activities contained in their teachings and practices, and which are primarily secular organizations that propagate that their members should completely, drastically and quickly change their way of life and work. Dangerous sects forbid medical treatments and impose alternatives that they administer themselves, forbidding blood transfusion, in any

form. The satanic cult The Cult of Satan has been a presence in our country for a long time and is, unfortunately, still very present, says Mijaljević, who places Satan's church, O.T.O., The Black Rose, Satan's Knights, the Doors of Hell, Hell's Fire and various witchcraft organizations that accept Satanism directly, in the forefront. In addition to the numerous ritual events and the commission of crimes, these sects urge children to suicide, their victims being of all ages" (Stošić, 2017). One of the forms of the struggle against, and protection from, sects is teaching and learning about sects.

Social threats from HAARP and Chemtrails systems. - Chemtrails represent white traces in the air discharged from the jet, i.e, chemical that disperse and spread through the air causing new occurrences in the form of a cloud (Pejanović, 2015).

HARP (abbreviation for the High Frequency Active Auroral Research Program) is a program of active high-frequency research that aims to "understand, stimulate and control processes in the ionosphere that can change the performance of communication and monitoring systems." It started in 1993 and was proposed to last 20 years. The project takes place near the city of Gakona, Alaska. The equipment for the HAARP project consists of a huge number of high-power radio transmitters and corresponding deduction instruments, *i.e.*, 180 high-power antennas. Six generators of 3.6 thousand horsepower emit more than 3,000,000 watts on a daily basis. The main objectives of the project are to study the phenomenon of polar lights and radio communication. The project was terminated at the end of 2014.".

Note: The old center in Florida was closed due to obsolescence and a state-of-the-art center was formed in Nevada, USA. In this respect, we transmit knowledge of others.

The High Frequency Active Auroral Research Program is an antenna that emits high-frequency (HF) radio radiation. These antennas, located in the vicinity of Gakona, Alaska, serve to explore the ionosphere. The structure of this article is such that it provides the basis for the terminology needed for the reader to draw a conclusion as to the raised question, without stating the authors conclusion.

When it comes to Serbia, the unusual occurrence of spiderwebs, which appeared to a greater extent in various parts of Belgrade, disturbed the

citizens of the capital. The image of trees and electronic pols covered with fibers have once again fostered the theory that secret experiments are being carried out above our heads and that the spiderwebs are associated with unusual traces in the Serbian sky. Mysterious fibers have appeared throughout Serbia, over all urban centers. Every city in this country was afflicted by a large number of spiderwebs. At the end of October, when the temperatures are from 10 to 12 degrees Celsius, natural spiderwebs cannot appear, claims the president of the ecological movement of Novi Sad, Nikola Aleksić, in an interview with Sputnik, the author of a scientific paper on Chemtrails that was presented at the international ecological conference.

"According to claims from independent researchers, HAARP can also be used to manipulate climatic conditions. The heating effect is used to change air currents subtly and to create a massive, cumulative meteorological effect over a specific area, which can take days and weeks" (Habuš et al., 2018).

"Visible on numerous Internet addresses are photographs of the interior of airplanes with built-in metal tanks, in place of passenger seats, with chemicals scattered around the globe. The photographs were secretly taken by the airplane mechanic who worked at the companies hired to redesign the seats in the passenger compartment so as to leave enough space, as per order from the company, or people from the companies working under NATO orders, for working with the chemtrails discharge devices" (Habuš et al., 2016).

Thus, HAARP and Chemtrails are a unified system within which these two systems function. Neither one would be able to show any results in individual activities, they are co-dependent and are always within the same system. When it comes to the HAARP system, it is an electronic and magnetic system that is remotely-operated via special repeaters, with directed magnetic waves towards the chemicals released from the aircraft. The Chemtrails system involves the disposal (processing) of chemical substances from the aircraft into airspace and once the magnetic waves collide with the chemical substances they cause natural disasters which are controlled via these systems. In accordance with the above, we point to a pilot's confession, who performed these tasks. "Finally, a military pilot has completely revealed the truth on the chemical pollution of the planet in which he himself had participated in. It is an unlawful and

extremely destructive project called the Chemtrails Global Program. With this information, he risked his life as well as the lives of his family.

Elementary disasters and catastrophes. - Natural sources of endangerment of social values are observed in geographical position, territory and climate, which arise from the occurrence of natural phenomena and disasters, such as: lightning or lightning, fires, floods, winds, snow deposits, ice, frosts, earthquakes, droughts, avalanches and the like (Pejanović et al., 2018).

In addition to the social threats which endanger tourist infrastructure, natural disasters are often the cause of disasters and accidents, both on a global and domestic level. Therefore, natural elementary disasters often cause threats, hazards, risks and disasters, both natural and, often, influenced by man. The most frequent elementary disasters that can jeopardize tourist infrastructure are floods, fires, earthquakes or disturbances, snowfall, rain, hail, ice, landslides, or rockfalls, storms or winds, droughts, volcanic eruptions, etc. In this respect, all of the abovementioned natural disasters are the result of natural reactions and actions, some of which have been artificially caused by man.

The artificial influence of man and the occurrence of natural disasters, and consequently catastrophes, are also caused by scientific institutions dealing with nature. Among many others, the scientific institutions which are most often the cause of an impact on nature are the American NASA in cooperation with NATO through two, of the most famous, systems, HAARP and Chemtrails, which successfully contribute to artificial natural disasters and catastrophes. While listening or reading this story, keep in mind that Chemtrails dusts 24 hours a day, seven days a week. This is only part of the testimony of a man who carries out the dusting. First of all, I would like to say that I do not agree with what I do, or the tasks I receive. But what can a soldier do? Some of us think that we are doing wrong and the opposite of good. I have to say that they keep us completely in the dark when it comes to getting an honest answer about what we are releasing over the earth. If it is revealed that I, or someone from my family, has been making inquiring about Chemtrails, automatic and rapid disciplinary measures follow. HAARP and Chemtrails are two concepts that we are forbidden from inquiring about or researching..." (Marić, 2015).

Bearing in mind the limitations of this paper, and a very broad topic which we could only partially present, we wish to address your attention to the website under footnote number 15.

However, we are confronted with one of the most dangerous threats to modern civilization through the disposal of chemicals, coal dust, ash from thermal power plants, *etc.* All of which is being released, over our planet, slowly and quietly extinguishing future life. Readers may learn much more by going to websites containing the name HAARP and Chemtrails, as well as by reading published works.

Technological and technical incidents and accidents. - Technological and technical incidents, accidents and disasters are also phenomena that greatly endanger the safety of people, as well as material valuables, both domestically and globally. Technological and technical threats are all types of collisions, traffic accidents, rail accidents, air traffic accidents, river accidents, as well as technical shortcomings that often contribute to crashes. Since travel agencies and institutions regularly use all of these forms of transportation, any of the abovementioned accidents may endanger their clients, passengers and representatives. For that reason, precautionary measures, in the form of requirements placed before transportation operators, as well as conditions which must be fulfilled by transportation vehicles, drivers, engineers, pilots, insurance companies and others, are indispensable. Under technological accidents we mean deficiencies in a technological product and its impact on transportation vehicles, technological collisions within institutes, industry, power plants, heating plants and similar plants. Therefore, tourists encounter all these deficiencies and can always be endangered.

Risks, crises and emergency situations

In order to be able to identify and define risks, crises and emergencies, it is necessary to answer each of the questions raised in this paper. Strictly speaking, all the aforementioned threats lead to crisis, and in a state of crisis there are certain consequences which have conditioned society to place them under crisis and, finally, emergency situations. Therefore, a group of threats in which the causative agent is a purely human factor may, or may not, lead to a consequence on life, health or body, or the destruction of property or social values. Each of these forms of threats can lead to a change in the status quo, in a crisis situation or at the end of an emergency situation. Likewise, natural disasters are either caused by

natural causes or a human factor, often they can lead to the emergence of a crisis, to the society as a whole or to one of its parts. In this case there is a threat to human lives, health and body as well as the destruction of material valuables, either to a part or all of society, or several countries. All this leads to a crisis of a small, medium or large scale, causing an emergency situation in one part, a larger part, or the entire territory.

Technological and technical threats, risks and consequences take the form of various incidents, accidents and finally disasters. All of which lead to injuries, illnesses and the loss of human lives, as well as the destruction of material assets or social values. Crises and emergencies can cause any of the aforementioned threats at the municipal, city-wide, regional and ultimately state levels. Regardless of the level of crisis or emergency situations, both involve infrastructure used for tourism purposes and which, together with others, can be found in a crisis or extraordinary situation. In order to minimize the consequences or bring them down to the least possible number or measure, tourism agencies and state institutions agree on the protection and implementation of security measures for people, their property, the property of tourism agencies and, ultimately, national values.

Concept and definitions of crises and risks in a state or institution

First of all, we wish to point to the possibility of a crisis, crisis situations, and an emergency situation, caused by any form of these threats and risks. Any of the mentioned groups can lead to a crisis in tourist infrastructure, if there was to be an attack or a natural disaster, as well as a technical accident of medium or large proportions.

In order to be able to discuss the issue of a crisis, it is necessary and useful to explain the conceptual determination and definition of a crisis and crisis situations, as well as the risks that follow the crisis.

"A *crisis situation* is a form of organized activity by an internal political opponent and enemy, which uses objective difficulties and subjective weaknesses, its objective being to destabilize the situation in society and bring down the existing constitutional order. The crisis is caused by the structure of internal political opponents and enemies which are, most often, directed and lead by intelligence services of some of the more aggressive states. A crisis consists of provoking riots, strikes, conflicts when, under these conditions, the confidence felt by the majority of the

population, in political structures and state bodies, is weakened." (Đorđević, 1986). In other words, "crisis in all critical situations, direct reaction of individuals and organizations directed towards damage control" (Čengić, 2016).

„In security theory and practice, there essential differences in the conceptual definition of corporate security within the national state and its enviroment, and therefore the view of its content" (Pejanović et al., 2018). In order to be able to give an answer to the problem of endangering security, tourism or social systems, it is necessary to explain crisis and the conditions for provoking a crisis. In this case, we consider a crisis to be all performed activities, or one activity, if it has triggered an activity over a broader social area there, a threat and, finally, consequences, regardless of whether the system was under threat or the system was attacked. Therefore, all the above mentioned forms of threats, to all of the Republic of Serbia or its parts, can cause a crisis, either in one part of the state or its entire area. Serbian society has been a frequent target of dangers and threats, amongst which were the NATO aggression, international sanctions, conflicts and civil war on the territories of the Republic of Croatia, the Republic of Bosnia and Herzegovina, conflicts in Kosovo and Metohija, as well as other forms of threats and crimes. Each of the aforementioned forms of threats causes a particular crisis, whether military or security (Mitrofanova & Vladimirovna, 2005), that crisis slip out of state control, it can turn into a military crisis and, thus, the emergence of war or civil conflict.

Hence, a national state crisis, in global political and security relations, is often faced primarily with the globalization process and the issue of disturbed relations, in which event the national state, in this case the Republic of Serbia, may face unpleasant challenges, as may its institutions.

Globalization is first an economic process and only then a political and cultural. It differs from the growth of interdependence, the convergence or integration of the economies of different states. Globalization changes the qualitative characteristics of national economies, transforming them from relatively closed systems into elements of a single global economy. The notion of a *national economy* loses its meaning as economy is less and less connected with the *nation* state and the needs of its citizens.

In this regard, the former Yugoslavia was, among a number of other states, torn apart by globalization, with an exceptionally high foreign factor from some Western European states and the help of internal destructive forces acting on the national plane. Secondly, by causing civil inter-ethnic intolerances and conflicts, the resulting political, economic and security crisis led to the dismantling of the state and the formation of independent national states, including the Republic of Serbia. However, the disintegration of a relatively well-regulated state of Yugoslavia is, precisely, the ultimate reflection of a general reduction in the state's role in international relations. Independent countries and developing countries are in fact trying to close and adapt to the region, considering these ventures as one, or perhaps the only, way to protect themselves from globalism. However, the above definitions refer to the state and, through it, to its institutions, among which are tourist destinations.

Concept and definition of risk and conflict in a state or institution

In order to discuss, explain and provide answers to the issue of risk, its causes, origins and consequences, it is necessary to define the concept and definition of risk in general, and hence the risk it possesses to the safety of society. "*Risk*, ital. conscious exposure to danger with the aim of achieving a favorable outcome. In carrying out combat actions may cause unwanted consequences, (failure of a particular action leading to excessive losses), but also remarkable success. The character and size of the risk depends on the situation - the abilities of own forces, the strength of the enemy, the size of the land, etc." (Ratković & Petrović, 1981).

Riskiness too is the exposure to some risk and danger that may arise. "Riskiness (from Italian, riskare - exposure to danger); putting oneself at risk, bringing into question a life and a goal, gambling with, the factors (action/decision)..." (Bošković, 2015).

Therefore, any thought, threat, appearance and execution of a threat is always a risk, either for the executor or the victim. The occurrence of a risky activity may even results in consequences for both the executor and the victim. In other words, risky threats or activities are less often felt by the executor, and more often by the victim, occasionally the executor may find him/herself in a risky situation, as in the following cases: The executor activates an explosive device intending to kill or destroy its target, but is delayed in throwing the explosive device so that it explodes

in his/her hands causing the executor to lose his/her life while the potential victims are not compromised (Bošković, 2015).

When it comes to our issue, *risks* as a threat or a security consequence arise in the event of a planned dangerous activity that provoke a victim or consequence for some value, creating a risky situation for the safety of people or social values. In this case, someone will lose a life and will have his/her property endangered, in this case, the lives and values of the society of the Republic of Serbia.

Thus, *risks* to the security or social systems arise in cases of military threats or armed attacks, terrorist activities with weapons or explosive devices, criminal groups or individuals with weapons or other injuries, civil armed conflicts and similar activities. Risk and conflict situations are the consequence of any of the above threats resulting in consequences for the safety of health and life of people, other living beings, as conflicting events for society and its values.

In order to fully answer the problem presented in this paper, it is necessary to explain the definition and its function on conflict and conflict situations.

Therefore, *conflict* (lat. Conflictus), a verbal confrontation (argument) or a physical altercation, a struggle between two or more subjects and tendencies that are mutually exclusive under certain conditions. A conflict of opposed opinions, tendencies and attitudes about the subject matter of a dispute. It is manifested through emotions and the practical behavior of an individual" (Bošković, 2015).

When we speak about a conflict between groups or societies, we imply a certain misunderstanding, a dispute and verbal altercation that can be verbally avoided and resolved without physical conflict, whether it is about two or more persons, as well as the state. Therefore, every conflict can be resolved if both parties give in, tolerate, and ultimately agree to end the problem. Conflict is prolonged if two or more states have unresolved national, political, economic or security misunderstandings which they attempt to resolve verbally, unsuccessfully. Then, conflict is prolonged, enlarged, and leads to physical clashes or conflicts, whether military or civil, with the use of weapons. If this conflict persists then there will be a break in diplomatic and other relations, or war, in which both parties lose and the problem remains unresolved.

In this regard, conflict situations imply, primarily, the emergence of threats, and then conflicts or disagreements. "Any situation in which two or more social entities or parties (whether defined or structured) perceive that they have mutually inconsistent objectives" (Đurić & Subotić, 2010). Strictly speaking, under conflict we mean sources of threats, situations, behaviors and attitudes. A person may find themselves in a conflict, or conflict situation, each time they have a conflicting personality, institution or group in the opposite position. When it comes to conflict situations under normal circumstances, or a regular state, a person or society resolves conflict situations by rationally reviewing important events which may be changed in favor of reducing, or eliminating, conflicts. These situations will change if both sides in a conflict act rationally.

When it comes to, one side, reinforcing or increasing frustrations and this is answered by the other side, in the same measure, then there will be a conflict, an attack and aggression. In this case, aggression implies hope, intensification or extension of aggressive frustration which, here, lead to conflict and an aggressive state. "The classification of social conflicts includes the following: 1. primary, and secondary; 2. irreconcilable and reconcilable; 3. internal and intergroup; 4. internal and external realistic, and 5. unrealistic, functional and group" (Đurić & Subotić, 2010).

Therefore, our research focuses on the third group of causes, related to the social sphere in which a key role is played by international relations, as well as disturbed inter-ethnic relations and the goals of economically-developed societies. These groups are instrumental in deciding whether there will be conflict, or nor, the extent of the conflict between societies, and whether this will result in conflict or war.

However, our expressed opinion and findings related to all types of social conflicts and risks, which relate to the influence of the human factor. Therefore, the human factor is not decisive for the occurrence, these events are greatly influenced by natural factors which contribute to the emergence, increase and deepening of risks. "Over the past 20 million years, more than 20 of these super-eruptions have been identified. This indicates that the average super-eruption occurs at least once every 50,000 years. However, it is possible that there were other super-eruptions that have not yet been identified in geological traces" (Bostrum & Ćirković, 2011). Global damage from climate changes and natural disasters cause inestimable damages almost every year, even in the Republic of Serbia, an example of which is Obrenovac in 2014.

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SAFETY OF PEOPLE AND FACILITIES IN TOURISM - FORMS OF THREATS AND MEASURES OF PROTECTION

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Abstract

The endangering phenomena of natural, social, technical and technological origin and their consequences have a global character for a long time and represent everyday risk to people's lives, the safety of their property and the environment. Accidents can be the cause of catastrophes, or emergency situations whose consequences are severe. The organisation and outfitting of subjects of protection and rescue has grave importance for taking precautionary measures and preventing dangers and risks to people and their property, especially in tourist destinations. Work of emergency services is particulary important in preventive goal, to reduce risk and manage emergency situations when they happen. In order to protect tourist destinations and tourists, adequate measures must be taken to develop risk assessment and protection plans, as well as design and construction of safe facilities to mitigate catastrophe consequences.

Key Words: *safety endangering, tourism, risks, plans, protection and rescue*
JEL classification: *L83, Z30, Z39*

Introduction

The *endangerment* of the safety of persons and facilities, in the broadest sense possible, is a state or situation in which there is a danger that someone, or something, will be deprived of life, medically harmed (disturbed), or materially, financially or otherwise ruined or damaged. The sources of such endangerment, *i.e.*, bringing into danger, can be natural, artificial (technical-technological) and social (Daničić &

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Pilipović, 2018). In addition to these sources of endangerment, a smaller number of authors includes ecological sources to be among them, however, according to the nature of origin and the carriers of the threat, they too can be categorized under the technogenic, or technical-technological sources of threat. Natural sources of threat are related to elementary activities of natural forces and they are not influenced by man's effects and direction. Artificial or technical-technological sources of endangerment are things (objects) that are the product of human activity and used in everyday human communication and work. The carriers of social sources of endangerment are always individuals, groups or organizations, with specific characteristics, whose activity, as a rule, is directed at depriving people of their lives or causing injury to others, or material damage with various degrees of consequences.

The notion of a *challenge* can be behavior (action), *i.e.*, a process associated with a particular natural or social phenomenon that triggers an action or reaction (Kovačević, 2002). Challenges are also potential forms of endangerment to the safety of persons and tourism accommodation facilities, and they are removed, according to their position, from the protected facility (volcanoes, tsunamis, *etc.*). Therefore, it is necessary for the subjects of protection (state bodies, public companies, civil protection agencies, legal entities and private security entrepreneurs) to pay attention to these challenges as they may turn into more direct and harmful risks and threats with an impact on security personnel and tourist destination facilities. *Risk* represents a conscious exposure of people to dangers, with different outcomes, that can cause unwanted consequences (*e.g.*, hiking without adequate clothing under winter conditions). Risk can be a danger that has the potential to endanger the safety of a tourist or accommodation facility, *i.e.*, risk may occur as a result of a natural force, irrespective of the will of a person (earthquake, flood, storm, *etc.*). The endangerment of persons and facilities can be direct and indirect, while in relation to the means utilized, the threat can be armed (use of firearms, mines and explosives, cold weapons) and unarmed (physical violence, poisoning of food and water, accidents, *etc.*).

Some of the main threats to the development of the tourism industry are sociological and security. The expansion of certain tourist destinations often involves a rise in crime rates within these locations. However, the possibility of terrorist attacks is becoming the most significant risk factor for the global tourism industry (Lečić & Skakavac, 2018). It should not be ignored that in contemporary times and tourism, some important tourist

destinations, in specific parts of the world, have been targeted by extreme terrorist organizations with the aim of disrupting life, even at tourist locations. "Terrorist attacks affect the security reputation of tourist destinations and the sowing of fear among potential tourists. A fear of terrorist activities can, in a very serious manner, affect economic trends within the domain of supply and demand on the international tourist market. The mentioned tendencies, in the field of digression of tourist activities, were also noticed on the most recent examples of well-known tourist destinations such as Turkey, Egypt, Tunisia, Morocco, where the so-called Arab spring, or a war for democracy, led to a change to the ruling party and authoritarian regimes, the epilogue being long-term political instability, anarchy, chaos and civil wars that have had, as the final outcome, an even stronger strengthening of Islam and those structures that advocate the application of Sharia law (Skakavac & Skakavac, 2017).

In this decade, after the infamous terrorist acts in the United States, France, Spain, Germany and the United Kingdom, several authors have introduced the concept of *threatening security phenomena* which can, with their orientation, goals and effects, endanger the safety of persons and facilities to a greater or lesser degree. According to the degree of danger, they are divided into three categories: *high-intensity security phenomenon* (terrorism, religious and national extremism, organized crime, espionage, assassinations, *etc.*); *medium-intensity security phenomenon* that threaten essential social values, freedom and citizen rights, life and property of people, traffic security, which includes general and economic crime, *etc.*; and *low-intensity security phenomenon* that jeopardize social morality, personal interests of people, *etc.* (Dragišić, 2006).

Bearing in mind the relationship of the perpetrators (intentions, goals) towards the protected values (persons and facilities), the threat to the safety of persons and facilities can be:

- unconscious, when certain actions committed by a person or group, without having the intention to, endanger the safety of people and the environment (*e.g.*, air and water pollution during manufacturing processes that do not have modern purifying filters); and
- conscious, deliberate, targeted, organized, with the use of force aimed at destroying the facility and property, or violence and coercion against people.

Sources and forms of endangering the safety of persons and facilities

Sources of threat can be classified in different ways according to various criteria. Thus, according to activities sources of endangerment are divided into latent and active, according to consistency into permanent and occasional, according to time of origination into past, present and future, and according to the directness of the impact on security into direct and indirect, etc. Nevertheless, the most significant division is: *social sources* of endangerment and *natural and technical-technological sources* of endangerment which in turn may cause emergency situations. Social sources of endangerment are: socio-political conflicts (strikes, sabotage, riots, terrorist acts, *etc.*); military-political conflicts (war, armed rebellion, civil war, attacks on military facilities, *etc.*); and complex humanitarian catastrophes (mass movements of the population, shortage of food, medicine and clothing, *etc.*). Natural sources of endangerment occur as a result of various lithospheric (asteroids, comets and meteors falling), atmospheric, hydrospheric or biospheric phenomena. Endangering phenomena as a result of technical and technological accidents and incidents can include: accidents during the transport of dangerous goods; fires and explosions at industrial plants; the release of radioactive and chemical hazardous substances, the sudden demolition of buildings and hydro-accumulation facilities (Mlađan, 2015).

From the point of view of the safety of persons and facilities within tourist destinations, the forms of manifestation of the security threats themselves are related and depend on the number of persons (employees, tourists, random passers-by) who find themselves in the subject tourist accommodations or in their immediate vicinity. In these terms, a security threat is considered all that is a source of danger and has the ability to inflict serious harm on persons and facilities. In addition, we often encounter a classification of danger, according to which they are divided into challenges, risks and threats to security (Daasse & Kessler, 2007).

Modern threats to security are predominantly classified into: traditional and global terrorism; the proliferation of weapons of mass destruction; trafficking in human beings and human organs and transnational organized crime; interstate, internal (ethnic and religious conflicts - third-generation conflicts), and the fourth-generation conflicts (conflicts between transnational actors and sovereign states).

Carriers of endangerment to the safety of persons and tourist destination facilities

The carrier of endangerment to the safety of persons and facilities is an entity that, by its actions or by a failure to take a particular action-procedure, affects the occurrence of an endangering phenomenon. The entities are:

- an *individual* who independently takes an unauthorized action (*e.g.*, murder, violent behavior, terrorist attacks);
- a *group* (criminal or terrorist group, political movement, destructive mass, *etc.*);
- a *legal entity* or *organization* (*e.g.*, as the perpetrator of a misdemeanor, commercial offense or criminal offense);
- the *state*, when the entire state administration is responsible for the endangerment (*e.g.*, dictatorship, terrorizing the population, violent displacement of people, discrimination of national minorities), or certain state bodies (*e.g.*, the participation of special police or military forces during the execution of terrorist acts within the territory of another country, denying due process to perpetrators of crimes, etc.); and
- an *international organization* and the *international community* assuming certain measures against individuals (*e.g.*, unfounded trial and conviction of innocent individuals for war crimes, release from responsibility and abolition of war criminals, failure to provide international protection to a person whose rights have been violated in their domicile country, *etc.*).

Identifying the form of threats and endangerments

Numerous threats and risks of different origins should be identified while implementing a security assessment of the vulnerability and an assessment of the safety of persons and facilities within tourist destinations. In this respect, the responsibility of all employees, especially management and those in charge of security, is related to risk management which includes risk analysis, so that the completion of the following tasks it made easier: identification of persons, facilities and property to be protected; identifying threats that could endanger the security of the property, person and operations of a travel agency; assessing the likelihood of an adverse event, an assessment of the impact of the threat and an estimation of its frequency; assessment of threat

management options; and the identification of threat countermeasures (Keković, et al., 2011).

External and internal threats can be identified according to subjects and manner of expression, which includes recognizing the intentions and capabilities of potential threat carriers. *External threats* range from extreme threatening events such as terrorist attacks, which are found among poorer groups of the population, because economic reasons, in addition to religious, psychological, sociological and cultural ones, encourage the development of terrorist aspirations (Lečić & Skakavac, 2018). In addition, there is the possibility of kidnapping and, somewhat less dangerous acts such as burglary, arson and similar attacks perpetrated against facilities that can endanger the safety of persons and facilities from the outside. *Internal threats* include theft, property damage, sabotage, violence, vandalism, and disclosure of confidential information. External threats also include business espionage, water and food contamination, blackmail, public riots, fires, weather, earthquakes and other types of natural disasters.

Security assessment

A security assessment is a special form of explanation and interpretation of a security phenomenon and, in that sense, an assessment should indicate the strength and dominance of individual elements that affect the structure and character of that phenomenon. According to some definitions, an assessment is an analysis-based activity that aims to predict the possible development and tendency for the development of future security situations (Stajić, 2005). A belief is that the assessment process has certain characteristics, including: interdisciplinarity of research, heuristic orientation, inaccessibility of required data, research of small cases of great influence, and specificity and applicability of research (Godson, 1980).

A security assessment of the vulnerability of persons and tourist destination facilities is an analysis of the conditions, within a given space and time, which are important for their security. Based on this, it is easier to make a decision and to adequately plan tasks, measures and resources that prevent any threats. The final part of the assessment needs to present a prognosis of the future behavior and activities of security threat carriers. Such a defined assessment implies: analysis; prediction; and conclusion. The *analysis* takes into consideration facts about a particular threat, which

are essential for adequate decision-making. Objective analysis is a reliable basis for an adequate *prediction.* The purpose and value of the prediction lies in being able to, based on what has been ascertained through the analysis, consider the necessity and probability of future events, which forms the basis for the timely planning and organization of security system and preventive measures.

An adequate security assessment should answer the following questions: What are the main security challenges, risks and threats to persons and facilities that are the subject of protection? What is the nature of the specific security challenges, risks and threats and how can they be displayed during the assessed period? Who are the carriers of security threats? Who are their allies, and who are their opponents? What are the organizational, technical, technological and financial options available for preventing endangerment? The answers to these questions give a picture of the security situation and point to the main security issues, and are the reasons for the implemented security measures and procedures, as well as the adopted security plans. Among them, the most important is the protection and rescue plan, which should include the following: a security assessment excerpt; early warnings and alertness; mobilization and activation, civil protection measures; use of forces and subjects of protection and rescue; *etc.* (Official Gazette of the Republic of Serbia, 2018).

Table 1: *Display of the risk probability scale*

Risk strength	**Possibility**				
	Impossible	**Possible**	**50/50**	**Less possible**	**Impossible**
Catastrophic	1	1	1	2	3
Critical	1	1	2	3	3
On the border	2	2	3	3	3
Negligible	3	3	3	3	3

Source: *Broder, J.F. (1984). Krizne analize i bezbedonosna istraživanja, Butterworth-Heinemann, Boston, p.185.*

LEGEND:
Possibility: The chance of something happening.
Risk strength: Consequences of an event.
Catastrophic: Death and/or great loss in dollars.
Critical: Serious injuries or illnesses and a large loss in dollars.
On the border: Less injuries or illnesses and little or no loss in dollars.
Negligible: No injuries or illnesses and little or no loss in dollars.
1: Unacceptable risk.
2: Acceptable risk, with certain limitations.
3: Permissible risk.

When designing a security assessment, a comprehensive methodological approach should be used during the assessment of the state of security of an entity, whereby it is important that different levels of management, both vertically and horizontally (enterprise, agency), make comprehensive estimates (Dragišić, 2007).

Organizational forms of security departments and protection measures

The specific organization of a security department is conditioned by the needs and requirements of an economic entity, institution or body, specific in relation to the time, number and size of the facilities, the size of the protected area, the number of employees, the location, and the local environment (urban, technical and other conditions). In accordance with project requirements laid down by the management of tourist facilities (hotels, motels, camps, *etc.*), *i.e.*, strategic determinants and objective needs (according to estimates and risks), and for the purpose of providing high-quality, timely and efficient protection of persons and property in accordance with the Law on Private Security (Official Gazette of the Republic of Serbia, 2013), physical protection can be organized in two ways:

- *internal security department* (self-protection activity) is the private security of a person, property and business that the organization (legal entity, institution, body) performs for its own needs. The internal security department is an internal form of security organization, for its own needs, and cannot provide security services to other persons; and
- *engaged security service*s (contractually engaged, external) are private security activities performed by a private security company, or private security entrepreneur, registered for these activities in accordance with regulations.

Depending on the needs (number of facilities, size of protected area, scope of tasks, number of employees, *etc.*), physical protection can also be *combined*, partly through the internal security department and partly by engaging legal entities or entrepreneurs, *i.e.*, external security (Daničić & Pilipović, 2015). Direct physical protection activities are carried out by security officers, as natural persons, in accordance with a *security plan*, and are primarily achieved via physical presence and direct activity of the security personnel within a specific space and time, as well as with the application of measures and, exceptionally, using the means of coercion, when legal requirements are met.

Legal entities and entrepreneurs may obtain one or more *licenses* for organizing self-protection activities, *i.e.*, for the purpose of protecting their property, business, facilities, premises and persons, within them, and organizing their own (internal) *monitoring* maintenance service.

License may be obtained provided that:

- they have an organized planned, organizational and control function of self-protection activities;
- the performance of these tasks has been defined by a job classification act with job descriptions;
- they have an act defining the appearance of a uniform and a designation;
- the responsible person, in charge of the internal security department, meets the requirements (citizenship, age, psycho-physical fitness, secondary education, security check and license for natural persons);
- security personnel have a license for physical-technical protection, maintenance of order at sports events and public gatherings and other places of gathering; and
- as security tasks involve the use of weapons, that they fulfill the statutory requirements in this respect.

The manner of conducting private security services, by an internal security department, does not significantly differ from activities performed by legal entities, entrepreneurs and natural persons who perform private security operations for the service users (*contracted security*).

Activities and manner of performing physical protection activities

In order to secure persons, property and operations within tourist facilities, security officers assume, in a preventive and repressive manner directed at persons who endanger the safety of persons and facilities under protection behavior (with their actions or omissions), specific measures and activities not unlike those assumed by police officers during the protection of citizens and their property. The security conditions and ways of exercising authority by police officers, as well as by security officers performing physical protection activities, are very similar, if not identical. Events and suspicious behavior which endangers secured facilities and property, as well as security officers and other employees, can be very diverse, as can measures applied by the internal security

department. In most cases, daily routine preventive measures are sufficient, while in some specific situations, security officers will have to use coercive means (physical strength, binding agents or firearms).

Identity check

In performing physical protection activities, security officers are authorized to check the identity of persons entering, or exiting, a secured facility or area. This authorization is an important, and most often used, measure during the provision of security services. It is undertaken towards unknown persons at the entrance, or exit, to a secured facility or area, or towards persons found within the subject areas. The essence of this authorization is to determine the identity of the individual, the reasons for entering the protected facility or area, the time of retention, as well as other issues of importance for the security of the facility and the area. For the purpose of efficient day-to-day security operations, in terms of preventive activities, the identity of all employed persons can be checked with mandatory passes (*security identification documents*). For persons who are not employed and who are within the subject premises for other reasons, visitor's passes are issued upon confirmation from a responsible individual (manager, employee), *i.e.*, person with whom they have established business contact.

For the purpose of checking identity, the security officer seeks a personal identification card, or other identification document, in order to verify the individual's identity. There are a numerous reasons for verifying someone's identity. A more detailed identity check can be applied to unknown and suspicious persons located at sites (facilities, premises) contrary to the established regime. Persons who's behavior suggests they might be in the middle of executing an offense, while attempting to enter a secured area or zone. Other powers may also be exercised when performing an identity check including, when necessary, coercive means in accordance with the law.

As a rule, a relevant internal legal act will define the conditions under which this authority may be exercised during the performance of security tasks, while a by-law will define the manner for its application. All persons entering a facility (hotels, motels, congress centers, *etc.*), either for personal or business reasons, must leave an ID card, or other public document, at reception, on the basis of which the identity of this individual can be established.

Patrol (rounds)

It can safely be said that, by its nature, *patrolling* is primarily a preventive activity conducted by security officers, in terms of preventing attacks on individuals and property. Namely, the task, both physical and technical protection, is to secure persons and property from the entry of unauthorized persons, as well as from attacks, diversions, sabotage, various types of theft, and to take appropriate preventive measures and implement management's decisions (directors, owners, managers) relating to the overall safety of people and property. However, the biggest problem to the implementation of preventive measures consists in the fact that preventive activity has, thus far, not been entirely regulated, therefore there is no obligation binding relevant authorities to act on requests and proposals from certain bodies, in order to eliminate the criminal factors that contribute to the endangerment of persons, property and operations of tourist enterprises (agencies).

As a rule, security officers wear *uniforms* (work clothes), and are *on foot*, while, exceptionally, they may be armed, and may use a vehicle when visiting specific facilities which are separated, *i.e.*, located at a greater distance. While moving, security officers must be careful, concentrated and always ready to intervene. They must pay special attention to monitoring and observing suspicious persons so as to notice changes, that is, to be convinced of the security of the facilities, property and area. While visiting specific facilities and areas, security officers also use technical means, *i.e.*, video surveillance of specific facilities and areas, where they are specifically investigating the state of security.

In securing the person, property and operations of tourist companies (agencies), patrolling, *i.e.*, visiting specific removed (distant) spaces and facilities, has a special role and importance as it is acts preventatively on the causes of threatening phenomena and thus preventing criminal and other socially harmful acts. If necessary, patrolling, *i.e.*, rounds, may be carried out by a number of security personnel (patrols) who communicate with each other. Security officers are immediately informed by the responsible person (s) about all occurrences and events significant for security and, after investigating, submit a written report. All measures and activities, *i.e.*, application of authorizations, are carried out in accordance with prescribed procedures.

Access control

Access control refers to the control of movement and entry, or exit, of persons into facilities or premises, as well as the entry of vehicles. The control of things brought in by employees and visitors is an important preventive measure carried out by security officers. Its application prevents the possible introduction of weapons, explosives, flammable materials or tools, as well as other objects that are suitable for carrying out attacks, endangering or obstructing the work of employees and guests (for example, bringing in a photo camera and unauthorized recording). The control of the entry and exit of vehicles, introduction and removal of goods, is an important preventive measure that prevents the introduction of hazardous goods, unauthorized entry, as well as unauthorized removal of property from the facilities. In addition, control of facilities after working hours is also very important and implies checking (personal insight) into all indoor/outdoor work areas, plumbing, electrical equipment, TVs, computers, as well as other technical devices and equipment.

Detaining and searching an individual

During the performance of physical protection tasks, the security officer is authorized to, during the performance of his official duties, detain a person ex officio detected within the premises, or in the facility, while carrying out a criminal offense. Detention is an act by which a detained person, found during the commission of a criminal offense, is limited (prevented) from leaving. In the event that the injured person offers resistance and attempts to escape, the security officer may apply physical force and restrain the person in order to detain them until the arrival of the police. The detained person must be surrendered to the police immediately, together with the objects taken during the commission of the crime, *i.e.*, used for the commission of the criminal offense.

It is considered that the perpetrator is discovered during the commission of a criminal offense, within the meaning of statutory regulations, when he/she has been found at the scene of the crime, or in its immediate vicinity, during, or immediately after, the commission of the same. Considering that the person who is being detained, *i.e.*, whose movements have been restricted by security officers, will be subject to further legal proceedings it is necessary to restrain that person from escaping as he/she

could continue to take further actions. Such a person should, if possible, be kept in a separate room (not at reception), and should be searched, any items confiscated, the police notified, and upon their arrival, the perpetrator should be handed-over to them. At the same time, security officers will secure and retain other material evidence, if any, until the arrival of the police.

A security officer who has detained a person is required to immediately inform the police and to draft a written report on the cause for the detention, which must be handed over to the relevant police administration within 24 hours.

Prohibition of entry to unauthorized persons

A security officer, while performing physical protection duties, has the authority to prohibit unauthorized persons from accessing the secured facilities or areas. The application of this authority during the performance of physical security activities aims to warn unauthorized persons from entering a secured facility or area, or approaching the same beyond a clearly visible, marked, line (line, tape, rope, traffic signal), or preventing, due to negligence or other circumstances, a threat to the secured facility or area by simply approaching it.

Control of entry, exit and movement is one of the basic measures for securing persons and property, which aims to enable, slow down or speed up entry, exit and movement, or detention, within a certain space, then to prevent unauthorized monitoring and collection of data on the work of the service, employees and tourists, as well as to prevent endangerment and damage. This is a very important preventive measure, the application of which prevents unauthorized access to vital (sensitive) facilities from diversions, sabotage, placing explosive devices, arson, *etc.* In order to achieve this, the classification of facilities, according to their importance, should be defined, including applied security measures, by a normative act (*Security plan, Guidelines on enhanced security measures*).

In the security system for persons and property within large tourist complexes, the classification of security measures into three zones is common:

- a zone under *general* (regular) *security*, containing facilities, areas and services that are not particularly sensitive to threats. Most often these are the reception and tourist accommodations where special security

measures are not required and employees and visitors can move without special supervision;
- a zone in which the movement of employees and visitors is *limited* represents a space in which devices and equipment is located, which are necessary and vital. These are raw material and finished product warehouses, fuel tanks, transformer stations, *etc.* This zone should be physically separated from the rest of the space and separately secured. Entry should be limited to those employees who work there and visitors should be allowed access only when accompanied by a special escort of security officers or employees; and
- a zone where the movement of all persons, except for authorized persons, is *prohibited,* is a separately secured area where devices and equipment are housed used only by responsible persons. These are, for example, safes with money and confidential material, kitchen spaces, technical security centers, power backup devices, electrical computer center, *etc.* Access and presence in that zone is limited only to employees who work there, while others are not allowed to enter under any circumstances.

Search of persons and vehicles

Security officers *can inspect* vehicles or persons, both at the entrance, and exit, to the secured area or facility. In particular, the application of this authorization implies an external (visual) examination of faces and vehicles at the entrance, or exit, (checkpoints) into the space or facility. During the inspection of a person or a vehicle, the security officer may use technical devices of the detector type (so-called X-ray doors, metal detectors, gas detectors - explosive devices, *etc.*) and other appropriate technical means.

This authorization grants them legal and actual abilities for the examination of persons, their luggage, vehicles or accompanying documents, with the aim of detecting objects that could endanger secured persons and property, or objects that have been unlawfully appropriated. This prevents the introduction of dangerous items (firearms, cold weapons, explosives, *etc.*), but also the unlawful taking of property, which is more purposeful since in a high risk situations it would, most often, be too late to request police intervention.

The most common situations requiring a search of a person is the existence of suspicion that that individual is carrying a firearm, cold

weapon, mine, explosive, or other dangerous tool, on his/her person or vehicle, while entering the circle of the facility (camp, parking, *etc.*), and that he/she intends to use them. Likewise, an individual discovered during the commission of a criminal offense, for which he/she will be prosecuted ex officio, should be searched in the event that he/she is in possession of an object which may harm the security individual, other persons or him/herself. On the other hand, this is not a full criminal search conducted by the police, only the right of a security officer to perform an external (visual) search of persons, luggage and vehicles that enter, or exit, the circle of tourist facilities and areas.

During a search, the validity of the driver's driver's license should be established and, if necessary, remove the vehicle from traffic and immediately inform the manager or the responsible person of the matter. This is about controlling drivers and vehicles *outside public roads*, which is an appropriate security measure. As part of this search, security officers may ask to review documentation accompanying goods being transported. In case it is established that goods under the declaration (accompanying documents, delivery notes and other documents) do not correspond to the goods contained in the vehicle, it will be necessary to remove such a vehicle from traffic and notify management immediately.

In high-risk situations (used or detected firearms used for the commission of a criminal offense), the police must be notified and the case handed over with written confirmation. Police officers should be informed in case of a need to search a person or vehicle, in detail, in order to find other suspicious objects.

Personal security (escort)

Exceptionally, in accordance with the law, the *physical protection* of persons (personal security) can be performed by security officers in a public place, as well as in the immediate vicinity of the person being secured. In addition to state and local government bodies, organizations, associations and natural persons, the proposal for the application of physical protection measures may also be submitted by tourism companies or agencies, with consent from the Ministry of Internal Affairs.

The proposal must contain a security plan, with the following indications:
- number of engaged security officers;

- duration of security detail;
- type and quantity of weapons and other equipment;
- location of the facility;
- number and type of vehicles;
- movement route, *i.e.*, the place of departure and the final destination, *etc.*

A proposal for approval, *i.e.*, consent, will be submitted to the relevant police administration, no later than three days before the start of the security detail, by a security manager (responsible person) in a tourist facility or agency. The consent is issued no later than 24 hours before the security detail commences. While performing their duties, security officers must take all physical protection measures for persons (VIP persons, owners, managers) or official delegations, either when moving on foot or via other means of transport.

Self-protection activity

For the security of persons and tourist destination facilities, legal entities, tourist companies or agencies can obtain a license for organizing self-protection activities, *i.e.*, protection of their property and operations, protection of facilities, areas and persons within them. For this type of organization, addressing the maintenance of internal order and security, one or more licenses may be issued, which, in accordance with the law, are issued for the performance of private security activities, provided that:

- they have an organized planned, organizational and control function of self-protection activities;
- the performance of these tasks has been defined by a job classification act with job descriptions;
- they have an act defining the appearance of a uniform and a other official labels;
- the responsible person, responsible for internal security affairs, meets the stipulated terms and conditions;
- security officers, as natural persons, have a license; and
- as security tasks involve the use of weapons, that they fulfill the statutory requirements in this respect.

The procedure and manner of issuing a license for the performance of private security operations is carried out in the same manner as for legal entities and individuals who perform private security operations for the

users of their services. Internal Security Services (ISS) cannot provide security services to other legal entities and individuals.

Conclusion

The organizational forms of the internal security department and the system for the protection of persons and facilities in tourist destinations as a whole, should be an expression of available resources designed to rationally and efficiently influence the achievement of security objectives, *i.e.*, direct physical protection. The internal organizational structure of tourist companies or agencies should be so set up as to ensure that security operations are a constant concern and, in that respect, a great responsibility of all levels of management (directors, owners, security managers), especially of top management. Improving their own safety, and consequently the safety of all persons (employees, tourists, *etc.*) and facilities, contributes to the increase of the security level in the broader environment.

For example, electronic systems of internal control and protection in tourist facilities can also be used by state security departments, as well as engaged legal entities and private security entrepreneurs, during the performance of their tasks. In addition, the preventive measures that they implement in the field, against fire and explosion, represent a contribution to raising the general security level within the environment (inhabited place, local community). Also, within the framework of performing functions from the domain of physical and technical protection, various criminal acts related to terrorism, organized, economic and environmental crime, business espionage, sabotage, theft, mobbing, *etc.*, can be prevented and revealed.

The normative statutory framework (by-laws) within which the public, and thus private, security system of the Republic of Serbia functions is determined by applicable statutory provisions, where, in addition to national legislation, accepted international agreements, conventions, standards and procedures are applied. However, tourism companies, agencies and other legal entities should frame their internal organization via internal acts, as well as activities and security procedures, conducted in the interest of the safety of all employed persons, tourists and facilities, so as to ensure security and overall operations are the highest level.

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SAFETY CULTURE OF TOURISM SECTOR IN THE FUNCTION OF STRENGTHENING THE SECURITY CULTURE OF CITIZENS

Hatidža Beriša[1]; Olga Zorić[2];

Abstract

More intensive technical and technological progress, constant industrial development, complex socio-economic reality and frequent political changes create a favorable environment for the emergence of new risks and threats to the security of persons and businesses and the negative impact on the operations of companies, whose consequences are felt by those involved in tourism. The present security threats impose an adequate approach, good organization and timely response in order to minimize the negative effects. Strengthening the security culture within companies engaged in tourism and expanding the security culture among users of tourist services would increase the level of citizens' safety culture, which is one of the prerequisites for suppressing risks and achieving significantly better security environment of the state. This paper discusses possible risks and security threats, the role of managers and employees in the tourist activity in the prevention, education of users of services and implementation of security measures in case of need, as well as the impact on strengthening the safety culture of citizens.

Key Words: *security threats, tourism, security culture, citizens*
JEL classification: *L2*

Introduction

Security is an extremely multifaceted term, and in its narrowest sense signifies security or protection, whether it is a person, an object, a system, or a business. In addition to the numerous definitions that seek to determine the concept of security more closely, each is more or less accepted as accurate, but not complete. This is because security, in the context of accelerated social development and the demands that this

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dynamic process imposes in the 21st century, is a changing category. We are witnessing ever more intense technical and technological progress, permanent development of industry and information and communication technologies (ICT), as well as the increasingly complex socio-economic reality and rapid political changes that create a favorable environment for the emergence of new risks and threats to the security of persons and businesses. It is reflected negatively on the business of companies, and those who are engaged in tourism. In addition, depending on the definition of security to be explained, whether it concerns security of an individual, security of institutions, state security or security on a global level, security, i.e. security or protection is a subjective feeling. In the Military Lexicon, the concept of security is defined as a state, organization, and function (Ratković & Petrović, 1989).

Bearing in mind that security or security measures involve a range of activities, it is necessary to fully consider all the security threats that individuals, citizens, businesses, systems, or objects are exposed to. For instance, the frequency of security threats, for example, in terms of extremism, has a significant impact on the geographical area, that is, in countries where the socio-political situation is unstable. Security threats related to ICT systems are a global phenomenon that, in spite of extremist attacks directed primarily at one geographical area, does not know the geographical boundaries. Although it is the 21st Century - the 4th Industrial Revolution, the terrorist and extremist groups continue to carry out their attacks in geographically limited areas, directing a message to that area. "Given the importance of the Balkan region, as well as the degree of economic, social, cultural development of the people who inhabit it, the question arises as to why extremism emerged in this area. How is it possible that at the end of the 20th and the beginning of the 21st century, in the era of total spiritual, scientific, industrial and technological progress, the southeast of the European continent faces a number of security threats from extremism that occupies an important place? The Balkans is a region that faces the existence and operation of a number of radical organizations, ideological movements that propagate their ideas in a legally unacceptable way. The common characteristic of all extremist organizations and movements is the exclusivity dose for those who do not support their program. In addition, there is a danger that their ideas can be achieved through violent means, including armed action (Beriša, et al., 2016).

Serbia, as part of the Balkans that has been the region where the emergence of extremist organizations has been registered in the past decades, is confronted with one of the biggest challenges of today - providing a safe living, business and even a tourist environment. When it comes to citizens, the main focus is on personal safety, which means safe movement, safe living in premises and open space, safe food, personal data protection, economic security, etc. Citizens' security requires a complex and multidimensional approach because it is an essential element that affects the safety of society as a whole. Placing an individual or citizens out of the context of the security of the entire society would pose the greatest danger to society, which does not mean in the narrow sense of mobilization, but permanent education in terms of familiarizing the individual with security threats and strengthening the security culture at all ages. Observing security from this perspective represents the starting point for security at the global level, and an increasingly complex socio-economic reality and political change imposes the need for new forms of security access. One of them is to strengthen the security culture of citizens in a direct way, that is, by providers of various types of services and products. Through identifying potentials and weaknesses, each country should strive to launch an initiative under the auspices of competent ministries and to actively work on building its own recognizable and necessary competences in tourism, where a special focus should also be on the security aspect, offering customers and tourists a different offer products and services that would represent a combination of attractive natural, historical, cultural and social content (Vidović & Beriša, 2018).

In essence, security is the establishment of a state in which there is no danger, i.e. establishing the protection, but also the totality of the activities (processes) to protect this state. Security as a function of business is an organized set of activities that protect a certain entity or value (company, activity, etc.), above all its vital parts, the holders of any illegal activity, an incompatible activity, within or outside of it provide the necessary (optimal) security conditions by planning, organizing, implementing and controlling (1) the protection of persons, facilities and business, (2) by implementing regulations and establishing the necessary discipline, (3) certain (security) measures, and (4) regulating and controlling others questions from the dealer for that subject.

Today, the hospitality and tourism sector in the Serbian economy is an extremely important segment, which will become more important for the

global and regional economy of the countries of the Western Balkans, especially for Serbia (Vidović & Dželetović, 2018).

In order to improve their position on the market and increase the trend of revenue growth, increase market shares and achieve the higher level and standard of quality of the tourist offer, the security sections of this industry must be highlighted. Taking this into account, the safety of tourists, through the safe supply of tourism products and services, will have a significant impact on the growth trend, but also on the image of our country (Vidović et al., 2019). The purpose (objective) of safety and its application in organizations, and also organizations that perform activities in the field of tourism is:

- • protection of people's lives;
- • protection of the freedoms and rights of employees in the organization itself (company);
- • protection of clients;
- • protection of objects;
- • protection of property;
- • protection and enforcement of laws and regulations;
- • protection of confidential business data (information) and activities;
- • discovering the holders and perpetrators of illegal and counter-offensive actions in and towards the organization (company);
- • Increased productivity.

In this paper, we will focus on strengthening security in the tourism sector, i.e. strengthening the security culture of citizens through tourism products, or services that are offered to them. We will point out the necessity of such activities and a significant share that they can have for the security of the state and of the society on a global level. Also, we will show a series of activities that should be undertaken, primarily the response of management to contemporary security and other risks to business in tourism.

The role and significance of enhancing corporate security, accountability and security culture in tourism

Corporate security implies undertaking a range of activities related to the protection of property, persons and business of the organization, and the prevention of criminal activity, both external and internal entities. Also, corporate security implies internal control over the legality of the work of

the management and employees in the organization. Therefore, each individual within an organization represents a part of the mosaic of security culture and security in general, which is also true for the activity of tourism. Organizations dealing with products and services from the domain of tourism are characterized by continuous employee flows, that is, the large presence of seasonal workers, making business operations more complex for analysis, but also for the implementation of security measures and prescribed procedures. Observing cultural tourism, it represents and is also in the function of protecting the cultural heritage of the country, because its commercialization comes through the necessary funds for investing in culture, maintenance, restoration and protection of material goods. This form of tourism brings the immaterial benefit to the local population, which is confirmed by its identity, specificity and more realistically assessing its position in relation to other countries, nations and competition, while the set of all material and immaterial resources created by the man for centuries represents the cultural heritage of a country or nation (Vidović et al., 2019).

Bearing in mind the educational, cultural, social and economic differences of employees, it is necessary to have a well-trained management that is ready to eliminate all barriers in order to function well in all organizational parts of an organization, which is also important from the aspect of security. "It shows how small and medium enterprises in the tourism sector dominate it and the possibility of employment, especially for seasonal work, low-skilled workforce and specific occupations. Therefore, effective human resources management is extremely important, reflected in the additional education and specialized training programs for the sustainable development of the tourism industry. It must work to reduce civil, economic and cultural barriers" (Zenović et al., 2011, p. 294).

Risk assessment is the process of evaluating the probability of occurrence of danger. Security risks in organizations in the tourism sector, as well as in other organizations dealing with various activities, can be classified into the basic division as follows:

1. External; and
2. Internal.

However, this basic division does not sufficiently explain what risks to business security are, so we give the following division:

A External:

1. Risks that arise as a result of the undesirable activity of external entities (persons who are not employed in the organization, including clients);
2. Risks arising from violations of security procedures by persons not employed by the organization, including clients;
3. Risks that arise as a result of natural disasters;
4. Risks arising as a result of unlawful action through information and communication technologies (ICT).

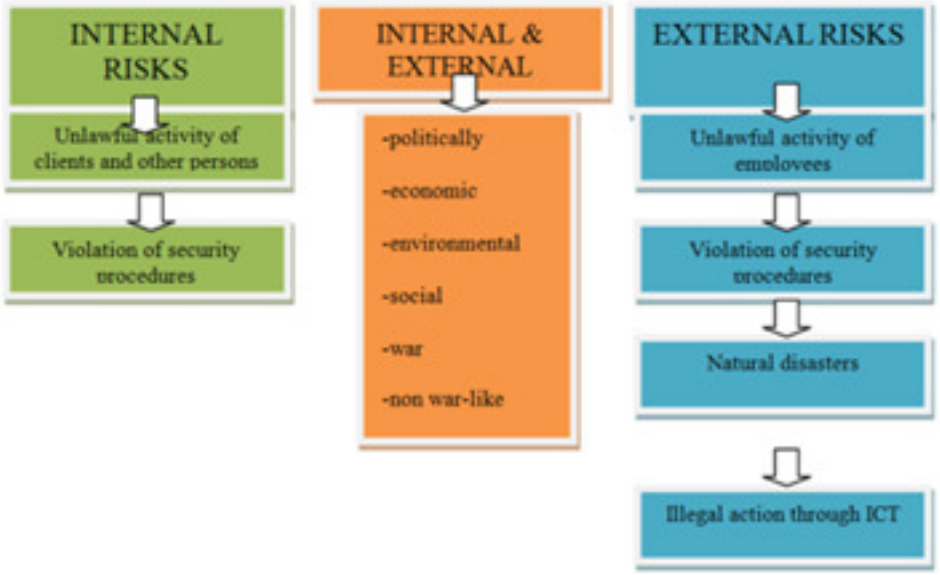
B Internal:

1. Risks that arise as a result of the operation of internal entities (managers, employees, seasonal workers, volunteers);
2. Risks arising from violations of security procedures by persons employed by the organization.

Modern challenges, threats and risks to the security of tourism organizations may be dependent on the motive, goal and manner of execution: political; economic; ecological or man caused; social threats, or they can be military and non-warlike:

1. **political** - as internal political instability; threats from unstable (failed) states; terrorism and human rights violations.
2. **economic** - poverty; a growing gap between rich and poor countries; international financial recession; the influence of commercially powerful or unstable neighbors and computer piracy;
3. **ecological or man-caused threats** - nuclear disasters; planetary ecological changes; degradation of soil or water; lack of food and other resources;
4. **social threats** - minority and majority conflict; overpopulation; organized crime; smuggling of drugs and other goods; uncontrolled mass immigration and contagion.
5. **military challenges, risks and threats** - can be reduced to: aggression; armed conflicts; armed rebellions; other disputes with the use of armed force.
6. **Non-military challenges, risks and threats** - can be reduced to: terrorism; national and religious extremism; organized crime and corruption; natural disasters, industrial and other incidents and epidemics; uncontrolled and mass migration; the lack of strategic energy sources; abuse of new technologies and achievements in the field of informatics, genetic engineering, medicine and meteorology.

Graph 1: *Basic classification of threats and risks for property, people and business*



Source: Authors

One of the greatest challenges of today, when it comes to security and the creation of security management policies, is extremism, that is, terrorism. Security and safety issues, such as crimes, great pressure of wars, political instability, international conflicts and terrorism emerge from the contemporary security environment and are more or less directly involved in the development of the tourism (Kurež & Prevolšek, 2015). Despite the fact that the media convey information about what are the crisis areas when it comes to the emergence of extremist or terrorist attacks, no one in the practical way explains what the treatment is in case of hitting the target of the extremists, and are found as tourists in that area. "Regardless of the economic development, every country in the world is required to examine and assess the challenges, risks and threats to its security. Based on this assessment, the Republic of Serbia coordinates its foreign policy activities with countries that have an interest in building stable security at all levels" (Rakić & Beriša, 2016, p. 269). Security has become an active element of tourism based on a mandatory requirement to protect both the country's tourists and the economy, and at the same time to look at the preventive and challenges of globalization in finding an effective way to protect against tourism risks (Radović & Arabska, 2016).

In addition, one of the biggest challenges we face at the beginning of the 21st century is ICT. "The continuous development of information technologies is reflected in the business of the subjects in the tourism market in terms of the constant increase of efficiency in the business of tourist agencies, hotels and other factors of the overall tourism economy. They are applied in all areas of the tourism industry: traffic (airline companies, agency renters, tourist boats, as well as other transport service providers), in the system of business of travel agencies, hotel companies, business associations, international organizations, etc.

The application of ICT does not only involve the computerization of individual business processes, but it involves the creation of a unique system of information that is used by the organization in the conduct of business, management, research and sales of products / services.

The implementation of ICT in tourism management can be viewed from two different perspectives:

1. Developing the potential of the enterprise through the modernization of the management process using ICT;
2. Optimization of security procedures using ICT and
3. Securing a secure profit with the use of modern ICT (Zorić & Jorigić, 2017).

Security culture is seen as "those aspects of a culture that have an impact on security", according to Waring and Glendon (1998). Organizational culture is defined as multi-layered, i.e. three-layer: the deepest level (core), middle layer (beliefs and values) and surface manifestations (norms and goals). Namely, the security culture exists at different levels, that is, it represents a specific group of norms, beliefs, roles and attitudes of different practices within an organization that seeks to minimize the exposure of employees and clients to security threats.

As noted earlier in this paper, tourism is an economic activity that employs a large number of seasonal workers, or workers engaged in temporary and occasional jobs. Pidgeon (1998) points out that "in order to be effective, any cultural change programs must take into account the existence of subcultures and their interaction." He therefore considers it more effective to address group cultures than organizational cultures. Groups look at security from the perspective of their own subculture, before they share a general view of security. Some researchers have come up with results that indicate that workers are temporarily-occasional, i.e.

seasonal, mostly inferior to those who are permanently employed, but that they are often the most vulnerable to security threats because their work experience and distance from the work organization and its security culture negatively affect the level of their security, and therefore the overall security of the organization, in the indirect and direct way and end-users.

Almost all national strategies are among the most important ones that treat development and security. The Europe 2020 agenda also provides security-related actions, among which information security is highlighted as a challenge for the 21st century. When it comes to tourism organizations, one of the weak points is precisely ICT systems, because frequent attacks on personality data, account numbers and payment cards of clients, as well as transport systems. One of the most recent cases of devastation of data by hackers is the retrieval of passenger data that the British Airways transport services used. The hacker attack occurred between 22:58 on August 21st and 21:45 on September 5, 2018, where, among other things, client card information was collected, which is a highly sensitive issue that significantly influences the services of this company, given that there is a serious threat to private as well as international security (BBC, 2018).

The application of modern information and communication technology in tourism implies the use of the Internet, GDS (global distribution systems are specific types of information systems for the distribution of tourism products. These are information and communication systems that connect providers of tourist services with service providers (agencies) and buyers of tourist services) and electronic (on-line) business in everyday business activities. Many advantages have been noticed in terms of which of these technologies have service providers in tourism and which necessarily have led to a change in the way businesses operate. Also, they significantly facilitated cooperation with other subjects of the tourism industry.

A major milestone in the form of significant changes in the distribution on the tourism market is the higher use of e-business in the first place. In Serbia, electronic commerce is increasingly regulated by legal and by-laws, and at the same time it imposes itself as a mandatory form of business for all economic entities.

Businesses in the tourism market, such as airlines, bus operators, and other transport service providers, rely primarily on e-commerce to bridge the traditional way of distribution through travel agencies. Modern hotels successfully sell services through the GDS system, which requires appropriate education and special security procedures in order to preserve the integrity of the data (Zorić & Jorgić, 2017).

Today, the most common and most developed global distribution systems in the world, such as Amadeus, Galileo or Saber, provide the following GDS services in the field of air transport:

1. Issue of tickets,
2. Providing information on the timetable / flight schedule
3. Issue / sale of tickets
4. Providing price information
5. Providing information about the availability of the site
6. Reservation to a specific destination
7. On-line airline payment service
8. Further information on air transport services

Global Distribution Systems (GDS) services in the field of hotel accommodation include the following:

1. List of hotels in the desired destination
2. Pictures of free rooms
3. Reservation of the transport to the hotel
4. Hotel content
5. Online payment and booking
6. The location of the hotel in relation to other facilities in the surrounding area
7. Following tourist facilities and the like
8. Comparative indicators of similar offers, etc.

On the other hand, the growing tendency in the world is that tourists themselves book accommodation and thus avoid intermediaries and higher prices. For this reason hotels on their Web sites allow buyers (tourists) access to free capacities, reservation and electronic payments.

All this imposes an obligation on the management to permanently educate in the field of information security and implement modern approaches in its organizations oriented to the protection of one's own business, persons and facilities, but also towards the market or clients.

When it comes to security management, it broadly implies deciding on the security objectives of an organizational system, ways and resources used to avoid harmful or unfavorable conditions that come from the environment or the organizational system itself. The basic task of security management is to minimize security threats. In this role, permanent education, raising awareness of employees and clients, strengthening of security culture and equipping with modern technical protection means are of great importance.

In addition to all of the above, one of the most important functions of the manager is the collection of relevant operational data and information related to potential risks, forms of threat, both organizations themselves, and employees, clients, state and society as a whole.

Activities undertaken to ensure security in modern social circumstances and modern tourism organizations have so far not yielded significant results or progress in qualitative or quantitative terms, which indicates that it is necessary to improve the organizational and security structure, as well as the level of security culture. It is necessary to create a new paradigm of education and upbringing of both employees and users of tourist services, which would be in the spirit of rational integration of attitudes that will develop an adequate view of modern security threats and solve current and potential security challenges. Bearing in mind that creating a safe environment for employees and a sense of security with clients is an important prerequisite for a successful business of tourism organizations, a security culture requires that it be raised to a higher level than it has been so far in practice.

In the last few years, the state of Serbia has created an initial framework by providing new ones and amending the existing regulations, i.e. providing the minimum preconditions for safe business in the tourism sector, but the existing legislation did not introduce a mandatory system of informing clients about potential security threats possible during tourist travel, especially to destinations that are known for terrorist attacks. Informing clients of potential terrorist threats, safety threats to life and health in specific destinations, as well as one kind of integral education on prevention measures would be of great importance for raising the level of security culture of citizens as well as the entire society.

The creation of a single state system for the formation of a security culture, which also applies to the tourism sector, would significantly

influence the security culture of the citizens of Serbia, and the basic requirements for the formation of such a system would be:

1. a complex approach to the application of all forms of training of employees in the tourism sector;
2. inclusion in the system of information and education of users of tourist services;
3. education of the entire population about potential security threats and threats to health and the environment;
4. differentiated approach to training of different groups of population;
5. preparing and adopting new technical and technological means for training and information;
6. the application of mass information to the population;
7. ensuring access to information for all population groups.

By establishing such a system, the following effects would be achieved with the citizenship:

a) the sense of personal responsibility for the safety of the individual and society;
b) moral-psychological preparation for the collective or individual use of tourist services;
c) affirmation of civic responsibility and readiness to fulfill civic duty in situations of security challenges for the state and society;
d) raising the environmental awareness of the population;
e) affirmation of health culture;
f) affirmation of security culture in emergency situations;
g) the development of a sense of personal security and other.

Bearing in mind all the above, as well as the existing solutions, first of all, we are guided by the current legal regulations and those processes that are already being implemented in the practice of tourist organizations, we will consider the promising measures for motivating employees and citizens in the field of security culture. These include:

- establishing a scientific basis for forming motivation in the field of security and security culture;
- conducting research in order to create motivation for performing safe activities in different categories of population;
- preparation and production of instructive documents and various instructions in order to motivate them to perform safe tourist activity;
- optimization of the mechanisms of state and social stimulation of the population in the field of performing security activities;

- raising the quality and quantity of media promotion in the area of tourism-oriented safety;
- the integration of public-private partnerships in the field of strengthening the security culture in tourism and the security culture of citizens,
- providing modern information technology and technical means of mass and individual communication in order to affirm the safety culture in the field of tourism.

From all of the above, it comes to the conclusion that one of the primary roles of management in organizations dealing with tourism activity is risk mitigation, that is, security threats. Some of the basic goals of management are the obligation to be safe and secure from threats in certain areas. Priority management activities in this field are shown in the Table 1.

Table 1: *Management activities that reduce security threats*

Activities of management focused on employees and business	**Activities of management focused on clients**
- safety and health of employees	- security of personality data
-security of personality data	- informing about security threats
- environmental protection	- business in accordance with applicable regulations
- FTO protection of persons, property and business	- affirmation of security culture
- security in emergency situations	- education of clients
- business in accordance with applicable regulations	
- business for the company's strategy and development goals	
- security of the ICT system	
- strengthening the safety culture of employees	
- education of staff	
- cooperation with experts and competent institutions	

Source: *Authors*

There are several challenges from the security aspect of tourism, such as travel and tourism issues vis-à-vis human rights and security-related issues created over the Internet, the consequences of the indivisibility of security problems in the global world. These problems should be dealt with by the academic community, as well as by specialized persons and security experts, for better placement of services and preservation of the homogeneity of this sector of the economy (Kovari & Zimányi, 2011).

Modalities of ethical and security standardization in tourism

The Code of Ethics is a typical form that sets standards, i.e. norms and procedures for the behavior of people in an organized system or organization.

Modern conditions of development of society as a whole dictate accelerated changes in all aspects of business, especially when it comes to information security. However, this requires changes in the approach of employees to the activity they perform, i.e. the degree of responsibility and security procedures they apply in everyday business activities. The activity of tourism is a particularly sensitive activity, since the final product of tourist activities is actually a service that should provide, above all, a sense of satisfaction and safety for its clients.

The Code of Ethics is a form of an internal normative act that is largely non-binding in the private sector. It establishes certain standards of behavior and treatment of employees within the organization, towards clients and business partners. Adoption, or implementation of the ethical codex, also implies the management of all employees in accordance with them. However, very often ethical codes that exist in companies in Serbia that deal with tourism do not have any part relating to business-related behavior (91%), persons and property in the context of the promotion of security culture (91%). A large number of organizations (43%) engaged in tourism do not have a code of ethics.

Increasing the security level of culture, the code of ethics and introducing the necessary standards related to security in tourism have a direct impact on the increase in the number of beneficiaries of the services of travel agencies. "A new concept of tourism experiences a higher growth than the usual development of tourism. In the twenty-first century, its growth is about 20% per year as opposed to tourism growth rate of 7% per year.

There are also indications that travel customers are starting to influence the direction of travel business" (Zenović et al, 2011, p. 295).

Table 2: *The presence and content of the Code of Ethics in travel agencies in Serbia on a sample of 100 travel agencies registered in YUTA*

Number of travel agencies	Has a Code of Ethics	There is a part of the Code of Ethics relating to business security	Does not have the Code of Ethics	Has ISO 27001 standard
100	57	9	43	4
%	57%	9%	43%	4%

Source: *Authors*

The adoption of the Code of Ethics, based on the principles of safe business that imposes contemporary social circumstances, can contribute to improving the security of the business of tourist organizations, as well as the security of clients and society as a whole. Normative solutions also significantly affect institutional mechanisms and demonstrate the readiness of the entire society to regulate certain relationships, especially in the field of security. The best solution for adopting the best model of the Code of Ethics and security standardization in tourism is the introduction of a professional public that is focused precisely on the problem of contemporary security challenges. Also, the supervision of employees' operations, improved accountability and the fulfillment of preconditions for preventive action in case of security threats would be significantly improved.

Conclusion

Modern security threats condition the taking of adequate measures, good organization and timely response in order to minimize the negative effects. Establishing a safety culture within tourism companies and expanding the security culture among users of tourist services would increase the level of citizens' safety culture, which is one of the prerequisites for suppressing risks and achieving significantly better security environment of the state. The key role in these processes is the management of organizations that deal with the provision of tourist services, which should be directed towards raising awareness about the safety and health of employees, security of personality data, information on security threats of employees and clients, strengthening the safety

culture of employees and clients, education of personnel and clients on security threats, cooperation with relevant experts and institutions dealing with security at the state and international level, establishment of safe functioning of ICT systems, etc. The introduction of legal mechanisms would enable the accelerated process of all of the above. Adopting an ethical codex and introducing safety standardization in tourism, would significantly affect the achievement of the ultimate goal of offering tourism products and services - achieving greater profits. Strengthening the security culture of tourism employees in the function of strengthening the security culture of citizens would prevent many security threats, significantly reduce their consequences, which would have numerous positive economic and other social effects at the level of Serbia, but also at the international level.

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THE IMPORTANCE OF INSURANCE IN TOURISM – PREMIUM INCOME FOR THE CONTINUATION OF RISK MANAGEMENT

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Abstract

Tourism is a very complex activity that arises from a number of different aspects of biological, sociological, demographic, economic, natural, spatial, architectural and other relevant phenomena with an increasing importance in terms of income generation and increasing participation in the social product of our country. Insurance in the context of tourism, as an economic activity, is a significant factor, since it provides clients with a sense of security when they are temporarily away from their place of permanent residence. This is exactly the aim of the paper, to show the significance of insurance protection for an increasing number of tourists and great material interests that can be endangered. Travel agencies as organizers of tourist trips have the obligation to provide their clients with appropriate services as well as protection, i.e. security. Agency provides travellers with the services anticipated by the program and contract, takes care of travellers' rights and interests in accordance with good business practices. It is necessary to review risk management methods in tourism so that insurance protection is in line with the continuity of tourism development.

Key Words: *insurance, tourism, risks in tourism, income, expenditures*
JEL classification: *G22, M41*

Introduction

Given the significance of tourism, it can be concluded it is very dynamic and profitable branch, becoming a global phenomenon by the number of participants. Therefore it is currently developing and also contributes to

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economic development and the growth of the gross domestic product. The growth of investments in tourism has resulted from the fact that tourism employs a significant number of people, it enables the development of infrastructure, increases revenue, and thus is the driver of socio-economic development. There are a number of factors that affect tourism, and therefore the significance of insurance activities is steadily increasing. Observed through the competitive advantage of the national economy, tourism can face different attitudes.

Michael Porter (1990) established a new approach in defining crucial factors of competitive advantage of nations which are sublimated in a model symbolically called the "diamond of national competitiveness". 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. The unstoppable growth of market demand for good knowledge workers is an imperative for educational institutions to continuosly improve their programmes and equip young people with skills that will give them the best possible access to the business world. (Lamza Maronić et al., 2012). 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. Ritchie and Crouch (2003) 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. On the other hand, Heath (2003) 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'. Many authors have been researching on this subject and took into account indicators of tourism demand and tourism performance as a source of measuring and expressing tourism competitiveness, with focus on indicators such as participation of tourism in GDP, number of tourist visits, expenditure of tourists etc (Croes & Kubickova, 2013).

In Serbia, tourism has a growing potential, with 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 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 and 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 95th among 136 countries with total score 3.38 out of 7.

Tourism as a business activity has a significant role in the economic environment of a country. The development of this activity requires supporting factors, such as the development of insurance activity, as one of the more important factors, which provides security for all participants and the protection of property interests (Vojinović et al., 2017). For this reason, special attention is paid to the insurance as an accompanying activity, without diminishing its significance.

Insurance and risks of tourist activity

Insurance is an economic, service activity that protects man and his property from the consequences of numerous activities (Šulejić et al., 2009a). The basis of insurance is the reciprocity principle. It provides economic protection to insured persons, legal and natural persons, from harmful effects and disorders that arise from the occurrence of the insured event or the realization of the insured risk. The basic function of insurance is to create a security situation for natural persons and legal

entities, who are exposed to the continuing likelihood of occurrence of hazards that lead to damage.

It is important to note that insurance is an economic and service activity that protects man and his property from the consequences of a great number of hazards. This ensures the necessary security in the economy and society as a whole. Legal persons and individuals are exposed to the constant risk of hazards that can lead to specific damage. Insurance is the most important type of security against such events and represents an economic necessity for everyone who takes care of security both in business and in everyday life (Šulejić et al, 2009b).

Insurance is characterized by providing economic protection against harmful effects when the insured case arises, or when the risk arises. For this reason, survival, risk and claims are directly related to insurance (Kočović and Šulejić, 2006). Role of insurance according to Marović, Avdalović (2006) is to transfer risk from an individual to a group and to distribute claims within the group. It is never possible to completely eliminate or to reduce all harmful events and accidents. However, a solution has been found for such cases, i.e. in the addition to direct protection, there is also indirect protection. This is about economic protection that fully benefits the general public. By establishing insurance which acts according to its own inherent mechanism, the reconstruction is organized in advance of what has been destroyed by the effect of the elemental force or any other economically damaging event (DDOR, 2006). Insurance can be observed from several perspectives, i.e. it consists of three components: economic, legal and technical (Vojinović, Žarković, 2016a).

Insurance protection can be indirect and direct. The basic role of indirect economic protection, i.e. compensation of damage to the insured property and payment of insured sums regarding the insurance of persons, is fulfilled from pre-collected funds from the insured, in the form of insurance premiums (Žarković, 2006). Direct protection is provided through the efforts of other social actors and is implemented using the following measures (Ljutić, 2000):

- measures for preventing the occurrence of harmful events,
- measures for counteracting their harmful consequences.

According to the World Trade Organization (WTO), there are four main sources of risk in tourism (Popesku, 2011; Drljača & Bešker, 2010):

1. Human and institutional environment outside the tourism sector. It occurs when a tourist is a victim of theft, fraud, or other illegal activities (white slaves trafficking, organized crime, social conflicts, etc.). One of the more frequent risks that arise on travel trips are the risks associated with warfare and the risks of terrorist attacks.
2. Tourism and related commercial sources. They arise when visitors' economic and personal security or physical security is at risk if there is any failure to comply with the contract on any basis. It can also occur as a source of risk due to employees' suspended work in the facilities in which visitors stay, due to fraud in commercial transactions, disregard of fire protection standards, insufficient level of sanitation, etc.
3. Individual sources, i.e. individual travellers. This risk arises in the event of a danger threatening tourists due to the possibility of falling from unsecured points of view, marked as a dangerous area, undertaking any criminal act, missing of money, violation of rules and procedures, driving under the influence of alcohol, practicing dangerous sports for which tourists are not adequately equipped, etc.
4. Environmental risks, the presence of dangerous animals, poisonous plants, natural disasters, etc.

Since the adoption of the Insurance Law in 2004, insurance companies must at the time of registration specify the activities they will perform (Petrović, 2005). Activities directly connected to the insurance business are insurance brokerage and agency, determining and assessment of risks and claims, brokerage in sale and the sale of the remains of the insured damaged objects and rendering other intellectual and technical services relating to insurance activities (Insurance Law, Official Gazette of the Republic of Serbia, Article 2, 2014). According to the same source (Article 3) insurance activities shall be performed by an insurance company licensed by the competent body for the performance of those activities, as well as by a branch of a foreign insurance company licensed by the competent body for the performance of those activities. According to Janković (2013), there are numerous divisions within life insurance that can be significant in tourism:

1. Division according to the method of concluding a contract:
   a) with a medical examination, and
   b) without a medical examination.
2. Division by number of persons covered:
   a) individual, and
   b) group.

3. Division according to the person in whose favour life insurance contract is concluded:
   a) personal, and
   b) on behalf of the third party.

Non-life insurance protects property risks of movables and real estate. The type of insurance that protects movable items in the insured apartment is household insurance where, as a rule, the entire contents of the apartment, i.e. the house is insured. Household insurance in Serbia has been on the rise in recent years, especially when it comes to big cities, such as Novi Sad and Belgrade. The receipts of housing costs also include the "insurance" item, so the payment of these expenses also implies payment of the first monthly premium resulting in the conclusion of the contract (Vojinović & Žarković, 2016).

Pursuant to Article 45 of the Law on Tourism a travel agency as the tour operator shall provide a travel guarantee for each passenger and/or agreed tourist trip in the prescribed manner. The minimum amount of insurance as a coverage for the activities of tourist organizations is EUR 300,000. In addition to compulsory liability insurance, professional liability insurance, for travel agencies, travel health insurance is often compulsory for travelling abroad. Travel health insurance is the latest type of insurance, arising from the need to provide passengers travelling for business or pleasure with the appropriate health service if necessary. The subject of insurance is a sudden illness or accident. In these cases, the policy covers the cost of hospitalization and outpatient treatment, bandage, medication, transportation to the hospital, surgery costs, patient transport to the place of residence, etc.

Travel health insurance covers different risks from various hazards. Coverage refers to health insurance, travel assistance and legal assistance. This insurance covers the risks and dangers for persons, physical integrity, physical ability, etc. at a certain time or for a certain period of time. Such a risk coverage represents a specific financial business, which is interesting not only for insurers and the insured, but also for the economy as a whole, and thus for the entire community (Miloradić et al., 2006).

The specificity of travel health insurance is the healthcare provided to travellers in the event of a danger to their health. State health insurance is regulated and managed by the state, while private insurance is also

regulated by law and carried out by insurance companies (Vujović & Kapidžić, 2008). Voluntary health insurance needs to be a legal option (Kočović et al., 2013).

Different types of health insurance may refer to diseases or injuries as a result of an accident, and may include repatriation costs to the country of permanent residence in case of serious illness (or fatalities). Travel agencies specifically recommend certain types of health insurance for travel arrangements associated with a high level of risk (adventure travel, such as climbing cliffs, safaris and similar trips) (Spasić, 2007).

Results and discussion

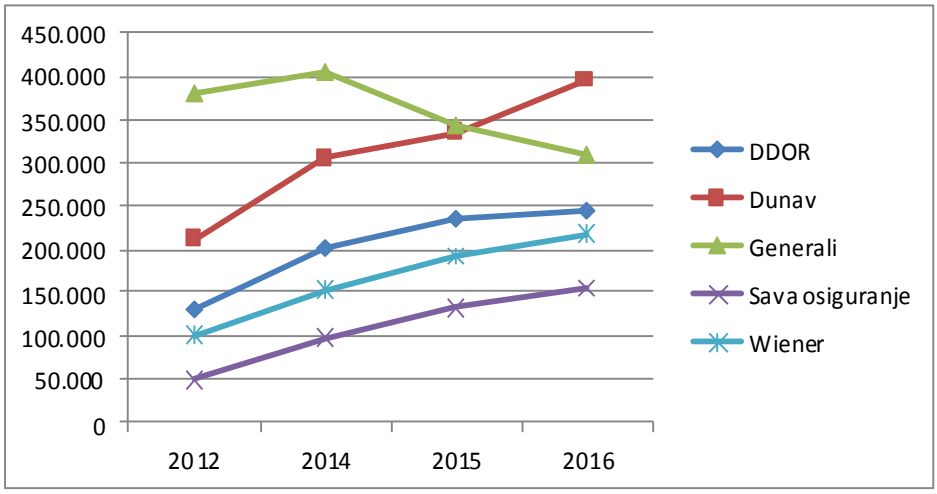
The significant development of tourism shown in the following Table 1 indicates the growth of revenues and the positive results achieved. The upward trend is certainly boosted by the travellers' trust, which again has resulted in an adequate relationship between the state, travel agencies and insurance companies in risk management. 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% (Vojinović & Živković, 2018).

Armenski and associates applied Integrated model of destination competitiveness by Dwyer (2003) 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).

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).

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).

Figure 1: *Total insurance premiums by companies and types of insurance*

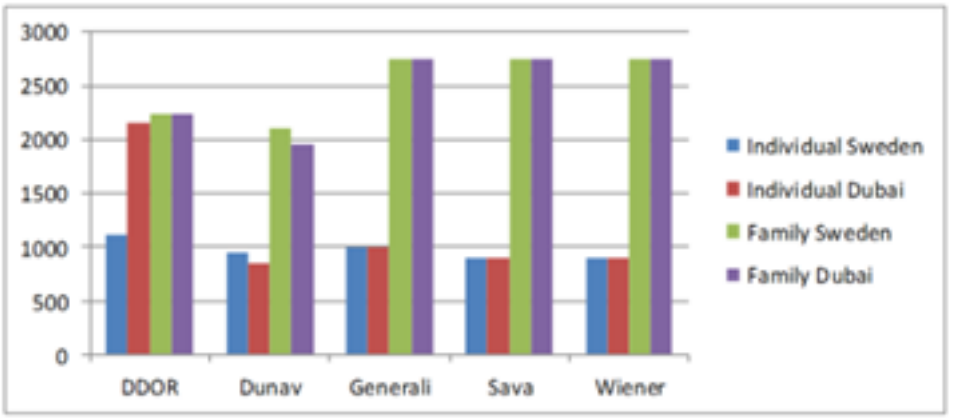


Source: *Authors' presentation* [3]

In the insurance market of the Republic of Serbia, there are five leading insurance companies, and their results will be presented in the paper. These results are relevant from the perspective of risk observation and management in tourism and they are correlated with the trend in tourism. 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). There are many benefits for tourists, and the main role is the protection of tourists during the trip. From a social point of view, insurance is an economic mechanism that has the function to eliminate risk by combining a sufficient number of homogeneous risk exposures in the group, and thus losses become predictable for the group and the whole, and the absolute and relative amount of their consequences is reduced (Rutherford, 2008). Risks of tourist activity that are most frequently covered in insurance are (Drljača & Bešker, 2010). Accident insurance, frequent danger with harmful consequences in performing tourist activities, represents a common interest and connects insurance and tourism activities. The consequences can be permanent or temporary disability but also fatality.

[3] Poslovanje društava za osiguranje, https://www.nbs.rs/system/galleries/download/osg-izv-3m/T10_IV_2016.pdf, (18.02.2019)

Figure 2: *Travel health insurance premiums by destinations*



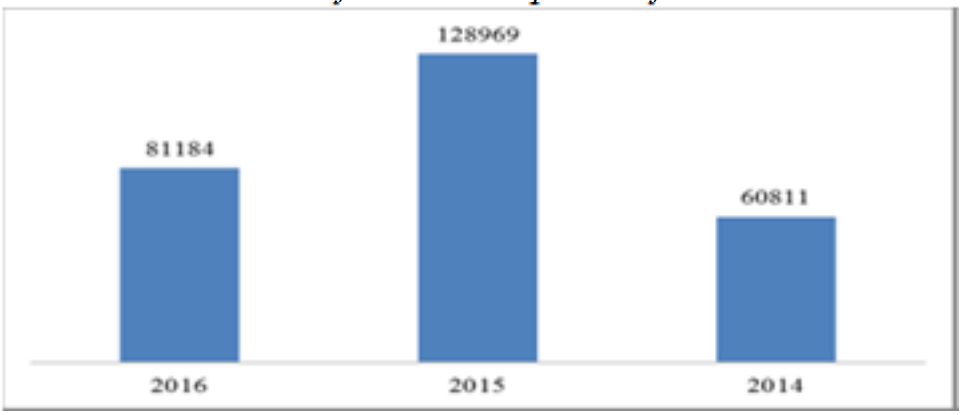
Source: *Authors' presentation*

Besides providers of tourist services, tourist complexes are also exposed to a large number of risks. Special emphasis should be placed on liability insurance. General liability insurance covers sources of danger in the performance of industrial, craft and professional activities. More recently, there has been an increase in the number of compulsory liability insurance policies, as for insurance brokers, actuaries, auditors, doctors, architects, travel agencies (Pak, 2010). Many travel agencies conclude group insurance contracts, which include all types of accident insurance, when travel agencies provide insurance both for their employees and persons to whom they are selling their services i.e. travellers. Group insurance contract is characterized by including, besides accident insurance, the liability insurance of the policy holder for those persons in case of damages that would arise against them or their property. This is the most common way of concluding insurance contracts with travel agencies, so each traveller is not obliged to take out insurance policy separately. Group insurance contracts are much simpler for the business of travel agencies, especially for insuring clients travelling abroad.

The policy holder is a tourist organization, i.e. a tour operator, which carries out travel trips in the country and abroad. Liability insurance of travel agencies covers the following compensations:

1. for claims of travellers' paid funds based on a contract on a tourist trip, which is unrealized by the tour operator,
2. for the difference between the agreed travel price and the travel price reduced in proportion to the non-fulfilment or incomplete fulfilment of the services covered by the travel program (Stojanović et al., 2016).

Figure 3: *Insurance premium for guests, visitors of the event, excursionists and tourists from the consequences of an accident*



Source: *https://www.nbs.rs/internet/cirilica/60/60_2/index.html, 15.02.2019*

The insurance contract in particular provides coverage of civil liability for damages arising from travel agencies' failure to fulfil their obligations, so this type of liability also includes compulsory insurance coverage of damage due to inability of the insured, travel agency, to settle the expenses of the necessary accommodation, food and return of travellers from the trip to the place of departure at home and abroad (Pak, 2010). Travel organizers should inform caterers in the course of filling up accommodation capacities in a timely manner. The mutual relations of travel agencies and hotel companies can be regulated on the basis of three types of contracts:

- An agency contract for hotel services or a reservation contract,
- Hotel capacities lease agreement, and
- Allotment contract or hotel engagement contract.

In most countries, these contracts are regulated under national legislation, and there have been attempts in harmonizing regulations at the international level (Spasić, 2007). Liability insurance provides insurance against damage to third parties. They may be transient guests at the hotel, who are not contractually involved, but a travel agency may be responsible for the damage from failing to provide service. In case of objective reasons for travel cancellation that have been beyond traveller's control (death, illness, inability to use already approved vacation, greater material damage due to force majeure, etc.), the traveller is released from responsibility towards the travel organizer. Traveller may conclude a contract for trip cancellation insurance for protection against the risk of liability for damage suffered by the agency (Petrović, 2011).

Insurance against civil liability refers to covering sources of danger from performing industrial, craft or professional activities. More recently, there has been an increase in the number of compulsory liability insurance policies, as for insurance brokers, actuaries, auditors, doctors, architects, travel agencies (Pak, 2010).

Models of tourism risk management

In order to enable undisturbed development of tourism, it is necessary to define the measures for easier implementation of the risk management process. First of all, it is necessary to be familiar with the specificity of the risks in tourism, as well as measures for the suppression of risks, and thus the needs of tourists and those who provide tourist services are fulfilled. "The risk is a source of potential damage to tourists, tour operators, a tourist company or a tourist destination" (Stojanović & Ilić, 2016). 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).

Risk analysis includes the assessment of identified risks, i.e. their impact on the business of the tourist destination. It involves analysing all the risks and the size of the harmful effects. The advantage of applying these theoretical frameworks is the opportunity of 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, 2011). According to Unković, Zečević (2008), a risk in tourism may turn into a catastrophe. It is particularly exposed to extreme shocks that are unpredictable by their nature, and therefore risk management is highly emphasized. The overall objective of tourism risk management is the successful realization of the event, which is in the function of meeting the visitors' needs and achieving the organizer's profit.

According to Kaiser, Robinson (2005), risk management is an approach to dealing with risk and involves determining the level of exposure that will be accepted by tourists and tourism, identification of dangers to tourist activity and tourists, danger assessment, selection of the appropriate strategy, implementation of strategies, etc. Stojanović et al, (2016) claim that the risk management process in tourism should provide the following:

- safety to visitors, tourists and employees in tourism,
- secure communication systems with all persons in the facility and within the destination,
- securing facilities, plants and equipment against consequences of a disaster,
- contribution by trained personnel,
- procedures for return to normal business activities.

Risk should be monitored by the degree of probability and size of the resulting consequence. The authors Krupka, Zečević (2003) provide a quantitative assessment of these values in the following tables.
Based on the assessment of the probability and size of the damage caused by the risks in tourism, they can be ranked in the following levels:

E - extreme risk, requires immediate action,

H – high risk, requires the top management attention,

M – moderate risk, management responsibility must be established,

L – low risk, solved with routine procedures.

Table 1: *Assessment of the tourism risk level*

Probability	Consequences				
	insignificant	minor	moderate	significant	catastrophic
Almost certainly	H	H	E	E	E
Probably	M	H	H	E	E
Possibly	L	M	H	E	E
Uncertainly	L	L	M	H	E
Rarely	L	L	M	H	H

Source: *Krupka, Zečević, (2003)*

In the next phase of risk management, it is important to determine the way and alternatives in risk management that are mainly reduced to the following:

a) Acceptance of the risk that is applied in cases where the frequency and size of the risk is small;

b) Reduction of the risk where the likelihood of a consequence can be reduced by risk modification or the consequences of the event may be reduced by modifying the risk exposure method;
c) Risk transfer that is applied when the risk is fully or partially transferred to others, due to significant consequences of the risk. In this case, the insurance company usually appears as the institution to which risk is transferred;
d) Risk avoidance as a way to deal with risks with high frequency of occurrence and size, so the activity that can lead to such negative effects is not realized.

Various skills and knowledge are needed for a successful performance of such a complex operation, such as: technical skills (the application of specific professional knowledge acquired through training and experience), the art of dealing with people, the ability to work with others, understanding, motivation and the ability to analyze and diagnose complex situations. (Glavaš et. al., 2015.) According to Popesku & Pavlović (2015), a two-way communication about the opinions, attitudes and observations is very important at every point of each phase of the risk management process in tourism. At any time, the identification, measurement and assessment of risks and the success of the risk management method in tourism should be subject to specific methods. Numerous methods are used to identify, assess and evaluate the reliability of the risk management process (Drljača & Bešker, 2010).

When deciding to reduce the likelihood of damage, it is necessary to exclude sources of danger and to introduce control of the work process (Vujović & Kapidžić, 2008). Furthermore, when it comes to undertaking preventive measures in hotel or similar tourist facilities, in the event of a fire risk, insurance companies invest their funds into preventive measures for fire extinguishers and fire-extinguishing systems, or they use security cameras in case of a risk of car theft at hotel parking lots and the like (Petrović, 2011).

Table 2: *Types of risk in tourism categorized according to participants in tourism value chain*

Risk types/ Value chain position	Upstream (Suppliers/Intermediaries)	Downstream (Agents/Clients)
Absolute	Financial, functional, operational, performance, physical, psychological,	Equipment risk, financial, physical, psychological,

	reputation, social, strategic, time. Political instability, terrorism and war, health, crime.	satisfaction, social, time. Political instability, terrorism and war, health, crime, cultural difficulties.
Subjective	Market expectations and information Product constrains Uncelebrated service quality Lack of competence	For tour leaders (guides): Exogenous, tourist induced, tour-leader self-induced. For tourists: Perceived food risks, risk-taking behaviour of tourists, perceived tourists risks in adventure tourism.

Source: *Gjerald & Lyngstad, 2015*

Gjerald & Lyngstad have mapped and summarized all risk categories in tourism from the perspective of tourism value chain (see Table 6). 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.

Conclusion

Regardless of how efficient the risk management process is in tourism, the risks will continue to be present and will affect the subjects of the tourism industry. The use of modern information technologies for the purpose of providing timely and accurate information for adequate risk assessment is presented as a necessity in modern business (Stojanović, 2011). Due to the lack of an adequate risk management concept, many tourism industry operators in the world have suffered significant losses. The precondition for stable and continuous business in the field of tourism is the management of the risks that arise in this area.

The problem of risk management exists as a global problem that requires global solutions. An adequate concept of risk management in tourism requires adequate solutions. Risk can not be avoided, it needs to be managed. Risk management in tourism contributes to sustainable success, based on the principles of quality, sustainable development, social responsibility and business ethics. This leads to the continuous business success of companies and organizations in the field of tourism on the one hand, and to the satisfaction of tourists with the services provided, on the other hand. Insurance is one form of risk management, primarily aimed at reducing financial losses. Insurance is the transfer of risks from the

insured to the insurance company, with the payment of the insurance premium.

In line with tourism development, travel agencies gain increasing significance and they today perform all the more important functions and tasks in the tourism industry. Travel agencies perform business activities on behalf of tourist organizations or represent their interests, but today they increasingly provide tourist services on their own behalf, so that they gradually transform into tourist organizations that most often provide a package of tourist services. It is absolutely necessary to clearly understand the core activities of the company and the values it creates for its consumers, especially in the area of tourism destination management.

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.). 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.

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CORRUPTION AND CORRUPTION OFFENCES IN TOURISM

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Abstract

Tourism as a service sector consists not of one but of several, mutually connected, equally important elements, such as the construction of tourist facilities, all modes of transport, accommodation, tourist transfers, banking, safety and security of passengers. Accordingly, an important research question in this paper relates to the forms of corruption manifestation that occur in all tourism activities, with an emphasis on the corruption that mostly occur in relation to the privatization of tourist facilities, issuing permits for the construction of tourist facilities and employment of staff in those facilities and accompanying services (giving a bribe, taking a bribe and trading in influence). Being an economic branch which is rapidly growing and employs more and more people, its side effect is corruption which has specific forms of manifestation in tourism. Therefore the main research subject in the paper is to describe, classify and give scientific explanation of specific aspects of corruption and corruption offences in tourism and related to tourism.

Key Words: *tourism, corruption, corruption offences, giving a bribe, taking a bribe and trading in influence*
JEL classification: *K14*

Introduction

Corruption is not a product of the modern era. It is almost as old as human society. It is a permanent phenomenon interwoven in the milieu of every society.

Originally, the term corruption comes from a Latin word *corrumpo* meaning perversity, depravity, subornation, bribery, decay, rottenness,

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decomposition, falsifying (Lazić, 2014). Not even today do we have a more precise definition of the concept of corruption than the Latin. In the Dictionary of the Matica Srpska, bribe is defined as a pecuniary or another valuable gift, inducement given to persuade someone to act in one's favor (mostly dishonestly or illegally). There is an older term than corruption that is *diškrecija*[3], which means bribe, bribery. A common belief in our culture is that every gift is not considered a bribe, therefore in ordinary and everyday life there is a difference between a bribe and a gift, giving a gift and giving a bribe.

Corruption in tourism is a specific form of manifestation of this negative social occurrence and differs from other forms of corruption in the public sector. Only in recent years has it started to attract the attention of scientists and the general public. So far, in Serbia mostly nongovernmental organizations, and media in some cases, have dealt with the problems of corruption in tourism. Therefore, there is little available literature that comprehensively and in methodologically acceptable manner analyzes specific aspects of corruption in tourism.

Given this notion, the paper has ensued from an ad-hoc research of a corruption-in-tourism phenomenon. In addition to giving a theoretical definition of corruption in general, the paper also defines corruption in tourism in particular and identifies corrupt behaviors in the tourism industry and tourism-related activities.

Theoretical and normative approach to the concept of corruption and corruption offences

When conducting research on former, current and future occurrences the first mental activity is to define the meaning of key concepts. The concept of corruption in tourism has not been clearly defined in recent history. There were only some single attempts to define this notion, thus in contemporary sociological and criminological, political, economic, legal and security theories several working definitions of the concept of corruption in tourism appeared, derived from the categorical concept of corruption in general. In a multitude of different meanings of the term "corruption", a question is always where to start. In order to provide a proper answer to such a question it is not possible in a limited space to identify all the definitions of corruption, but it is necessary to start from a

[3] An archaic Serbian word, no longer in use, meaning bribe, corruption, TN

so-called typical definition of this concept (Danilović & Blagojević, 2014).

This means that the definition, apprehension and meaning of the concept "corruption in tourism" depend on the definition of the concept of *corruption* in general. Hence, it is necessary to formulate a synthetic definition of corruption in general and here from deriving the definition of the concept "corruption in tourism".

In domestic and world sociological and criminological, political and legal, economic and security theories the term corruption has different meanings. Synthesizing all those meanings this term may be expressed by a common denominator which indicates that corruption is fundamentally an abuse of office or abuse of official power for private gain for oneself or another person (Danilović & Blagojević, 2014).

Although there is no single, comprehensive and generally accepted definition of the term corruption in the legislature of the Republic of Serbia, corruption usually implies achieving gain by abuse of official power. In the case-law, pursuant to the RS Criminal Code, the following criminal offences are deemed corruption offences: criminal offence of giving a bribe, criminal offence of taking a bribe, offence of trading in influence and offence of abuse of office (Kolarić, 2011).

The basic form of the criminal offence of giving a bribe is committed by anyone who makes, offers or promises a gift or other benefit to an official or another person, to within his official competence or in relation to his/her official powers perform an official act that should not be performed or refrain from performing an official act that should be performed, or who acts as intermediary in such bribing of an official (Criminal Code, 2016).

The basic form of the criminal offence of accepting a bribe is committed by an official who directly or indirectly solicits or accepts a gift or other benefit, or promise of a gift or other benefit for himself or another person to perform an official act within his competence or in relation to his/her official powers that should not be performed or refrain from performing an official act that should be performed (Criminal Code, 2016).

The basic form of the criminal offence of trading in influence is committed by anyone who solicits or accepts either directly or through a

third party a reward or any other benefit for himself or another person in order to use his official or social position or his real or assumed influence to intercede for the performance or non-performance of an official act (Criminal Code, 2016). Therefore, corruption encompasses acts of active and passive bribery, trading in influence, as well as any abuse of official power committed by an official, a responsible person or a person who performs work in the public interest.

From a legal aspect, corruption also implies an offer or acceptance of any undeserved benefit for oneself or another person. In the broadest sense, corruption is understood as any behavior which implies avoiding regular paths for solving personal and social issues, detrimental to other persons or communities (bribery, nepotism and similar). In a frequently quoted definition in foreign literature, corruption is behavior which deviates from the formal duties of a public role because of private-regarding motives…for the purpose of achieving pecuniary or status gains, or violates rules against the exercise of certain types of private-regarding influence (Amundsen, 1999). Some foreign authors define corruption as a deviant behavior associated with a specific motive, namely that of private gain at public expense (Friedrich, 1989). One of the best-known works in this field is "Corruption and the Decline of Roman Empire" by a British historian Gibbson who defines corruption as an unmistakable symptom of constitutional freedom - an attitude totally contrary to the generally accepted perception of corruption as a pathological occurrence (Knežević, Lukić, 2009). Machiavelli thinks that corruption is a normal stage in the development of a political organism which requires political change and restoring political order to original principles. Freedom and common welfare result from corruption control, whereas political power is used as a control mechanism, and not as a tool of the tyranny of absolute power. Thus, corruption is basically abuse of power (Bonadeo, 1973). Corruption is bribery or some other act towards persons who are, with certain responsibilities, entrusted power in the public or private sector, and who do not carry out duties ensuing from their status of public officials, private-sector officers, independent agents or other similar appointments, for the purpose of achieving any kind of benefit in an inappropriate manner for themselves or somebody else (Bocz, 1995). Corruption is a process of illicit exchange between perpetrators in the public sector and perpetrators in the private, particularly economic sector, with a tendency to establish structured networks, planning or excluding "third" (common interests or private competition) interests for private gain (Queloz, 1996). Corruption is an adverse social phenomenon that ever since the beginning

of human society and the introduction of the rule of law has been present, developing and appearing in different forms, depending on historically given social, economic, political and other conditions, inflicting by its immoral, antisocial and illicit nature detrimental consequences upon society (Jelačić, 1996). Corruption implies different kinds of behavior with a common denominator which is a failure of democratic process in making decisions. Corruption also occurs when a natural person does a favor for another person or for his/her relatives. (Vander Zwalman, 1995).

As there is no internationally recognized scientific definition of corruption in general and corruption in tourism in particular, the operational definition of corruption in tourism in this paper is violation of law by public officials entrusted with power in order to provide some benefit for another person, inflict some damage on another person, adopt an illicit act or in some other way break the law, as well as abuse of power by public officials in the positions closely connected with: privatization of tourist facilities and institutions (public spas, hotels, health and recreation centers…); full-time and seasonal employment in the tourism industry; tax evasion on renting tourist facilities to domestic and foreign tourists; issuing location conditions for building tourist facilities; issuing construction and exploitation permits for tourist facilities, especially in the process of obtaining approval for design (Law on Planning and Construction, 2018)

International legislation and corruption and corruption offences

The fact that corruption has spread in almost all the countries both in the region and wider is proven by the existence of several international documents aimed at explaining and defining closer corruption, combating it and finally rooting it out. The United Nations and other international regional organizations were forced to adopt through a number of pieces of legislation initial legislative basis and instruments for organized joint action on uncovering, criminal prosecution, adjudication and suppression of corrupt behaviors.

The UN Convention against Corruption specially affirms the models of preventive policies, such as establishing anti-corruption bodies and strengthening transparency in the financing of political parties and election campaigns. Its special feature is criminalizing illicit enrichment, which has proved to be useful in a lot of legal systems. This offence is important because of difficulties which appear in criminal proceedings

when it is necessary to prove that a public official solicited or accepted bribe in the cases when the increase in the assets of the public official is in significant disproportion to his or her lawful income, so it gives rise to reasonable suspicion of having the offence of corruption been committed. Article 1 of the UN Convention against Corruption provides for each Member State to make commission of the following offences liable to sanctions: 1) the offering, promise, or giving any pecuniary benefits, gifts or non-pecuniary benefits, to or in favor of a public official, by any legal or physical entity, as illegal influence on the official to act or refrain from acting in the exercise of his or her official duties; 2) direct or indirect solicitation, demand, acceptance or receiving any pecuniary benefits, gifts or non-pecuniary benefits by a public official, in order that the official act illegally or refrain from acting in the exercise of his or her official duties (Law on Ratification of the UN Convention against Corruption, 2005).

Similarly to the UN Convention against Corruption (UNCAC), the Council of Europe adopted the Criminal Law Convention on Corruption. The Convention aimed at fostering international cooperation and developing common anti-corruption standards in the States signatories. The Convention defines what is encompassed by the mentioned criminal offences pertaining to active and passive bribery of domestic public officials; bribery of members of domestic and foreign public assemblies; active and passive bribery in the private sector; bribery of officials of international organizations; bribery of members of international parliamentary assemblies; bribery of judges and officials of international courts; trading in influence; money laundering of proceeds from corruption offences; account offences (Criminal Law Convention on Corruption, 2005).

Under Article 2 of the Civil Law Convention on Corruption of the Council of Europe corruption is defined as "requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behavior required of the recipient of the bribe, the undue advantage or the prospect thereof (Danilović & Blagojević, 2014).

In order to have fighting against corruption really integrated into everyday activities of all democratic member states of the Council of Europe, the Committee of Ministers adopted the Resolution 98 whereby establishing the "Group of States Against Corruption" – called GRECO. The newly established body was not closed and limited only to member

states, but all states, both member states of the Council of Europe and non-member states were invited to join GRECO, as a body that would supervise the process of joint action in practical implementation and realization of twenty guiding principles for the fight against corruption, as well as the implementation of international legislative instruments introduced through the adoption of the Action plan against corruption (European Council,Twenty guiding principles for the fight against corruption).

Legislative regulation of corruption and corruption offences in the countries surrounding the Republic of Serbia

In the criminal legislation of Bosnia and Herzegovina, the criminal offences of corruption are provided for in a chapter called "Criminal offences of corruption and criminal offences against official or other responsible duty" (BiH Criminal Code, 2004). These offences are actually different ways and forms of abuse of office and abuse of public power in the discharge of official duties by official or responsible persons as holders of those public authorities (Šaković, 2003). The criminal offences of corruption are provided for in chapter nineteen of the BiH Criminal Code and in chapter thirty-one of the FBiH Criminal Code (Criminal Code of the Federation of Bosnia and Herzegovina, 2003), as well as in chapter twenty-seven of the RS Criminal Code (Criminal Code of the Republic of Srpska, 2004). All of these pieces of legislation provide for two criminal offences of corruption: accepting gifts and other types of benefits and giving gifts and other types of benefits.

The Criminal Code of the Republic of Montenegro in chapter thirty-four on criminal offences against official duty provides for two criminal offences of corruption: accepting a bribe and giving a bribe (Lazarević-Vučković, et al., 2004).

The Criminal Code of the Republic of Croatia in chapter twenty-five provides for two criminal offences of corruption: accepting a bribe and giving a bribe (Derenčinović, 2004).

The Criminal Code of the Republic of Macedonia adopted in 1996 in chapter thirty (criminal offences against official duty) provides for two criminal offences of corruption i.e. its forms of accepting a bribe and giving a bribe (Criminal Code of the Republic of Macedonia, 1996).

The Criminal Code of the Republic of Slovenia in chapter twenty-six on criminal offences against official duty and public authorities, provides for "classical" criminal offences of corruption: accepting a bribe and giving a bribe (Criminal Code of the Republic of Slovenia, 2004).

The Criminal Code of the Republic of Albania in the group of criminal offences against the activity of the state authority provides for the criminal offence of accepting a bribe which has only one form, i.e. passive bribery. The Albanian Criminal Code does not recognize the criminal offence of giving a bribe (Criminal Code od the Republic of Albania, 1995).

The Criminal Code of the Russian Federation in chapter thirty on criminal offences against the state power, the interests of the civil service and the service of local self-government bodies provides for two criminal offences of corruption i.e. accepting a bribe and giving a bribe (Criminal Code of the Russian Federation, 1996).

The Criminal Code of the Republic of Belarus in chapter twelve on criminal offences against official duty provides for several corruption offences (Criminal Code of the Republic of Belarus, 1995). The basic form of receiving a bribe is committed by an official who intentionally accepts an illicit gift, or other valuable item, or other benefit offered to him to issue a decision within his competence, or by exercising his official duties or refraining from acting in the exercise of his official duties, or in order to act or refrain from acting in the exercise of his official duties in favor of a person who gave bribe. The Criminal Code of the Republic of Belarus provides for intermediation in bribery. The offence implies the act of directly connecting a bribe-giver with a bribe-taker. The criminal offence of corruption is also giving a bribe which occurs in case of giving a gift, an award or another benefit to any person in any amount or with any purpose.

German Criminal Code in chapter twenty-nine provides for several criminal offences of corruption which actually represent different forms and ways of abuse of office i.e.: receiving benefit (Article 331), taking a bribe and bribery (Article 332), giving benefit (Article 333) and giving a bribe and bribery (Article 334) (Jürgen *Fatkinhauer, 1995).*

Greek Penal Code provides for three criminal offences of corruption. Corruption in public office is an act committed by an official who

demands, accepts or allows himself to be promised a gift or benefit of any nature or accepts a promise thereof in order to act or refrain from acting in the exercise of his official duties. Giving a bribe is also punishable. Bribery of a judge in Greek Penal Code represents a special form of giving and taking bribe. This offence is committed by a judge who demands or accepts gifts or other benefits he is not entitled to or the promise that he will receive [such gifts or other benefits] with the intent to act or adjudicate on a case assigned to him in favor of or against someone (Mangakis, 1973).

The chapter on criminal offences against the public authority in the Penal Code of Finland systematically sets forth the criminal offence of giving bribe (Penal Code of Finland, 1996). The Penal Code of Finland under its chapter on offences in office and offences by an employee of a public corporation provides for the criminal offence of taking a bribe. Also, the Code distinguishes between unreal passive bribery and true passive bribery which occurs when an official accepts pecuniary gain or other benefit for his unlawful actions while in service.

The Penal Code of Israel under Criminal Offences of Corruption provides for several corruption offences: the criminal offence of taking a bribe and the criminal offence of giving a bribe or active bribery (Laws of State of Israel, 1977). An interesting fact is that the penalty for giving a bribe is half the penalty for taking a bribe. In addition to the mentioned corruption offences, in Israel bribery in connection with contest is also deemed an act of corruption. Another special feature of the Penal Code of Israel is the provision of the methods of bribery, whereby a bribe is considered to be: whether in cash or in kind, a service or any other benefit; whether it was given for an act or an omission, or for a delay, acceleration or impediment, for preference or for discrimination of other person, whether it was for a specific act or to obtain preferential treatment in general, whether it was for an act of the person who took it or for his influence on the act of another person, whether it was given by the person himself or through another person, whether it was given directly to the person who took it or to another for him, whether in advance or after the event.

Potential abuse in tourism

Tourism is estimated to generate more than 9% of the total world gross domestic product, and every 11th employee in the world is engaged in tourism-related activities. The advantages of the development of this

branch of economics are in generating new jobs and enhancing a country's economic policy. National revenues generated by tourism have positive flows reflected in the fact that a tourist who pays for a service enables a service provider to pay for a tax, salaries of employees, spend the income on their or their children's education, pay for medical examinations, cinema tickets and similar things. It all points to the clear conclusion that the money earned from tourism is injected in every segment of both local and national economies (Danilović & Lazić, 2018).

According to the official records of the Ministry of Trade, Tourism and Telecommunications, the total tourist arrivals in 2018 were 3,430,522 (an increase of 11.2% in comparison to the same period in 2017) out of which domestic tourists accounted for 1,720,008 arrivals (an increase of 8.3%), i.e. their share in overall arrivals was 50.1%. The number of foreign tourist arrivals was 1,710,514 (an increase of 14.12% in comparison to 2017), which represents the share of 49.9% in overall arrivals.

A big number of people are employed to provide the services of transportation, accommodation, food and other to tourists. It is exactly the employment sector where plenty of wrongdoings may occur. This has been suggested by some empirical studies confirming that corruption offences in the Republic of Serbia (taking and giving a bribe, and trading in influence) occur more often than not when employing people in the tourism sector.

An increase in tourist arrivals result in higher demand for the expansion of tourist capacities, thus a growing trend may be observed in the construction of tourist facilities. On the other hand, touristy places have introduced stricter regulations for granting construction permits due to the growing urbanization of tourist destinations. Given the circumstances, corruption has found fertile land in the field of tourism for spreading. Connections and money enable faster privatization of public tourist facilities and institutions, primarily spas and spa treatment centers, sports facilities, as well as easier and faster acquisition of construction permits for tourist facilities, and represent an excellent basis for gaining benefit by committing corruption offences. The fact that the state itself has been coping with this issue in the last ten years by amending a number of pieces of legislation in order to prevent corruption and corruption offences in tourism confirms that this is a real situation in the construction of tourist facilities. The primary law that governs the field of construction is the Law on Construction and Planning which has been amended several

times in order to solve the mentioned issues and prevent corruption in planning and construction in general, and in planning and construction of tourist facilities, in particular. The latest amendments to this Law were adopted by the end of 2018.

The Ministry of Trade, Tourism and Telecommunications is a competent authority in the area of tourism. In addition to other things, the Ministry has adjusted its organizational structure to meet society's tourist needs. Smaller organizational units set up within its Sector for Tourism are: Department for Market Research and Development of Tourist Products, Department for Competition in Tourism, Planning and Analysis Department, Department for Quality Management in Tourism. Apart from this Sector, there is also Sector for Tourist Inspection. This Sector also encompasses some internal units such as Department for Inspectorial Work Supervision and Department for Coordination, Analytical and Legal Affairs. In so dispersed and decentralized organizational structure of the authorities competent for planning, organization, managing and supervising tourism activities, different forms of corruption may occur, which indicates to the need of establishing tighter state control over this sector. However, such a decentralized organizational structure is at the same time a good preventive measure against corruption and corruption offences in tourism.

Most frequently corruption offences in tourism are committed by administrative, public, central, regional and local bodies competent for the privatization of tourist facilities and institutions (spas, spa treatment centers, sports and recreational facilities), as well as for construction affairs, in the process of an integrated procedure for: issuing location conditions for the construction of tourist facilities; issuing construction and exploitation permits; registration of works; especially in the process of obtaining approval for a design, i.e. connection of tourist facilities to infrastructure network; obtaining permits and other documents issued by holders of public authorities that are required for building tourist facilities, i.e. for issuing location conditions, construction and exploitation permits within their competences, as well as for providing conditions for connection to infrastructure network and for the registration of title to the built tourist facilities.

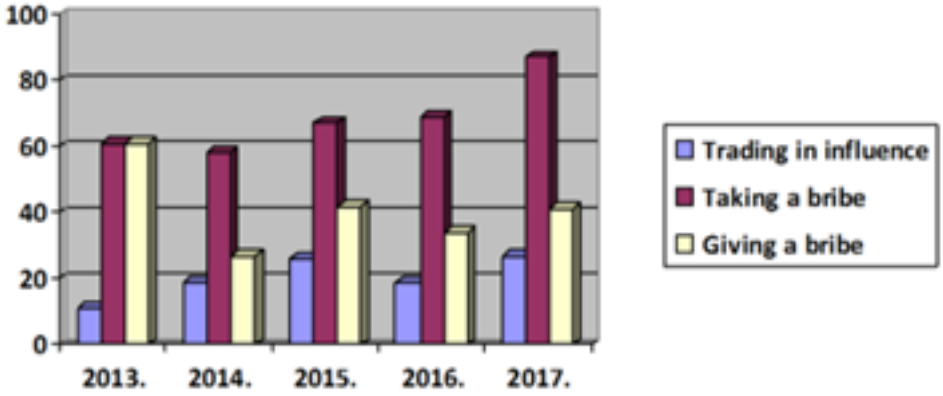
More often than not, corruption in tourism occurs in the process of unlawful employment of full-time and seasonal workers in the tourism industry, particularly in the process of classification of tourist facilities,

and in the process of conducting tenders for building and furnishing tourist facilities and procurement of goods and services demanded by domestic and foreign tourists. Also, one more problem with tourism and abuse correlated with tourism is money laundering (Lazić & Danilović, 2018).

Results of the empirical research on corruption

The empirical section of the paper analyzes corruption offences of taking a bribe, giving a bribe and trading in influence from the aspect of their frequency on the territory of the Republic of Serbia in a five-year period (2013-2017). The analysis in the observed period encompasses the number and structure of crimes, and the number of registered, indicted and convicted persons for corruption offences. Unfortunately, due to the inadequate statistical recording of corruption offences in certain economic and social activities, it was not possible to analyze separately only corruption offences in tourism, as those offences are not separately recorded in the existing classifications of the Statistical Office of the Republic of Serbia.

Figure 1: *The number of registered corruption offenders on the territory of the Republic of Serbia by years*



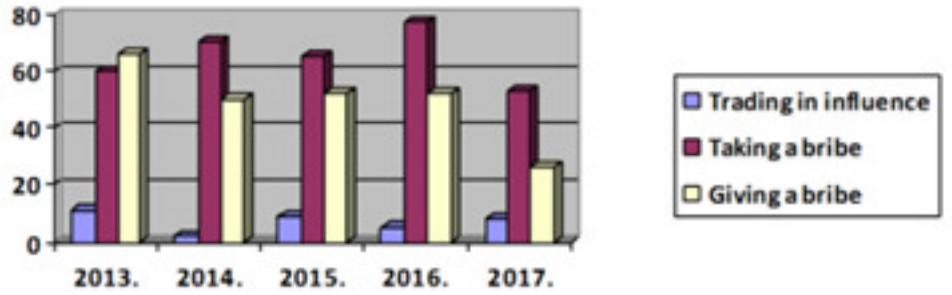
Source: *http://data.stat.gov.rs/?caller=SDDB*

Figure 1 shows the number of persons registered for the criminal offence of corruption on the territory of the Republic of Serbia from 2013 to 2017. It is noticeable, according to the Figure 1, that most frequently charges are filed against the offence of taking a bribe. Thus, in 2017, 87 charges were filed against this criminal offence, while in 2016, 69

charges, in 2015, almost the same number of charges i.e. 67, and in 2014, 58 charges. Having analyzed the number of persons registered for the criminal offence of taking a bribe, by years, it can be concluded that the number of persons registered for the criminal offence of corruption was constantly growing from year to year in the previous five years.

Figure 2 shows the number of persons indicted for the criminal offences of corruption.

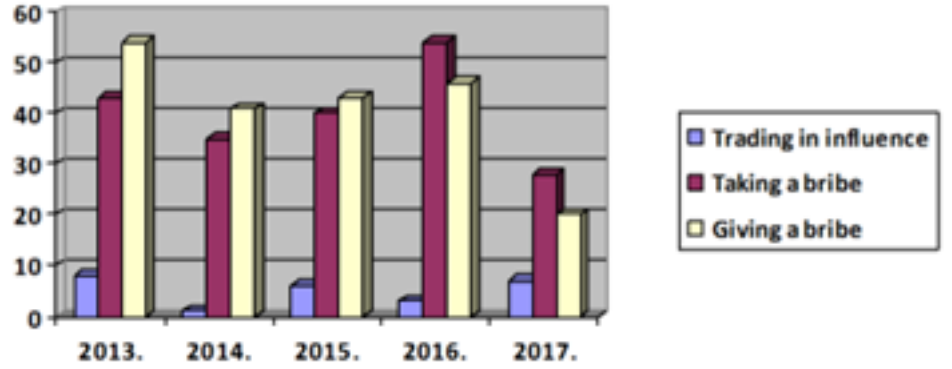
Figure 2: *The number of indicted corruption offenders on the territory of the Republic of Serbia by years*



Source: *http://data.stat.gov.rs/?caller=SDDB*

Among the indicted corruption offenders there were most persons who were indicted for the criminal offence of taking a bribe. In 2017, an indictment was filed against 53 persons, in 2016 against 77 persons, in 2015 against 60 persons, in 2014 against 70 persons and in 2013 against 66 persons.

Figure 3: *The number of convicted corruption offenders on the territory of the Republic of Serbia by years*



Source: *http://data.stat.gov.rs/?caller=SDDB*

In order to have a full picture of the state of corruption in the Republic of Serbia, this occurrence, detrimental to every society, was analyzed until the end. Figure 3 provides the facts on the number of persons convicted for corruption offences in the observed five-year period.

In the first three years of the observed period, most convictions were pronounced for the criminal offence of giving a bribe, i.e.: 54 in 2013, 41 in 2014, and 43 in 2015. However, the situation changed in the last two years of the observed period. In 2016 the biggest number of persons were convicted for the criminal offence of taking a bribe, i.e. 54, while a fall in the number of convictions in 2017 is evident and drastic, with 28 convictions pronounced for the criminal offence of taking a bribe.

The research has shown a disproportion between the numbers of registered, indicted and convicted corruption offenders in the previous five years, which indicates to a rather mild penal policy for these offences as well as on the problem of police behavior and practices during a criminal investigation in Serbia (Danilović & Manojlović et al., 2013). Thus, in 2017 only 4 imprisonment sentences were pronounced for the offence of trading in influence, 12 imprisonment sentences for the offence of taking a bribe and only 2 imprisonment sentences for giving a bribe. All the pronounced imprisonment sentences were short-term, of three to five years in prison.

These criminal offences were not sanctioned by fine. Most of the pronounced sentences were release on parole and home imprisonment. (Danilović & Lazić, 2015) Also, we notice, that for this type of crime, our justice system doesn't use a suspended sentence with protective custody, for which we consider it has the potential. (Lazić & Danilović, 2017). Most of the offences of giving a bribe, i.e. 15, were sanctioned by release on parole, while most of the offences of taking a bribe, i.e. 14 were sanctioned by home imprisonment.

Conclusion

In the era we live in, when the core values are losing meaning, the awareness of the consequences that may ensue from committing the criminal offence of corruption is weaker and weaker in our society. Accepting the principle that everything will be easier if you bribe somebody, brings about a change not only in the meaning of legal but also common customary norms. Lack of generally accepted definition of

this detrimental social occurrence significantly hinders uncovering, proving but also suppressing corruption. On an international scale there have been several endeavors at giving a unique definition of corruption and its forms, yet each endeavor failed. The comparative legal analysis of this offence in fourteen countries including the Republic of Serbia suggested that almost all analyzed countries in a roughly similar or similar way define this occurrence in their legislation, but there are some minor differences in each observed legislation. This research and plenty of other studies showed that the number of corruption offences is much higher than the number of the uncovered and prosecuted by public authorities, which indicates that many countries still do not have adequate mechanisms for combating corruption in general and corruption in tourism in particular. The general conclusion resulting from this and other studies on similar topics is that the increasing of living standard, on one hand, and compliance with a penal policy, on the other hand, would yield better results in fighting corruption. The paper encompasses a research of all recorded corruption cases in the case-law over a five-year period on the whole territory of the Republic of Serbia, but it was not possible to single out the acts of corruption committed in the tourism sector, as the methodology of data collection conducted by public bodies did not allow to distinguish between corruption offences in health, tourism, education and similar.

The Ministry competent for tourism in the Republic of Serbia has adopted a number of legal acts and conducted numerous activities for the improvement of this field, which is shown by the results that are better with every year. Nevertheless, non-transparency in the work of public authorities, especially of the prosecution, represents a major flaw in all the analyzed states. As a matter of fact, official online presentations of the Ministry and its organizational units contain work reports and information about conducted activities that are more than five years older. Fight against corruption cannot be successful if it is partial, isolated, unless it is a part of a developed strategy, if it is not supported by society and state commitment to implement it in reality. In order to have effective an fight against corruption which yields visible results, it has to be founded on social consensus and development of anti-corruption culture, adequate institutional and legal framework for political actions and political will transformed into concrete actions starting from a local self-government to the highest central authority. That precious social support can be provided by nongovernmental organizations, unions, professional associations and media. All of them should act as a corrective agent of the authorities,

constantly urge that public interest has to be before any individual interest and defending the public good must be in the interest of every individual and society as a whole.

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LEGAL PROTECTION OF TOURIST DESTINATIONS FROM DIFFERENT FORMS OF ENDANGEREMENT

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Abstract

Tourism is a very significant branch to the development of every state. The Republic of Serbia is a well-known tourist destination which accumulates significant profit from this business. In accordance with the principle of sustainable tourism development, in addition to the natural beauties our country has at its disposal, it will be necessary to invest in new tourist and logistical content in order to enrich this form of business, improve security, legal protection and ensure greater profitability. In order for tourism to make a successful contribution to the development of a country, it is necessary to, among other things, provide adequate legal protection of tourist destinations from various forms of endangerment. In this respect, international standards have been established which the Republic of Serbia has incorporated into its legislation. In this paper, we will look into specific legal solutions from Serbian legislation whose implementation significantly improves the protection of the environment and the development of tourist destinations in the Republic of Serbia.

Key Words: *tourism, legal protection, environment, terrorism, incriminations, laws*
JEL Classification: *K10, K14, K32*

Introduction

From an economic point of view, it is easy to see that tourism represents a significant factor in the formation of a country's gross domestic product and is often characterized as an invisible form of export for national economies. It can be said that tourism experienced the most dynamic growth in the period after the Second World War. Thanks to the cultural progress and the growth of workers' rights, which resulted in a shortening

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of working hours and an increase in leisure time, the conditions for organized trips were acquired. In addition, through certain forms of liberalization, in terms of reducing administrative barriers to crossing borders, conditions were created for conceiving one of the most intensive economic branches of the present day. Taking into consideration a rather narrow temporal interval of the last twenty years, there has been a doubling of the amount of international travel. If we take into consideration a longer period of time, the aforementioned expansion has been, as would be expected, significantly higher. In the period from the 1990's until today, there has been an almost triple growth in international tourism trends. Based on research conducted by relevant international organizations, predictions have been made of 35% international tourism growth in the following ten-year period (Visa, 2017).

Some of the main threats to the development of the tourism industry are sociological and security. The expansion of certain tourist destinations often involves a rise in crime rates within these locations. However, the possibility of terrorist attacks is becoming the most significant risk factor for the global tourism industry (Lečić & Skakavac, 2018). It should not be ignored that in contemporary times and tourism, some important tourist destinations, in specific parts of the world, have been targeted by extreme terrorist organizations with the aim of disrupting life, even at tourist locations. "Terrorist attacks affect the security reputation of tourist destinations and the sowing of fear among potential tourists. A fear of terrorist activities can, in a very serious manner, affect economic trends within the domain of supply and demand on the international tourist market. The mentioned tendencies, in the field of digression of tourist activities, were also noticed on the most recent examples of well-known tourist destinations such as Turkey, Egypt, Tunisia, Morocco, where the so-called Arab spring, or a war for democracy, led to a change to the ruling party and authoritarian regimes, the epilogue being long-term political instability, anarchy, chaos and civil wars that have, as the final outcome, had an even stronger strengthening of Islam and those structures that advocate the application of Sharia law" (Skakavac & Skakavac, 2017,p.144).

Terrorism is not the only criminological factor that threatens tourism. Other forms of criminal behavior, such as violence, theft, robbery, namely, all forms of delinquent behavior that disturb the peace, safety and tranquility of tourists are also affected by a negative connotation. In addition, every transition produces certain, positive or negative

consequences for the individual, his family, and society as a whole. Among the negative characteristics of transitional processes is certainly criminality, which in such circumstances gets new forms, new forms of appearance and has a tendency to increase (Skakavac, 2015).

However, another type of negative social behavior can significantly affect tourism as an important economic and profitable branch in the development of a country. This is the field of ecology, the protection of nature and the environment and the attitude towards it, the disposal of radioactive and other waste, which is a feature of some contemporary forms of activity performed by some mafia organizations in the world. Unfortunately, organized crime does not choose the means to profit, even though it threatens the security of people and the environment on a large scale.

In order to protect society from all forms of ecological endangerment, especially in tourist-important destinations, adequate statutory regulations are required to provide legal protection. This is precisely what the author will attempt to illustrate in this paper, some important statutory regulations which provide ecological protection against all forms of endangerment, to both tourist destinations and tourism in general.

Impact of terrorist acts on tourist effects

An important factor in establishing a mutual correlation between tourism and terrorism is the process of globalization. Globalization contributes to the demolition of human barriers but also facilitates the strategic and operational implementation of terrorist activities. One of the key events marking the beginning of a new era in the fight against international terrorism was the 2001 attack on the World Trade Center in New York. This attack had a high level of influence on tourism movements within the United States (Skakavac & Skakavac, 2017). A similar situation occurred in France, where the "doctrine of shelter" and neutral politics proved unsuccessful and counterproductive, as seen from the waves of related terrorist attacks that afflicted this country in early 2015 (Lečić, 2015).

Tourists' fear, when traveling to a specific tourist destination, can be descriptively expressed in two ways. Tourists fear that they may be the victims of an organized terrorist attack during an international trip if they are from an area which is involved in hostile actions towards the country

of their stay. On the other hand, they also fear that they may be the victims of a terrorist attack by simply being at the wrong place at the wrong time, without any preconceived notions about the relationship between the country of residence and the country of visit. The mentioned distinction can be extremely significant as it can define the potential choice of a future tourist destination. In some countries, such as Egypt and Tunisia, tourist destinations are highly targeted by militant Islamic groups. The abovementioned terrorist organizations in particularly valorize attacks on those sites that are known to be the destination of choice of a large number of tourists from NATO countries (especially those who participated in operations against Syria and Iraq) (Lečić & Skakavac, 2018).

Contemporary waste management problems - challenges, risks, or threats

Waste management, at a global level, is a very complex, responsible and profitable activity. It is an activity that can have negative consequences for the economic security of a local community in one or more municipalities, which can in turn have a harmful effect on human health, food safety, the security of human material goods, and on the safety of a community and the environment. Developed countries view this problem in its totality, scientifically, professionally and practically. In this closed, interactive circle, efforts are made at reaching the most acceptable solutions for the environment, and for the preservation of human health and material assets, while finding solutions to daily challenges posed by the generation and management of waste.

A fact unknown to the public in developing countries, Serbia being among them, is that the interest of global companies and donors has increased in those countries in the past decade (Marković, 2006). The practice of developed countries has shown all the complexity of waste management, from benefits and various challenges, to risks, threats and harmful consequences for human health and the environment. Scientific and expert findings from the waste management cycle, in some European countries, also point to many criminal actions against the environment, conducted illicitly to great material benefit. These findings indicate that numerous companies are involved in economic crime, the criminal activity of transnational waste trade, organized crime and eco-crimination (Muti, 2005).

Instead of the expected systemic responses to the ever-increasing quantities and types of waste, a new form of business has emerged before the public whose protagonists are, none other than, the Italian mafia (Muti, 2005). The current claims are that the Campania region has the greatest number of illegal landfills, in all of Italy, and that nuclear waste is deposited in some of them (Bošković & Skakavac, 2009). The city of Naples is a major tourist center in the south of Italy, hosting a large number of tourists from all parts of the world on an annual basis. However, since the Camorra mafia organization took over waste management in the Campania region of Naples in 1990, it has had disastrous effects for the environment and the health of the local population. The map below shows the extent of the disposal of various types of waste in the wider area of the city of Naples. This has enabled the Camorra to make tremendous profits (Skakavac, 2016)

Picture 1: *A map of Campania with the location of illegal landfills*

Source: *Skakavac, Z., (2016). Mafija - tradicionalni i savremeni fenomen, Monography, Fakultet za pravne i poslovne studije dr Lazar Vrkatić, Novi Sad.*

For the sake of illustration, an Italian mafia leader stated, before an investigative court in Naples, on the occasion of the Mafia's well-known interest in waste: *"For us, garbage is gold."* Until 1994, the mafia controlled the entire garbage collection cycle, the assessment being that the Mafia's involvement in environmental crime grossed them about six billion euros ($ 8.8 billion) annually. The Mafia's interest in garbage is

not limited to household waste but to controlling the entire disposal cycle as well as landfills. Thus, the Camorra has been, for years, filling up landfills not only with household waste but industrial waste as well, shipped in from all over Italy as well as beyond. The transport of this waste is one of the most profitable Mafia activities which, in terms of profit, exceeds profit from drug trafficking. That is the reason why the Camorra had been involved in purchasing land, in the wider region of Naples, at low prices from owners they had previously intimidated only to sell that same land, later and for a considerable profit, to companies that deal with the disposal of waste in landfills. Toxic nuclear and industrial radioactive waste, which the Italian mafia mainly imported from Germany and illegally buried underground, is responsible for the increased rate of cancer in the south of Italy. The Italian Senate explored the link between buried polluters and **50 percent more tumors among residents of the villages around Naples. Doctors first noticed an increase in the number of cancer patients during the 1990s** (Skakavac, 2016).

The global companies and donator in direct contact offer "assistance" through donations and international loans, developing feasibility studies for projects and the transfer of technologies for the construction of waste incinerators. In most cases, this starts with estimates and serious reports on the state of waste management in a particular country. Reports (the World Bank and Republic of Serbia - Ministry of Natural Resources and Environment Protection, 2003) usually estimate that the subject waste management system is in a state of decay and that everything needs to be changed, and that a new system needs to be established from the law to the construction of a treatment and disposal facility. In this manner, the country is in fact handed over to interested foreign companies that will quickly cover Serbia with various types of waste, including radioactive and nuclear, and which will, in the long run, cause serious damage to human health, endangering the flora and fauna and inflicting irreparable damage. This also targets important tourist destinations which are otherwise suitable for the mentioned criminal activities.

In order to protect society from all forms of ecological endangerment, especially in tourist-important destinations, adequate statutory regulations are required to provide legal protection. Therefore, in the further part of this paper, we will draw attention to the current statutory and other regulations, adopted by the Republic of Serbia in order to protect the environment and human health.

National legislation for the protection of tourism

Criminal protection

The Criminal Code of the Republic of Serbia *(Off. Gazette of the Republic of Serbia, Nos.* 85/2005, 88/2005 - correction 107/2005 - correction, 72/2009, 111/2009, 121/2012, 104/2013, 108/2014 and 94/2016) defines a number of criminal offenses whose execution can, in a particular manner, affect and produce effects on the tourist season. In the first order are all acts violent in character, among which we need to highlight terrorism and terrorist acts which most seriously, and to the greatest extent, affect all tourist effects. If the safety of tourists is threatened by terrorist acts, then all estimates and forecasts related to tourism revenue can be disregarded. Unfortunately, this has been a very common occurrence in the past couple of years, at the global level. Although terrorism is the most serious crime, that can cause the greatest damage to tourism, a whole series of other incriminations should also be mentioned which are also, to a greater or lesser extent, capable of affecting the effects of tourism. The Criminal Code of the Republic of Serbia contains a whole series of incriminations that relate to waste disposal and treatment. Such offenses have been foreseen under Chapter 24, in the group of *criminal acts against the environment*, and under Chapter 25, in the group of *criminal offenses against the general safety of people and property*. This part of the paper will look at more significant crimes from the Criminal Code of the Republic of Serbia which may, in some way, endanger tourism.

Terrorism (Art. 391)

Terrorism has been classified into the group of crimes against humanity and other goods protected by international law. In addition to the criminal offense of terrorism provided for under Article 391 of the Criminal Code of the Republic of Serbia, several more recent incriminations related to terrorism have been provided, such as: public incitement to commit terrorist acts (Art. 391A of the CC); recruitment and training for the commission of terrorist acts (Art. 391b of the CC); use of a deadly device (Art. 391v of the); destruction and damage to a nuclear facility (Art. 391g of the CC) and terrorist association (Art. 393a of the CC). All of these incriminations have been harmonized with a series of conventions aimed at the prevention of acts of terrorism, in particular the 2005 Council of Europe Convention ratified by Serbia in 2009 *(Official Gazette of the*

Republic of Serbia - International Treaties, No. 19/09) and the EU Council Framework Decision on Combating Terrorism of 13 June 2002, as amended by Council Framework Decision of 28 November 2008.

In the broadest sense, terrorism (terror, fear, horror) is a method for achieving political goals by violence, intimidation, abductions, blackmail, etc. The notion of terrorism is controversial, both in theory and in legislation (Stojanović, 2017).

The act of executing the basic form of the criminal offense of terrorism has been alternatively foreseen. These are the following actions: an attack on the life, body or freedom of another person; kidnapping or taking hostages; the destruction of a state or public facility, a traffic system, infrastructure including information systems, a fixed platform in the continental belt, a general good or private property in a way that could endanger the lives of people or cause damage to the economy; abduction of aircraft, ships or other means of public transport or the transport of goods; production, possession, acquisition, transportation, supply or use of nuclear, biological, chemical or other weapons; discharging dangerous materials or causing a fire, explosion or flood, or taking other actions that could endanger the lives of people; interrupting or stopping the supply of water, electricity or other basic natural resource that could endanger the lives of people. For this act to exist, it requires specific intent. The intent of the perpetrator must be aimed at achieving one of three goals: a) to seriously frighten citizens; b) to compel Serbia, a foreign state or an international organization, to do or not to do something, or c) to seriously jeopardize or violate the basic constitutional, political, economic or social structure of Serbia, a foreign state or an international organization.

The less severe act is a situation where the perpetrator is threatening to perform any of the above listed, basic forms of the acts, with the mandatory presence of intent. A more severe act is a situation where either the execution of a basic form of an act has resulted in death of one or more persons, or the execution of an act has resulted in large-scale destruction. The most severe form occurs if the perpetrator deliberately deprived one or more persons of life during the execution of an act. The basic form of the act carries a prison sentence of five to fifteen years. The less severe form carries a sentence of six months to five years, whereas the more severe form a prison sentence of no less than ten years. Furthermore, the most severe form foresees imprisonment of no less than twenty years, or thirty to forty years.

The legislator foresees responsibility for the preparatory actions of this criminal offense in two forms. The first one is applied when a person acquires or enables funds for the execution of terrorism; or removes obstacles to its execution; or negotiates with another, planning or organizing the execution of the act. For this form, a prison sentence of one to five years has been prescribed. The other (more severe) form is applied when people, weapons, explosives, poisons, equipment, ammunition or other material is sent or transferred to the territory of Serbia for the purpose of committing the criminal offense of terrorism. This act carries a prison sentence of two to ten years (Bosković & Skakavac, 2018).

The group of *criminal acts against the environment* contains the following crimes:

Environmental pollution (Art. 260)

The basic form of this criminal offense is committed by a person who violates regulations on the protection, conservation and improvement of the environment by polluting air, water or soil, to a greater or larger extent. The perpetrator is subject to punishment by both imprisonment in the duration of six months to five years and a fine. The applicable Law on Environmental Protection defines polluting the environment as the introduction of pollutants, or energy into the environment, caused by human activity or natural processes that has or may have harmful effects on the quality of life and human health (Article 3, Item 11).

For the existence of a criminal offense, it is necessary that pollution occurred in violation of regulations governing the protection, preservation and improvement of the environment. The basic form of the criminal offense exists when air, water, or land has been polluted to a greater extent, or over a wider area. This means that it is necessary to pollute one, of the three above listed, to a greater extent or over a wider area.

A less severe form of the criminal offense (Para. 2) exists if this act has been committed out of negligence and such a perpetrator shall be punishable by a fine or imprisonment for up to two years. An unintentional form of this offense resulting in a more severe consequence has been defined, i.e., if destruction or damage to animal or plant life, or pollution, is of larger proportions requiring either a significant amount of time or great costs to remove. The more severe form of this criminal act

(Para. 3) is present if the basic form of this act has resulted in the destruction or damage to animal or plant life, or pollution, which is of larger proportions requiring a significant amount of time to remove or great costs. This means that it differs from the basic form due to the existence of more severe consequences.

The perpetrator is subject to a sentence of one to eight years in prison and a fine. A specific form of the criminal offense has occurred if, due to the unintentional execution of the act, destruction or damage to animal or plant life, or pollution, has taken place which is of larger proportions requiring either a significant amount of time or great costs to remove. Such an offender is subject to punishment by imprisonment in the duration of six months to five years and a fine.

Non-implementation of environmental protection measures (Art. 261)

This criminal act, in its basic form, exists if an official or responsible person fails to implement prescribed environmental protection measures, or does not act according to a decision issued by a relevant body for environmental protection issues. The perpetrator is punishable by a fine, or a sentence of up to three year in prison. A less severe form of this criminal offense exists if it was the result of negligence. In this case, the perpetrator is subject to a fine or imprisonment of up to one year.

A specific form of this criminal offense exists if the execution, of the basic or less severe form of this criminal offense, has caused environmental pollution. In such cases, the perpetrator will be punishable for the criminal offense of environmental pollution referred to under Article 260 of this Code.

Environmental damage (Art. 264)

This offense in its basic form is an act which has violated regulations, exploited natural resources, constructed facilities, performed works, or in some other manner caused damage to the environment, to a greater extent or over a wider area. The perpetrator is punishable by a sentence of up to three years in prison. A less severe form exists if the act was the result of negligence. In this case, the perpetrator is subject to a fine or imprisonment of up to one year.

The introduction of dangerous substances into Serbia and the unauthorized processing, disposal and storage of hazardous substances (Art. 266)

The basic form of this criminal offense takes place when an individual, contrary to regulations, enters into Serbia radioactive or other dangerous substance or hazardous waste, or transports, processes, deposits, collects or stores such materials or waste. A prison sentence of six months to five years will be imposed on the perpetrator of this criminal offense, and a fine. The more severe form of this criminal offense will be conducted by an individual who has, by misusing his official position or authority, enabled the entrance of radioactive or other dangerous substances or hazardous waste into Serbia, or who has allowed such materials or waste to be transported, processed, disposed of, collected or stored contrary to regulations. In such cases, the perpetrator will be punished by imprisonment of one to eight years, and a fine. A special form of this criminal offense exists if, during the commission of the basic or more severe forms of the act, destruction has been caused to animal or plant life, or pollution, which is of larger proportions requiring a significant amount of time to remove or great costs. In these cases, the perpetrator will be punishable by imprisonment of two to ten years, and a fine. A person who organizes the execution of the act from the basic form will be punishable by a prison sentence of three to ten years, and a fine.

Pollution of food and water for consumption or animal feed (Art. 273)

This offense entails acts which cause harmful substances to contaminate food or water, for consumption or animal feed, thereby endangering their life or health. In this case, the perpetrator is subject to a fine or imprisonment up to two years. The same punishment will also be imposed on a person who causes harmful substances to pollute water in a fishpond, lake, river, or canal, or supply from infected waters, causing danger to the survival of fish or other aquatic animals. The more severe form of this criminal offense exists if abovementioned activities have caused the death of animals or other significant damage, in both of their forms. In such cases, the perpetrator will be faced with a fine or imprisonment of up to three years. A less severe form of this crime exists if the act was the result of negligence. Such an offender will be subject to a fine or imprisonment for up to six months.

Within the group of *criminal offenses against the general safety of people and property*, Chapter 25, there are three criminal offenses which have been incriminated and which could, in a certain sense, be related to some incriminated actions with medical waste, such as:

Provoking a general danger (Art. 278)

The basic form of this criminal offense is anyone who has by fire, flood, explosion, poison or toxic gas, radioactive or other ionizing radiation, electrical energy, motor force or other generally dangerous activity or dangerous substance, caused a danger to the life or body of people or to property of higher value. The perpetrator of this criminal offense will be punished by imprisonment of six months to five years, and a fine. An official, or responsible person, who does not install prescribed protection against fire, flood, explosion, poison or toxic gas, radioactive or other ionizing radiation, electrical energy, motor force or other generally dangerous activity or dangerous substance, or does not maintain these devices in proper order, or, when required, does not put them at the disposal or fails to abide by regulations or technical rules on protective measures and thus poses a danger to the life or body of people, or property of greater volume, shall also be subject to the same punishment.

A penalty of imprisonment of one to eight years, and a fine, will be imposed over everyone who conducts either of the above two forms in a place with a large number of people (more severe form). An even more severe form exists if the basic form of this crime is committed with the use of firearms. Such a perpetrator will be punished with two to ten years of imprisonment. A less severe form of this criminal offense exists if an act, from any of the latter three forms, was the result of negligence. Such a perpetrator will be punished with up to three years of imprisonment.

Unauthorized acquisition and a security threat from nuclear matter (Art. 287)

This act has the basic form, and three more severe forms. A criminal act from the basic form constitutes an action by a person who, under force or the threat of force, by committing a criminal offense or in another unlawful manner, acquires, possesses, uses, transports, gives to another, nuclear substance, or enables another acquisition of the same. The perpetrator is punishable by a sentence of up to three year in prison. The more severe form constitutes a threat for the use nuclear material in order

to force someone to do something, or not to do something, thus endangering the safety of people. Such a perpetrator will be punished with one to ten years of imprisonment. An even more severe form exists if serious bodily injury, or property damage of large proportions, has occurred due to the previous two forms. A prison sentence of two to twelve years is prescribed for such a perpetrator. The most severe form is sanctioned by imprisonment of three to fifteen years and will be handed done if the death of one or more persons has occured during the commission of the basic and severe forms.

Severe acts against overall security (Art. 288)

If, due to an act causing general danger from Article 278, Paragraphs 1 to 3 of this Code, serious bodily injury has been caused to a person, or damage to property of great value, the offender will be punished by imprisonment of one to eight years. If the act from Article 278, Paragraphs 1 to 4 of this Code resulted in the death of one or more persons, the offender will receive a prison sentence of two to twelve years. If the act from Article 278, Paragraph 5 of this Code, caused serious bodily injury to a person, or damage to property of great value, the offender will be punished by imprisonment from six months to five years. If the act from Article 278, Paragraph 5 of this Code resulted in the death of one or more persons, the offender will receive a prison sentence of one to eight years.

The Law on Organization and Jurisdiction of Government Authorities in Suppression of Organized Crime, Terrorism and Corruption

The Law on Organization and Jurisdiction of Government Authorities in Suppression of Organized Crime, Terrorism and Corruption *(Official Gazette of the Republic of Serbia, Nos.* 94/2016 and 87/2018 - other law) regulates the education, organization, competence and powers of state bodies and special organizational units of state bodies, for the purpose of detecting, prosecuting and trying criminal offenses as prescribed by this law.

This law is applied during the detection, prosecution and trial of:
1) criminal offenses of organized crime; 2) the crime of killing a representatives of the highest state bodies (Article 310 of the CC) and the criminal offense of armed rebellion (Article 311 of the CC); 3) the

criminal offenses against official duty (Articles 359 and 361 to 368 of the CC) and the criminal act of giving and receiving bribes related to voting (Article 156 of the CC); 4) economic criminal offenses (Articles 223, 223a, 224, 224a, 227, 228, 228a, 229, 230, 231, 232, 232a, 233, Article 235, Paragraph 4, Articles 236 and 245 of the CC); 5) and the criminal act of terrorism (Article 391 of the CC), criminal offense of public incitement to commit terrorist acts (Article 391a of the CC), recruitment and training for the commission of terrorist acts (Article 391b of the CC), criminal act of the use of a deadly device (Article 391v of the CC), criminal act of destruction and damage to a nuclear facility (Article 391g of the CC), the criminal act of financing terrorism (Article 393 of the CC) and criminal offense of terrorist association (Article 393a of the CC); 6) criminal offenses against state authorities (Article 322, Paragraphs 3 and 4 and Article 323, Paragraphs 3 and 4 of the CC); and a criminal offense against the judiciary (Articles 333 and 335 and Article 336, Paragraphs 1, 2 and 4 and Articles 336b, 337 and 339 of the CC) if they were committed in connection with the crimes referred to under Items 1) to 5) of this Article.

The following bodies are responsible for the handling of criminal offenses:
1) Prosecutor's Office for Organized Crime; 2) Ministry of Internal Affairs - organizational unit responsible for combating organized crime; 2) Special Department of the Higher Court in Belgrade for Organized Crime; 4) Special Department of the Appellate Court in Belgrade for Organized Crime; 5) Special detention unit of the District Prison in Belgrade.

The basic laws in the field of environmental protection in the Republic of Serbia

1) The Law on the Confirmation of the Basel Convention on the Transboundary Movement of Hazardous Wastes and Their Disposal, *(Official Gazette of the Federal Republic of Yugoslavia - International treaties, No. 2/99)*, which provides internationally agreed mechanisms and instruments for controlling the transboundary movement of waste;
2) The Law on Environmental Protection, (*Official Gazette of the Republic of Serbia, Nos.* 135/04, 36/09, 36/09 - other Law, 72/09 - other law and 14/16) which defines an integral environmental protection system;
3) The Law on Strategic Environmental Assessment (*Official Gazette of the Republic of Serbia, No. 135/04)*, which harmonizes environmental

policy with other, sectoral policies, during the drafting and adoption of other plans and programs in the field of spatial and urban planning or use of land, agriculture, forestry, fisheries, hunting, energy, industry, transport, waste management, water management, telecommunications, tourism, conservation of natural habitats and wildlife and flora, and which establish a framework for the adoption of future development projects;
4) The Law on Environmental Impact Assessment *(Official Gazette of the Republic of Serbia, Nos. 135/04 and 36/09)*, which regulates the procedure for assessing possible significant impacts of certain public and private projects on the environment;
5) The Law on Integrated Pollution Prevention and Control *(Official Gazette of the Republic of Serbia, No. 135/04),* which regulates the conditions and procedure for issuing an integrated permit for the operation of a plant and for performing activities that may have negative effects on human health, the environment or material goods;
6) The *Law on Waste Management (Official Gazette of the Republic of Serbia. Nos. 36/09. 88/2010 and 14/2016)* which defines the types and the classification of waste; waste management planning; waste management entities; responsibilities and obligations in waste management; the organization of waste management; management of special waste streams; conditions and procedure for issuing licenses; cross-border movement of waste; waste and database reporting; waste management financing; control, as well as other issues of importance for waste management;
7) The Law on Packaging and Packaging Waste *(Official Gazette of the Republic of Serbia, No. 36/09)*, regulates the environmental conditions that packaging must meet before being put on the market, packaging and packaging waste management, packaging and packaging waste reporting, economic instruments, as well as other issues of importance for packaging and packaging waste management. Provisions of this law are applied to imported packaging, packaging produced or put into circulation, and all packaging waste generated by economic activities on the territory of the Republic of Serbia, regardless of its origin, use and used packaging material.
8) The Law on Chemicals *(Official Gazette of the Republic of Serbia Nos. 36/09, 88/10, 92/11 and 93/212)* defines the integrated management of chemicals, classification, packaging and labeling of chemicals, an integral register of chemicals and a register of chemicals placed on the market, restrictions and prohibitions on production, placing on the market and the use of chemicals, the import and export of certain hazardous chemicals, licenses for the performance of traffic and licenses for the use of

particularly hazardous chemicals, the placement of detergents on the market, systematic monitoring of chemicals, availability of data, monitoring and other issues of importance for the management of chemicals.

The National Strategy for Sustainable Use of Natural Resources and Property of the Government of the Republic of Serbia

The National Strategy for Sustainable Use of Natural Resources and Goods of the Government of the Republic of Serbia *(Official Gazette of Republic of Serbia, No. 33/2012)* consists of three parts: The first part contains introductory considerations with basic information on the legal foundation and the reasons for the adoption of the document, the structure of the document and the drafting process, the significance and relation to other strategic documents. Definitions of natural resources and natural goods have been provided as well as the distribution of natural resources, with a definition of the main objectives of the National Strategy with an emphasizes on the importance of a coordinated cross-sectoral management of natural resources. The second part includes strategic commitments and an Annex, which comprises its integral part. The Annex contains data related to the analysis of the state, and the current level, of natural resources and goods according to species, spatial distribution, diversity, scope and quality, environmental impact assessment, balance categories (spatial and temporal functions, quantities, quality, vulnerability, renewability, strategic reserves, etc.) and forecasting trends in an altered situation. The third part represents the final part and relates to the socio-economic and planning developmental analysis of strategic research priorities and the use of natural resources. In this section, the economic effects of the utilization of natural resources, and the economic goals and challenges for their sustainable use, have been considered.

The National Strategy for Sustainable Use of Natural Resources and Goods is cited as one of the most important strategic documents in: Serbia's National Strategy for EU Accession (2005), the National Program for the Integration of Serbia into the EU (2008, 2009), the National Millennium Development Goals (2006), the National Strategy for Sustainable Development (2008), the National Environmental Protection Program (2010), the Strategy for Cleaner Production in the Republic of Serbia (2009), the Waste Management Strategy (2003, 2010), the Science and Technology Development Strategy (2010), the National

Strategy for Approximation in the Environment (2011), as well as other strategic documents.

The basic goals set to achieve this National Strategy are: 1) directing and ensuring conditions for the sustainable use of natural resources and goods, forming a basis for creating plans, programs and foundations for each individual natural resource or good; 2) reducing the negative impact of resource use on the economy and the environment by establishing basic indicators to be followed; 3) a contribution to the development towards sustainable production (through less and more efficient use of natural resources) and consumption (change of established consumption patterns), as well as making public procurements greener.

Conclusion

Tourism is a very important area for the development of each country and a significant driving force for progress. However, there are various forms of endangerment that can significantly reduce the developmental effects of tourism. In this sense, it is the responsibility of societies and, in particular, relevant state authorities and institutions, to take all necessary protection measures in order for this important economic branch to function at a high-quality level. In addition to terrorist acts that have violated tourist effects in some parts of the world in recent years, and other forms of criminal behavior, environmental pollution and environmental damage is one of the most pressing issues facing our society. To the extent that the development of industry has brought good to humanity, it has also damaged natural balance and equilibrium. Precisely for this reason, it is the obligation of all of us, both state authorities and individuals, to take all necessary measures in order to reduce the negative effects of industry on the environment and reduce the disposal of hazardous waste.

As already mentioned, radioactive and nuclear waste occupies a very prominent place in the structure of hazardous waste, in addition to industrial, medical and pharmaceutical waste, while the social attitude towards it is a major problem in contemporary social development. Waste in general, especially hazardous waste, is an aggravated social phenomenon, with an upward trajectory, that jeopardizes the vital interests of every society. It is a phenomenon whose proportions are related to, on the one hand, scientific and technological progress and, on

the other hand, to social relations and the degree of its normative character.

In protecting tourist destinations and the environment from various forms of endangerment, one of the safest and most important tasks is adequate legal regulations governing this matter, fully harmonized with international legal standards. In that sense, it can be said that through its legislation the Republic of Serbia has provided legal protection of tourism and tourist destinations from various forms of threats. This is, at least in a formal way, adequate protection of important tourist destinations. The aspect that is always an issue in our country is the practical application of these regulations. This issue will require more organized and serious work in the Republic of Serbia.

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CONTRACTS IN TOURISM AND EFFICIENT ENFORCEMENT OF THE RESPECTIVE LEGAL RULES

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Abstract

There are several types of contracts for the provision of tourist services in business practice and they are generally different according to the type of tourist services in concreto. What can be said with certainty is that these are all contracts of adhesion, the conditions of which are dictated by one, generally stronger contracting party, while the other can act on "take-it-or- leave-it" principle. In practice, there are very frequent cases of non-compliance with the contractual provisions, precisely by the contracting party which dictated the terms of the contract and did not abide by them. Therefore, the normal functioning of the provision of tourist services and further development of tourism as a very important and promising activity in the Republic of Serbia requires better control and supervision. Therefore, normal functioning of the provision of tourist services, and further development of tourism as a very important and promising activity in the Republic of Serbia requires better control and supervision of the adopted legal rules governing tourism contacts.

Key Words: *contracts in tourism, tourist services, control of realization of contractual provisions*
JEL classification: *K12, K42, M38*

Introduction

The main hypothesis for this paper above all is the assumption that if not all, than most tourism contracts are in the first place forms or standard form contracts, drafted by one contracting party as standard form and intended for regulating of unspecified number of the same or similar situations in which rights and obligations of contracting parties are

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predefined (Vujisić, 2009:23). These contracts most often refer to general terms and conditions of the party which drafts such a contract. However, authors of this paper have tried to develop the hypothesis by trying to link the assumption that the contracts are standard form with the concept of adhesion contracts or leonine contracts, as contracts between one contracting party, as a rule financially and in the market stronger party, which imposes all the rights and obligations from the contract. Although take-it-or-leave-it or adhesion contracts typically refer to the mode of entering into a contract, that mode has considerable influence on provisions of the contract and rights and obligations arising from it. Namely, some types of contracts in tourism are commercial contracts which have many specific characteristics compared to the other types of contract. Some authors point out that generally for commercial contracts the Law on Contracts and Torts ("Official Gazette of SFRY", No. 29/78, 39/85, 45/89 - YCC and 57/89, "Official Gazette SRY", No. 31/93 and "Official Gazette SMN", No. 1/2003 – Constitutional charter) does not prescribe definite form, which leads to conclusion that they may be entered into verbally, for example, all due to mass and fast circulation when these contracts are entered into, so that formalities would have been harmful and slowing down economic activities (Carić & Kapor, 2000:28). On the other hand, there are opinions that formalities regarding the very commercial contracts may facilitate entering into contracts and not hinder it. This second assertion was confirmed a number of years later, especially for tourism contracts (and for some other activities, such as insurance, banking etc.) All this points to two opposite conclusions:

1. That contract forms or standard form contracts in tourism are take-it-or-leave-it or adhesion contracts drafted, as a rule, by financially stronger contracting party, with greater market power, by means of which that party influences agreed terms of business (Škorić, 2009:16), while the second contracting party can only accept or refuse such contractual conditions; and
2. That contract in tourism is standard form contract, drafted in advance and ready for a more efficient conclusion, with predefined rights and obligations, intended for an indefinite number of cases, and that the other contracting party may demand changes of such a contract it was offered to sign.

Because of the large number of contracts in tourism, the above assumptions about contracts in tourism differ relating to a certain type of contracts since in case of some contracts contracting parties are different too, as well as the subjects (i.e. type of the tourism service of the specific

contract). However, conclusions will be of an exceptional importance not just for the specific contracting parties in each of the tourism contracts, but also in a broader sense, in understanding of operations of business entities which provide tourism services or intermediate in provision of those services, which may well influence overall development of domestic as well as international tourism. Quality of services in tourism, which are so much insisted upon, and are the basis for development of tourism in Serbia and in its strategic documents (The Tourism Development Strategy of the Republic of Serbia for the Period from 2016 to 2025 "Official Gazette RS" no. 98/2016), depend primarily on operations of entities which provide tourism related services, on the quality of people employed in tourism (Škorić & Jovanović, 2018), and consequently on the manner of drafting contracts regarding tourism services, and then on fulfilling of contractual obligations and quality of extending them. This raises the question who controls performing of those contracts and agreed on conditions and who participates in resolving possible disputes if one of the contracting parties does not fulfill its obligations.

Types of tourism contracts

The number of tourism related contracts is the same as the number of services in this industry. Over time, with mass computer utilization, online booking etc. new types of services have appeared which are basically provided by legal entities from the tourism industry. However, since the subject "contracts in tourism" is very broad, this paper will analyze basic types or sorts of the contracts which are used in our country as well as in the region, mentioning other possible modalities. Those are: 1) Contract of organization of travel; 2) Intermediary contract of travel; 3) Contract of allotment, i.e. contract on an obligation to place at disposal accommodation facilities.

These contracts are also the contracts regulated by the Law of Contracts and Torts back in 1978, and subsequently only elaborated by other laws, such as Law on Tourism ("Official Gazette RS", No. 36/2009, 88/2010, 99/2011 –another law, 93/2012, 84/2015 and 83-2018 – another law) or other bylaws which indirectly influence the content, realization of contract, contracting parties or oversight of abiding by the terms of contract (such as, for example: Law on Inspection Oversight, Rulebook on Tourist Agencies etc.)

Apart from these contracts, in tourism there are (Bogdan & Mesarić, Peras, 2015):

- Direct contract on hotel services;
- Restaurant services contract;
- Innkeeper's deposit contract;
- Campsite contract;
- Contract on rental of apartments;
- Agent's contract on hotel services;
- Contract on rental (lease) of hospitality premises;
- Contract between agency and caterer;
- Contract on transportation of passengers;
- Insurance contract;
- Franchise contract;
- Timeshare accommodation contract or timeshare contract.

Contract of the organization of travel

Contract of the organization of travel in Serbia is regulated by the Law of Contract and Torts (article 859-879) and Consumer Protection Act. On the international level, the International Convention on Travel Contracts was adopted in 1970. At the EU level, there is the Directive 2015/2302/EU on package travel and linked travel arrangements (Directive 2015/2302/EU on package travel and linked travel arrangements, 2019).

By contract of the organization of travel, a travel organizer (travel agency) assumes the obligation to procure to a traveler a set of services consisting of travel arrangements, accommodation, and other related services, while the traveler is obliged to pay for the services a flat price (total price). Essential elements of this contract are its subject and agreed on total price.

The subject of the contract of travel is a set of services or so-called service package which consists of transportation, accommodation and other services relating to them, such as meals, sightseeing etc. All these services are related to each other and combined as a whole, which makes so-called service package. There should be at least two services to make a set of services from the contract of organization of travel. Those (minimum) two services are usually organization of transportation of a tourist to the destination and his stay in a certain type of accommodation

(Vujisić, 2009:237). Until adoption of new Package Travel Directive 2015/2302, there used to be different opinions regarding the number and type of services as subject of contract of organization of travel in law theory due to unclear legal definitions[3]. Since the adoption of the new Package Travel Directive 2015/2302/EU, theoretical differences in terms of number and type of services that constitute package is not an issue anymore (article 3, paragraph 1 and 2).

In Serbia, linguistic analysis of the Law of Contract and Torts (article 859.) may easily lead to the conclusion that it requires at least three services: transportation, accommodation and other services related to them. However, logical analysis of the set shows that there are always at least two subjects, hence the set always means at least two services.

Consumer Protection Act (article 5, paragraph 25) tourist package or service package (package arrangement), considered transport, accommodation and other tourist services, or combination of two or more tourist services determined by the trader independently or at the request of the consumer, for a length of 24 hours or a shorter duration that includes one overnight stay, as well as a multi-day stay that includes only the accommodation service in specified terms or for a specified duration irrespective of the separate calculation or collection of individual services.

According to the contract of organization of travel, one of the obligations of travel organizer is to issue a travel certificate or a voucher, including data regarding place and date of issue, contract parties, date of departure and of the end of journey, details concerning transportation and stay, as well as other services included in the flat price. The certificate has multiple functions: first of all, it is a proof on entering into contract of travel (certificate is not a contract of travel); secondly, it serves for

[3] According to the one of the former theoretical views, package was understood as a combination of at least two services, even when they were of the same nature (Vanderperren, 1968:343). According to the other one, a set of services had to contain at least two services, but one of them always had to be transportation, while the other one did not have to be of the same nature, but it had not be accessory to transportation obligation (Wineersch, 1974:206). This second opinion was being criticized because of the binding character of transportation since there were cases of transportation which was not a part of the contract of organization of travel in practice, e.g. when a traveler used his own vehicle (Gorenc & Šmid, 1999:95.).

protection of interests of a tourist/traveler since the traveler learns about his rights, obligations and responsibilities from it. Contract of organization of travel is a consensual contract and a certificate on travel does not have constitutive character, but is simply a proof of its existence. That is why this contract is entered into and legally binding even if the certificate is not issued. The services described in the travel certificate testify on the content of the contract of travel and they may be the only instrument informing the traveler on the complex content of the contract he entered into, hence the travel organizer is liable for all losses sustained by the tourist/traveler due to his failing to issue the travel certificate or because of its incorrectness. Travel certificate, which is a proof of existence and content of the contract, creates rebuttable presumption, *prima facie* proof that content of the certificate corresponds with the subject of the contract; however, it is possible that such correspondence does not exist and in such cases content of the travel certificate is considered to be correct as long as the contrary is not proved. Travel organizer serves the traveler with a program of travel. Program of travel is a detailed travel arrangement. It contains elaborated content of the organized travel regarding dates and places the traveler will be provided with some services; flat price of services; services not contained in the flat price; advice and information regarding services which are part of the travel arrangement; general conditions of travel etc. If the program of travel does not contain the same data as the travel certificate, and if the traveler was served with it prior to issuing the travel certificate, then travel certificate may include only reference to the program of travel (Vujisić, 2009:237-238).

As far as other characteristics of the contract of organization of travel are concerned, in our theory there is consensus that it is a nominate, bilateral, binding, simple and consensual contract, while rare authors add one more characteristic of it – that this contract is most often adhesion contract or standard form contract (Vujisić, 2009:238).

That is to say that there is no general consensus about it, but the practice is mainly such, so it well reinforces the theory that this contract, apart from the fact that it is drafted as standard form so it is an adhesion contract, the traveler may accept all the terms and conditions of the contract or refuse them. Some provisions which do not suite the traveler are rarely replaced by new ones or modified in the way they better suit the traveler.

Intermediary travel contract

Intermediary travel contract in Serbia is also regulated by the Law of Contract and Torts (article 880-884). According to its nature, intermediary travel contract is a separate type of travel contract on which legal rules on organization of travel may be applied too in the absence of specific rules (Carić & Kapor, 2000: 498).

By an intermediary travel contract, the intermediary (travel agency as a rule) assumes the obligation to conclude, on behalf and for the account of a traveler, either a contract of organization of travel, or a contract of performing one or several particular services (i.e. travel or accommodation), while the traveler assumes obligation to pay a fee in return. By intermediary travel contract intermediary is authorized to procure on behalf and for the account of a traveler services relating to the travel or accommodation by entering into contracts with service providers and take other appropriate legal actions. Based on the intermediary travel contract, the intermediary is legally connected with the traveler and not with the service provider, since intermediary concludes a contract with service providers on behalf and for the account of the traveler. As for the traveler, he is legally connected with the intermediary (intermediary contract of travel) as well as service providers (intermediary on behalf and for the account of the traveler concludes a contract on transportation, hotel accommodation, or a contract regarding some service related to the travel, or a contract of organization of travel). Based on the intermediary travel contract, the intermediary is authorized to conclude certain contracts, i.e. to take some legal actions relating to the travel or stay on behalf and for the account of the traveler; this power of attorney is, as a rule, a special one. In other words, a traveler authorizes an intermediary to procure one or several precisely specified services, i.e. to conclude some contracts. Most often traveler gives intermediary instructions and intermediary is obliged to abide by those instructions in taking legal actions. Instructions may refer to service providers, transportation, accommodation etc. If those instructions are precise, clear and beyond any doubt, intermediary has to abide by them strictly since the traveler expects him to do so, or rather requests. If a traveler provides only general instructions, the intermediary has to show greater initiative and act in good faith and with due professional care when choosing service providers, concluding contracts with service providers etc. In case of accepting obligation to conclude contract of travel based on the intermediary travel contract, intermediary is obliged at the conclusion of

the contract to issue an acknowledgement of travel and indicate in it that he is acting in the capacity of an intermediary (this acknowledgement may be issued only after conclusion of contract with travel organizer on behalf and for the account of traveler); if intermediary fails to indicate his capacity in the acknowledgement of travel, he is considered as the travel organizer. If intermediary travel contract is related to procuring of a specific service, the intermediary is obliged to issue an acknowledgement relating to such a service, indicating the amount paid for the service; intermediary is, as a rule, obliged to issue the acknowledgement when concluding a contract relating to such a service (exceptionally, he might also issue acknowledgement at the conclusion of intermediary travel contract if for the demanded service he represents service provider at the same time). If the intermediary fails to issue acknowledgement of travel or if data contained in it are incorrect, intermediary is liable for loss caused by him to a traveler. Acknowledgement of travel is a proof of conclusion of intermediary travel contract and its content. Simultaneously with issuing of acknowledgement of travel, intermediary provides traveler with documents necessary for provision of obtained services (fairs etc.). Performance of contractual duties from travel contract, i.e. conclusion of separate contracts relating to transportation, accommodation etc. on behalf and for the account of traveler, a legal connection between traveler and service provider is established. Traveler assumes all the rights and obligations from the contract concluded on his behalf and for his account with service provider. Intermediary assumes no obligation for execution of the contract concluded towards traveler or service provider providing that he acted with due professional care and within the limits of orders and instructions he was given. If intermediary breaches the limits of instructions received, such legal transaction is legally effective for the traveler regarding the service provider if such breach under special circumstances benefited the interests of the traveler. In the reverse case breach of the given instructions would result in legal transaction which is not legally effective for the traveler, and the intermediary would be liable for loss caused to the service provider (in respect to the traveler intermediary he would have been managing business without an order), unless traveler subsequently approves such legal transaction (Vujisić, 2009:244-246).

Contract of allotment (contract of engaging catering capacities)

Contract of allotment in Serbia is also regulated by the Law of Contracts and Torts (article 885-896). By this contract caterer is obliged to place at

the disposal of a tourist agency in course of a specified period of time a number of beds in a designated facility, to provide catering services for persons sent by the agency, and to pay a specified fee, while the agency is obliged to endeavor to fill those capacities or to inform within the determined time limit that it is not possible, and to pay the price for catering services supplied if engaged hotel capacities are used. In practice, contract of allotment is concluded for the purpose of exercising the provisions of contract of organized travel. By this contract tourist agency provides accommodation (and other services) for its clients/persons for whom the travel is organized. It is concluded between tourist agency and caterer (more precisely a hotel), while traveler uses the contracted catering services (the person sent by the tourist agency), who may demand from the travel agency exercising the rights from the contract for organized travel and from the caterer based on the contract of allotment. Although contracting parties are tourist agency and caterer, the caterer does not provide the contracted services to the agency, but to the person sent by the agency, in other words, the guest. The guest is user of services and is in position of the person authorized to receive fulfillment of the contracted services of accommodation, meals etc. The guest is not a direct client of the caterer, but of the tourist agency. Contract of allotment is usually concluded for the period of one season. If contracting parties have not agreed upon its duration, it is assumed that catering facilities are at the disposal for one year. Contract of allotment is a nominate, bilateral, binding contract with permanent considerations and it is a formal contract, it has to be drafted and signed (Carić & Kapor, 2000:499).

Described contracts are in the same way regulated in the region, which is not strange at all since all former SFRY countries have the same legal heritage and until separation of those countries the Law of Contract and Torts was enforced in all of them since 1978, and it is still enforced in the Republic of Serbia with some changes. Analysis of regulations governing contracts of tourism in those countries, and especially in the Republic of Croatia in which tourism as an industry has considerable participation in total gross domestic product, which is not the case in Serbia (Škorić & Jovanović, 2017), shows some common characteristics, as well as certain novelties imposed by the new "millennium". In addition to that, sometimes contract law in tourism as an industry is wrongly neglected by strategic documents about improving quality and total development which neglect significance of normal functioning of legal side of tourist services which may affect quality of services provided. After all, it is a common fact that people are the key factor of success in all industries of a country.

Only good coordination and complementing between so-called material and personnel substrate may provide good business results (Škorić & Jovanović, 2017:603), but this correlation has to be coordinated and controlled through mutual rights and obligations.

Contracting parties

In the above-described contracts, there are following contracting parties: 1) Tourist agency and traveler in the contract of organization of travel; 2) Tourist agency and traveler in the intermediary contract of travel; 3) Tourist agency and caterer in the contract of allotment. Therefore, there are three contracting parties – traveler, tourist agency and caterer.

Clearly, each of those separate contracts is bilateral, which means that they are concluded between two contracting parties, but these three mentioned are always parties to the contract, at least indirectly. Although the Law describes the rights and obligations of contracting parties in details, it is actually a very frequent case that in providing of tourist services both tourist agency and caterer are very important regardless of the fact that, for example in case of contract of organization of travel caterer is not one of the contracting parties. For example, if a tourist agency as organizer of a travel accepts obligation of some organization for traveler, while at the same time it enters into another contract with caterer which does not fulfill its obligations, the very concept and the contracted obligations from the contract of organization of travel may arise disputes. It is the same in case of an intermediary contract of travel in which traveler authorizes a tourist agency to procure on behalf and for the account of traveler specified tourism service. Therefore, if tourist agency is not cautious enough and professional enough in finding the best offer and service for its traveler, if it concludes contracts with a caterer or transporter it has not sufficiently checked etc, the matter of exercising the basic intermediary contract rights and obligations is questionable again. This very easily leads to the conclusion that the traveler as a contracting party in each of tourism contracts is the most "vulnerable" because he is not a professional, nor does he use those services daily (3-4 times a year on the average), which causes more damage to him arising from failure to fulfill all provisions of a contract than to tourist agency or caterer. Precisely for this reason, number and complexity of relations in the tourism market influence complexity of connections established by a tourist agency with other legal entities and travelers or tourists as consumers of their services. Therefore the subject of so-called three-

dimensionality of tourism law relations is frequent (Vukonić, 1993:74). The additional factor influencing complexity of the relations in operations on the tourism market is cooperation with foreign business partners. It is common for small legal entities in the field of agency business, too, because of the nature of their business to cooperate with legal entities from other countries (caterers, providers of transportation services, hotels etc.), as well as foreign tourists (Spasić, 2011:207). In a situation like this legal position of tourist agencies as contracting parties in tourism market in Serbia needs to be addressed at least partially.

Tourist agency in the Republic of Serbia is defined by the Law on Tourism as "a company, entrepreneur or other business entity or a foreign company branch performing business activities of tourist agencies under conditions prescribed by this law" (article 3, paragraph 1, item 12), while the same Law defines operations of a tourist agency as "organization, offer and sale and realization of tourist journeys, trips and providing other services common for tourism business" (article 3, paragraph 1, item 12a). From their occurrence in the mid-XIX century, tourist agencies were primarily intermediaries in tourism. They started organizing tourist travels in the mid-XX century when this business activity gradually takes over intermediary activities (Spasić, 2011:4). The first tourist agency in Belgrade was established in 1919 and it was a branch of the international Wagon Lits Cook, selling tickets in the rail traffic. The first domestic travel agency "Putnik" was established in 1923 in Belgrade as a stock company in which main stock owners were the Ministry of Trade and Industry and the Ministry of Traffic (Putnik travel, 2019). Almost a century later in Serbia, if only tourist agencies – members of the National Association of Tourist Agencies YUTA are observed, there are more than 300 tourist agencies (YUTA, 2019). However, quality of tourism services does not depend on the number of agencies, nor on the number of years of their existence, as we all witnessed that even those tourist agencies with a long tradition and confirmed reputation in tourism market may violate contractual provisions and thus incur losses to travelers. For this particular reason, control and supervision of respective operations of tourist agencies is very important.

As for the travelers, statistics of the Statistical Office of the Republic of Serbia recorded percentage increase in the number of both foreign tourists in Serbia as well as increase in the number of domestic tourists compared to previous years (Statistical Office of the Republic of Serbia, 2019), although those data for this paper may be only partially relevant since the

above mentioned contracts refer to domestic tourists travelling abroad, too.

Specific rights and obligations of contracting parties

In order to fully understand the implementation of a contract, i.e. its legal meaning, we should refer to some particular rights and obligations of contracting parties in case of each of these contracts.

For example, in case of the contract of organization of travel, apart from the obligation of the organizer to provide organization of tourist services agreed upon and traveler's obligation to pay agreed, flat fee, there are some particular rights and obligations of contracting parties, such as:

1. **Replacing a traveler with another person** – A traveler may determine another person to use the services instead of him on condition that such a person meets particular requirements for the specific travel and that passenger reimburses to the travel organizer the expenses incurred by the replacement unless otherwise stipulated by the contract (Article 875 of Law on Contracts and Torts).
2. **Traveler's right to withdraw from the contract** – A traveler may at any time withdraw from the contract, entirely or partially. Should the traveler withdraw from the contract (regardless of the cause of withdrawal), the travel organizer shall be entitled only to reimbursement of current office expenses. In case of an untimely withdrawal from the contract, the travel organizer may request from the traveler compensation in a percentage of the stipulated price. If the traveler withdraws from the contract due to circumstances impossible to avoid or eliminate and which, had they existed at the time of entering into contract, would have amounted to a justified ground for him not to enter into contract, or if the traveler has provided a corresponding replacement for him, or the replacement has been found by the organizer himself, the organizer of the travel shall be entitled only to reimbursement of expenses incurred. Should the traveler withdraw from the contract after the travel has commenced, and the grounds for it were not the circumstances previously specified, the organizer shall be entitled to the full amount of the stipulated price of the travel (Article 877 of Law on Contracts and Torts).
3. **Right of travel organizer to withdraw from the contract** – A travel organizer may withdraw from contract, entirely or partially, without being obliged to redress losses, should prior or in course of performing the contract extraordinary circumstances take place which

could not have been foreseen, avoided or eliminated, and which – had they existed at the time of entering into contract – would have amounted to a justified ground for the travel organizer not to enter into contract. The travel organizer may withdraw from contract without being obliged to redress the loss should there be no minimum number of travelers as anticipated in the certificate of travel, on condition that the organizer notifies the traveler accordingly and in due time (the time shall not be shorter than five days prior to the scheduled date of travel). In case of withdrawing from contract prior to its being performed, the organizer shall restitute to the traveler the entire amount received by him. If the organizer withdraws from contract in course of its performance, he is entitled to equitable compensation to cover the services realized and provided by contract, while he is obliged to take all necessary measures to protect the interests of the traveler (Article 878 of Law on Contracts and Torts).

4. **Change of travel program** – Changes in the travel program may be effected only if caused by extraordinary circumstances. Expenses caused due to changes in the program shall be at the charge of the travel organizer, while reduction of expenses shall be to the credit of the traveler. Changing the stipulated lodging may be effected only by using a facility of the same category, or by using the premises of a higher category and in the place as stipulated by contract – at the charge of the organizer. If essential changes are made to the travel program without justified ground, the travel organizer is obliged to restitute to the traveler the entire amount paid to him if the traveler withdraws from travel due to this. If essential changes in the program are made in course of performing the contract, the traveler – if he withdraws from the contract – bears only actual expenses of the services realized until then (Article 879 of Law on Contracts and Torts).
5. **Raising a stipulated price** - A travel organizer may demand an increase of the stipulated price (only) if, after entering into contract, the foreign currency exchange rate or carrier's tariffs affecting the price of travel have been changed. If the increase of stipulated price exceeds ten percent, the traveler may terminate the contract without being obliged to redress the loss and is entitled to reimbursement of the price paid to the travel organizer (Article 876 of Law on Contracts and Torts).

As far as liability of the travel organizer is concerned, it depends on the fact whether that travel organizer performs some services or he entrusts

other entities to do that. In law theory there are several opinions: according to one of them, travel organizer is liable only for his actions, including liability for bad choice (*culpa in eligendo*), while for actions of third parties he may not be held responsible; according to the second opinion, travel organizer is liable for actions of a third party as service provider, too (Gorenc & Šmid, 1999:107-108). A draft of the International Convention on Travel Contracts contained provisions regarding travel organizer's is liability for losses incurred to traveler by complete or partial failure to provide services, while the final document differentiates between losses caused to traveler by failure of travel organizer to provide services from the liability for losses incurred in connection with providing services that may be referred to as *culpa in eligendo* (Vujisić, 2009:243).

In case of an intermediary contract of travel, the intermediary is obliged to perform entrusted services according to the intermediary contract of travel and professional rules of conduct, acting with due attention of travel intermediary. The intermediary is obliged to act in accordance with instructions of a traveler, which usually refer to modalities of accommodation, transportation, place and time etc. If the instructions are of imperative nature, the intermediary is obliged to fully respect them; however, if, according to the intermediary's opinion as a connoisseur of its profession it would not be in the best interest of the traveler, he is obliged to warn him about that and request new instructions. If the instructions are not of imperative nature or if the traveler does not provide the necessary instructions, the intermediary is obliged to proceed in accordance with the best interest of the traveler. Intermediary is obliged to take care of the best interests of travelers, to respect their instructions and to carefully choose service providers, to protect as confidential everything he has learned about the traveler, his luggage, the names of his travel companions etc. Intermediary is obliged to inform traveler on the process of performing of the contract, if circumstances change in the course of performance of services, intermediary is obliged to inform the traveler about that, as well as on occurring complications and ask for new instructions (especially if the previous instructions were of imperative nature). Upon performed intermediary contract of travel, intermediary is obliged to inform the traveler of the legal transaction (the traveler must know that the legal transaction has been concluded, its content, the service provider that should provide the services etc.) Travel intermediary is also obliged to give the traveler all the necessary documents relating to the concluded contract with service provider (fairs etc.) so as to enable

traveler to present himself to the service provider as a legitimate beneficiary of the rights acquired on his behalf and for his account (Kapor & Carić, 2000:498-499).

In case of a contract of allotment, in which contracting parties are tourist agency and caterer, obligation of the tourist agency is to fill the capacities placed at his disposal (obligation of trying to fill caterer's designated facilities, i.e. in contracts with clause *del credere* to fill all caterer's facility).

Tourist agency is obliged to issue all persons sent by it on the ground of an allotment contract a particular certificate/voucher, order (made out to name or to a specific group of persons; it is not be transferrable and contains an order to the caterer to supply services indicated therein; it serves as proof that the person indicated is a client of the tourist agency which concluded the contract of allotment with the caterer; this certificate serves as a ground for settling mutual claims between the tourist agency and the caterer.)

A caterer is obliged to make available, during a specified period of time, the stipulated number of beds and to supply the persons sent by the tourist agency with services indicated in the particular certificate (the caterer may not make an agreement with another tourist agency for engaging capacities which have been already reserved on the ground of an allotment contract). A caterer is obliged to supply persons sent by the tourist agency with services of the same quality as the ones extended to persons with whom he has entered into a direct agreement on catering services. Furthermore, the caterer is obliged to provide agreed quality of services (Vujisić, 2009: 249-250).

Some travelers as the third party sustained losses exactly arising from this kind of contract last year since contract of allotment between tourist agency "SAB" from Serbia was not performed with caterers (some of them) from Greece, according to claims of owner of the agency (Mondo, 2019). Against this agency offence proceeding was initiated as well as proceeding for withdrawal of license.

Enforcement of rules governing contracts in tourism

From a legal perspective, most of the concluded contracts in tourism are performed without any issue and need for any control over their

realization. However, a question of what if some of the parties does not fulfill its obligations arises. Only in that case, there is control and oversight which may be multiple and on several different levels. They are legally regulated by the Law on Contracts and Torts, the Law on Consumer Protection, the Law on Tourism and Law on Inspection Oversight. In the first place, there is so-called preventive control and oversight of operations of every licensed tourist agency by tourism inspectors in accordance with the Law on Tourism and the Law on Inspection Supervision. Additionally, introduction of licensing of tourist agencies, among other things, imposed providing specific kinds of insurance from professional liability of tourist agencies. Penalty clauses of the Law on Tourism stipulate considerable fines for some failures in operations which may act as preventive measures on future operations of agencies as the means to avoid paying of high fines. Some bylaws regarding operations of tourist agencies contain precise provisions on obligations of agencies relating to registering every single contract and data they are obliged to save in their offices.

The National Association of Travel Agencies (YUTA) has a significant role in the protection of travelers as consumers, which enables resolving of disputes before arbitration of the association if the agency is its member. On the other hand, tourist agencies may enforce their rights before competent courts if travelers fail to fulfill their obligations arising from the concluded contracts. However, it is evident that tourist agencies have definitely developed a good mechanism for protection of their rights and that travelers are those who need to require protection of their rights more frequently. Their basic right to the realization of the stipulated and organized travel, if it may not be realized, turns into the right to claim losses due to unfulfilled contractual obligations of tourist agency. However, a part of those losses which has to be calculated in the incurred losses is not solely of financial nature – reimbursement of the money paid etc. but also other types of losses caused by cancellation of travel arrangement which may have been planned several months in advance. That type of damage called non-economic loss is hard to be presented in terms of money and it is very hard to prove it during certainly long lasting and exhausting court trials and arbitration.

Conclusion

Based on the analysis of available regulations relating to the mentioned tourism contracts, theoretical disputes regarding contracting parties, their

rights, obligations and responsibilities, as well as the means of control of their performance and the protection of violated contractual rights due to unfulfilled obligations etc., and starting from the primary hypothesis that the contracts in most cases are the contracts of adhesion, the authors of the paper have come to the following conclusions:

1. Contracts in tourism, and especially the contract of organization of travel, are contracts of adhesion drafted by travel organizers, while travelers have only the choice to take them or leave them. They rarely have the right to influence its content and modify it. There are attempts to make this claim somewhat less important by stating the fact that there is a large number of travel organizers (although they are mostly tourist agencies), so travelers still have a choice between licensed organizers which do not need to have the same terms and conditions for organizing travels.
2. Travelers are those with the most vulnerable rights in all contracts and those who may indirectly suffer losses from, for example, bad business operations of an agency and/or bad choice of business partners which are supposed to extend certain tourist services to travelers.
3. Current mechanisms of supervision and control in the first place of operations, as well as the realization of legal affairs of tourist agencies, are brought to a higher level of protection of travelers relative to the previous period due to the adoption of the new Law on tourism.
4. The quality of tourist services most definitely depends on the realization of contracts in tourism and it is a considerable part of it since the contracted tourist services if realized precisely as stipulated are considered to be of satisfactory quality and they provide a good basis for further development of tourism as a business.

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THE ROLE OF THE INFORMATION SYSTEM IN THE IMPLEMENTATION OF AUDIT

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Abstract

Control is the last but not the least important function in the organization's management chain. Without its presence, it would not be possible to create a realistic picture of the results and to see the correctness of the work. Due to the dynamics imposed by the market, it is necessary to monitor the trends in all areas, especially those most topical today - Information Technologies (IT). As the IT sector progresses from day to day, it is also included in each business segment.
The audit represents the top of the pyramid of the overall business activity, and this priority demands the highest attention and quality. In order to carry out the audit in the best possible way regarding the exploitation of human and material resources, and in a short period of time, an appropriate information system is set up as an imperative. In this way, support is provided to timely and promptly finding, processing and displaying relevant data. Hence the need to focus this work on the crucial role of information systems in the audit and their cohesion.

Key Words: *information system, audit, IT, control*
JEL classification: *M15, M42*

Introduction

It is necessary to keep pace not only with time but also with subsystems that are crucial for modern business operations to take place smoothly and at the needed speed. The information system is an unavoidable factor in this process. Its role and importance have become the highest focus of the opportunities provided to its customers. Merging multiple vital functions puts the information system in the center of investment and development,

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with the aim of achieving the objectives of a business subject. Due to the complexity and scope of business implementation, the improvement of information system has become a necessity. This ensures achieving greater efficiency and effectiveness in business organization activities. The keys to successful business, especially in large companies, are comprehension by management and satisfaction of legal norms of control by State authorities. The duty of each business entity is to provide insight and ensure the objective view of its business with the aim of determining the legality of the same or possible irregularities.

Then an audit occurs. The revision was created as a necessity to render the company's business uninterrupted during a time period in the financial statements. In order for auditors to meet the standards that are placed before them in the time and financial aspects, the focus should be placed on the speed of obtaining information, their processing and rendering with as small engagement of human and material resources as possible. The ability to perform an audit in the best way defines the information system, but also the competence of the auditor. It means certification and continuous education of auditors are followed by hardware, especially the software-improved solutions that lead to desired results.

For all activities of the organization, it is necessary to provide documentation basis through business books. By leading the updated documentation, it is possible to reconstruct the business event. Computers ensure that the entire process is performed automatically, which implies an increase in security and a reduction in the chances of abuse. In this way, it provides easier access to the data contained in the database. Given that they have a large information value, the data must be trusted, and this is where the electronic way of saving and protection has precedence over physical.

Information system elements

The company's information system consists of hardware, software and networks, and it covers all areas of action and activities that occur in it. For accountants and auditors, only the part that relates to the recording of business events and business books or financial statements is of interest. In that sense, the information system will fulfill the conditions for successful performance of the aforementioned scope of work. It is necessary to include: standalone computers, computer network, online

system, data management system, expert system, operating system and application program. (Coderre, 2009).

Personal computers are now economical, and on the other hand, they are sufficiently "strong" to respond to the accounting needs that are placed before them. Although it is preferred for more than one computer to be connected, there is also an ability for single computer to present one information system which means whole evidentation is managed with it. This way of recording takes place in small businesses where there is no need for a network that would cause an additional cost. However, with isolated computers, there is a greater possibility of abuse, because all data is stored on the computer that the person who has unlimited access can change.

Computer networks are a set of interconnected computers that together perform the function they are intended for. The networks are divided into local and wide. Local Networks or LAN (Local Area Networks) are intended to share information within the organization, as is software and hardware. In this way, it enables the decentralisation of information system, which is suitable for data safety. Wide or WAN (large Area Networks) are able to transfer data at larger distances and online access. The fact that the practice of this network is often integrated into other, larger networks such as intranet, extranet, or even internet increases the chances of unauthorized access to data. Although different firewalls, antivirus and other types of software protection occur, viruses, destruction of information, or changes are used.

Online computer systems allow the user to access them directly through the terminal. The terminal is a periphery unit that serves as a means of communication between the user and the database where the information is stored. They range from the simplest ones, such as a keyboard and monitor, to ATM and intelligent systems which, for the verification, require a fingerprint, eye scan, face or voice command.

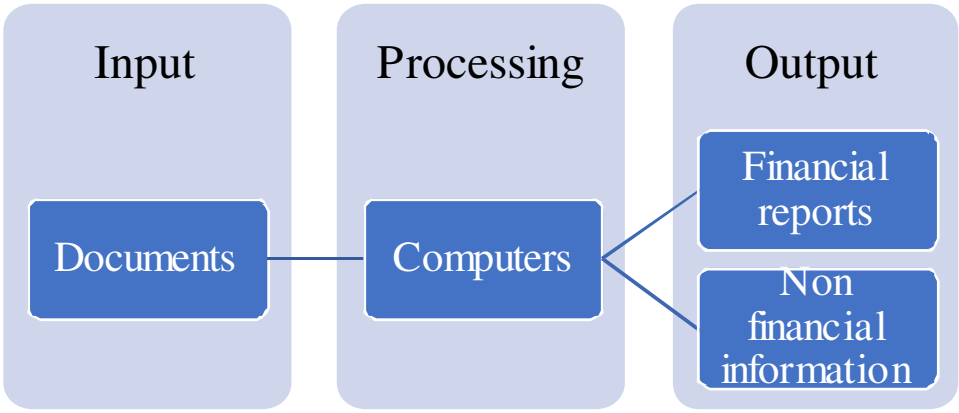
The data management system includes organized databases that store information about business events. Databases are a complex set of interconnected groups of information for which the management software is required. In practice, Excel and Access will be the most likely ones.

Expert systems are specialized for use on concrete detected problems. This means that your computer can solve the problem that is clearly,

mathematically determined, and the solution is known beforehand. That way, the computer reduces detection and debugging times in your system, and automatically corrects them on a predetermined pattern. This process requires an intelligent machine which, supported by specified parameters and algorithms, can find an irregularity and conclude how to remove it.

Operating systems are programs that govern the operation of the computer system. These are run by application programs to order hardware commands. Application programs or popular applications are intended for direct satisfaction of the users' needs (Milojevic et al., 2017). Organizations have the option of choosing to invest in the development of this kind of software or to purchase already-improved software packages.

Figure 1: *Information system*



Source: *Author Development*

The process of auditing the commercial and state audits

An audit should contribute to the improvement of conditions for foreign capital investing. Instead of waiting for the contract partners to require revision, it will be performed regularly, in a way that is done in their home countries. This is important in terms of attracting foreign capital, opening foreign companies and duty-free zones. It is not the goal in itself, but rather an indispensable part of the regulatory system, which aims to detect deviations from accepted standards and violations of the principles of legality, efficiency, effectiveness and economics of the financial management of funds.

The environment in which the public sector entities (Radosavljević, 2018) function and express their business in financial statements, is subject to constant change, and there are laws governing these areas. These changes must be continuously monitored by the auditor. The role of the external auditor in the public sector is conducted by national audit institutions, as are external commercial auditors. Both audits work in the same environment, the only difference is in the legal basis, professional and procedural processes of the audit. Commercial auditors perform a revision on the basis of the International audit standards, as well as methodological instructions that each audit firm "creates for itself". In contrast, the functioning of State auditors is much more standardized and subordinated to the requirements of legislative and executive authorities. The Law on the State audit institution is very much determined by the scope and auditing procedures, as well as the legal competencies of the state auditor and the revised institutions and its representatives.

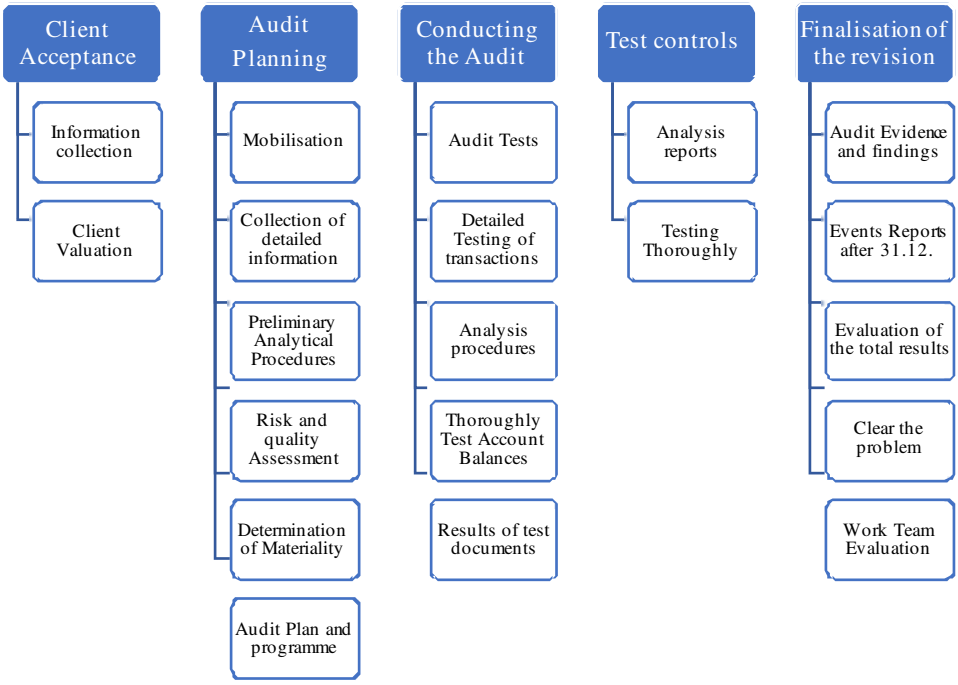
Furthermore, state auditors rely on the international audit standards in their work. The relationship of the state auditor, according to the subject of revision, is strictly formal, while commercial auditor is more inclined. While commercial auditors inspect the public entities only on their request, state auditors undertake an audit according to the audit plan (Pajić et al., 2018). Having the aforementioned in mind, we can conclude why it is necessary to separate state audit as an independent whole and to process it in theory.

The audit process carried out by the State Audit Institution (DRI) in certain stages differs from the revision performed by other external auditors. Such is financial audit in the real sector (Law on Audit), aimed at forming auditors opinions on whether the balances of the account contain or do not contain material errors based on the reasonable assurance of the presentation of the financial statements. (Andrić et al., 2011) It comprises four phases:

- Acceptance of the client, which includes the undertaking of the risk assessment procedure;
- Audit Planning, which includes a risk assessment of material errors;
- Conducting and documenting audit, which can be defined in response to the estimated risk, and
- Completion of the audit, which includes the evaluation of audit records and disclosure of audit findings ─ completion.

The activities included in the individual stages of the audit process are presented in Fig. 2.

Figure 2: *Elements of the state audit process*



Source: *Milojević, I., Andžić, R. & Vladisavljevic, V., (2018). Accounting aspects of auditing the budget system, Ekonomika poljoprivrede, vol. 65, iss. 1, pp. 337-348*

The process of first procedures reviewing up to the revision of the audit report is carried out by external auditors because of the application of the MSR, but the manner of the public auditor's work is different and depends on the legal form of DRI (Milojević et al., 2018). In the European Union there are four main groups of DRI:

- Court with judicial functions (Italy, France, Belgium, Spain, Portugal, Romania);
- Collegial body, no court functions (Netherlands, Luxembourg, Germany, Slovenia, Czech Republic, Latvia, Poland, Bulgaria). The group is also joined by the European Computer Court which has no court functions, even though it bears the name of a court;

- Independent Audit Office, managed by the General auditor with structure that resembles the government (United Kingdom, Ireland, Denmark, Cyprus, Estonia, Litva, Finland, Malta, Slovakia);
- Special DRA model, led by the President (Austria) or organized within the Parliament as its independent organization (Sweden).

In states that have DRI in the legal form of the court, it is usually divided into two organizational units, the audit department and the department that has a judicial function.

DRI in the form of an independent institution that has exclusively the function of the revision is applied in most countries of the world. The reformer and DRI in the Republic of Serbia belong to this group (Constitution of the Republic of Serbia).

The Term of State audit involves the procedure of testing and evaluating the financial statements of the public sector, local self-government, and legal entities which are partially or fully financed from the budget in accordance with INTOSAI standards and ethical code of State auditors.

State Audit Stages

Financial reports of public sector institutions differ from financial statements in the private sector according to their essence, content and structure, and these differences are primarily the result of the special point of view. Since financial statements are fundamental and audited in the private and public sector, their differences define differences in revision.

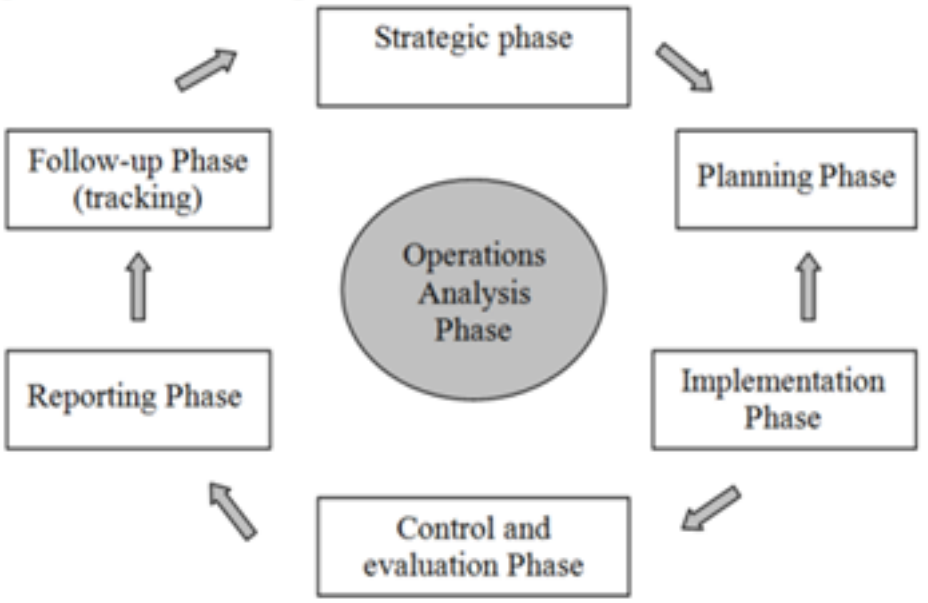
The revision of the public sector due to this uniqueness is different from public sector audit, and above all, for access and organization of audit. In addition to the expressed differences, it should be borne in mind that the financial revision in the public sector has the roots in the revision of financial statements characteristic for the private sector and that certain principles specific to the private sector revision may apply to the state audit, as well.

The audit process of public sector institutions is audit activity in continuity, but we can tentatively divide it and observe it through several phases:

- Operations analysis phase;
- Strategic phase;
- Planning phase;

- Implementation phase;
- Control and evaluation phase;
- Reporting phase and
- Follow-up phase (tracking).

Figure 3: *State Audit Stages*



Source: *Stanojević S, Milojević I, Vukasović D, Vladisavljević V. (2018). Teorija državne revizije, CEFI, UPS, VSEM, Beograd.*

Each of the above audited stages has a specific goal, simultaneously achieving basic and additional audit goals. Each of these stages of audit results in the appropriate document as the rigid work of auditors. It does not only mean the creation of these documents, it involves a much wider, diverse and subtle activity of auditors for the purpose of document finalization.

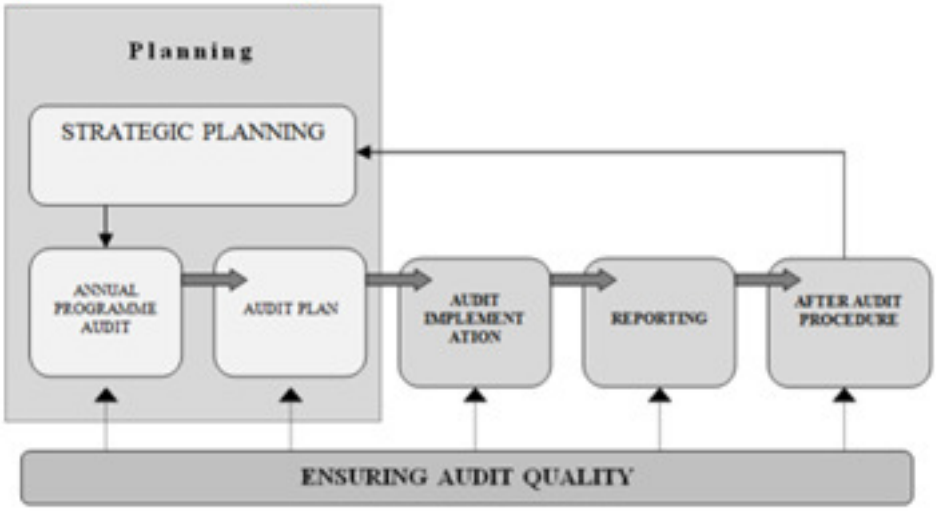
The M.O. of the SAI and the procedure allow the SAI in Serbia to conduct its competence to the law and the regulation. The planning and performance of the audit is determined by law where under the jurisdiction of the SAI.

The revision is a series of activities initiated by identification and selecting revision suggestions, which are included in the annual audit plan, followed by the elaboration of detailed audit plan and obtaining,

analyzing and evaluating audit evidence. The findings and conclusions and the audit evidence that underwent the conclusions, are presented in the audit report.

The final task is to check whether the subject of the audit has taken into account the findings specified in the report and undertaken the recommended measures to correct the observed defects specified in the audit report and a letter to the leadership, and whether the recommendations have been implemented. The audit process is presented in Figure 3.

Figure 3: *State Audit Stages*



Source: *Stanojević S, Milojević I, Vukasović D, Vladisavljević V. (2018). Teorija državne revizije, CEFI, UPS, VSEM, Beograd.*

The subject of revision is included in the revision during several stages of audit procedure. Their inclusion may occur during the drafting of the detailed audit plan, during the audit process, prior to the issuance of the final report and after the final report was submitted to the proposed subject of the review and the Parliament of the RS.

Revisions are carried out based on the annual audit program that DRI makes. The Annual revision plan should be based on the policy and the priorities of the revision established in the Strategic plan of DRI (Law on State Auditing Institution).

The revision of financial statements in the public sector is not solely focused on determining the regularity of the data that the organisation cited in its financial statements or annual report. Auditors, and primarily the auditors of the DRI, inspect the fulfillment of the effectiveness and effectiveness of the use of public funds and management of funds by the orders. During the supervision of public funds, the tendency is put on the compliance of the business with regulations.

Public legal entities operate in a more detailed legally regulated environment than private sector entities. The auditor is obliged to know this arrangement and to see if the audited subjects are respected by the audit procedures. Effective implementation of the audit implies at least two conditions:

5. The revision of the public sector must be carried out by quality auditors and
6. There must be a proper methodology for conducting a state audit.

Legal and professional basis for the conduct of the state revision were established in the Republic of Serbia with legal and professional regulations (law, regulations, rules, standards, codes, guidelines, manuals, opinions, instructions and other acts).

Auditing in IT environment

Revision is a systematic process of objectively obtaining and evaluating evidences of business events in order to determine the stated facts and to show the results to interested parties. Revision is included in financial reporting, but also in the supervision of the company's business (Institute of Internal Auditors, 2008). It also occurs due to the partial development of management goals and owners who are based on improving business and increasing capital. According to the traditional classification, revision is divided into: internal, external, and state. As the trend requires, all branches of human activity, including audits, cross into the sphere of computing.

For this reason, the information system can easily become a tool of manipulating and conceiting the truthfulness of the user or control organ (Basle Committee on Banking Borehole, 2001). The quality of the information system is provided by internal audit, while external audit confirms it. Audit tasks of an information system are: estimation of the

current state, risk detection and decision-making of information system improvement.

Internal and external audit are often treated similar because it is assumed that auditors are in charge of audit in any case. Considering the source of revision, the difference is clear because an internal revision is the instrument of business leadership and external revision of the owner's instrument (Kaputo, & Stanojević, 2017).

Internal audit is performed by employees of organization whose revision should be performed. During a year, internal auditors examine different log systems and administrative processes in the organization, to ensure that business is carried out efficiently and in accordance with the documented procedures. If a procedure or report that represents a step in procedure becomes redundant, internal auditing should signal this excess and provide the recommended procedural change. Internal and external auditors perform tests to verify that adequate audit marks are maintained (Zakić et al., 2018).

Internal auditors are often viewed as policemen in business organization. Their role is to assist with the company's management as independent governing reviewers. Above all, internal auditors expect expertise and guidance towards achieving the objectives of the company. What puts them in a negative context is that the organization has the image of opponents because of the nature of their job. Their main task is to detect omission in work, point it out to management and request or propose a solution. However, internal audit does not deal with the discovery of fraud and embezzlement. This task is entrusted to experts for detection and prevention of fraud and fraud, i.e. CFE (Certified Fraud Examiners) (Coderre D. G. 2009).

The aim of internal audit activity is to indicate the possible improvement of economics (doing business cheaply), efficiency (doing things in the right way and with adequate tools), effectiveness (doing the right thing-achieving objectives) and fairness (do them properly). Internal audit is one of the elements of management controller with the function of direct professional support to management and establishment of organizational structure, which is included in its work in addition to experts for accounting and financial affairs and experts for legal, engineering and information technologies (Canadian Institute of Chartered Accountants, 1999).

There is less paper available in the environment of information technology to check and align transactions. It raises the question of whether internal auditors should be economists or informatics. In addition to the knowledge that auditors acquire within an internal audit department there are other ways of educating internal auditors for the use of information technologies and understanding the functioning of information systems. Ways to acquire necessary knowledge and skills can be general education related to information technologies, auditors training as the user of information technologies, auditors training as a manager of information systems, auditors training as a designer and of information systems designers and auditors' training for incentives to assess information system in the development of new technologies.

A key factor for the successful introduction and implementation of new technologies and information systems in an internal audit department are personnel that must have a specific knowledge regarding the implementation of information systems.

COBIT 2019 IT frame

The aspirations of each modern company are based on the use of modern information and telecommunications technologies. To achieve this, it is necessary to have a framework for implementation and management of these technologies. One of the best practical solutions is COBIT (Control Objectives for Information and Copyright Technologies). The latest and most advanced version of this applicative software is 2019.

COBIT is intended for all types of organizations, from non-profit to state ones. It is designed to include three interest groups: management (to help balance the risk and invest in a control in a frequently unpredictable IT environment), IT users (for obtaining opinions and providing advice on IT security and IT controls which are carried out internally or by third parties) and auditors (for materialization of their opinions and consulting management in regard to internal controls) (ISACA, 2018).

In shaping the information system of an organization, the interest of the stockholder of information systems needs to be taken into account first (ISACA, 2018). In this way, the optimum relationship is achieved between the objectives of an organization and the implementation of information technologies. The introduction and evaluation of the information system quality is not based on the overall potential of

information technology but on the real needs of a specific organization, which avoids paying too much attention to information technologies. The implementation of such a software has multiple benefits: company's management helps to understand the concept of the management of information systems, defines the responsibilities required for normal functioning of the system, harmonizes the system with regulatory obligations and organizes activities within the information system in an acceptable manner.

The application of this framework is achieved through the development of strategic objectives of the organization through the information process to the level of control. Since the business orientation is primary, it provides the harmonization of information system with business requirements for the purpose of achieving the objectives.

In this way, COBIT provides a generic model of information processes that may appear in the information system and describes the model of functioning of the information system for the purpose of managing and understanding IT function in your organization. In order to establish successful management of the information system, it is necessary to use IT function to implement the necessary controls that have been defined via COBIT for all information processes. Given that the control objectives within COBIT are organized by IT processes, the framework actually gives the actual connection between the applied controls, processes and management of information systems.

XBRL business reporting standard

Compared to a manual process, the risk of making an error in the environment of information technology is smaller, which directly increases the reliability of financial statements. Financial statements are created in different formats: PDF format is used for external reporting purposes; XLS (x) or doc (x) are used for internal reporting purposes, while the publication of the report on Internet sites is supported by HTML. The difference is in the possibility of editing specific files, and therefore potential misuse of the data contained in it. XBRL applies the XML language in the financial reporting process.

The report should make all relevant information from the general information system ledger, but the form of the report adapts to the needs of users. In this way, the external users create reports that contain

aggregate information unlike the internal ones that contain the analytical information. A special form is created for the needs of state authorities.

In the last few years, significant progress has been reported in the format compatibility area. Namely, once the user applications for the processing of the specified formats were unrecognizable, these data had to be manuallv inserted, which imposed additional time and costs (Vidovič, & Milunović, 2017). A significant step was made by improving the existing software to read multiple formats, and to increase the format conversion capability to make it more accessible to the desired application.

The main flaw in certain formats is that there is no possibility of tagging positions that refer to its content so that the application can process the report automatically. The introduction of XBRL is achieved to improve information exchange among information systems, i.e. increase productivity and transparency of financial reporting that help users find, understand and analyze financial data.

The greatest advantage of XBRL standards is automatic recognition and reading of the format by information systems. It works according to the principle of bar code for each position in the financial report. Thus, each tag represents one type of data or position, and therefore determines the connection between them, the affiliation of a particular group, and how it is calculated. Users then receive the opportunity to automatically obtain aggregate data for the entire category, or in another way, format the information in the form that you want (XBRL International, 2019).

The core components of XBRL are: specifications, taxis, and documents. A specification is a set of normative rules for document development and taxis. This defines the elements and attributes that are used when you create the document. Developers consider the specification a key element in creating electronic documents. Thanks to the specification, financial report users can compare financial statements of different companies.

The taxonomy is a standard description of the information presented in the financial statements. The contents of the data contained in the document and the links between them are defined on the basis of the taxonomy. Based on the XBRL taxonomy, the data in the financial report defines tags or links to the general ledger of the accounting information system. There are three types of taxis: in the development phase, compliant and approved. Taxis are developed at the state level and at the

level of economic branches. Documents are a set of data that is tagged based on a specific taxonomy. These are reports of a specific organization created based on XBRL standards.

The benefits of financial reporting by applying the XBRL standard are: an automated process of compiling financial statements, efficient integration of information in the company, creating financial statements with lower costs and in a shorter period of time, more efficient way of entering data from reports into information system, faster and easier analysis of financial statements, international access to financial statements and easier comparison of financial statements.

The publishing of XBRL financial reports on the Internet increases transparency of organization's operations. Also, the advantage is that such reports can be compared between countries that have adopted different accounting standards. It then ensures that a large number of external users have access to the data that can help them make business decisions. Availability allows investors insight into the business of a company, and hence the increase in investment.

Conclusion

The modern society imposes trends that constantly find ways to improve business. Modernization process tests the flexibility of organizations and individuals to accept introduced novelties. There is almost no human activity in which the information system is not implemented in any form. Since the entire business has been moved into an electronic form, especially the administrative part, in addition to technical equipment, a continuous education of the staff will be required to manage the system.

The company's size and scope of industry determine its information system. These two parameters are proport, directly. The information system requires new hardware, current software and trained people who will use its full capacity. This requires financial assets that are worth investing because they lead to increased efficiency and effectiveness by saving time and money for the job that the organization is certainly obliged to do. On the other hand, excessive favoring and placing information system in the first plan in front of the company's priority commitments can be negatively reflected on business, even jeopardizing its survival.

The revision has a role to make a realistic picture about the organization's business and to indicate possible omissions. Given that the revision is the need, but also the obligation, it is integrated as the one of the important functions of the information system. In addition to the state's request to impartial organization's operations, management and owner have the need to view business activities during the period of time for which a revision is performed.

Modern application software and internationally recognized standards contribute to special progress in this area and facilitate connection and cooperation. Automated processing processes become indispensable, but because of their complexity and relatively recent date of introduction, they make up the unknown for most people who are outside of that sphere of interest. Therefore, it becomes a target of abuse and manipulation both in and out of the organization. The only thing that is certain is its unstoppable implementation and expansion.

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STATE AND DEVELOPMENT OF THE CRUISE INDUSTRY

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Abstract

The turbulent and dynamic development of the cruise industry provokes serious interest due to a number of factors, including the creation of a huge number of jobs in the tourism sphere, the introduction of a new model in tourist trips, the promotion of destinations, the role of innovations in the development of cruise tourism. The aim of the article is to track the state and the development of the cruise industry, to highlight its specific features, to study the demand and supply patterns in this field, and to highlight the trends in this area. By factoring analysis, situational analysis, comparative analysis and synthesis, answers are sought to questions related to its prospects for growth and its impact on the development of tourism.

Key Words: *tourism, cruise industry, development*
JEL classification: *L8, L83*

Introduction

The tourism industry is one of the world's fastest growing industries. Every year the number of cruise tourists grows. In the period 2009 – 2018, an annual growth of cruise tourists ranging between 1 million and 2 million people was observed. Over the last decades, tourism has become a universal economic engine for the development of destinations different in kind, location and resources. It has a direct impact on the social, economic, political and environmental situation of countries and regions. The tourism sector is characterized as one of the most dynamic also due to the intensification of globalization processes. Its continuous development necessitates the construction of additional tourist infrastructure and superstructure (transport facilities, accommodation and

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shelter facilities, restaurants and entertainment), the introduction of specialized software in the management of business processes in the tourist organizations, the use of various information and communication channels and others. Wishes, needs and ways of informing tourists are also constantly changing, which results in the imposition of new models in tourist trips as a response to unceasing changes.

Cruise tourism is undoubtedly characterized as one of the fastest growing specialized types of tourism in the early millennium. Its popularity is due to the fact that it offers its users the opportunity to visit various locations in a short period of time, offering them excellent service and a high level of satisfaction at competitive prices as well as a wide variety of additional services and activities on board cruise ships. This report presents key moments of the emergence, condition and development of cruise tourism, with some terminological specifications and the main trends, destinations and innovations in the cruise industry (Emilova, 2016).

History of cruise tourism

The revolutionary discovery that Thomas Newcomen made in 1712, inventing the steam engine, will prove to be one of the most significant events that had influenced the emergence of modern cruise trips. Improving the performance of the steam engine over the years has helped the first crossing of the Atlantic Ocean by an American ship in 1819, setting the launch of the steam-powered era. At the end of the 19th century, transatlantic passenger transport marked its growth under the influence of an increasing number of people willing to go to the land of unlimited opportunities to seek a better life. The richer and the wealthier also traveled in this period, only for business and leisure purposes. Gradually, in the late nineteenth and early twentieth centuries, large and deluxe oceanic ships, mostly in the northern Atlantic, appeared. In 1840, Samuel Cunard began the regular maritime trips between the United States and Europe. The transatlantic line (Cunard Line) became known for its name.

Although, according to some sources, Peninsula and Oriental Steam Navigation (P & O) company organized the first cruise liner trips between: Britain - Spain, Portugal - Malaysia, Indonesia and China in 1844, the actual launch of today's cruise trip could be dated from 1891, the year in which Albert Ballin, director of the Hamburg-America line, introduces an innovative idea for its time of engaging its transatlantic

ships during the turbulent winter months with trips for entertainment of passengers instead of their annual harboring anchor (Baker, 2016).

In 1906, in response to the German competition in the face of Albert Ballin, Cunard Line launched along the same route the first large steam turbine 30,000-ton liners Lusitania and Mauretania. So, the next year, Lusitania takes the prestigious Blue Flag Award from the German liner Prinzessin Viktoria Luise, crossing the ocean for the first time in less than 5 days. From then on, Lusitania and Mauretania became the fastest ocean vessels until 1915, when Lusitania was tragically sunk by a German submarine. The Mauretania Liner continues to sail until 1929. The twin ships remain in history with their tradition of elegant clothing and refined atmosphere for dinner evenings, giving the trip a special fiction and romance (Blum, 2003).

During the two world wars the development of cruise tourism was delayed, although in 1936 the Queen Mary was launched. Since the 1960s, when air travel became more common and modern travel trips offered by travel agencies, the shipping industry has started to rely almost entirely on leisure and entertainment cruises. It was during this period that one of the largest modern cruise companies began to be created, strategically directing its effort to attract public attention and impose cruise ships and travel as a symbol of vacation and entertainment. The era of the superliners with a capacity of more than 2,000 people was established and in the 80s of the 20th century the offer of new routes and directions began.

Today, many ocean ships offer classic cruises in a stylish setting, with gala dinners and receptions of the master. At the same time, however, there are two new lines in the development of cruise tourism that change to some extent this classic style. The first of these is the emergence of ships with a less official and more informal setting aimed at accommodating families with children. The popularity of this type of cruises began to grow in 1996 when the German cruise operator AIDA Cruises started its business by specializing in this direction and offering cruise conditions for traveling with children incomparable to other companies up to that moment. The other line of development is the tendency to build and run on the water of ever larger, innovative and technologically competitive cruise ships that will be addressed in this report.

Nature and features of cruise tourism

In water transport, tourist trips are provided as part of regular services or on specially chartered ships. The first type includes shorter trips mainly in inland waterways or coastwise navigation (cabotage). The motives for their taking are related to entertainment, recreation and visits to various attractions. Regular lines are used by tourists when connecting large ports near attractive tourist sites and places. Tourist trips with specially hired ships occupy an increasing share in the total volume of water transport (Osipova, 2006). Cruises are taking central place among them. Cruises along the major rivers such as the Danube, the Volga, the Rhine, the Nile, the Mississippi and others are also popular among ocean and sea cruises around the world. The reason for the emergence of modern cruises is the desire of ship owners to ensure maximum efficiency of the vessel's use during a sharp reduction of the number of tourists.

Cruise can be defined as an organized cruise tour, in which:
- Participants in the group remain in the same composition throughout the entire journey;
- The point of departure often coincides with the final one;
- The route is chosen from the point of view of stopping and staying in the ports for visiting tourist places and sites;
- During the trip, the tourist and entertainment program on board and on the shore takes a central place. (Neshkov, 2007)

Questions on route selection, duration and frequency of cruises, as well as the determination of the value of the trip, are decided by the cruise company, the ship owner. The exploitation feature of cruises is the lack of "closed classes". The price difference is in terms of location and cabin amenities. All other rooms are accessible to the public, unlike regular ships lines.

The basic concept of cruise tourism is based on the American cruise company "Carnival Cruise Lines", which sets out the principles and features characteristic of cruises (Shpilko, et al., 2012):
- Cruise tourism is a boat travel for pleasure.
- Cruise travel can be by sea, lake, river or canal.
- Cruise travel can begin and end in the same port.
- Cruise travel can start in one and end in another port.

- Transportation of tourists to the starting or from the final port of a cruise can be done by another means of transport - airplane, train, bus.
- Cruise travel may include visits of ports along the route, according to the time table.
- When visiting ports on the route, tourists are given the opportunity to take part in excursions to the port destination.
- The cruise tourism program includes mandatory bedtime, meals and entertainment on board the cruise ship.
- The cruise is an entertaining voyage, the original goal of whose participants is not just going from one point to another.
- All tourists have the same access to all areas of the board without class divisions and can freely use the onboard infrastructure (except for extra pay areas - karting tracks, restaurants and bars, aqua parks).
- The value of cruise travel can be compared to a package of onshore services, while on-board services are similar to on-land accommodation and on-land dining and entertainment (Marinov, 2010).

The demarcation and grouping of cruises is done in several ways. Depending on the duration they are (Dowling, 2006):

- Short-term (mini-cruises) - from 2 to 5 days;
- Prolonged - from 7 to 30 days or more.

Depending on the purposes and the reasons for taking the trip, they are divided into:

- Classical, which generally have a longer duration and include a typical tourist program;
- Specialist, which are organized to meet a particular need or have a specific purpose of travel (healing, educational, etc.).

According to their way of organization, they are:

- Combined with other modes of transport or beachfront accommodation;
- Linear - in combination with regular shipping;
- Discontinued – which plan a long-stay on the shore;
- Auto cruise - in combined use of the tourist's private car.

Depending on the type of pond they could be: overseas, sea, river, lake trips. River cruises are made using smaller ships and their capacity does not exceed 300 people. Ships are accustomed more often, and the fun they

offer on board is quite limited compared to sea cruise ships, having in mind the rich cultural-cognitive program on the coast (Babkin, 2008).

Development of the cruise industry in the world

The cruise tourism market has changed a lot in recent years, turning the offer of luxury offers into more massive tourist packages aimed at a wider range of consumers. If in the past the choice of cruise as a holiday destination was limited by a very high price, the risks of traveling by sea, the lack of free movement on board and traveling of a certain group of tourists (older, richer, even more eccentric) nowadays modern cruise ships offering greater comfort and safety, renovated interiors and an extraordinary variety of additional services have completely changed the demand for this type of holiday.

Every year the number of cruise tourists grows. If in 1980 the number of participants in sea cruises was 1.5 million, in 1993 it was already 4.5 million, 2003 - 9 million, 2009 - 15 million, 2016 - 24.7 million people, and in 2017 the number of cruise tourists was expected to reach 25.8 million, which is 1 million more than in the previous year 2016. In the period 2009 – 2018, an annual growth of cruise tourists, ranging between 1 million and 2 million people, was observed.

Together with the increase in the number of tourists, the number of cruise ships is increasing. In the mid-1980s, their number was 120, in 1994 they were 175, in 2003 - 327, and in 2015 - 448 liners, of which 279 sea and 169 river cruises. Only in 2016, 40 billion dollars were invested in the construction of 27 new vessels and nearly 1 million jobs were provided. In 2017, 26 new ships (13 nautical and 13 river) with a total capacity of 30 000 were commissioned, 20 new ships (15 nautical and 2 river) with a total capacity of 30 000 in 2018, 22 new ships (20 nautical and 2 river) with a total capacity of 52 000 in 2019 and a projected launch of 32 naval vessels with a total capacity of 120 000 in 2020-2026.

Over the period of 2005-2015, demand for cruises increased by 62%. The highest demand was registered by US tourists - 11.52 million, followed by Chinese tourists - 2.1 million, German tourists - 2.02 million, UK tourists - 1.89 million, Australian tourists - 1.29 million, Italian and Canadian tourists - about 75 thousand, French tourists - 57 thousand and finally Spanish and Brazilian tourists - respectively 49 thousand tourists.

The demand for river cruises worldwide has grown by 7% compared to 2015.

The development of the cruise industry is based mainly on the activities and initiatives taken by cruise companies. The major cruise companies, which own most of the world's cruise liners and which bring new ships, technologies and experiences every year to attract more and more tourists, are: Cunard Line, Royal Caribbean Cruise Line, Norwegian Cruise Line, Holland America Line, Princess Cruises, Carnival Cruise Line (Brida, Zapata, 2010).

The river cruise market is currently dominated by the trend of seeking new destinations and new forms of recreation. The quality of services, offered to ships, has been increased. Trips to lesser known rivers are offered and development of thematic cruises tailored to the special interests of tourists that will allow them to experience new emotions and combine cruises with other activities (such as cycling and trekking) is presented in the destinations they pass through (Kovačić, et al., 2017).
On the other hand, there has been a steady growth in demand for river cruises from tourists from Germany, the United States, Britain, France and Australia over the past few years, while the number of tourists from other countries, has declined considerably. In 2017, 1.42 million passengers traveled along rivers in Europe, which is 3% more than in 2016 (1.36 million), with 38% of them being Americans or Canadians. The British and Irish markets are on third place. Their share increased by 10%, compared to the previous year. The passengers with the highest growth in number, however, are Australian and New Zealand tourists. Their share increased by 22% in 2017, after almost the same increase (23%) in the previous year.

The most preferred rivers in Europe are the Danube (38%) and the Rhine (31.5%). In 2017, 17 new cruise ships with 2558 beds were introduced on the European market. In 2017, 153 out of 346 cruise ships were registered in Switzerland. The Swiss Navy cruise fleet doubled for a decade. Another 62 cruise ships are registered in Germany, where some of the most influential tour operators in this area are located.

Strategic management develops cruise products trying to popularize them even more, though, there is a wrong belief that the cruise lines typically seeks to bring cruises to "everyone's pocket". Choosing the type of marketing strategy remains in the domain of strategic management and

owners of cruise corporations. The fact remains that the development of nearly all other types of tourism develops from not too massive to massive tourism. New development strategy should be based on a diversified, quality and market-custom tourist product and on the principles of respect for ecological balance and preservation of cultural heritage, which focuses its activities on the fulfillment of the expectations of tourists. It is estimated that future tourists will have the following characteristics:

- they will express the yearning for new experiences and events;
- they will be aware of the supply quality;
- they will have developed sense of nature conservation and ecology;
- they will prefer the social, cultural and ecological unity, but with an emphasis on indigenous elements.

Strategic management of big cruise corporations and even small companies is generally conducted as the team. It is organized vertically, hierarchical, but because of the basic satisfaction of tourists/guests, horizontal organizational structure is important. Based on this structure, which has the main task to connect shipping organizational part with tourism, the main objective is successfully realized. In front of strategic management of cruise corporations, with very complex internal problems of organization, there are also ones set by the market, through which the success of business is verified. In this part, it is necessary to meet the particular function of continuous market research of supply and demand in world cruise, adjust the offer to wishes and needs of guests and create new products. In parallel, it is necessary to upgrade existing products, maintain a pricing policy and use it to strengthen position in the market. Strategic management of cruise corporations is very demanding and is aimed at a broad market of demand, which, already in its minimum considering of the possibilities of development, crosses national borders. Functionally, differences between cruise companies are very pronounced because each of them has its own specific policies and specific strategic management (Gračan, 2016).

Economic contribution generated by cruise tourism in 2017

The cruise industry has contributed to the development of international travel, development of tourist regions, the promotion of destinations and the improvement of the economy. The number of people employed in this field increases annually and contributes to the provision of a large number of jobs.

Direct Economic Contribution

The $61.0 billion in global direct cruise tourism expenditures account for a 5.3 percent in-crease over 2016 and by themselves generated a significant contribution to the global economy. As shown in Table 1, these direct expenditures generated 530,560 FTE jobs, up 8.0 percent from 2016, paying $19.6 billion in employee income, up 10 percent from 2016. They include the shore side employees and crew of cruise lines.

Table 1: *Direct Cruise Sector Economic Contribution – Global and Regional Markets – 2017 (Billions of US$)*

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of world
Output ($ Billion)	$61.02	$28.75	$21.34	$10.93
Share of global		47.1%	35.0%	17.9%
Income ($ Billion)	$19.55	$9.11	6.53$	$3.93
Share of global		46.6%	33.4%	20.0%
Employment	530,560	233,701	195,240	101,619%
Share of global		44.0%	36.8%	19.2%
		Percent Change from 2016		
Output ($ Billion)	5.30%	5.6%	3.2%	9.0%
Income ($ Billion)	10.0%	8.2%	8.9%	16.4%
Employment	8.0%	8.0%	5.1%	14.3%

Source: *The Global Economic Contribution of Cruise Tourism 2017, Business Research & Economic Advisors*

The table also shows the regional distribution of the direct economic contribution. North America's direct economic contributions accounted for 47 percent of the global direct contribution of the cruise industry. The $28.8 billion in direct expenditures in North America generated 233,701 FTE jobs paying an estimated $9.1 billion in employee income. As noted previously, North America's cruise line headquarters presence and the homeport operations for itineraries in the Caribbean represent a significant component of the direct economic contribution of the cruise industry and is heavily weighted toward those industries that supply goods and services to the cruise ships, i.e., cruise ports, suppliers of food and beverages, fuel and equipment, and administrative support services such as advertising, accounting and professional services and transportation services, including travel agents. North America's shares of output, income and employment have remained relatively unchanged from the previous year. Europe accounted for 35 percent of global direct

contribution to the cruise industry with $21.3 billion in direct expenditures. These expenditures generated an estimated 195,240 FTE jobs paying $6.5 billion in employee income. Given the significance of the shipbuilding industry in Europe, the direct economic contribution has a high concentration of manufacturing in that industry. The European shares of each impact category have seen small declines over the last several years as much of it is shifted towards other regions, particularly those in the Rest of the World. Finally, the direct expenditures of $10.9 billion in the Rest of the World generated 101,619 FTE jobs paying $3.9 billion in employee income. The overall global share in each of these categories has increased noticeably over the last four years. Driven by growth in capacity and the resulting visits predominantly in Australasia, the global share of direct output in the Rest of the World has increased from approximately 8.7 percent in 2013 to 18 percent in 2017. Employment share has increased from 11 percent to 19 percent, and the income share has increased from 9.7 percent to 20 percent over this same 4-year period.

Indirect and Induced Economic Contribution

As discussed previously, the indirect and induced contributions are generated by the spending of the directly impacted businesses and their employees. As a consequence, these impacts spread throughout the global and regional economies. The specific indirect and induced impacts are determined by the structure of the individual economies and as a result can vary significantly from region to region. As shown in Table 2, the $61.0 billion in direct cruise tourism expenditures generated an additional $72.9 billion in indirect and induced output. This is an increase of 7.2 percent from 2016. It also generated $26.0 billion in employee income, up 11.6 percent from 2016; and 578,116 FTE jobs, up 9.0 percent from 2016.

Table 2: *Indirect and Induced Cruise Sector Economic Impact – Global and Regional Markets – 2017 (Billions of US$)*

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of world
Output ($ Billion)	$72.93	$32.70	$30.51	$9.72
Share of global		44.8%	41.8%	13.3%
Income ($ Billion)	$26.02	$15.38	$7.31	$3.33
Share of global		59.1%	28.1%	12.8%
Employment	578,116	294,528	208,381	75,207
Share of global		51.0%	36.0%	13.0%

		Percent Change from 2016		
Output ($ Billion)	7.2%	7.0%	3.6%	21.2%
Income ($ Billion)	11.6%	8.5%	15.6%	18.3%
Employment	9.0%	8.2%	6.5%	19.8%

Source: *The Global Economic Contribution of Cruise Tourism 2017, Business Research & Economic Advisors*

As with the direct contribution, North America accounts for a plurality of the global indirect and induced output with 45 percent of the total. North America contributed a larger share of the global employment (51%) and income contribution (59%). Europe accounted for 42 percent of the global indirect and induced economic output while the Rest of the World accounted for 13 percent.

Total Economic Contribution

Combining the direct, indirect and induced contributions, cruise tourism generated an estimated $134.0 billion in total output of goods and services throughout the global economy during 2017, an increase of 6.3 percent over 2016. As a result of the production of this output, 1,108,676 FTE jobs were required, an increase of 8.5 percent over 2016. The workers who were employed in these jobs were paid $45.6 billion in income, a total that accounts for an 11 percent increase over 2016 (see Table 3).

Table 3: *Total Cruise Sector Economic Contribution – Global and Regional Markets – 2017 (Billions of US$)*

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of world
Output ($ Billion)	$133.96	$61.45	$51.85	$20.66
Share of global		45.9%	38.7%	15.4%
Income ($ Billion)	$45.47	$24.49	$13.83	$7.24
Share of global		53.7%	30.4%	15.9%
Employment	1,108,676	528,229	403,621	176,826
Share of global		47.6%	36.4%	15.9%
		Percent Change from 2016		
Output ($ Billion)	6.3%	6.4%	3.4%	14.4%
Income ($ Billion)	10.9%	8.4%	12.3%	17.3%
Employment	8.5%	8.1%	5.8%	16.6%

Source: *The Global Economic Contribution of Cruise Tourism 2017, Business Research & Economic Advisors*

The table also shows the regional distribution of the direct economic contribution. North America has the largest total output contribution of $61.5 billion and accounted for about 46 percent of the total global output contribution of the cruise industry. This output resulted in employment of 528,229 FTE workers paying an estimated $24.5 billion in employee income. North America's employment and income contribution accounted for 48 percent and 54 per-cent of the total global income and employment contribution, respectively. These were also the highest among the 3 major regions. The total output contribution in Europe was $51.9 billion, 39 percent of the total global out-put contribution. The $51.9 billion in total output generated an estimated 403,621 FTE jobs paying $13.8 billion in employee income. The jobs and income share equals 36 percent and 30 percent, respectively. Finally, the total output contribution of $20.7 billion in the Rest of the World generated 176,826 FTE jobs paying $6.2 billion in employee income. The share of the global contribution was 15 percent for the total output contribution, and 16 percent for both income and employment contribution.

Destinations for cruise tourism

The two major sea cruise districts are the Caribbean and the Mediterranean. These two regions attract over 60% of all cruises and the Scandinavian and Baltic regions - about 10%. Most routes are seasonal, which means that cruise companies are constantly looking for new opportunities to redirect their ships in line with demand. The main advantage of the Caribbean is the possibility of organizing cruises throughout the year and the duration of the routes varies from three days to two weeks. Cruises in the Mediterranean are offered in Europe, where the routes cover several European countries at the same time. Cruises along the coast of the UK, the Scandinavian Peninsula and Russia are also quite popular. There are also companies that organize around-the-world voyages lasting over 120 days.

Demand for new destinations and more adventurous cruises have led to the opening of new routes on the east coast of Africa, including Madagascar, Seychelles and Mauritius, and the islands of Indonesia. Companies such as Noble Caledonia or Jules Verne presented for the first time cruises in the Pacific Islands and trips to the Arctic and Antarctic regions, often using smaller boats in collaboration with local companies. Long routes are also becoming more popular when combined with different flights. Singapore is such an example, which continues to be the

basis for the global cruise market due to its proximity to destinations in the Middle East (Berger, 2004).

Cruise tourism routes are varied and basically divided into two directions - sea and river cruises. For sea cruises, the most popular destinations include: cruise on the Mediterranean - southern Europe; cruise in Northern Europe - Baltic capitals, cruises in Western Europe - British Isles; cruises around the Canary Islands - Morocco - Madeira; Cruises in the Red Sea - Suez Canal - Middle East; cruises in Dubai - UAE; cruises in Asia; cruises in the Indian Ocean - South Africa; cruise to Alaska; cruise to Canada - New England; Route Caribbean - Florida - Bahamas - Mexico - Cuba - Panama Canal; cruise around Bermuda; Cruises in South America - Amazon - Galapagos - Antarctica; Hawaii Cruise; cruises to Australia - New Zealand - Tasmania - French Polynesia - South Pacific; Transatlantic cruises and World cruises. In river cruises the most popular route is the Rhine-Main-Danube.

Europe's largest river cruise company, Croisi Europe, offers routes to Italy, Spain, France, Germany, Portugal and Belgium. In the United States, river cruises can include a trip along the Mississippi River, tours around Alaska's glaciers, or the Hudson River. Most of the Mississippi cruises are thematic with historical focus. This type of cruise is offered by the cruise company American Cruise Lines, which runs through 10 states for 22 days. It starts from the south of the Mississippi River, exploring southern plantations, majestic parish houses, and Civil War battlefields, passing through the hometown of famous author Mark Twain, where the heroes of Huckleberry Finn, Tom Sawyer and Becky Thatcher come alive.

Innovation and technology in the development of cruise tourism

Growing expectations of tourists, an increasing number of millennial passengers and the generation Z, as well as the multitude of working people or the so-called digital nomads, onboard travelers are forcing cruise companies to pay serious attention to the technological development of their ships (Misheva, 2016). Their main goals in this regard are to improve the speed of the internet connection, reduce the cost of the service and create good conditions for the passengers using their mobile devices, both for entertainment and for business deals. Unlike the situation on land, where technologies are developing extremely fast, at sea, onboard cruise ships, technological changes are introduced much

more slowly. For example, the speed of the Internet offered on board for many years was much lower than onshore and even today not all ships are able to provide a fast and quality internet connection. For this purpose, a system called Speed Net has recently been developed, whereby the most popular and used sites are sent to mobile devices via a separate channel, freeing the mainstream network from additional traffic. This way, a site like Amazon.com loads for about 7 seconds (instead of 20 seconds), and Facebook.com loads for 5 instead of 11 seconds. Disney Cruise Line, Carnival and Royal Caribbean are among the first to introduce new pricing schemes for Internet use, namely a pay change that no longer pays for internet usage, but for spent megabytes. Various online bundles are available - cheaper to use e-mail and Facebook, and more expensive for those who prefer unlimited access to different sites and apps. It is expected over the next few years that more and more cruise companies will introduce similar packages and reduce the cost of the Internet service as a whole. Cruise companies also develop systems to watch TV channels on board the ship via mobile devices. According to the new concept, passengers will be able to watch different TV channels while sitting by the pool or drinking cocktails at one of the bars.

The cruise industry is one of the most innovative in the field of tourism, and this applies not only to mobile technology but also to the construction of the ships themselves, the tourists' entertainment offered and the onboard experiences. Very often cruise liners are presented as the most luxurious, modern and innovative examples in the development of tourist business. The so-called "floating cities" offer all the amenities and entertainment that tourists would find in luxury hotels and beachfront restaurants. An example is the largest ship in 2017 in the world - "Harmony of the seas", owned by the Royal Caribbean's cruise company. The "new generation" ship is third of the popular series OASIS, the fourth ship in this class is in the process of being built. With a capacity of 226,000 tons and a capacity of just over 5,400 passengers and a crew of 2394 people, the ship offers innovative entertainment and adventure technologies. The height of the ship is as tall as a 20-storey building and its length is 362 meters, exceeding the length of the red square in Moscow, with 20% less fuel than the other two ships of the same class - Allure of the Seas and Oasis of the Seas. The concept of spatial zoning introduced in these ships is also embedded in the "Harmony of the seas", which has 16 decks. The seven zones include the Boardwalk and the Central Park, a green park, with 12,000 plants, shops and restaurants. There are 20 restaurants (the main one is set on 3 floors), outdoor

nightclubs including a live jazz club, karaoke and theme bars and a casino. Other areas include children's entertainment (special children's aqua park, 3D cinema), spa complex, fitness center, ice rink, aqua park with 3 water slides, 4 swimming pools, golf course, indoor solarium, ”Aqua Theater” amphitheater, art gallery, sculptors and works of contemporary art, etc. In one of the restaurants, Wonderland, furnished according to the motifs of Luis Carroll's tale, instead of a menu, a "blank" framed picture is provided, which should be brushed and water colored, for the words to appear. There is also a Bionic Bar where bartenders make cocktails and dance. Interesting places are the accommodations, where 76 indoor cabins with virtual terraces are offered. Some of the apartments include even free concierge service, access to a private lounge, and personalized service. There are also luxury mansion suites, which are located on two decks. Apart from entertainment, there is also an innovative approach to security by building a modern system to identify all ship's passengers in case of need (Misheva, 2017).

World trends in cruise tourism development

Thematic cruises are becoming more and more popular

Thematic cruises are a suitable option for travelers who are first boarded on a cruise ship or for those who want to combine their interests with a relaxing break. The main directions in which thematic cruises are very successful are related to music; wellness and fitness lifestyle; food, wine and beer; cinema and television; sport; historical and world events; hobbies and crafts; dances; arts; science and nature; lifestyle and more. In general, thematic cruises are divided into three categories. The thematic cruise, in which each place on the ship is subject to the given theme, falls to the first category. Such cruises can be offered by both the cruise companies and their ships can be hired by companies which organize different events. The second category includes partial theme cruises whose theme does not cover the entire ship. Special interest groups can book several cabins from different categories of the ship. Typically, these groups do not affect the entire voyage, although there are separate places for them in the common parts of the ship. The last category is so-called, a theme-inspired cruise where thematic sailing takes place on a regular cruise line, offering some additional activities or guest lecturers to the standard cruise program. For example, the luxury cruise line, which runs in Tahiti, French Polynesia and the South Pacific, Paul Gauguin Cruises, includes events by the oceanographer and ecologist Jean-Michel Cousteau

throughout the year. During these voyages, Cousteau lectures and accompanies the scuba diving.

Some thematic cruises offer the opportunity to meet famous musicians, authors or athletes, or to attend lectures, seminars, literary readings, competitions, concerts. Others allow travelers to focus on their interests to the fullest extent. For example, a golf cruise allows participants to improve their skills by attending world-class courses, and dance cruises can be universally enough for both experienced dancers (master classes) and beginners. Cruises from the "Food, Wine and Beer" destination offer a variety of culinary activities - regional wine tasting, sommelier-driven and local brewery tours, cookery and confectionery lessons, or a real cooking show at sea (Emilova, 2018).

The Old is the New "New"
The tendency to extend the life and attractiveness of older ships, instead of building new ships every year, is becoming more and more pronounced. For example, the Holland America cruise company invested 350 million dollars to improve the accommodations, meals and entertainment on board its ships in 2018. The trend was also observed in the luxury lines - liner Crystal Symphony will be reconstructed in 2017, and Silversea's Silver Cloud will become a theme ship for expeditions (www.cruisecritic.co.uk, 17 February 2019)

Increase of cruise expeditions
Already in January 2017, the Celebrity cruise company launched two new ships - Celebrity Xperience and Celebrity Xploration - into the Galapagos Islands. In June 2017 Lindblad Expeditions, a leading travel and eco-tourism with an emphasis on responsible travel, launched its brand new ship National Geographic Quest in Alaska and the Pacific Northwest. These types of cruise trips provide authentic, near-wild experiences that provide real connection to the places which are being visited. These examples are proof of the growth of the cruise discovery market.

"Packaging" in cruise tourism
A luxury cruise may not be suitable for every tourist, but customizing the holiday experience and options in his pay are attractive for most tourists with a smaller budget. That is why the introduction of "packing" or offering cruise vacations in prepaid package deals is becoming more common in the cruise market.

River cruises are becoming more and more demanded
As an alternative to bus tours, river cruises are increasingly preferred, providing more opportunities for an active tourist. Most cruise lines already offer bikes that can be used both at the harbor itself and on organized guided excursions.

Acquisition of private islands
With the opening of the private island of Harvest Caye of the Norwegian cruise line in southern Belize, it became clear that a new type of cruise travel experience would be offered. As with the other shore excursions, tourists can go down on the island, but as no food is available on the island, they can make their own lunch on the ship.

Construction of large and extra-large cruise ships
In recent years there has been a growing tendency to build large and oversized cruise ships. The trend of building and putting into service of new ships every year has a significant impact on the demand for such products. According to data from the International Association of Cruise Companies (CILA) investment in new vessels will increase by 6 billion euros over the next few years. More than 40 new cruise ships are expected to be put into operation in the period 2016-2020 (www.world.expeditions.com, 16 February 2019).

Conclusion

In conclusion, it can be noted that the popularity of cruises will continue to grow thanks to the wide range of entertainment activities on board of the so-called "floating cities"; offering innovative and high-quality services, the ability to experience unparalleled experience, bringing new and more attractive ships into operation, and reducing package prices. The development of cruise tourism has a positive impact on the increase of the world's employment and income in the field of tourism.

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THE IMPORTANCE OF CLUSTER SUPPORT PROJECTS IN TOURISM FOR ACHIEVING COMPETITIVE ADVANTAGE

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Abstract

In modern business conditions, the creation and maintenance of economic competitive advantage is an imperative. The EU has identified clusters as effective instruments for creating sustainable competitive advantage and regional development policy and placed them at prominent position within its development strategies. Territory-based merging of economic entities has created a synergetic effect, which means that members achieve better results by taking advantage of common functions and joint actions rather than with individual ones. A cluster model is an ideal instrument for establishing this cooperation since it links different entities that do not lose their independence by joining but only exploit joint activities in the strategy of future development. The paper highlights the importance of creating clusters support projects in the field of tourism on the territory of Vojvodina through examples of specific clusters aiming at creating sustainable competitive advantage of the regional and national economy.

Key Words: *clusters, support projects, tourism, competitive advantage*
JEL classification: *Z32*

Introduction

The territory of Serbia possesses significant resources for the development of tourism. They have been widespread but not congruent spatially thus hindering the formation of integral entities with complementary forms of tourist offer. Limited opportunities for investing in the development of tourism require focusing on the development

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priorities defined under the Tourism Development Strategy of the Republic of Serbia (The Tourism Development Strategy of the Republic of Serbia from 2016 to 2025). Tourism can be considered, to some extent, to be the point of connection between urban and rural environments, which are increasingly becoming significant potential for tourist growth in Serbia (Matijašević, et al. 2017).

According to the Strategy (Porter, 1998) Serbia can be positioned on the international market as a tourist destination only through its tourist clusters. At the same time, Serbia's unfavorable tourism competitiveness can be improved only by establishing clusters within its tourist regions, as the critical role in creating competitive advantages lies in research and development, knowledge, technology, finance and groups of professionals, for which the easiest way for gathering is within the cluster. The cluster must be such as to meet the demands of today's society, that it is flexible and ready for changes, it is open to the outside world, that it is dynamic, in line with the economy, society and the environment. (Ničić et al., 2013). A large number of research is being carried out to determine the actual effects of projects funded by governmental and non-governmental organizations in support to projects aiming at the formation of potential Serbian tourist clusters and the development and promotion of tourism in our country.

The subject of this paper is the tourist cluster, or the presentation of the concept of clusters and the support to their establishment and development, with a special focus on their influence in strengthening the competitive position of Serbia. This paper aims at drawing attention to clusters as insufficiently used opportunity for enhancing regional tourism development in our country and point to the effects of their use, given that the role of tourism in local economic development is a topic of critical importance (Matijašević, et al. 2017).

The main advantages of clustering

Porter's concept of clusters (Porter, 1998) is commonly accepted and defines clusters as geographically targeted group of interconnected companies and institutions in a specific sector that are related to unity and complementarity. This is the horizontal and vertical connection, alignment, and strengthening of the interaction link and the relationships between all enterprises and organizations that see their interest in connecting. Porter's comparative analysis of international competitiveness

shows that the leading export companies do not operate in isolation, but as part of a wider group of complementary companies, where they are successful international representatives. Clusters are a form of concentration of geographically bounded, complementary businesses and related institutions (Janković, 2013) and the cooperate and use common instruments. (Table 1).

Table 1. *Common instruments used in clusters*

Goal	Instruments
Engage actors	
Identifying the clusters	Conducting clusters mapping studies (quantitative and qualitative). Using facilitators and other brokers to identify companies that could work together
Support networks/ Clusters	Host awareness- raising events (conferences, cluster education) Offer financial incentives for networking organizations Sponsor company's networking activities Benchmarking the performance Mapping the cluster relationships.
Collective services and business linkages	
Improving capacities, scales and skills of suppliers (mainly SMEs)	SME business development support Brokers services and platforms between suppliers and purchasers Compiling general market intelligence
Increasing external linkages (FDI and exports)	Co-ordinate purchasing Establish technical standards Labels and marketing of clusters and regions Assistance to inward investors in the cluster Market information for international purposes searches of partners Supply chain linkage support Export networks
Skilled labor force in strategic industries	Supporting partnerships between groups of companies and educational institutions Education opportunities to attract talented students to region
Collaborative R&D and commercialization	
Strengthening links between research and companies' needs	Supporting joint projects among companies, universities and research institutions Co-locating different actors to facilitate interaction (*i.e.* science) University outreach programmers
Commercialization of research	Technical observatories Ensuring appropriate intellectual property framework laws Overcoming barriers to public sector incentives in commercialization
Access to finance for spinoffs	Technology transfer support services Advisory services for non-ordinary financial operations Public guarantee programs and venture capital Framework conditions supporting private venture capital

Source: *OECD (2010), http://www.oecd.org/innovation/policyplatform/48137710.pdf*

Clusters are the source of competitive advantage, particularly of large export companies, increasing productivity by exchanging information and using mutual resources, swiftly exchanging ideas and know-how based on

innovations. Increasingly sophisticated customer requirements have forced many companies to further explore opportunities to reduce cost, while preserving all the qualitative features that consumers expect from the particular product or service (Mitrović, 2013).

The main advantages of clustering are reflected in the following (Bošković & Jovanović, 2009):

- facilitating access to the most up-to-date knowledge;
- stimulating the knowledge sharing;
- providing cost-effective enterprises within the cluster;
- creating the possibility of cooperation;
- supporting innovation and encouraging competition;
- creating the critical mass needed for further growth.

Thanks to these advantages, primarily reflected in the cooperation, inter-connections and exchange of information, knowledge and experience, companies that are members of the cluster can achieve better results than if they have operated independently. On that basis, the clusters enable continuous improvement of products quality, thereby taking the lead over competitors.

The impact of the tourist destination cluster on competitiveness

In the part of the Lisboan strategy "Global Competitiveness" (European Presidenncy Conference 2008), clusters are seen as key drivers of innovativeness, competitiveness and sustainable development of European industry and their economic growth. In addition, clusters, as a form of tighter association of companies and universities, are perceived as drivers of international cooperation (both regional and global), used to improve economic and social life of people within observed regions, and they strengthen innovation capacities not only within but national but international regions as well, which influences particularly tourist activities.

The competitiveness of tourist destinations can be seen as its ability to increase tourist spending to attract significantly more tourists by providing them with memorable experience and at the same time, doing that in the profitable manner, improving the welfare of the local population and preserving for future generations the natural and cultural treasures at the location (Ritchie & Crouch, 2003).

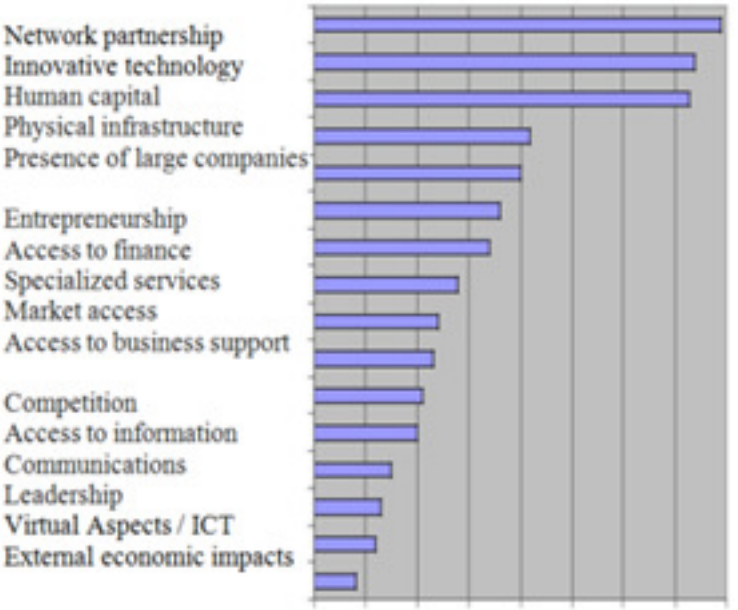
Since the mid-eighties, and mainly thanks to the work of Professor Michael Porter, there was a significantly better understanding of the most important forces creating competitiveness and ways of creating competitive advantages. According to Porters "Five Forces" model of competitiveness, the future of tourist destinations depends on: avoiding the danger "from new competitors on the market, timely placement of alternative tourist products, adapting to changes in the negotiating position with suppliers or customers, successful rivalry with other destinations (Porter, 2008).

By unified action, the five forces of competitiveness of tourist destinations determine their average abilities to generate benefits in the tourist sector and the sectors closely related to such sectors. In other words, the competitive advantages of a destination determine its competitive position. In order to be successful, a tourist destination has to offer a greater value to the market than its rivals for the same efforts made for tourists, or to achieve the same value for less effort. Ability to provide greater value allows tourist destinations to charge higher prices and to expect better business results and profits. All this comes from the way where a number of activities in the value chain of tourism are in function to create a new tourist product, to provide better services and to offer a variety of experience and thus maintain the loyalty of existing customers but also attract new ones.

The tourism competitiveness is achieved, at the level of local destinations, by the ability to create innovations constantly and to improve the current situation while all the resources are used in the best and most sustainable way. Competitiveness requires tourism clusters to possess appropriate "competitive diamond", which is the business environment that encourages a continuous process of innovation and improvement of quality, high level of productivity of the resources and high business efficiency in the performance of competitive activity.

Tourism clusters are operationally efficient and therefore more competitive if they have a high level of attractiveness (good value for effort); they are effective in marketing, show a high level of productivity in terms of financial, technological and human resources and are effective in the management of the tourist system destination. Figure 1 shows the main success factors in the development of tourism cluster.

Figure 1: *The main success factors in the development of tourism cluster*



Source: *Cluster Development Strategy of APV (2016).*

The most competitive cluster is the one that provides the best conditions for the implementation of the four power groups. These forces are also the strongest among the parameters of clusters of specialized tourism (eco-tourism, business tourism, religious tourism, agro tourist etc.). Each cluster must be able to undertake competitive activities in order to raise the value of its own competitive diamond.

One of the important issues relating to the competitiveness of the tourism cluster is their operational efficiency. It is the combined result of the operational efficiency of the various participants in various tourism value chains. It reduces operating costs and enhances the value that consumers represent themselves, and thus strengthens the competitiveness of the tourism cluster. This opens up great opportunities for effective cooperation among all interested parties (Đurašević, 2008).

Cluster support projects

The effects of establishing and developing clusters influence not only companies within cluster but entire region due to the increase in number of work places, types of business activities, processes and products/services; reducing purchasing costs and expenses for input

materials and inventoris; increasing qualified labor force; technology diffusion: expansion of markets: tighter connections of business entities and higher possibilities for investment projects (Porter, 2011).

The project of establishing a cluster is designed to cover the significant factors and the development stage of resource constraints and specific needs. It focuses on activities that are specific to clusters in less developed regions. A general project of establishing a cluster contains a list of activities to be undertaken in order to develop clusters in a region. Project support for the establishment and development of clusters can be observed at three levels (Karaev, 2011):

a) globally,
b) nationally, and
c) locally.

a) *Globally* – Clusters are recognized in many countries as a model for increasing competitiveness, especially in regional and local communities. The European Union also recognizes the importance of clusters for economic development in order to achieve the objectives set by the Lisbon Strategy in 2000. The Strategy refers to the fact that in 2020, Europe is to become the most competitive and dynamic economy in the world, based on knowledge, capable of sustainable economic growth with more and better jobs and stronger social cohesion. It is particularly important to promote institutional support to clusters within the regional, industrial and innovation policy. To this regard, the European Union pays great attention to the creation of clusters, because this affects the development of innovation and competitiveness of the economy. In addition, the creation of policies and actions relating to the clusters from the national to the regional level of support strengthens each cluster.

One of the examples of support to the development of clusters having global importance is The United Nations Environment Program (UNEP) supported by EU as a concept of technologically cleaner production/servicing aiming to minimize both short- and long-term risks for people and environment, aiming at the prevention in all phases of products life cycle, including reduction in the produced and emitted waste, production of environmentally acceptable products and provision of services thorough lower prices and higher profit, which is specifically important for the development in tourist sector. Different countries have established institutional forms, but with approximately the same goals and tasks of operation. When it comes to tourism, the World Tourism

Organization advocates the DMO (Destination Management Organization), whose role is to coordinate and care for the joint action of all stakeholders in the destination that influence the formation of the tourist product.

The organization of destination management could be a basic form of gathering of stakeholders in the area, and there are other models promoting or organizing the work of the cluster, such as the model of project excellence (PEM project excellence model, which can dramatically increase the quality of project). These various forms of regional development agencies, usually organized around projects of small and medium-sized enterprises as well as other actions enhance competitiveness, districts, free business zones and others that have defined the creation of regional clusters under their development documents (Hajrović et al. 2013).

However, in countries in transition, the situation is different, since the process of institutional preparations for the development of clusters has not been either entirely or not at all developed. There has not been regionalization in accordance with European standards, and there is a very low level of communication and cooperation between different levels of government, affected by the lack of adequate policies to support cluster development. The situation is similar with the financing of tourism clusters because in the transition economies, financial institutions and financial markets are less developed and there is a high risk in investment. Financing function was taken over by the State, either independently or with the help of development financial institutions (e.g. World Bank, European Bank for Reconstruction and Development). Therefore, adequate microeconomic policies are needed in order to support the development of clusters as well as policy of education and incentives for foreign investment. It can be public or private by nature, including a wide range of participants, representatives of municipalities and/or regions, tourist organizations, representatives of accommodation sector, tourist farms, respective travel agencies, and local/regional business chamber (Horwath Consulting Zagreb, 2005).

b) *Nationally* – Government support to cluster development: it could be classified into three groups of measures including (Cluster Development Strategy of APV, 2016):

- eliminating restrictions,
- facilitating financing, and

- actively supporting the cluster development.

State policy inevitably affects the ability to improve the cluster. It can motivate, facilitate and provide the private sector with incentives for joint action. The final role of the state is in the development and implementation of positive, specific and long-term strategies and starting the process of change that mobilizes public authorities, businesses, institutions and citizens to promote and develop the general business environment and the different clusters. Almost all developed countries have established institutional networks to help the sector clusters, and they have a significant contribution, especially in the development phase and the formation of new clusters.

The government can adopt a development strategy and policy for the development of clusters with goal to:

- guides the development of clusters, by directing various forms of assistance enabling the development;
- monitors and assesses achieved effects of the support;
- provides an institutional framework to support services providers;
- supports initiatives in the private sector;
- supports the internationalization of business clusters;
- participates in partial financing, combined with other sources of funds.

The Serbian Clusters bring together more than 400 companies employing more than 22.000 people, having turnover of around one billion euro per year – nearly half of which is for exporting. The Republic of Serbia has implemented a multi-year project from 2006 to 2011 to support cluster development. This project aimed to encourage business development, growth, employment and exports through networking companies, research and development institutions and business associations in the cluster. The diversification with which the Republic of Serbia has supported clusters is based on selecting the best projects and companies that applied for grants from the funds earmarked for co-financing up to 50% of cluster activities in various stages of development.

c) *Locally* – The most common form of institutional assistance is the central agency for the development of clusters at the level of regions. Its main objective is to implement the defined strategy and policy for cluster development through the following activities (Cluster Development Strategy of APV, 2016):

- establishing the entrepreneurial centers at the local level and training of their management and operating personnel;
- allocating the budget funds;
- implementing successful practical solutions from abroad;
- monitoring the implementation of the activities of local agencies;
- ensuring budget funds for the development of local services and projects;
- assisting in development planning and the development of new forms of support to clusters;
- public relations;
- cooperation with foreign organizations co-financing the development of clusters;
- cooperation with foreign agencies for development and participating in various projects.

Cluster support projects of tourism in Vojvodina

The cluster support projects of tourism in Vojvodina are implemented through:

a) the Association for the Development of Competitiveness – Clusters of Vojvodina;

b) the Centre for Competitiveness and Cluster Development.

a) *The Association for the Development of Competitiveness - Clusters of Vojvodina*, has cluster development in the territory of Vojvodina and all regions of interest as its main objective, i.e. provides support to the establishment and development of clusters, inter-clusters cooperation and the development of economic competitiveness.

The common objectives of clustering are: the representation of common interests, business connections, strengthening competitiveness and positioning in the domestic and foreign markets, capacity building of clusters and their members, stimulating the exchange of knowledge, ideas and information, promotion of entrepreneurship, facilitating access to financial resources, the creation and development of cluster-oriented programs and projects, development of innovation, development and application of advanced technologies and fostering international business cooperation.

b) *The Centre for Competitiveness and Cluster Development* is a result of cooperation between the University of Novi Sad and the Secretariat for Economy of the Autonomous Province Vojvodina on projects to support the development of competitiveness of economic entities and the establishment and development of business networks and clusters (Catalogue – *The Clusters of Serbia*, 2017).

In the field of tourism, the following clusters should be emphasized:

7. Istar 21 - Association for the promotion of cooperation and development of tourism in the Danube region
8. Cluster Srem
9. Cluster Palić - micro-region Subotica
10. Cluster Sombor ranchers

1. *Istar 21* - Association for the promotion of cooperation and development of tourism in the Danube region. The aim of the cluster is to connect the tourist providers and other stakeholders in order to create the authentic tourist product along the Danube, attractive for both domestic and foreign tourists. The cluster members aims at: raising the quality of services, promoting the common representation and increasing the tourist attractiveness and profits for all its members. The directions of the cluster: formation of a joint tourist product Cluster Istar 21;promotion of clusters and cluster members at tourist fairs in the country and abroad;creating the web page Cluster Istar 21;creating data base cluster Istar 21;preparing educational programs for members of the cluster for the purpose of establishing standards and improving the quality services.

The project "Wealth of Diversity" was one of the biggest projects that was implemented. The aim of the project was to create a new tourist product that would attract tourists to visit Serbia and the Danube River Region and enable cluster members to achieve defined goals. All cluster activities were directed towards the increase in quality level through introduction of innovation and education, joint promotion on the market, strengthening of cooperation among cluster members and implementation of joint project.

2. *Cluster Srem* - the initiative was created with the intention to support the development of ethnic, ecological, rural, hunting, entertainment and all other forms tourism in Srem and to encourage the creation and development of the Srem tourist product and provide conditions for accommodation of domestic and foreign tourists.

Directions of clusters (The Centre for Competition and Cluster Development, 2017).

- Introducing standards according to EU requirements in order to meet all necessary preconditions to provide service of supreme quality;
- Orientation of clusters towards organizing excursions and promotion of touristic attractive offers of the Srem region;
- Promotion of healthy food and local characteristics of Srem;
- Development of cross-border cooperation with similar organizations, particularly emphasizing the promotion of domestic tourist products, exchange of experience, encouraging tourist-related traffic in order to increase the number of foreign tourists in Srem.

The aim of the cluster is to create respectable competitor and position Srem within the inbound tourism. Then there should be the development of small and medium-sized enterprises in the catering industry, tourism and complementary activities to strengthen sustainable regional development.

3. *Cluster Palić* - micro region Subotica – Cluster Foundation, over 35 members of the cluster are involved in a network cluster of 12 countries. This is a cluster of excellence included in the project Poli SEE. This is very important for the visibility of our region and the cluster members.

4. *Cluster Sombor* ranches was established in 2008 aiming at promoting the tourist offer of Sombor farms, with expert assistance from TAM programs and services for the reconstruction and business counselling by the EBRD and the Republic of Serbia. The Republic of Serbia formed, through the Province Secretariat of Economy, a team for education which previously, in cooperation with GTZ, enabled easier orientation of clusters, its organizational structuring and identification of opportunities and goals for future development.

Conclusion

Clusters in tourism allow the introduction of innovation, the creation of an integrated tourist offer, achieving high business standards, combining tourist resources and development of regional and international cooperation, development of new skills, branding local products and strengthening marketing tools in tourism, which greatly increase tourism competitiveness. Compared to other forms of institutional cooperation and relations among business entities in the tourist sector, clusters are

operationally more efficient thus more competitive based on following elements: high level of attractiveness (good value for products/services for efforts invested), efficient marketing, high level of productivity of financial and technologic and human resources and efficient management of the system of tourist destinations (UNWTO, 2006).

The positive effects and advantage of clusters influence government institutions and other specialized stakeholders to be interested in supporting cluster development, therefore contributing to the creation of economic effects in the specific regions. The projects support aimed at the formation of potential Serbian tourism clusters, as well as improving existing ones, contributing to the results important for the further development and promotion of tourism in our country.

The result of the establishment and development of the tourism clusters are important, affecting positively the entire region of Vojvodina: more jobs; greater diversity of processes, products and types of work; lower procurement costs; reduction of material and components; specialized and common services qualified workforce; diffusion of technology; expanding markets and opportunities for new business connections; the ability to perform major investment projects in the region of Vojvodina, etc.

The implementation of tourist clusters and main comparative advantage of Vojvodina in tourism are river and water wealth, nautics, spas, rich historic heritage and attractive buildings (fortresses and castles) from Roman era, attractive structures of urban settlements, farms so called "salaši", wide hunting areas, horse raising areas, and entertainment activities of global and local character, have become more and more united and represent efficient and effective way of managing tourist potential of Vojvodina, but entire Serbia, as well. In that sense, clusters have become support to efficient realization of new tourist strategy (2016-2025) to prioritize the development of attractive products with the highest possibility for commercialization, with as little efforts as practicable and with effects visible as soon as possible.

In Serbia as well, clusters have become significant instrument for the development of target tourist destination and attractive tourist products/services due to smart networking and high operational efficiency, but also very important factor in the development of competitiveness. Through projects within different programs for the development of tourism in Serbia within the period from 2007 to 2015,

more than 21.3 million dinars have been invested, primarily into clusters in the sector of tourism and sector of agriculture and food industry.

Based on project support to clusters through different programs such as INTER - Territorial Economic Development, bonding companies into cluster have started and cooperation among members of cluster has improved through education of employees, mutual marketing and fair shows, introduction of standardization of all related entities, public advocacy of interests on local and broader regional and global market. Minor effects have been achieved in mutual purchase, cooperation in the development of innovative products and mutual appearance in foreign markets. Main obstacles to major benefits from program support to clusters have been identified as follows: the absence of direct cooperation (cooperation through managers), unsatisfactorily sincere collaboration among members who are direct competitors and rarely direct cooperation between companies and scientific and research institutions. Irrespective of the previously mentioned, existing tourist clusters enable the improvement of human resources and exchange of knowledge and experience but also, though to smaller extent, the development of innovative products and introduction of technological innovations.

Notwithstanding the shortcomings, having province Vojvodina as an example in practice, multicultural environments with Orthodox Christians as majority, with rich historic heritage and bordering European Union, specified clusters have survived and are developing different tourist destinations successfully in this part of Serbia, strengthening its competitiveness. They are relying on modern Marketing strategy of Vojvodina tourism (Tourism Marketing Strategy of Vojvodina, 2015), but also on significant share in financial resource having entered our country from different programs of Serbia tourist development.

Strengthening of competitiveness of Vojvodina region through the development of different clusters is observed by future tourists based on: 31500 available beds, 917000 visits and 3.2 million of stays over night, estimating double growth in tourist services, compared to previous 10-year period, through Vojvodina Cluster Tourism by increasing accommodation capacities, achieved services and incomes. Based on examples of successful tourism clusters in Vojvodina, it can be expected that the regional development significantly contributes to the positioning of Serbia as a tourist destination on the global tourist market.

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