

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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