

DEVELOPMENT OF TOURISM AND LOCAL ECONOMIC DEVELOPMENT

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Abstract

The development of tourism and tourist destinations, especially in certain regions of Serbia, depends on the increase of social capital of the destinations. It applies particularly if the goal is to enter the international market, that is to attract foreign guests in a way which is in accordance with the local community development programme. This article has analyzed the way how to enlarge social capital with the aim to attract foreign tourist and then to test the integrative model iModel which is based on systematic thinking. Next, the relationship between systematic thinking, tourism and social capital has been discussed. The research has been done on Podunavlje District, whose market can be the regional countries and some developed countries such as Germany and Austria as well. The capacities can be enforced by enlarging social capital which needs the help of all the participants at the destination. This study is also based on the analysis of the application of local economic development programme (LED) related to the destination of Smederevska Palanka and Podunavlje District.

Key Words: *tourist destination, social capital, international market entrance, local development, model*

JEL classification: *Z32, O15, R11*

Introduction

Tourism, as an extensive and prosperous branch of economy, still does not have an appropriate place in the economy development in Serbia and largely depends on the increase of social capital of the particular destinations (such as, e.g. Smederevska Palanka and the whole Podunavski region) as regards entering the international tourism market.

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On the territory of the Republic of Serbia, tourism is burdened with the concentration of tourist turnover during summer and winter months. A more balanced course of a tourist season is to be achieved by innovating the tourist offer – by an introduction of new tourist products. (Đenadić & Rudež, 2018, p. 646). This study has three goals. First, we have explored the aspects of enlarging the social capital of the destination with the aim of attracting guests from the international market. Then, the integrative model *iModel* is empirically tested. The model is based on systematic thinking which is developed within LED project for the purpose of the decision making process at the local level. In the end, there is a theoretical, at the local level, consideration and coordination of the relationship between systematic thinking and social capital at tourist destination level according to *iModel* estimation, which refers to a local community such as Smederevska Palanka and Podunavlje District.

In modern modalities which can be applicatively used, scientists and researchers often talk about tourism as a possibility for rapid development, which creates - positive expectations of local participants because of its potential to contribute to economic development, increase employment and raise the living standard of the local population. They should decide which way a destination is to develop. Such decision requires an ability to establish, engage and maintain the control over the key competencies or unique attributes enabling the destination to have a more important role and to achieve increasingly better business results.

Under modern conditions, both social capital and tourism can be considered complex systems, since they both constantly change their features resulting from the interaction of several active participants. That makes them suitable for analysis by a systematic approach. A systematic approach is important for the destination managers because it can help them understand their position within the economy system as well as their relations with others. Moreover, it can give data useful for planning and creating the policy and it can also create a clear image of a tourist model of the particular destination. For example, it can help the local participants to find a way how to improve a negotiating position or how to enlarge their benefits and not only at local level but also more widely at the level of Podunavlje District. In that context, systematic thinking offers a theoretic base for dealing with destinations and social capital as complex systems.

Social capital at the destination level

Tourism is considered the economy branch that has the best conditions for spreading and creating employment and thus for economic development. However, the role and contribution of tourism to employment, and by this to development, varies significantly according to the scope, character and level of the development as well as the importance given to tourist industry in a particular country or destination, which still cannot be said about the treatment of tourism in Serbia. We should bear in mind that a positive effect of tourism on employment, together with other positive effects, is more expressed in the countries which stand out as significant receptive countries. Foreign tourists' consumption has multiplicative effects on the economy of Serbia as this consumption resources keep on circulating in the economy thus affecting economic trends (Petrović, 2015, p. 45).

It is in the nature of tourism to have many subjects that affect economic development, but it is necessary to have social capital in mind as the base of economic development at the local level as well. Normally, social capital is defined as rules and networks enabling members of a community to act together on fulfilling common goals (Bourdieu, 1986, p. 246). Serbia is distinguished by favourable agro-ecological conditions for cultivating various vegetables and also by the vicinity of the EU market. The main economy feature of this production is a fast capital turnover, which makes it very interesting for small producers (Pavlović et al., 2014, p. 896). As regards this article, it is necessary to research how local workers can enlarge the social capital of a tourist destination in order to enter the international market. Foreign tourists themselves, as an important source of inducing development of a certain destination, should be in the focus. However, the international market is influenced by several factors relating to managing, information, community, commercial aspects and so on (Culiuc, 2014). Current biggest obstacles are more frequently connected with the inner capacity of an entrepreneur than with the international surroundings (Tavares & Leitao, 2017, p. 837). The frame of observation is based on the terms of a tourist destination, social capital and systematic thinking about the possibilities that tourism offers for the rapid development of a destination. The analysis should apply adequate methods and *iModel*, that is the ways it is to be used for making the most of social capital and attracting foreign tourists. Social capital presents a resource which enables the participants to mobilize, for common goal, other resources in their ownership – money, knowledge,

tools, and real estates. However, social capital has two sides. It can be positive and make facilitate the access to financial means, business opportunities and human resources that possess skills, knowledge and abilities to adapt to crisis situations. On the other hand, social capital can be negative, when authority participants use their social relations to prevent introducing innovations, keep their position or make benefits and profits over other less influential participants at the tourist market. In tourism, instead of being the subject of research itself, social capital is mostly used as a frame of research of other, more specific topics, such as rural tourism, entrepreneurship, sports events or tourism based on the community needs.

Mainly, three basic dimensions of social capital stand out (Ooi-Hooy et al., 2015, p. 144):

1. Networks-non-material dimensions presented by participants and their connections;
2. Norms and trusts – behavioural and psychological aspects of the participants taking part;
3. Common activities – enabled by the first two dimensions, which affect them at the same time.

Thus, social capital acts as a complex system arisen from the interactions which are impossible to control from one centre but yet is affected by specific goals (Park & Jei, 2012, p. 228). In tourism what connect large areas are those interactions, from a local to the international level. However, the role and the contribution of tourism to employment and to development varies significantly in scope, character and the degree of development as well as the importance given to tourist industry in a particular country or destination, which still cannot be said for the treatment of tourism in the economy of Serbia. Foreign tourists' consumption has multiplicative effects on the economy of Serbia as the consumption resources keep on circulating in the economy thus affecting economic trends. On the other hand, a more efficient use of tourist potentials cannot be achieved by merely possessing natural, archaeological and similar advantages for successful business in tourism, but more specified investments in hotels and restaurants are needed as well as in all sorts of infrastructure, human resources etc. so that an increasingly picky, i.e. demanding foreign tourist can be satisfied. From the aspect of the process of Serbia becoming a member of the EU, we should bear in mind that more and more attention and activities are dedicated to tourism and its role in making the gross domestic product.

Local economy development (LER) programme

In modern conditions for accelerating economic development, local economic development programmes can be created, which makes Smederevska Palanka, both as a town and tourist destination, join a small group of places in Serbia having this document thus being a role model for other municipalities of Podunavlje District. However, even if a destination subjectively participates as one entity, it, in fact, can represent a combination of more territory authority units where an assemblage of various participants work together (Saarinen, 2014, p. 53). In that context, the tourist destination of Smederevska Palanka and all Podunavlje District is defined as an assemblage of participants striving to work together so that tourism can be improved as means for raising the quality of their life. Therefore, social capital, in the whole of Podunavlje District, can be a basic resource for achieving collective goals in this destination. However, it is not the only individual property owned by only one participant nor it is necessarily a resource which entirely dated from before. Due to a large amount of unemployment and the stagnation in economic development LED is needed and its basic purpose is raising the living standard of the population. On the other hand, there is a question of whether Smederevska Palanka and the region will have power and possibilities to achieve all goals set in the Programme. It is not only a strategic but an operative document as well, with specific aims which are long-term and contribute to economy development of the town, i.e. of Podunavlje District, and to creating a favourable business surrounding. The management of a destination strives to recognize a local businessman, to help it in developing a certain type of tourism. The basic and utmost intention is that, with the help of this Programme, a local financial and administrative frame can be created for further economic development of the town of Smederevska Palanka and the region. The Programme defines the instruments of granting state help such as: Subventions, letting building grounds owned by the town with lessened or no compensation, letting business premises owned by the town with lessened or no compensation, infrastructural furnishing of the ground owned by the town with lessened or no compensation, providing funds for the equipment necessary for enlarging capacity or starting production, refusing to get local income of the town. Three major measures are anticipated: encouraging employment, which is already being done with the cooperation with the National Employment Service – the branch of Smederevska Palanka, and the new ones: attracting investors and encouraging competitiveness (LED Programme in Serbia in only four

municipalities, including Smederevska Palanka). The target groups referred to by the Programme are also defined. The Programme is intended for domestic and foreign investors, small and medium size companies and the investors that have registered business activity at the territory of Smederevska Palanka municipality. There is a subtly expressed wish and tendency in the Programme that it should encourage local companies investing in new types of tourism and in new accommodation and catering capacities. The Programme also stimulates involving the economy of Podunavlje District as a supplier or integral participant in tourist offer, i.e. new or innovated tourist product. The conditions and criteria for achieving motivating measures are especially emphasized in the Programme. Interested business subjects, with previously determined application documentation, have to hand in their business plan and a letter of intentions, which has to analyze the criteria of investing into the project in a clear way. There is a list of obligatory fulfilment criteria. The measure of attracting investors is connected with the number of employees, so investing results in the number of the employed net increase in comparison with the average number of employees of the economy subject in tourist field. Since the Programme relates to all economic activities there is a condition that investments and newly opened working places must be present at the territory of the Municipality in at least a five-year period if it is a production activity, and for three years in cases of services and small economy activities, in tourism. After achieving full employment, the funds user that uses a stimulus from the Programme pays off earnings which are at least 20% higher than the minimum earnings in the Republic of Serbia. Otherwise, the amount of the help is up to 50% in regards to the justified expenses of the initial investment. The basic measures are anticipated and at first place, it is the measure of attracting investors, primarily in health and recreational tourism. Its realization is ensured by the Budget for each calendar year and is directly related to the number of the newly employed, i.e. the amount of a stimulus depends on the number of the workers employed by the economy subject. The measure of encouraging competitiveness implies that a product innovation is an innovative production or market solution applied for the first time in Serbia or at least for the first time on the territory of Smederevska Palanka. Then, there can be a subvention in the form of co-financing partial development and service and market innovations if a business plan proves direct profitability of the innovative solution.

A stimulus to a business subject can also be supporting the development of cooperative societies, clusters and other forms of cooperation with a view of a joint approach to third markets or to a dominant buyer, in tourist activity, by co-financing a part of the expenses arising as a work result of different forms of association. This applies only if the business plan and cost and benefit analyses clearly prove that the sales of goods to third markets or to a dominant buyer cannot be done without a joint approach. This measure can last a year at longest. A business subject can be granted a stimulus for co-financing the costs of getting international certificates for the purpose of enabling domestic companies to enter foreign markets, if the profitability of that investment can be proved by the appropriate business plan. The amount of this co-financing is up to 50% of the direct costs of getting the certificate. The procedure of granting the funds requires, first of all, forming a competent Committee by Municipal assembly of Smederevska Palanka. The Committee consists of the president and six members. It makes proposals for granting funds in accordance with the adopted Budget of the town of Smederevska Palanka and the Programme as well. The Committee is obliged to set the Regulations for evaluating the requests. The decision about the funds to be granted is reached by the Town Council based on the Committee's proposal. Then, the mechanism of monitoring the funds expenditure will be based on commission work by forming a competent Supervision Committee, which will take control and visit legal entities – the funds users. If there is a violation in spending the granted funds, this committee gives its opinion and makes a measure suggestion. The Supervision Committee, formed by the Town Council, consists of the president and four members. In the activities of both committees competent skilled personnel will take part regardless of their political/party orientation, as professionals are needed for the efficient work of these committees. The town of Smederevska Palanka, for instance, can grant a legal entity the use of space needed for expansion or for starting a business process. The granted space can be a hall, business premises of some land owned by the municipality of Smederevska Palanka. A stimulus can also be providing a lease for a definite time and infrastructural equipping of business premises owned by the town (waterworks-sewerage system connection, electro-energy system connection). There is also a financial stimulus granted to a legal entity for the current year, intended clearly for renting business premises for production or other activity. Podunavlje District or the town can grant a stimulus to a business subject in the form of co-financing the purchase of the equipment necessary for expanding or starting a business process.

The business process of an economy subject that applied must be done in the business premises owned or rented by the subject, which is proved by the lease agreement that cannot last shorter than the period of the stimulus. This tourist destination should also be composed primarily of small and medium size companies, which should act together with the authorities and enterprises (Viken, 2014, p. 28). Social capital and tourism require a couple of participants at a destination who are mutually interacted (authority, enterprises or population) for mobilizing resources in the possession of individuals (knowledge, financial means or buildings) so that they can achieve common goals (tourism development, new jobs offer, making or maintaining profit). That dynamics can motivate or disable social capital creating, so, from being potential it becomes real through concrete collective actions.

Encouraging tourist economic development in Podunavlje District

One of the important questions of tourist development is how to encourage it. In order to make this economy activity attractive for investment it is necessary for entrepreneurship, innovations and other invisible development factors to develop within tourist economy (Petrović & Barović, 2018, p. 217). Often, destinations are not united organizations, so, for instance, there is not a coordinated co-acting, as tourist participants see one another as competitors. Furthermore, the population may not support tourism nor it takes an important part in it (Dudwich et al., 2006).

One of the models that can be applied in the development of a tourist destination is the so-called *iModel*. This model is an integrative model based on systematic thinking that helps in the making decision process which regards tourism as a phenomenon arising from a dynamic interaction system. Consequently, a tourist experience affects the surroundings, as an open system, which means that tourist activities affect the surroundings as well. Generally speaking, *iModel* enables defining the direction of interactions between, for instance, participants and individual visitors, or participants and organized groups. In the study of the concrete destination of all Podunavlje District, the methodology of *iModel*, being developed by applying theoretical knowledge and a case study analysis, can be used.

Firstly, the methodology composition which would use *iModel*, as an analysis instrument, examines the samples. The analysis is carried out to determine how to enlarge the social capital of a tourist destination so that it can enter the international market in such a way that will attract the

wanted visitors. Secondly, for directing the analytical process there are three sub-questions that can be suggested: What does already exist? (predecessors-present situation); What is missing? (diagnosis-problem setting up); How to solve the problem? (thinking about the solution-action plan). Thirdly, in order to analyze social capital as the key resource for making the entrance to other markets easier it is necessary to narrow the focus of the standard sub-questions, and it can be done by using the key dimensions of social capital (networks, norms and trust, joint activities). It makes the analyses easier according to the following logic (the example of a sub-question): which dimensions of social capital already exist related to each function of *iModel*, which are done by the participants? What are the basic data sources? The basic data are: field work, sessions with project managers, plans collecting, reports and other documents, experience in this type of research. According to these data we can analyze social capital functioning as well as the possibility of its enlarging, in order to find various guidelines for entering the international market.

Context and challenges – A case study

Podunavlje District Smederevo was founded in 1992, according to the Decree on performing ministry affairs and special organizations outside their head offices (Official Gazette of the Republic of Serbia, Belgrade, no. 15/06). Podunavlje District, with the headquarters in Smederevo, consists of the town of Smederevo and the municipalities of Smederevska Palanka and Velika Plana. Podunavlje District spreads out along the southern edge of Panonia basin and the north-eastern slopes of Šumadija hill terrain. On the north, it is bordered by the Danube and on the east side by the Velika Morava. Due to its favourable geographical position, natural resources (fertile land, forests, water) and extended communication network, for centuries this area has attracted many nations to pass by or stay here. The area of the District is 1 246 km². Smederevo as the centre of the District is only 45 km away from Belgrade. The ramified traffic network enables traffic connectivity of Podunavlje District by road, railway and waterways. Through Podunavlje District passes the highway Belgrade-Niš which is connected with the eastern part of Serbia via the bridge over the Morava. The District and the south of Serbia are connected with Vojvodina by the bridge over the Danube near Smederevo. Via Mala Krsna, the railway connects the District with Belgrade and the south of Serbia. The Danube is a great chance for developing water traffic since it enables a link with Middle

Europe and the Black Sea. The territory of Podunavlje District is rich in water as it goes out to the Danube and the Velika Morava. Considering the fact that the Danube is an international river, its importance for the District is great. Over the territory of the District the following rivers flow: the Jasenica, the Kubršnica and the Veliki Lug, and there is an artificial, accumulation lake Kudreč 1 and 2. According to the census from 2002, Podunavlje District has 210 290 inhabitants without displaced people and the people who have lived abroad for more than a year. The largest town centre is Smederevo with 109 809 residents (55.22%), then Smederevska Palanka with 56 011 (26.63%) and Velika Plana with 44 470 (21.1%). With 230 people per a km², this area is one of the most densely populated in Serbia. The area of the municipality of Sm. Palanka is 422 km² with 17 village settlements. Besides a good traffic connection with Belgrade as well as with the central part of Serbia, the railway Belgrade-Niš goes through the municipality of Sm. Palanka (the first train went through S.Palanka on the 15th of September 1884), and at Rudine there is a sports airport of the same name with a grass runway, which is more and more used for commercial purposes. The springs of mineral and thermo-mineral water are a special value of this area. Out of the spring of mineral water Kiseljak, which was already used by ancient Romans, "Karadjordje" water is bottled, which is rated the third water in Europe by its quality, with natural selenium in its chemical composition. Besides Kiseljak there are the springs of mineral water in Vodice and Cerovac. The spring of thermo-mineral water, whose temperature is 45.1 C⁰, which has excellent medicinal characteristics is of special importance. One of the priorities of Smederevska Palanka is to develop spa tourism and because of that strategic partners are being looked for. What is convenient is: extremely favourable geographical position; good road and railway connections with big industrial and consumer centres of Serbia, as well as the use of sports airport Rudine; the existence of completely infrastructurally and communally equipped industrial zones; low prices of land for building; the possibility of using the state subventions as well as the local authority stimulus; the existence of available working force; the efficient administrative agencies work on gaining agreements and issuing building and work permits.

The proposed Regional foundation "Tourism for Smederevo", which has to be founded for tourism promotion, with the role of the coordinator of regional tourism, represents a mid participant in the case study. The foundation should enable a joint updating of tourism development plans by which the development of experiential and creative forms of tourism

are planned. However, although the plan anticipates a focused and targeted approach, still there is not a collective ability of the destination to enter its international emitted markets.

The proposed regional foundation should, as its targeted market, to have Germany, as it is in this case study, and there are several reasons for that:

1. The Germans like travelling for the following reasons: nature, family picnics, adventures, sightseeing, culture, learning;
2. The Germans are among the first five nations visiting Serbia, and they come primarily because of some rest;
3. Germany has the highest density of travel agencies, and because of that it is very important as the market for organized groups;
4. Germany is traditionally the leading country, in the whole world, according the expenditure abroad per capita.

Therefore, in the context of the case study, the major question is formed in the following way: How can the tourist organization of Podunavlje District improve social capital in order to attract German organized groups?

The basic priority in accordance with determining the content of the regional economy development under the conditions of institutional uncertainty should have:

- The modernization of public administration and public services,
- The modernization and development of physical infrastructure, and
- The development of human capital.

The modernization of public administration and public services should be carried out on the principle of its fitting in the uniform national organizational and technical system, hierarchically structured in 4 levels (central, regional, sub-regional and local) with its marking characteristics in the targeted (European) surroundings. In this sense, the basic indications of the public administration and services modernization are (Theirstein et al., 2000):

1. The improvement of public administration and services efficiency by applying the concept "value for price", with the use of public management techniques and by creating transparent procedures for the evaluation of the achieved performances and the review of their work,
2. The introduction of a competition in offering public services by using internal market techniques and by providing public services

through some form of a partnership between public and private sectors.

Due to high general taxes and undeveloped financial infrastructure, the solutions should be looked for in developing a partnership between public and private sectors in the forms that will ensure the engagement of regional, i.e. local capital.

Results and discussion

In accordance with the set goals of perceiving the present state of affairs and determining the guidelines for future, the following can be discussed:

1. The capacity of *iModel* as an analytical instrument for researching social capital related to entering other markets;
2. The implications of the analysis result for enlarging social capital;
3. The theoretical relationship between systematic thinking and social capital in the context of tourism.

Scheme 1: *iModel* matrix survey

Sub-question	Social capital dimensions	Design
What already exists? (state)	Networks (who and where?)	There are no partnerships
	Norms and trust (how?)	Collective vision of the desired form of tourism
	Group activities (what and when?)	There is no initiative for offer modelling
What is missing? (diagnosis)	Networks (who and where?)	Potential partners' knowledge non-existence
	Norms and trust (how?)	Collective modelling structure non-existence
	Group activities (what and when?)	Design-targeted market profile non-existence
How to solve the problem? (action plan)	Networks (who and where?)	Partnership with DMO and tour-operators
	Norms and trust (how?)	Formalized partnerships for collective offer modelling
	Group activities (what and when?)	Targeted market profile and modelled offer

Source: According to the author's analysis

First, we will take a look at the capacities of *iModel* as most acceptable in grasping the scope and the possible growth of the social capital in Podunavlje District. After *iModel* is configured (for the main analysis question), despite its complexity, it should enable a more detailed analysis to be carried out. On the other hand, it allows all dimensions of social capital to be studied thoroughly with relation to each single function (e.g. design, distribution), bearing in mind the economy state of Podunavlje District, and its three municipalities.

This methodology can analyze the lack of the social capital of the destination, its insufficient use, negative effects and the possibility of its enlargement. The possible tourist Fund should be used as a starting point for analysis of the interactions of social capital in Tourist organization of Podunavlje District, with the focus on German tourist organized groups. Furthermore, *iModel* enables to determine whose participants are with the tourist organization and with which function. In the research, we can use social capital as a term enabling to narrow the focus of the case study analysis. Other destinations can use the same focus (or another theoretical approach) or concept so as *iModel* can be focused on the desired object of interest for the research. The purpose of *iModel* is not to give in advance defined answers, but a flexible frame for noticing dynamic phenomena, such as social capital and tourism. The participants should be able to recognize whether the decisions based on *iModel* application have a solid basis or not, in order to avoid trust loss, which is right one of the most sensitive dimensions of social capital. Finally, it is important to understand to what extent *iModel*, as an instrument, can affect the treatment of social capital in the tourist destination. The lack of trust prevents the participants from using efficiently their resources (e.g. money, time, human resources) within the framework of previously agreed plans.

The factors representing obstacles can be expressed by the non-existence of the matching organizational/institutional structures (Tavers & Leitao, 2017, p 837). Serbia has passed through a period of dramatic change during the previous fifteen years. However, this did not reflect fully on economic growth since the impact of the international financial crisis and numerous rounds of elections have slowed down necessary structural reforms in the country and led to a loose fiscal policy until 2014 (Pecujlija et al., 2017, p. 257).

The goal of the tourism development plan of Podunavlje District is to develop tourism that will respect the way of life of the local people, will encourage tourist activity as a planned activity and to develop a destination of unique, innovative and dynamic style, with a clearly defined targeted market, which responds to the local development vision. In reality, without a clearly defined targeted market, some determinants cannot be influenced so they become obstacles. It is a case with determinants such as defining the kind of information which can determine/analyze the market in order to set up business possibilities for attracting foreign tourists or to bring in innovations or to adapt to the targeted market (Pillmayer & Scherle, 2014, p. 334). People consider how difficult it is to achieve particular goals. They investigate whether they can achieve these goals through their own actions, whether the contexts of their surrounding circumstances are mitigating or aggravating factors, as well as whether they will have the necessary resources or opportunities at their disposal (Pecujlija et al., 2015, p. 910).

One of the basic goals of Podunavlje District is to get the status of a sustainable destination, and that initiative is connected with the function of service Configuration. Then, even the certificate itself can potentially improve a joint approach to the targeted market as the certificate issuer is a foreign subject that at the same time represents a reliable channel for spreading information toward that market and a first-hand information source for the destination itself. In that way, a foreign tour-operator can take a more active part in enlarging social capital for entering the market than many local service providers that decided not to participate in that process. The initiative enables the community to deal with a couple of determinants for internationalization, like a programme for stimulating tourism from state funds so that the international standards can be met, the ability to establish an income segment suitable for the destination, needs for reliable presentation abroad and a better international reputation (Dogru et al., 2017, p. 51).

All the mentioned should result in a potential improvement in the international trust and networks, which further results in the enlargement of social capital. However, one thing is to get a certificate while the other is to deal with the implementation and maintenance of efficient joint processes in a long period. A possible discrepancy between the invested effort and the results entails bad results in commercialization, which violates the trust in future collective initiatives. It can be neutralized by creating a collective platform of distribution and reservation (D&R) at

social capital dimension. Under the condition of precisely adopted norms, a tourist organization (TO) can gain enough trust so that it can have a mediatory role and link the offers of local participants with the targeted market. Thus, not only limited resources would be used to the maximum, but also local service providers would get free from the complex D&R process and would be able to focus on the functions in "taking part phase" of *iModel*. The model proves an interesting approach in the research of the complexity of social capital in destinations, especially because of the parallel that can be drawn between social capital and tourism as a forming phenomenon. For instance, a hotel alone cannot undertake group activities nor, on its own, it represents a complete tourist experience. A tourist organization should be a mediator that has a potential to initiate such changes as, e.g. (Petrović, 2015, p. 112): discovering joint opportunities, focusing on various resources usage, mediating among participants so that they can gather around common goals, and counselling on the ways to maintain the changes for a longer period of time. It is especially characteristic for the tourist destinations that are separate wholes with dynamic geographical borders, as it is Podunavlje District. Depending on the sort of visitors, visited places and the included participants, the territory of a particular destination will vary. For instance, organized German groups visiting attractive destinations often have an itinerary which includes other national and international destinations as well. In that tourist context, very visible is the dynamics of social capital which is not controlled from one centre. The most challenging dynamics aspect in tourist systems non-controlled from one centre is mediating between destination expectations, tour-operators and visitors.

However, even though a final experience cannot be completely centrally controlled, it can be influenced. From that perspective, social capital (by a mediatory role of an agent not interested exclusively in developing the commercial side of tourism) represents a resource that can channel collective efforts into a try-and-mistake process recurring again and again so that it could be possible to gradually come closer to the vision of a destination development. The suggested methodology *iModel*, which can be also used in Podunavlje District, is based on systematic thinking and enables us to determine which participants are included, where they are situated and which their roles are. It also enables a systematic analysis of social capital dynamics of a destination. Besides, it enables an insight into the ways a tourist organization can improve its role as a good service provider. It should be understood that social capital is the key resource, but it is usually latent, insufficiently used but also not developed enough.

Therefore, the participants with clearly defined competences represent a basis for enlarging social capital and collective possibilities. Such a participant in this market segment should have three major characteristics (Blagojević, 2015, p. 96): political support, an appropriate institutional infrastructure and technical competence to facilitate an operational realization of an agreement. In the particular case of Podunavlje District, as a unique destination, there are three key problems that should be a tourist organization (TO) priority: making decisions in the County, that is in town and municipality councils, process consolidation in order to keep the certificate for a sustainable destination and the use of capacities for collective possibilities of designing a tourist product and commercialization platform as well. These priorities are neither new nor specific for Podunavlje District, but what can be new is cognition that long-term, strategic activities can be initiated by constantly enlarging social capital. Under modern conditions of tourist business, it is best to treat a tourist destination as a territory dynamic entity whose borders are defined rather by the participants included in a tourist experience than by geographical area. In the context of the international market, a term "local participant" could refer more to the extent he takes part in making efforts for goals to be realized than to physical distance, i.e. neighbourhood.

Going forward, Serbia's main challenge is to improve living standards in the country and transform economic recovery into jobs in a tight fiscal environment. Increasing exports, productivity, and competitiveness are recommended actions that can help propel the country's economic growth. (Pecujlija et al., 2017, p. 257).

The suggested *iModel* which will be also applied at the destination of Podunavlje District represents a systematic thinking which proved useful for research in the destinations that used it. It is the relationship between social capital and the possibility of presenting a destination, as a collective appearance at the market, which also proves useful for the analysis of relationship itself up to a degree that enables defining activities and strategy. The reason for it is the fact that both social capital and tourism arise from complex interaction systems, which make them suitable for the research by a systematic thinking vision.

Conclusion

A clear definition of a targeted market would help social capital to be enlarged at a local and regional level since partnership destinations could

be chosen with the aim of creating routes that are more attractive to the international visitors. The suggested *iModel*, which could be applied even at a destination like Podunavlje District, could offer satisfactory effects. In the situation when it is important to formulate strategy and an adequate policy, *iModel* should be based on a systematic thinking and that policy is a crucial but not a decisive factor as its application methods enable a thorough analysis of a destination. It, then, enables not only an easier knowledge systematization and structuring, from the very beginning to diagnosis, but also planning activities in various phases of new processes and the ways of efficient and effective business operations in tourism.

It is just because of that, that the policy creators can expect a clear and more detailed insight into numerous ways various dimensions of social capital affect relevant elements of the tourist offer of a destination, i.e. of entering the international market. Further, it also affects the relationships between those determinants and the participants in creating tourist products (innovating the old and creating the new ones) at the destination of Podunavlje District. On the other hand, if this, *iModel*, is applied critically, it can play an important role for the policy creators when, in a limited term, they have to get a detailed insight into the problems.

However, if the suggested *iModel* is used only as a technocratic practice, unrelated to the goals standing before a destination, and without a follow-up by which it is possible to constantly update a series of cognitions about the dynamic of a collective, then it is very unlikely that the policy modelling will benefit from a potential *iModel* contribution. Yet, we should bear in mind that the applicability of *iModel* has been observed only from the aspect of social capital research (positive and negative), and not from other aspects of tourist destinations' setting up and functioning. Its broader and more detailed applicability can be interesting not only to researchers and scientific workers, in the field of tourist activity, but also to numerous tourist labourers that could apply that methodology in their tourist practice. The application of *iModel* is considered to be able to give efficient and effective results at a particular tourist destination, which would enrich tourist theory and by which efficient practical solutions would be found.

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